



The Nahar Group

23rd
Annual Report
2010 - 2011



Nahar

POLY FILMS LIMITED

BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal

Sh. Dinesh Oswal

Sh. Kamal Oswal

Sh. Dinesh Gogna

Sh. Satish Kumar Sharma

Sh. Komal Jain

Dr. (Mrs.) H.K. Bal

Dr. Om Parkash Sahni

Prof. Kanwar Sain Maini

Dr. Suresh Kumar Singla

Dr. Yash Paul Sachdeva

Dr. Amrik Singh Sohi

Chairman

Director

Director

Director

Executive Director

Director

Director

Director

Director

Director

Director

Additional Director

REGISTERED OFFICE

376, Industrial Area-A,
Ludhiana-141 003, Punjab

BANKERS

Oriental Bank of Commerce
Bank of Maharashtra

AUDITORS

M/s. Gupta Vigg & Co.,
Chartered Accountants,
101-Kismat Complex,
G.T. Road, Miller Ganj,
LUDHIANA-141 003

23rd ANNUAL GENERAL MEETING

Day : Tuesday

Date : 20th September, 2011

Time : 10.30 A.M.

Place : At the Premises of
Nahar Industrial Enterprises
Limited, Focal Point, Ludhiana

CONTENTS

PAGE NO.

| | |
|--------------------------------|----|
| NOTICE | 2 |
| DIRECTOR' REPORT | 5 |
| REPORT ON CORPORATE GOVERNANCE | 9 |
| AUDITOR'S REPORT | 16 |
| BALANCE SHEET | 18 |
| PROFIT & LOSS ACCOUNT | 19 |
| NOTES ON ACCOUNTS | 25 |
| BALANCE SHEET ABSTRACT | 31 |
| CASH FLOW STATEMENT | 32 |



Save Tree Save Earth

Green Initiative

The Ministry of Corporate Affairs(MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. Your Company has decided to join the MCA in its environmental friendly initiative.

Henceforth Company proposes to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e- mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c or send the same to the Company via e-mail at:-secnel@owmnahar.com or gredressalnpfl@owmnahar.com.

We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.

**NOTICE**

Notice is hereby given that the **Twenty Third Annual General Meeting** of the members of **Nahar Poly Films Limited**, will be held on **Tuesday, the 20th day of September, 2011 at 10.30 A.M.** at the premises of M/s. Nahar Industrial Enterprises Limited, Focal Point, Ludhiana to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Sh. Dinesh Gogna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Om Parkash Sahni, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Yash Paul Sachdeva, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Prof. K.S. Maini, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors who shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Gupta Vigg & Co., Chartered Accountants, the retiring Auditors of the Company being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, for the time being in force and Article 109 of the Articles of Association of the Company, Dr. Amrik Singh Sohi, who was appointed as Additional Director of the Company w.e.f. 30th July, 2011 and who holds such office up to the date of forthcoming Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received

a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

BY ORDER OF THE BOARD

PLACE : LUDHIANA

DATED: 30th July, 2011**ATUL SUD**

(Company Secretary)

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO.8**

The Board of Directors at their meeting held on 30th July, 2011 appointed Dr. Amrik Singh Sohi as an Additional Director of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 109 of Articles of Association of the Company. Dr. Amrik Singh Sohi shall hold the office of Director upto the ensuing Annual General Meeting of the Company.

The Company received a notice in writing alongwith requisite deposit from a member under section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Dr. Amrik Singh Sohi as a Director, liable to retire by rotation. The Company has also received consent in writing from Dr. Amrik Singh Sohi to act as a Director of the Company, if appointed.

Dr. Amrik Singh Sohi is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Companies Act, 1956 and has obtained director Identification Number in terms of Section 266(A) of the said Act.

Dr. Amrik Singh Sohi is 64 years of age. He is M.Sc., Ph.D and is having more than 36 years of experience in teaching and Entomology Research. He retired from Punjab Agricultural University, Ludhiana as Sr. Entomologist (Professor). The Board consider that having regard to his knowledge and experience, it will be in the interest of the Company to appoint him as director of the Company.

