

**PURITY FLEXPACK LIMITED**



**20th**

**ANNUAL REPORT**

**2007-2008**

**BOARD OF DIRECTORS**

Mr. ANIL PATEL  
Chairman & Managing Director

Mr. HARSHAD BHATT

Mr. DAXESH PATEL

Smt. KOKILA PATEL

Mr. KUNAL PATEL

Mr. MANISH BAXI

Mr. DARSHAK SHETH

Mr. NILESH PATEL

**CORPORATE OFFICE**

2-B KIRTI TOWERS  
NR KIRTI MANDIR  
VADODARA - 390001

**FACTORY & REGISTERED OFFICE**  
AT & POST VANSETI, NEAR HALOL,  
DIST. PANCHMAHALS - 389 350

**BANKERS**

BANK OF BARODA  
JETALPUR BRANCH, VADODARA.

**AUDITORS**

M/s. SHAH, MEHTA & BAKSHI  
CHARTERED ACCOUNTANTS,  
VADODARA.

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**20th ANNUAL GENERAL MEETING**

DAY : MONDAY

DATE : 29<sup>th</sup> SEPTEMBER, 2008

TIME : 11:00 AM

PLACE : AT. Vanseti, Post Tajpura, Near Halol  
Dist. Panchmahals - 389 350. Gujarat

AS A MEASURE OF ECONOMY, COPIES OF THE ANNUAL REPORTS WILL NOT BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING. THE SHAREHOLDERS ARE REQUESTED TO KINDLY BRING THEIR COPIES TO THE MEETING.

**NOTICE FOR THE ANNUAL GENERAL MEETING**

Notice is hereby given that the 20<sup>th</sup> ANNUAL GENERAL MEETING of the shareholders of PURITY FLEXPACK LIMITED will be held on MONDAY, the 29<sup>th</sup> September, 2008 at 11:00am at the Registered Office of the Company at : Vanseti, Post: Tajpura, Near Halol, Dist: Panchmahals, to transact the following business.

**ORDINARY BUSINESS:****ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at and the Audited Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2008 and the Directors' Report thereon.
2. To appoint a Director in place of Mr. Kunal Patel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Manish Baxi who retires by rotation and being
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass, with or without modifications, the following resolutions and as an Ordinary Resolutions.

"RESOLVED THAT, Mr. Nilesh N. Patel, who was appointed as an Additional Director on the Board of Directors of the Company on 12/05/2008, and who hold his office only up to the date of this Annual General Meeting and in respect of whom the Company has received notice in writing from a member proposing his candidature for the office of a Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- and is eligible for appointment for the office a Director, be and is hereby appointed a Director of the Company."

By Order of the Board of Directors

VANSETI  
30<sup>th</sup> August, 2008

Anil Patel  
Chairman & Managing Director

**NOTABENE:**

- a. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself & proxy need not be a member of the Company.
- b. Proxy to be valid shall be deposited at the Registered Officer of the Company not less than Forty Eight hours before the commencement of the Meeting.
- c. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 16<sup>th</sup> September, 2008 to Saturday, the 27<sup>th</sup> September, 2008 both days inclusive.
- d. An Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 relating to Item 5 of the notice is annexed hereto.
- e. As per clause 49 of the Listing Agreement with the Stock Exchanges the Company hereby furnishes the brief resume and functional expertise of the following Directors to were seeking re-appointment or appointed as additional Directors., as under:

Name of the Director	Kunal Patel	Manish Baxi	Nilesh N. Patel
Age	24 years	41 years	34 years
Qualification	BBA	B.com FCA	B.com
Date of Appointment	31/03/2006	01/03/2007	12/05/2008
Expertise	Proficiency in Marketing	Chartered Accountant. Proficiency in Accountings Matter.	Proficiency in Accountancy
Directorships as on 31 <sup>st</sup> March, 2008	None	None	None
Chairman/Membership of the Committee as on 31 <sup>st</sup> March, 2008	None	None	None

**EXPLANATORY STATEMENT**

As required under Sections 173(2) of the Companies Act, 1956

**Item no. 5:**

Mr. Nilesh N. Patel was appointed as an additional Director on the Board of Directors of the Company on 12<sup>th</sup> May, 2008 and he holds office as a Director only upto the date of the ensuing Annual General Meeting.

