



ARROW COATED PRODUCTS LTD.



**19th
Annual Report
2010-2011**

Innovative
Eco - friendly Solutions

BOARD OF DIRECTORS :

Mr. Shilpan P. Patel	Chairman & Managing Director
Mr. Vijay Dhar	Director
Mr. Haresh Mehta	Director
Mr. Faredun Taraporwala	Director
Mr. Bruce Drew	Director (upto 02-08-2010)
Dr. Anil Saxena	Director (w.e.f. 21-01-2011)

BANKERS :

IndusInd Bank

AUDITORS :

J. A. Rajani & Co.
Chartered Accountants
Mumbai

REGISTERED OFFICE :

5-D, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053

REGISTRARS & SHARE TRANSFER AGENT :

System Support Services
209, Shivai Industrial Estate, Near Park Davis,
89-Andheri Kurla Road, Sakinaka, Mumbai - 400 072

WORKS :

5310, GIDC, ANKLESHWAR - 393 002

Dear Sir / Madam,

The Ministry of Corporate Affairs, vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a "Green Initiative" by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode, in pursuance to Section 53 of the Companies Act, 1956. Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records.

You are thus requested to kindly submit your e-mail ID vide the e-mail updation form attached with this note. The same could be done by filling up and signing at the appropriate place in the said form and by returning this letter by post or by sending scan copy through e-mail at sandhya@arrowcoated.com.

The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.

Thanking you,

Yours faithfully,

For Arrow Coated Products Limited

Shilpan P. Patel

Chairman & Managing Director

Chairman's Statement

Friends and Partners,

My heartfelt Greetings to all my valued Customers, Shareholders, and Employees. As you all are aware of the fact that your company believes in certain ethos and values. Since 17 years of business, driven by these values and ethics, we have steadfastly remained consistent of the same principles. Your company follows the ethos of producing and marketing products which satisfy the needs of the planet Earth as also all of us living-beings privileged to settle on it.

Last two years have - been very challenging for your company in the context on the top-line and bottom lines. However, looking at the positive side, our business as strategised, has gone up, in our core segment, and we are now a force to be reckoned with, in the field of water soluble films and non soluble bio compostible films. Since we abandoned the path of doing more business of high valued Digital Printers, we have focused on our manufacturing and marketing of our own products, which in the long term will greatly benefit the company.

We have commissioned one of the world's widest and largest cast water soluble film machines, which utilises our patented processes of manufacturing high value water soluble films and it's up stream products. This is a great achievement and my heart goes to the unflinching support and conviction of Team Arrow, and in particular the engineering prowess of our factory.

This year also saw some good business in Bio Compostible inquiries due to an unprecedented ruling by Supreme Court, banning plastic pouches for gutka and tobacco products. The positive effects are likely to come during the course of this forthcoming years.

This year, due to good monsoons, we expect to get even better business during the forthcoming wheat growing season. New molecules are being brought under the regime of compulsory packaging in Water Soluble films (WSF). There are several molecules in the pesticides industry which must be packed in WSF packaging, this means that when the Indian pesticides and vector control industries get orders for their products, they have to source the WSF from us, as we are the only Indian manufacturer of WSF in the organised sector.

Patents and IP SBU

This year we received several National and International Grants for our patents filed in the past several years. We intend to leverage our manufacturing skills and our marketing network to exploit these patents to ensure that we have better market share. We are also in negotiations with some companies for outlicensing our patents.

NASC SBU: Nagra Arrow Secure Cards Pvt Ltd, which is a JV company with our Swiss partners seemed to be dormant since quite some years. However, since RBI has given a time line to all Banks to convert to EMV or more secure system of Credit cards management, this subsidiary seems to have woken out of slumber. NagralD, our Swiss partners, have a unique solution in form of a patented display card, which houses the one time password (OTP), onboard the card itself. We have tied up with a Software company to develop a custom based software for these smart cards, based on NID technology and NASC proprietary software. This will ensure that the POS architecture of Banks will not have to be changed and yet it will ensure secure banking. I am happy to inform you that several banks have shown interest in this system

Going forward we intend to focus on business which are totally in our control and are protected by various patents. We intend to focus on businesses of our JV partners and market products which are laced with heavy technology. However, our mission will remain the same, we will focus and deal in businesses which help Planet Earth, and secure the lives of teaming millions.

Team-Arrow will focus on their respective SBUs, which were formed during the past years. We are fortifying these SBUs, with further proficient human assets, and technical support.