Your directors recommend the resolution for your approval.

None of the director except Dr. Amrik Singh Sohi may be deemed to be concerned or interested in the resolution.

BY ORDER OF THE BOARD

PLACE : LUDHIANA

DATED: 30th July, 2011**ATUL SUD**

(Company Secretary)

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.
 2. The Register of Members and Share Transfer Register of the Company shall remain closed from 10th September, 2011 to 20th September, 2011 (both days inclusive).
 3. The dividend on equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting will be paid to the members, whose name appear in the Register of Members as on 20th September, 2011 or Register of Beneficial owner, maintained by the Depositories at the close of 9th September, 2011.
 4. Pursuant to the section 205C of the Companies Act, 1956, all unclaimed dividends up to the financial year 2002-2003 have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 2003-2004 is to be transferred to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 in November, 2011. Shareholders who have not encashed their dividend warrants relating to the said period are requested to claim the amount from the company at the earliest. Further we also inform that once the amount is deposited with Investor Education and Protection Fund, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.
 5. The bank account particulars of the members will be printed on the dividend warrants. Members holding shares in physical form are requested to immediately notify change in their address/Bank details to the Company's Share transfer Agent M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055 or to the Company at its Registered Office 376-Industrial Area-A, Ludhiana-141003. Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository Participants before 9th September, 2011.
 6. Since the company's shares are in compulsory demat trading, to ensure better service and elimination of risk to holding shares in physical form, we request shareholders holding shares in physical form to dematerialize their shares at the earliest.
 7. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B).
 8. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to send their queries to the Company at least 7 days before the date of meeting so as to enable the management to keep the information ready.
 9. Members are requested to bring the copy of Annual Report along with them, at the meeting.
 10. The information required to be provided under clause 49 of the Listing Agreement entered into with Stock Exchanges, regarding the Directors who are proposed to be re-appointed are annexed hereto and forms part of the notice.
 11. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special business under item 8 is annexed hereto and forms part of the notice.
- Information pursuant to Corporate Governance Clause of the Listing Agreement regarding Directors seeking appointment/re-appointment:**
As required under the listing agreement, the particulars of Directors who are proposed to be appointed/reappointed are given below:
- | | | |
|---------------|---|---|
| 1. Name | : | Sh. DINESH GOGNA |
| Age | : | 58 Years |
| Qualification | : | B.A. LL.B |
| Expertise | : | Having more than 34 years experience in Corporate Finance & Taxation. |


His directorship/membership in the committees of the board in other companies are as under:

| Name of the Company | Committee | Status |
|---|--|--------------------|
| 1. Oswal Woollen Mills Limited | Audit | Member |
| 2. Nahar Spinning Mills Limited | Audit | Member |
| 3. Nahar Capital And Financial Services Limited | - | - |
| 4. Nahar Industrial Enterprises Limited | Audit Share holders Grievance | Member Chairman |
| 5. Oswal Leasing Limited | - | - |
| 6. Ginnar Investment Limited | - | - |
| 7. Monte Carlo Fashion Limited | - | - |
| 8. Cotton County Retail Limited | - | - |
| 9. Crown Star Limited. (U.K.) | - | - |
| 2. Name : | Dr. Om Prakash Sahni | |
| Age : | 70 Years | |
| Qualification : | M. Sc., MBA, Ph.D. | |
| Expertise : | Having more than 32 years of Experience in teaching Management and Administration. | |

His directorship/membership in the committees of the board in other companies are as under:

| Name of the Company | Committee | Status |
|---|---|--------------------|
| 1. Nahar Capital and Financial Services Limited | Shareholders- Grievance | Chairman |
| 2. Nahar Spinning Mills Limited | Audit Shareholders- Grievance | Member Member |
| 3. Nahar Industrial Enterprises Limited | Audit Shareholders Grievance | Chairman Member |
| 4. Oswal Woollen Mills Limited | Shareholders Grievance Audit | Member Member |
| 5. Midland International Limited | - | - |
| 3. Name : | Dr. Yash Paul Sachdeva | |
| Age : | 49 Years | |
| Qualification : | M.B.A. Ph.D | |
| Expertise : | Having more than 24 years experience of teaching Business Management. | |