Mr. Nilesh N. Patel has been in the business and on account of his vast and varied experience so far gathered, your Directors have thought it fit to appoint his as a Director.

Notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company from a member proposing his candidature for the office of a Director along with a deposit of Rs. 500/-.

Your Directors commend the Ordinary Resolution as set out in the notice for your approval and acceptance.

None of the Directors of the Company except Mr. Nilesh N. Patel, may be considered to be concerned or interested in passing of the Ordinary Resolution at 5 of the Notice.

**By Order of the Board of Directors**

**VANSETI**  
30<sup>th</sup> August, 2008

**Anil Patel**  
Chairman & Managing Director

**DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

To,  
The Members,

Your Directors are now pleased to present the 20<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2008.

**1. FINANCIAL RESULTS:**

	2007-2008	2006-2007
Gross Total Sales	1861.58	1937.90
Gross Profit before interest and Depreciation	140.53	115.73
Interest	84.08	57.63
Profit before Depreciation	56.46	58.10
Depreciation	37.06	27.22
Prior period Adjustment	00.00	0.06
Net Profit for the year	18.50	30.82
Adding thereto/ deducting there from Balance brought forward from the previous year	38.58	7.76
Profit / ( Loss) carried to Balance Sheet	57.08	38.58

Your Directors consider the working Results satisfactory.

**2. DIVIDEND :**

With a view to conserve the liquid resources of the Company, your Director regret being unable to recommend payment of any Dividend to the Shareholders for the year ended.

**3. OPERATIONS :**

Your Directors are glad to report that this year also was a turning point for making an profits as was the case during the last 2 years by consolidating the affords made by the Company. The Company is now no more lose making unit and this is in 3<sup>rd</sup> year in succession for earning profits.

Gross Total Sales for the year was Rs. 1862 lacs as against that of Rs.1838 lacs of the previous year, recording a decreased of about 3.94 %. Likewise, the Net Profits amounted to Rs. 18.50 lacs as compared to Rs. 30.82 lacs of the previous year recording a decreased. The Export Sales during the year under report amounted to Rs. 933.65 lacs as against Rs. 901.93 lacs for the previous year. The Company is increasing its net of new Customers for the export sales which is presently limited to African countries.

It is gratifying to note that our products have been well accepted by the Overseas Customers.

**4. DIRECTOR'S RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that:

- a) The annual accounts of the Company for the financial year ended 31<sup>st</sup> March 2008, have been prepared on a 'going concern' basis and in the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the accounts on a "on-going concern" basis.

**5. PARTICULARS OF EMPLOYEES :**

None of the employees of the Company are in receipt of the remuneration in excess of the limits prescribed in Section 217(2A) of the Companies Act, 1956.

**6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:**

Particulars regarding the conservation of energy, technology absorption, Foreign Exchange earnings & outgo as envisaged by Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules 1988 are annexed hereto.

**7. CORPORATE GOVERNANCE :**

The report on corporate governance along with the Auditors' Certificate regarding compliance of the conditions of corporate governance pursuant to clause 49 of the Listing Agreement is annexed hereto.

**8. MANAGEMENT DISCUSSIONS AND ANALYSIS:**

The discussions and information in this report have been provided with a view to enable shareholders to analyze the results for the year with additional information. In certain areas the discussions may cover strategic decisions and management expectations from the same. Such forecasts should not be construed as a guarantee of performance and actual results may differ significantly depending upon the operational conditions and external environment.

**9. INSURANCE:**

All the properties of the Company have been adequately and appropriately insured.

**10. INDUSTRIAL RELATIONS:**

Industrial Relations remained cordial at the factory throughout the year.

**11. DIRECTORATE:**

Mr. Nilesh N. Patel was appointed as additional Directors on the Board of Directors of the Company on 12-05-2008 and he holds office as Director only up to the date of ensuing Annual General Meeting. He, being eligible, offers himself for appointment. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 in respect of the above Director of the Company proposing his candidature for the office of Director along with deposit of Rs. 500/-.

Mr. V. D. Talati resigns as Director of the Company w.e.f. 12.05.2008. The Board has accepted his resignation and placed on record his appreciation for the services rendered by him during the period he was on the Board.