Looking forward, and having conviction in the strong fundamentals of our business, we feel that from hereon, the future looks bright.

Arrow Pharma Foray : Taking advantage of the patented technology, your company is in the process of securing partner(s) in the field of Pharmaceuticals and Nutraceuticals for entering into this highly lucrative and IPR sensitive field. Revenue streams include licensing and royalty earnings.

Arrow Agri-care Foray : Arrow proposes to enter crop protection business using a different version of this patented process and patented product. Patents to exploit this technology is secured in India, Europe and UK. We intend to work with one of the leading pesticides and micronutrients company to deliver precise dosage of agro-chemicals to the desired location.

Arrow PVS Capsule unit: Using our capsule packaging know-how, we intend to leverage our custom made grades of WSF, to enter into strategic alliances with the big players of Agro-chemical and detergent industry. These are long term revenue generating areas that your company is targeting, using our patents and knowledge acquired over the years.

Both these ventures will mean additional Capital expenditure and your company is planning this ahead of time.

IP SBU I am pleased to inform you that the IPR cell formed under my guidance within your company has got enviable success during the past year, and this has buoyed us for looking for newer, wider business. Till last year we have been granted 20 patents by Indian Patent office, EU Patent Office, Eurasia Patent Office, South African Patent office and Australian Patents Offices. These are in various fields, including Personal Health Care, Pharma, Bio Compostible composites, Security Paper etc. This will mean going forward more revenues to your company in form of royalties, Exclusive Marketing Rights (EMR), Exclusive Production Rights (EPR) etc.

We also recognize the urgent need to develop a global cadre of managers to enable us to place our footprints in the global market as a manufacturing base. I assure all stake holders that we are moving in this direction slowly but steadily.

I would also like to thank my wonderful and committed team. I would like to thank my partners for their relentless faith in the company.

Shilpan P. Patel

Chairman & Managing Director

NOTICE

Notice is hereby given that the 19th Annual General Meeting of Arrow Coated Products Limited will be held on Thursday, the 29th September 2011 at 10.30 a.m. at Bageecha Restaurant, Bageecha Complex, Marve Road, Malad (West), Mumbai – 400 095 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as on 31st March 2011 and Profit and Loss Account for the year ended 31st March 2011 together with the Directors' Report and Auditors' Report thereon.
2. To appoint a director in place of Mr. Haresh Mehta, who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Dr. Anil Saxena, who was appointed as an Additional Director of the Company w.e.f. 21st January 2011 pursuant to the Articles of Association of the Company and pursuant to the provisions of Sections 260 of the Companies Act, 1956 holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 in writing alongwith necessary deposit, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special resolution**:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended as follows :

- (I) by insertion of the following Articles as Article Nos. 19A to 19S after the existing Article No. 19

19A	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.	Dematerialisation of Securities
19B	Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.	Option to receive Securities certificates or hold Securities with Depository
19C	If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.	
19D	All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.	Securities in Depositories
19E	Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.	Rights of Depositories and Beneficial Owners
19F	Save as otherwise provided here in above, the Depository, as the registered owner of the securities, shall not have any voting rights or any other rights in respect of the security held by it.	
19G	Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.	

19H	Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.	Beneficial Owner deemed as absolute owner
19I	Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.	Depository to furnish information
19J	Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly	Cancellation of certificates upon surrender by a person
19K	If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.	Option to opt out in respect of any security
19L	The Depository shall, on receipt of information as above, make appropriate entries in its records and subsequently inform the Company.	
19M	The Company shall within thirty (30) days of the receipt of the intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.	
19N	Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.	Service of Documents
19O	Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.	Allotment of Securities dealt with in a Depository
19P	Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.	Allotment of Securities dealt with in a Depository
19Q	The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.	Distinctive number of securities held in a Depository
19R	The Company shall cause to keep a Register and Index of Members and a Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act, respectively, and the Depositories Act, with details of shares and debentures held in material/physical and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.	Register and Index of Beneficial Owners

19S	The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.	
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(II) by inserting following para at the end of the existing Article No. 92 (1):

92 (1)	Notice and other documents of General meeting of the company can be given to shareholders even by email provided every shareholder should be given advanced opportunity to register their email address and changes therein from time to time with the company. In case any member has not registered his email address with the company, the service of notice and documents should be in accordance with the provisions of section 53 of the Companies Act, 1956. The Notice of the General Meeting must inform the shareholders regarding availability of participation in the meeting through Video Conferencing and must provide necessary information to shareholders to access the available facility of video conferencing.	Notice of Meeting
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(III) by inserting following para at the end of the existing Article No. 96:

96	Members attending the meeting through the Video conferencing will not be counted for the purpose of ascertaining the quorum of the meeting.	Quorum for the General Meeting
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(IV) by inserting following para as 109 (1), (2) and (3) at the end of the existing Article 109:

109 (1)	Company being a listed company will pass some of the Resolution as mentioned in rules called the Companies (passing of resolution by postal ballot) Rules, 2011 by way of postal ballot.	Resolutions to be passed by postal ballot
(2)	The Company will issue notice either under the Registered post acknowledgement due or through any other secured mode of posting provided by Department of post or through electronic mail provided the company has obtained the email address of its members for sending the notice through email. The Shareholders will be given prior opportunity to register his email address and changes there in from time to time. The Notice must clearly state that whether company will provide voting through the postal ballot or by an electronic mode. If the company is opting for electronic mode than the process and manner of the voting must be specified in Notice.	Notice of passing the resolution by way of postal ballot
(3)	The company will follow the procedure for conducting the postal ballot as per the rules called the Companies (passing of resolution by postal ballot) Rules, 2011 by way of postal ballot.	Procedure for conducting postal ballot

(V) by substituting the existing Article no. 163 with the following new Article No. 163:

163	The Directors may meet either in person or through video conferencing, capable of recording and recognizing the participation of the directors, for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings, as they think fit. The provisions relating to notice, agenda, quorum and minutes stated hereinafter shall mutates mutandis apply to the meetings held through such video conferencing.	Meeting of Directors
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(VI) by substituting the existing Article no. 164 with the following new Article No. 164 :

164	Notice of every meeting of the Board shall be given in writing to every Director whether in or outside India or through written communication sent electronically, and otherwise regulate their meetings, as they think fit. Notice of the Board Meeting must inform directors regarding availability of participation through video conferencing and should also provide necessary information to enable the directors to access the available facility of Video conferencing. Notice of the meeting shall also seek confirmation from the Director as to whether he will attend the meeting physically or through electronic mode and shall also contain contact number (s), email addresses of the Secretary / designated officer to whom the director shall confirm in this regard.	Notice of the Meeting
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(VII) by substituting the existing Article no. 165 (1) with the following new Article No. 165 (1) :

165(1)	Subject to Section 287 of the Act the quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two directors, present in person or attending through video-conferencing, whichever is higher, provided that where at any time the number of interested directors exceeds or is equal to two thirds of the total strength the number of the remaining director that is to say, the number of directors who are not interested shall be the quorum during such time provided such number is not less than two. Provided that any Director participating through video conferencing shall attend in person at least one Board Meeting held every year.	Quorum
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RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to be above resolution."

By order of the Board of Directors
For **Arrow Coated Products Limited**

Place: Mumbai
Date : 8th August 2011

Shilpan P. Patel
Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND IN CASE OF POLL ONLY, VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
3. Member / Proxy should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 21st September 2011 to Thursday, the 29st September 2011 (both days inclusive).
5. Members desirous of seeking information relating to the accounts and operations of the Company are requested to address their queries to the Company at least 7 days in advance of the meeting, to enable the company to keep the information ready.
6. Shareholders are requested to bring their copies of Annual Report to the meeting.
7. The unclaimed dividend up to the financial year 2003 - 2004 is due for transfer to the Investor Education and Protection Fund (IEPF) as required under section 205-A and 205-C of the Companies Act, 1956 administered by the Central Government during the month of October 2011. The Shareholders whose dividend is unclaimed for the aforesaid financial year are requested to claim it immediately from the company. Further Shareholders are requested to note that no claim shall lie against the said fund or the Company in respect of any amounts which remain unclaimed for period of seven years from the date that these became first due for payment and no payment shall be made in respect of any such claim.
8. Members whose shareholding is in the electronic mode are requested to intimate any change in their address to their respective Depository Participants.
9. Members are requested to address all correspondences to the Registrar and Share Transfer Agents.

Brief resume of directors being appointed /reappointed (pursuant to Clause 49 of the Listing Agreement):

Mr. Haresh Mehta, aged 58 years, is a science graduate. He has vast experience in packaging industry. He is also director in Janya Packaging Pvt. Ltd. He is Chairman of Shareholders / Investors Grievance Committee and member of Audit Committee of the Company. As on 31st March 2011, he held 19666 equity shares of the Company.