His directorship/membership in the committees of the board in other companies are as under:

| Name of the Company | Committee | Status |
|---|---|-------------|
| 1. Nahar Industrial Enterprises Ltd | - | - |
| 2. Cotton County Retail Limited | Audit | Member |
| 3. Oswal Spinning & Weaving Mills Limited | - | - |
| 4. Nahar Capital and Financial Services Limited | - Audit | - Member |
| 4. Name : | Prof. K.S. Maini | |
| Age : | 72 Years | |
| Qualification : | M.Com. | |
| Expertise : | Having more than 31 years experience in teaching Commerce, Management and Administration. | |

His Directorship/Membership in the committee of the board in other companies are as under:

| Name of the company | Committee | Status |
|---|--|----------|
| 1. Nahar Industrial Enterprises Limited | Shareholders Grievance | Member |
| 2. Oswal Woollen Mills Limited | Audit | Member |
| 3. Nahar Spinning Mills Limited | Audit | Chairman |
| 4. Nahar Capital and Financial Services Limited | Audit | Chairman |
| 5. Name : | Dr. Amrik Singh Sohi | |
| Age : | 64 Years | |
| Qualification : | M.Sc. Ph.D | |
| Expertise : | Having more than 36 years of experience in teaching and Entomology Research. | |

His Directorship/Membership in the committee of the board in other companies are as under:

| Name of the company | Committee | Status |
|---------------------|-----------|--------|
| Nil | Nil | Nil |

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED: 30th July, 2011

ATUL SUD
(Company Secretary)



DIRECTORS REPORT

To

The Members,

Your directors have pleasure in presenting the **Twenty Third ANNUAL REPORT** on the affairs of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

Your Company's Financial Performance during the year is summarised below:

| (Rs. in Lac) | | |
|--|----------------|---------------|
| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
| Profit before interest & Depreciation | 3024.07 | 394.96 |
| Less: Interest | 1483.30 | -- |
| Depreciation | 1248.23 | -- |
| Provision for taxation (Net of Deferred Tax) | (72.41) | 50.00 |
| Profit after tax | 364.95 | 344.96 |
| Adjustment of Income Tax earlier years | 8.48 | |
| Add: Balance of Surplus brought Forward | 8.62 | 14.02 |
| Amount available for appropriation | 382.05 | 358.98 |
| APPROPRIATION | | |
| Proposed Dividend | 86.06 | 86.06 |
| Tax on Distributed profits | 13.96 | 14.29 |
| Transfer to General Reserve | 280.00 | 250.00 |
| Balance carried to balance sheet | 2.03 | 8.63 |
| | 382.05 | 358.98 |

BOPP FILMS PROJECT

As the members are aware that Company diversified its activities in the year 2007 into BI-AXIALLY ORIENTED POLY PROPYLENE FILMS (BOPP) by putting a Project at capital outlay of Rs.300 Crore (approximately) in the state of Madhya Pradesh. The plant is equipped with state of the art manufacturing facilities imported from Bruckner of Germany. We are pleased to inform that the plant has started its operation on 20th May, 2010. The products of the Company have been well received in the domestic as well as International Markets.

OPERATIONAL REVIEW

We are pleased to inform you that in its 1st year of operation, the Company achieved an operating income of Rs.16653.61 lacs out of which Rs. 582.15 lac is export turnover. Thus the Company has made a good beginning in the export markets. On financial front, the company performed reasonably well and earned a profit before interest and depreciation (PBIT) of Rs.3024.07 lacs during the year under review. After providing

Rs.1483.30 lacs towards interest and Rs.1248.23 lacs towards depreciation, it earned a profit before tax of Rs.292.54 lacs. After adjustment of deferred gain, income tax of earlier years and provision for tax, the company earned a net profit of Rs.382.05 lacs. After appropriation of profit as per detail hereinabove an amount of Rs.280.00 lacs has been transferred to General Reserve thereby increasing the company's reserve to Rs.13263.07 lacs as on 31st March, 2011.