Mr. Kunal Patel & Mr. Manish Baxi, retire by rotation and being eligible offer themselves for re-appointment.

**12. CEO/CFO CERTIFICATE:**

In terms of the requirements of Clause 49 of the Listing Agreement, the CEO and CFO have submitted necessary Certificate to the Board at its Meeting held on 30.08.2008 stating therein the particulars specified under the said Clause.

**13. COMPLIANCE CERTIFICATE:**

As required by the proviso of Section 383A of the Companies Act, 1956, the Company has obtained a Compliance Certificate dated 30.08.2008 from M/s. D. R. Desai & Co., Company Secretary in Whole-time Practice, Vadodara, to the effect that all the provisions of the said Act have been complied with.

**14. AUDITORS:**

M/s. Shah, Mehta & Bakshi, Chartered Accountants, Vadodara, the Statutory Auditors, retire at the ensuing Annual General Meeting and have made themselves available for re-appointment. The Company has received a letter from Statutory Auditors to the effect that in case their appointment is made it would be within the specified limit under Section 224 (1B) of the Companies Act, 1956.

**15. ACKNOWLEDGEMENT:**

The Board appreciates and is thankful for continued support of Company's Bankers and its valued Customers, Suppliers and Shareholders. The Board appreciates the hard work and efforts put in by all Workers, Staff and Officers of the Company.

For and on behalf of the Board of Directors

VANSETI  
30<sup>th</sup> August, 2008

Anil Patel  
Chairman & Managing Director



## ANNEXURE - A

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

**CONSERVATION OF ENERGY:****(A) Power and Fuel consumption in respect of Total Energy Consumption:**

(a) Purchased:	2007- 08	2006-07
Units (KWH)	918116	875563
Total Amount (Rs.)	4414828	4056442
Rate per Unit (Rs.)	4.81	4.63
(b) Own Generation:		
Units (KWH)	14536	12456
Total Amount (Rs.)	22949	62600
Rate per Unit (Rs.)	1.58	5.02
(c) Furnace Oil / LSHS / LDO / HSQ		
Qty. (K. Ltr)	0.00	4880
Total Amount (Rs.)	0.00	152730
Average Rate (Rs.)	0.00	31.29

**(B) TECHNOLOGY ABSORPTION:****(C) FOREIGN EXCHANGE EARNINGS & OUTGO:**

(i) Foreign Exchange Earning	933.65	900.37
(ii) Foreign Exchange Outgo		
Foreign Traveling and	2.54	7.36
Purchase	281.06	179.95

**REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges on Corporate Governance, the Company hereby submits its report on the same as under:

**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company is committed to the principles of transparency, integrity, accountability and social responsibility. The Board of Directors comprises of individuals who are drawn up from various disciplines. The Board ensures that the tenets of good Corporate Governance are practiced in letter and spirit in all its fairness. The Board has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review process.

The Company always believes that its systems and actions must be devoted for enhancing corporate performance and maximizing shareholders value in the long term.

**BOARD OF DIRECTORS:**

The Board of Directors has 8 members comprising of 1 Executive Directors and 7 Non-Executive Directors. The Composition of the Board of Directors is as under:

CATEGORY	NAME OF THE DIRECTORS
EXECUTIVE DIRECTORS	Mr. Anil B. Patel ( Chairman & Managing Director )
NON-EXECUTIVE NON-INDEPENDENT DIRECTORS	Smt. Kokila Patel Mr. Kunal Patel Mr. Harshad S. Bhatt
NON-EXECUTIVE INDEPENDENT DIRECTORS	Mr. Daxesh Patel Mr. Darshak Sheth Mr. Manish Baxi Mr. V. D. Talati ( Up to 12 <sup>th</sup> May, 2008 ) Mr. Nilesh N. Patel ( From 12 <sup>th</sup> May, 2008 )

**ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETINGS:**

During the year ended 31<sup>st</sup> March 2008, the Board met 7 (Seven) times (as against the minimum requirement of 4 (four) meetings on the following dates:

16.06.2007, 17.07.2007, 01.09.2007, 31.10.2007, 11.12.2007, 31.01.2008 and 14.03.2008

The maximum gap between any two meetings was not more than 3 (three) calendar months.