Dr. Anil Saxena, aged 56 years, is MBBS & M.D. He has vast experience in Television Production. He is also director in Sagar Barseria Motion Films Pvt. Ltd. & Katha Mediatix India Ltd. As on 31st March 2011, he held 1500 equity shares of the Company.

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956:

Item No. 5:

The Board of Directors of the Company appointed Dr. Anil Saxena as an Additional Director of the Company w.e.f. 21st January 2011. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Dr. Anil Saxena holds office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit proposing his candidature for the office of Director of the Company at the ensuing Annual General Meeting.

The Board recommends the passing of the Ordinary Resolution as set at item No. 5 of the Notice.

None of the Directors except Dr. Anil Saxena is interested or concerned in the resolution.

Item No. 6

In view of availing following facilities, it is necessary to me suitable alternations in the existing provisions of the Articles of Association of the company.

- (I) To have provisions in Articles of Association of the Company in tendum with applicable provisions regarding holding of shares of the Company in dematerialized form, it is proposed to insert new Articles 19A to 19S after the existing Article 19 of the Articles of Association of the Company.
- (II) & (III) The Ministry of Corporate Affairs, as a matter of Green Initiative has come out with the General Circular No. 27/2011 dated May 20, 2011 whereby participation by shareholders in general meeting under the Companies Act, 1956 is allowed through electronic mode. In view of availing the said facilities it is necessary to make the suitable alteration in the existing provisions of the Articles of Association of the Company.

Therefore it is propose to insert the suitable para after the existing Article 92 (1) & 96, as set out at Item No. 6(II) & 6(III), to enable the Company to hold shareholders meeting and sending the requisite documents through e-mode.

- (IV) To have provisions in Articles of associations of the company. Intendum with applicable provisions of section 192A. Of the company's Act., 1956, read with the companies (Passing of resolution by postal Ballot). Rules, 2011 by way of postal ballot regarding the passing of resolution by postal ballot, it is proposed to insert new article 109(1),(2) and (3) after existing article 109 of the Articles of Association of the Company

Therefore it is proposed to insert new Article no. 109, 1, 2 & 3 after existing Article no. 109, set out at item no.6(IV).

- (V), (VI) & (VII) The Ministry of Corporate Affairs, as a matter of Green Initiative has come out with the another General Circular No. 28/ 2011 dated May 20, 2011 whereby participation by directors in meeting of Board / Committee of directors under the Companies Act, 1956 is also allowed through electronic mode. In view of availing the said facility it is necessary to make the suitable alteration in the existing provisions of the Articles of Association of the Company.

Therefore it is propose to substitute existing Article 163, Article 164 and Article 165 with the new Article 163, Article 164 & Article 165 (1) respectively, as Set out at Item No. 6(V), 6(VI) & 6(VII), to enable the Company to hold directors meeting through electronic mode.

Consent of the Members by way of Special Resolution is required to carry out the proposed alterations in the Articles of Association of the Company.

Your Directors recommend to pass the Special Resolution as set out in Item No. 6 of the Notice.

None of the directors of the Company are concerned or interested in the above said resolution.

A copy of the Articles of Association of the Company together with the proposed alterations would be available for inspection by the member at the Registered Office of the Company during business hours on any working days between 11 am to 6 pm and at Annual General Meeting.

By order of the Board of Directors
For **Arrow Coated Products Limited**

Place: Mumbai
Date : 8th August 2011

Shilpan P. Patel
Chairman & Managing Director

DIRECTORS' REPORT

To,
The Members,

The Directors of Arrow Coated Products Limited present the 19th Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March 2011.

Financial Results

(Rupees In 000)

Particulars	2010-2011	2009-2010
Total income	35284	21765
Profit (Loss) before Interest, Depreciation & Tax	4845	(2204)
Less : Interest	3437	3287
Less : Depreciation	2452	2538
Less : Prior period expenses	-	31
Less: Exceptional items	260	-
Profit before Tax	(1303)	(8060)
Less : Provision for Taxation		
- Current Tax	-	-
- Deferred Tax	85	696
- Fringe Benefit Tax	-	-
Profit After Tax	(1388)	(8756)
Add : Balance brought forward	15407	24163
Less : Tax & Dividend Adjustment	(183)	-
Amount available for appropriation	14202	15407
Less : Proposed Dividend	-	-
Less : Tax on Dividend	-	-
Balance carried to Balance Sheet	14202	15407

Operations:

The total income from operations including other income for the financial year under review amounted to Rs. 352.84 Lacs as compared to Rs. 217.64 Lacs in the previous year. The Company has incurred net loss of Rs. 13.88 Lacs under review after providing for depreciation of Rs. 24.52 Lacs and taxation of Rs. 0.85 Lacs. After adjustment of brought forward balance of Rs. 154.07 Lacs from previous year and after providing for the tax adjustment, Rs. 142.02 Lacs has been carried to the Balance Sheet.