CHANGE OF COMPANY'S NAME

The National Stock Exchange of India Ltd and The Stock Exchange, Mumbai have approved the change of company's name from Nahar Investments and Holding Ltd to **Nahar Poly Films Limited** with effect from 15.06.2011. The ISIN of the scrip is INE308A01027. The scrip code of the Company for trading at National Stock Exchange Association Limited (NSE) and The Stock Exchange Limited, Mumbai (BSE) are as under :

For trading at BSE : 523391

For trading at NSE : NAHAR POLY

DIVIDEND

Your directors are pleased to recommend a dividend @ 7% i.e. Rs.0.35 per equity share on paid up equity share capital for the year ended 31st March, 2011.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of profits of the Company for the year under reference to all those shareholders whose name shall appear in the Register of Members on 20th September, 2011 or Register of beneficial owners, maintained by the depositories as at the close of 9th September, 2011.

DIRECTORS

Sh. Amarjeet Singh Director who have been associated with the Company since 2001 left for heavenly abode on 30.05.2011. The Board pray to the almighty to give peace and solace to the departed soul.

Pursuant to Article 112 of the Articles of Association of the company Sh. Dinesh Gogna, Dr. Om Parkash Sahni, Dr. Yash Paul Sachdeva & Prof. K.S. Maini, will be retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Dr. Amrik Singh Sohi was appointed as an Additional Director of the Company on 30th July, 2011 by the Board. He shall hold the office upto the ensuing Annual General Meeting. The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing his candidature as director of



the Company subject to your approval. The necessary resolution is being proposed for your approval in the accompanying notice of the Annual General Meeting.

In terms of clause 49 of the Listing Agreement with the Stock Exchanges, the details of Directors to be appointed/re-appointed are contained in the accompanying Notice of the forthcoming Annual General Meeting.

GREEN INITIATIVE

The Ministry of Corporate Affairs(MCA) vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. Your Company has decided to join the MCA in its environmental friendly initiative.

Accordingly, Company propose to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e- mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c. or send the same to the Company via e-mail at:-secnel@owmnahar.com or gredressalnpl@owmnahar.com. We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.

OPEN OFFER

During the year Nahar Spinning Mills Limited, a Group Company, made an Open Offer under the provision of regulation 11(2A) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 1997 and subsequent amendments thereto for the acquisition of 2437251 fully paid up equity shares of Rs.5/- each representing 9.91% of the total paid up equity share capital of the Company. The Nahar Spinning Mills Limited got only 685094 equity shares representing 2.79% of the equity capital of the Company under the said Offer. The required disclosure/compliances have already been made to the SEBI as well as Stock Exchanges, in this regard by the Company.

LISTING OF SECURITIES

The securities of the Company are listed on the following Stock Exchanges:

1. The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.

2. The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai.

The company has paid listing fee to both the Stock Exchanges for the financial year 2011-2012.

DEMATERIALISATION OF SHARES.

As the members must be aware that Company's securities are tradable compulsorily in electronic form w.e.f.8th May 2000. Your company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) to facilitate the holding and trading of securities in electronic form. As on date 91.97% of the Share Capital has been de-materialized by the members of the Company.

Annual custodian fee for the financial year 2011-2012 has also been paid to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Further as per SEBI circular No. D & CC/FITTC/CIR-15/2002 DATED 27TH December, 2002, Company has appointed M/s Alankit Assignments Ltd., as Registrar for Share Transfer and Electronic connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of share transfer, demat/remat, change of address etc. to our registrar at below mentioned address:

M/s. Alankit Assignments Ltd.

(Unit : Nahar Poly Films Ltd.)

Alankit House,

2E/21, Jhandelwala Extension

NEW DELHI-110055

Telephone No. : (011)23541234

Fax No. : (011)41540064

E-mail Address : rta@alankit.com

In case any query/complaint remains unresolved with our Registrar please write to Company Secretary at the Registered Office of the Company.