The following table gives the details of Directors, attendance of Directors at the Board Meetings and at the last Annual General Meeting and other directorship in various companies.

Name of the Director	Attendance Particular Board Meetings Last AGM		No. of Other Directorships	No. of Other Committee Membership
Shri. Anil Patel	12	Yes	-	2
Shri. Harshad Bhatt	12	Yes	1	1
Shri. Daxesh Patel	12	Yes	-	2
Smt. Kokila Patel	12	Yes	-	-
Shri. V. D. Talati	12	Yes	1	2
Shri. Kunal Patel	12	No	-	-
Shri. Chirag Patel [UPTO 02.06.2006]	02	No	No	No
Shri. Babubhai Jain [UPTO 18.05.2006]	02	No	No	No
Shri. Manish Baxi [appointed w.e.f 01.03.2007]	01	No	1	No
Shri. Darshak Sheth [appointed w.e.f. 22.03.2007]	00	No	No	No

**COMMITTEES TO THE BOARD:**

PARTICULARS	AUDIT COMMITTEE	REMUNERATION COMMITTEE	SHARE TRANSFER COMMITTEE
Constituted on	29 <sup>th</sup> June,2001	20 <sup>th</sup> June,2002	29 <sup>th</sup> June,2001
Composition	Mr. V. D. Talati( Chairman)- (upto 12.05.2008) Mr. Anil Patel Mr. Daxesh Patel Mr. Nilesh Patel (Chairman) (From 12.05.2008) The Committee is comprised of 3 Directors including 2 non-executive independent Directors, the Chairman being non-executive independent Director.	Mr. Anil Patel ( Chairman) Mr. Daxesh Patel Mr. V. D. Talati (Upto 12.05.2008) Mr. Nilesh Patel (From 12.05.2008) The Committee is comprised of 3 Directors in including 2 non-executive independent Directors.	Mr. Anil Patel ( Chairman) Mr. V.D. Talati (Upto 12.05.2008) Mr. Nilesh Patel (From 12.05.2008) The Committee is comprised of 2 Directors including 1 non-executive independent Director.
Meeting and Attendance	Four Meetings were held on 01.05.2007, 09.07.2007, 30.10.2007 and 30.01.2008 and all the members of the committee were present at the meetings.	No meeting was held during the years 2007-2008	All the members of the Committee except Mr. Nilesh Patel who was appointed on 12.05.2008 all other man were present at the following meetings. 19.05.2007, 30.06.2007, 24.08.2007,08.10.2007,31.10.2007,05.12.2007 & 21.02.2008
Terms of Reference	The terms of reference of this committee are in line with the norms specified under Section 292.A of the Companies Act,1956	The Committee has been constituted to recommend/ review the remuneration package for a Managing Director and the whole time Director based on performance and defined criteria. The remuneration policy of the Company is based on three tenets: pay for performance and potential and pay for growth.	The Committee has been constituted to approve transfer, transmission and transposition of shares, issue of duplicate share certificates and all other matters relating to shares. Mr. Jayesh Shah, Account Officer, is duly authorized to make necessary endorsement in the names of the transferees on the reverse of the Share Certificate, once the transfers are approved by the Committee.

**ANNUAL GENERAL MEETINGS:**

LOCATION AND TIME, WHERE LAST THREE GENERAL MEETINGS WERE HELD ARE GIVEN BELOW:

Financial Year	Date	Location of the Meeting	Time
2004-05	27.09.2005	Reg. Office of the Company	3.00 pm
2005-06	23.09.2006	Reg. Office of the Company	11.00 am
2006-07	29.09.2007	Reg. Office of the Company	11.00 am

**DISCLOSURES:**

1. Separate disclosure is not required as there were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.
2. There were no instances of non-compliance nor have any penalties or strictures been imposed by any Stock-Exchanges or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.

**MEANS OF COMMUNICATION:**

The Board of Directors of the Company approves and takes on record the un-audited financial results in the Performa prescribed by the Stock-Exchanges, within one month of close of quarter/half year and announces forthwith the results to all the Stock Exchanges where the shares of the Company are listed.

Management Discussion Analysis is a part of the annual report.