Business outlook and future prospects

Business outlook and future prospects of the Company is discussed in detail in Management Discussion and Analysis Report attached herewith.

Dividend

In view of the loss during the year, your Directors do not recommend any dividend for the year ended 31st March 2011.

Right Issue

The Company in 17th Annual General Meeting held on 29th September 2009 approved the proposal of issue of shares of Rights basis. The Company has filled the Draft Letter of Offer (DLOO) for issue of shares on Rights basis with SEBI on 20th August 2010.

The Company is in process of updating the Draft Letter of Offer (DLOO) through the Lead Manager viz. Aryaman Financial Services Ltd. as per the final observations received from SEBI vide its letter no. CFD/ISSUES/SIL/SKMS/OW/6590/2011 dated 25th February 2011 and waiting for the final approval for opening the Issue.

Public Deposits

During the year under review, the Company has not accepted/renewed any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.

Directors

Mr. Bruce Drew resigned from the directorship of the Company on 2nd August 2010. The Board places its gratitude towards him for valuable guidelines extended by him during his tenure as Director of the Company.

Dr. Anil Saxena was appointed as an Additional Director of the Company w.e.f. 21st January 2011, and pursuant to the provisions of Section 260 of the Companies Act, 1956 hold office upto ensuing Annual General Meeting of the Company. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 in writing alongwith necessary deposit, proposing his candidature for the office of Director of the Company.

Mr. Haresh Mehta, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. Your Board recommends the appointment of Dr. Anil Saxena and re-appointment Mr. Haresh Mehta as directors of the Company.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of Companies Act, 1956, your Directors confirm that:

- i) in the preparation of the annual accounts, the applicable Accounting Standards (except AS-24 regarding discontinuance of operations) had been followed along with proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended on 31st March 2011 and of the loss of the company for that year;
- iii) the directors had taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the accounts on a going concern basis.

Corporate Governance

Management Discussion and Analysis Report and Report on Corporate Governance alongwith a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, are attached and form part of this Report.

Auditors

M/s. J. A. Rajani & Co., Chartered Accountants, Statutory Auditors of the Company holds office upto the conclusion of ensuing Annual General Meeting and being eligible offered for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Members are requested to consider the re-appointment of the Statutory Auditors and fix their remuneration.

Auditors' Report

In respect to observations made by the Auditors in their report, your Directors would like to state as under:

- 1) The company has discontinued trading activities in Digital Printing Machine and Digital Signang Cutting Machine and the Management of the Company is of opinion that all the assets related Machine Division will be realised at a value at which they appear in the books of account in aggregate.
- 2) Regarding over due debts aggregating Rs. 449.05 Lacs and advances aggregating Rs. 84 Lacs, the Company is hopeful of total realisation and hence no provision for the same is made.
- 3) Regarding payment of undisputed statutory due, we state that the company is in process of payment of the same with appropriate authorities.
- 4) Regarding non payment of income tax of Rs. 5.33 lacs pertaining to Assessment Year 2006-07, we state that the company has appealed before the Income Tax Appellate Tribunal, Mumbai to challenge the demand.

Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has constituted an Audit Committee comprising of Mr. Faredun H. Taraporwala, Mr. Vijay Dhar, Dr. Anil Saxena and Mr. Haresh Mehta. Mr. Faredun H. Taraporwala is Chairman of the Audit Committee.

Particulars of Employees as per Section 217(2A) of Companies Act, 1956

During the year under review, none of the employees of the Company was in receipt of remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 and Rules made thereunder.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

(a) Conservation of Energy and Technology Absorption

- (i) The Company has paid special attention to the conservation of energy as a matter of principal and policy. This has been reflected in the selection of equipment at the project stage. The cost of power has kept to the minimum by optimum operation. Regular preventive maintenance has helped to operate unit efficiently.
- (ii) Additional investment and proposals, if any, are being implemented for reduction of Conservation of Energy.