The shareholder(s) who have not gone in for dematerialization of shares till date, are requested to opt for dematerialization of the shares at the earliest.

AUDIT COMMITTEE

Pursuant to Section 292A(1) of the Companies Act, 1956, Company constituted Audit Committee consisting of Sh. Amarjeet Singh as Chairman, Sh. Dinesh Gogna and Dr. O.P. Sahni. as



members. Because of the sad demise of Sh. Amarjeet Singh, the vacancy so caused was filled up by appointing Dr. S.K. Singla, as member as well as chairman of Audit Committee on the same day itself. The committee held 4 meetings during the year under review.

REPORT ON THE CORPORATE GOVERNANCE

Your Company continues to follow the principles of good Corporate Governance. The Company has already constituted several committees of directors to assist the Board in good Corporate Governance. The Corporate Governance Report along with Auditors Certificate regarding compliance of the conditions of the Corporate Governance as stipulated in clause 49 of the Listing Agreement of the Stock Exchange, is attached herewith as annexure-II and forms part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review, confirm in their entirety to the requirements of the Companies Act, 1956.

The Directors confirm:

- i) that in preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanations relating to material departures.
- ii) that they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- iii) that they had taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting any fraud and other irregularities.
- iv) that they had prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s. Gupta Vigg & Co., the Auditors of the company shall be retiring at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The company has obtained from auditors, a certificate as required under section 224(1-B) of the Companies Act, 1956 to effect that their re-appointment, if made, would be within the limits specified in the said section.

The Audit committee has recommended their re-appointment.

PUBLIC DEPOSITS

During the year, company has neither accepted nor intend to accept any Public Deposit within the meaning of Section 58-A, of the Companies Act, 1956 and the rules made there under. There are no outstanding/unclaimed deposits from the public

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to section 205-C of the Companies Act, 1956 the company has transferred an amount of Rs.2328065.00 (Rs. Twenty Three Lac Twenty Eight Thousand Sixty Five) being the amount of unclaimed dividend for the year 2002-2003 to the Investor Education and Protection Fund

PARTICULARS OF EMPLOYEES

None of the employee is in receipt of emoluments in excess of the limits prescribed under the Companies (Particulars of employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Particulars with respect to the Conservation of Energy, Technology Absorption and Foreign Exchange earning and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of the Board of Directors) Rules 1988, is enclosed as per Annexure - I and forms part of this report.

INDUSTRIAL RELATIONS

The Relations remained cordial throughout the year and excellent results were achieved with the whole hearted co-operation of employees at all levels.

ACKNOWLEDGEMENT

The board of directors of the company wish to place on record their thanks and appreciation to all workers, staff members and executives for their contribution to the operations of the company. The Directors are thankful to the bankers, financial institutions for their continued support to the company. The directors also place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the management of the company.

FOR AND ON BEHALF OF THE BOARD

**PLACE : LUDHIANA
DATED : 30th JULY, 2011**

**JAWAHAR LAL OSWAL
(Chairman)**



ANNEXURE-I

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

I. CONSERVATION OF ENERGY

a) Measures taken for conservation of energy:

The growth of the industry and its rapid industrialization is putting tremendous pressure on the available energy resources. As such the need of the hour is to conserve energy and maximize output.

Energy conservation is an ongoing process in our organization. The Company has fully implemented the BOPP Films Project in the state of Madhya Pradesh. During the implementation of project of the company has taken following steps:

1. The factory building has been designed to make use of natural lighting for the day time operation which will save energy.
2. The company has imported state of the art manufacturing facility from Bruckner of Germany. These machines consumes low energy and will save considerably in terms of electricity consumption.
3. All the drives for main equipments of the plant are direct drives without gear boxes which will reduce the power transmission losses.

b) Additional investment & proposal for reduction of consumption of energy

The company will take necessary measures as may be required from time to time for conservation of energy.