**GENERAL SHAREHOLDER'S INFORMATION:**

Registered Office & Plant Location.	At: Vanseti, Post: Tajpura, Near Halol, Dist: Panchmahals-389 350, Gujarat, India.
Annual General Meeting	Date: 29.09.2008 Time : At 11.00 am Venue: At the Registered Office.
Book Closure Date	Tuesday, the 16 <sup>th</sup> September, 2008 to Saturday, the 27 <sup>th</sup> September, 2008 ( both days inclusive)
Listing on Stock Exchanges	The Vadodara Stock-Exchange, Ltd, Vadodara. The Stock Exchange, Mumbai
Share Transfer Agent	The Company has an In-house Share Department.

**MARKET PRICE DATA:**

During the year under report there were no transactions for the transfer of shares routed through the Stock Exchanges and therefore quotation are not available.

**SHARE TRANSFER SYSTEM:**

Share transfers in physical form are registered and returned within the stipulated period of 30 days from the receipt if the documents are approved in all respects.

**SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2008:**

Category	No. of Shares Held	% to paid-up Capital
Non-Resident Individuals	25620	2.39 %
Bodies Corporate	5289	0.49 %
Mutual Funds/Nationalised Banks	540	0.05 %
Resident Individuals	566328	52.79 %
Directors and Relatives	475623	44.31 %
<b>TOTAL</b>	<b>1073400</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2008:**

Share Distribution	Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Upto 5000	19592	99.54 %	5039470	46.95 %
5001-10000	45	0.23 %	315620	2.94 %
10001-20000	20	0.10 %	298550	2.78 %
20001-30000	4	0.02 %	94270	0.88 %
30001-40000	7	0.04 %	243480	2.27 %
40001-50000	3	0.02 %	143260	1.33 %
50001-100000	3	0.02 %	248980	2.32 %
100001 & above	8	0.03 %	4350370	40.53 %
<b>TOTAL:</b>	<b>19682</b>	<b>100.00 %</b>	<b>10734000</b>	<b>100.00 %</b>

**INVESTORS CORRESPONDENCE:**

For any assistance regarding share transfers, transmission, change of address and any other query relating to the shares of the Company, Please write to:

"Share Department, PURITY FLEXPACK LTD.,"

2-B, Kirti Tower, Tilak Road, Baroda-390 001, Gujarat, India.

Phone: (0265) 2421089 Fax: (0265) 2427734, E-mail: [sales@purityflexpack.comz](mailto:sales@purityflexpack.comz)

**COMPLIANCE CERTIFICATE**

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed hereto.

**CERTIFICATE**

To the Members of  
PURITY FLEXPACK LTD.

We have examined the compliance of conditions of Corporate Governance by PURITY FLEXPACK LTD., for the year ended March 31<sup>st</sup> 2008. As stipulated in Clause 49 of Listing Agreement of the said Company with Stock Exchanges(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statement of the Company. In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency of effectiveness with which the Management has conducted the affairs of the Company.

**For Shah, Mehta & Bakshi  
Chartered Accountants**

Vadodara:  
30<sup>th</sup> August, 2008

**Vihang Bakshi  
(Partner)**

**D. R. DESAI & CO.**  
**COMPANY SECRETARIES**

Devesh R. Desai

40-D, Arpita Park, Near ESI Hospital,  
Gotri Road, Vadodara-390 021.

M.Com. LL.B. ACS

(M) 9879533717 @ 2324248

**COMPLIANCE CERTIFICATE**

To,

The Members

Purity Flexpack Limited

CIN. No.L25200GJ1988PLC010514

We have examined the registers, records, books and papers of Purity Flexpack Limited [the Company] as required to be maintained under the Companies Act, 1956 [the Act] and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a Public Limited Company, comments is not required.
1. The Board of Directors duly met 7 (Seven) times on 16.06.2007, 17.07.2007, 01.09.2007, 31.10.2007, 11.12.2007, 31.01.2008 and 14.03.2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purposes.
5. The Company closed its Register of Members from Tuesday, 21<sup>st</sup> August, 2007 to Tuesday, 4<sup>th</sup> September, 2007 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31-03-2007 was held on 29.09. 2007 after giving due notice to the members of the Company and the resolution passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under section 295 of the Act.

9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has issued duplicate share certificates during the financial year.
13. The Company :
  - (i) has delivered all the share certificates on lodgments thereof for transfer in accordance with the provisions of the Act, and there was no allotment/transmission of any shares during the financial year.
  - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) was not having any amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years and hence no amount was required to be transferred to Investor Education and Protection Fund.
  - (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors retires by rotation, additional directors were duly made. There were no appointment of alternate directors and directors to fill casual vacancies during the financial year.
15. The appointment of Managing Director & Whole-time Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in their firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.



23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from Directors, Members, Public, Financial Institutions, Banks and others during the financial year ending 31st March, 2008 is within the borrowing limits of the Company and that necessary resolutions as per Section 293 (1) (d) of the Act have been passed in duly convened General Meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the registers kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employer's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

**For D. R. Desai & Co.  
Company Secretaries**

Place : Baroda..  
Date : 30.08.2008

**(Devesh Desai)  
Proprietor  
C.P. No.7484.**

SHAH MEHTA & BAKSHI  
CHARTERED ACCOUNTANTS

### AUDITOR'S REPORT

To:  
The Members  
PURITY FLEXPACK LTD, VADODARA

We have audited the attached Balance Sheet of PURITY FLEXPACK LTD. as on 31<sup>st</sup> March 2008 and Profit & Loss Account of the company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, the Company, as required by law, has kept proper books of accounts, so far, as appears from our examination of those books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Accounts.
- d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by the report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- b) On the basis of written representation received from the directors, as on 31.03.2008 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31.03.2008 from being appointed as director in terms of section 274 (1)(g) of The Companies Act, 1956.
- c) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes (Schedule - 16) thereon, give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- I. In the case of Balance Sheet of the State of affairs of the Company as at 31<sup>st</sup> March 2008.
- ii. In the case of Profit & Loss Account of the Profit for the year ended on that date.

As required by the Companies (Auditor's Report) Amendment Order, 2004 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we further report that:

- I. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. All the assets has been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No substantial parts of fixed assets have been disposed of during the year, which will affect its status as going concern.
- I. The Management at reasonable intervals has physically verified the inventory during the year. In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not material, however, the same have been properly dealt with the books of account.
- III.
  - a) The company has not granted loan to parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b) The Company has taken unsecured loan from parties covered in the register maintained under section 301 of the Companies Act 1956, of the value Rs.27.11 Lacs (Rs. 34.11 Lacs.)
  - c) In our opinizon, the rate of interest and other terms of loans given are not prima facie prejudicial to the interest of company. The company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest.
- IV. In our opinion and according to information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control system.
- V. According to information and explanations given to us, the transaction those are required to be entered into registered in pursuance of section 301 of the Act, have been so entered. In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts and arrangements exceeding value of five Lacs rupees in respect of any party during the year have been made at prices that are reasonable with regard to the prevailing market prices at the relevant time.
- VI. In our opinion and according to information and explanations given to us, the company has not accepted deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956.
- VII. According to information and explanations given to us, the company has sufficient managerial control on all activities of the company, including all financial transactions of the company, and therefore have not appointed an internal auditor. However it requires further strengthening due to increase in the activities of the Company in recent past.
- VIII We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.

- IX. (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Excise duty, Custom duty, Cess and any other statutory dues. However, no statutory dues were payable beyond the due date under respective statutes as at the Balance Sheet date.
- (b) According to information and explanations given to us, there are no due of Income Tax, Sales Tax, Excise duty, Custom Duty and cess that were in arrears as on 31-03-2008 for the period of more than six months from the date they become payable.
- X. In our opinion, the company does not have accumulated losses more than fifty percent of its net worth. The company has not incurred cash losses in the current & previous financial year covered under report.
- XI. In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- XII. According to information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XV. The company is not a chit fund, nidhi or mutual benefit fund or a society.
- XV. In our opinion and according to information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- XVI. According to information and explanations given to us and as the record examined by us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVII. According to information and explanations given to us, we are of the opinion that the company has applied the Term Loans for the purpose for which the same were taken.
- XVIII. According to information and explanations given to us and on overall examination of the Balance Sheet of the company, we report that the no funds that were raised for short-term basis have been used for long term investment. No long-term funds have been used to finance short-term assets except the working capital term loan.
- XIX. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act during the year covered under audit.
- XX. The company did not issue any debentures during the year.
- XXI. The company has not raised money by public issue during the year except issued on account of Amalgamation.