c) Impact of measures, consequent to (a) and (b) above

The above measures will result in energy saving and consequent reduction in cost of production.

d) Total energy consumption and energy consumption per unit of production as per form A of the Annexure in the rules in respect of industries specified in the schedule thereto.

| | FORM A | |
|---|---------------------|----------------------|
| | CURRENT YEAR | PREVIOUS YEAR |
| | 2010-2011 | 2009-2010 |
| A. POWER & FUEL CONSUMPTION | | |
| 1. Electricity | | |
| a) Purchased | | |
| Units (Kwh) | 13104440 | Nil |
| Total amount (Rs.) | 58372953 | Nil |
| Rate per Unit (Rs.) | 4.45 | Nil |
| b) Own Generation | | |
| Through Diesel Generator | | |
| Units produced (KWH) | 3140776 | Nil |
| Total amount (Rs.) | 21987343 | Nil |
| Cost per unit (Rs.) | 7.00 | Nil |
| (c) Own Generation through turbine | | |
| Units produced (KWH) | Nil | Nil |
| Total amount (Rs.) | Nil | Nil |
| Cost per Unit (Rs.) | Nil | Nil |
| 2. Steam Coal Used in Boiler | | |
| Quantity (in Tonnes) | Nil | Nil |

| | | |
|-------------------------------------|-----------------|-----|
| Total Cost (Rs.) | Nil | Nil |
| Cost per unit (Rs.) | Nil | Nil |
| 3. Furnace Oil (Only Boiler) | | |
| Quantity (in liters) | 715725 | Nil |
| Total cost (Rs.) | 19183160 | Nil |
| Rate/Tonne (Rs.) | 26802 | Nil |

4. Other/Internal Generation

| | | |
|---------------------------|------------|-----|
| Rice Husk (Qty. in tones) | Nil | Nil |
| Total Cost (Rs.) | Nil | Nil |
| Rate/Tonne (Rs.) | Nil | Nil |

B. CONSUMPTION PER UNIT/KG OF PRODUCTION

| | | |
|----------------------------|-------------|-----|
| 1. Electricity per unit/kg | 1.20 | Nil |
| 2. Furnace Oil per kg | 0.05 | Nil |
| 3. Coal | Nil | Nil |
| 4. Other | Nil | Nil |

II. TECHNOLOGY ABSORPTION

FORM B

A. Research & Development (R & D):

i) Specific areas in which Research and Development carried out by the Company.

The company is in the process of setting up a Research and Development Department which will be focused on productivity, quality and waste reduction.

ii) Benefits derived as a result of above R & D:

The company expect product improvement in quality and quantity.

iii) Future Plans:

The Company shall continuously take steps for innovation and renovation of products including new product developments.

iv) Expenditure on R & D:

| | |
|--------------------|-----|
| a) Capital (Rs.) | Nil |
| b) Recurring (Rs.) | Nil |
| c) Total (Rs.) | Nil |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The company has imported the latest ultra modern machinery from Bruckner, Germany. It is expected that with the latest technology, company will be able to produce quality products at lowest cost of production.

Benefits derived as result of above efforts:

With the above measures, company shall enjoy the benefit of improved quality, productivity & saving in manufacturing costs.

Information regarding Technology imported during the last five years : Nil

III FOREIGN EXCHANGE EARNINGS AND OUTGO

(I) Activities relating to Exports, initiative taken to increase exports, Development of New Export Markets for products and export plans

The Company taking effective steps to explore the export markets so that it can export its products.

| | Current Year | Previous Year |
|--|---------------------|----------------------|
| | 2010-11 | 2009-10 |
| (II) Total Foreign Exchange used and earned :- | | |
| a) Foreign Exchange outgo (Rs.) | 981466302 | 138289892 |
| b) Foreign Exchange earned (Rs.) | 55831754 | Nil |

FOR AND ON BEHALF OF THE BOARD

**PLACE : LUDHIANA
DATED : 30th JULY, 2011**

**JAWAHAR LAL OSWAL
(Chairman)**