**For Shah Mehta & Bakshi  
Chartered Accountants**

**(Vihang Bakshi)  
Partner  
M. No. 39054**

**BALANCE SHEET AS AT 31st MARCH 2008**

	Schedule	As at 31/03/08	As at 31/03/07
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	10,734,000	10,734,000
Reserves & Surplus	2	10,379,593	8,529,502
<b>LOAN FUNDS</b>			
Secured Loans	3	55,756,147	41,340,751
Unsecured Loans	4	9,450,289	8,547,947
<b>Total</b>		<b>86,320,029</b>	<b>69,152,200</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	87,414,766	66,899,230
Less : Depreciation		33,258,047	29,797,283
Net Block		54,156,719	37,101,947
Work in Process		328,789	2,167,413
		54,485,508	39,269,360
<b>INVESTMENTS</b>			
	6	130,000	130,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	54,595,647	41,279,503
Sundry debtors	8	27,908,165	32,815,484
Cash & Bank Balance	9	291,057	570,780
Loans & Advances	10	9,774,714	9,617,435
		92,569,583	84,283,201
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	60,390,584	54,235,460
Provisions	12	793,704	753,170
		61,184,288	54,988,630
Net Current Assets		31,385,295	29,294,571
<b>MISCELLANEOUS EXPENDITURE</b>			
Preliminary expenses	13	319,226	458,270
<b>Total</b>		<b>86,320,029</b>	<b>69,152,200</b>
Notes on Accounts	20		

As per our annexed report of even date

For Shah Mehta & Bakshi

Chartered Accountants

(Vihang K Bakshi)

Partner

Vadodara, 30 th August 2008

For and on behalf of the Board

Anil Patel

(Chairman & Mg. Director)

Harshad Bhatt

(Director)

Kunal Patel

(Director)

Vanseti, 30 th August 2008

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008**

	Schedule	As on 31-03-08	As on 31-03-07
<b>INCOME</b>			
Sales	14	167,523,098	173,224,565
Other Income	15	208,051	826,983
Increase / Decrease in Finished Stock	16	6,459,334	2,180,893
<b>TOTAL</b>		<b>174,190,483</b>	<b>176,232,441</b>
<b>EXPENDITURE</b>			
Manufacturing Expenses	17	155,900,451	158,153,979
Administrative & Selling Expenses	18	3,915,625	5,010,836
Financial Charges	19	8,407,657	5,762,758
Depreciation	5	3,705,537	2,721,743
Loss on Sales Of Assets		182,697	1,288,744
Miscellaneous expenses w/off		139,044	139,044
<b>TOTAL</b>		<b>172,251,011</b>	<b>173,077,104</b>
Profit / (Loss) for the year before Taxation		1,939,472	3,155,337
Less : Provision for taxation		-	-
Less : Provision for FBT		89,380	66,924
Less : Prior Period Expense		0	6,356
Profit / (Loss) after Tax		1,850,092	3,082,057
Balance brought forward		3,858,267	776,210
Balance Available for appropriation		5,708,359	- 3,858,267
Balance Carried Forward		5,708,359	3,858,267
Notes on Accounts	20		

As per our annexed report of even date  
 For Shah Mehta & Bakshi  
 Chartered Accountants

(Vihang K Bakshi)  
 Partner  
 Vadodara, 30 th August 2008

For and on behalf of the Board  
 Anil Patel  
 (Chairman & Mg. Director)

Harshad Bhatt  
 (Director)

Kunal Patel  
 (Director)  
 Vanseti, 30 th August 2008

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2008**

	As at 31-03-08	As at 31-03-07
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
6000000 Equity Shares of Rs. 10/- each	60,000,000	60,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
1073400 (1073400) Equity Shares of Rs. 10/- each fully paid	10,734,000	10,734,000
Capital is net of Reduction of the Paid up Share Capital from Rs. 5.20 crore to Rs. 78 Lakhs, by virtue of scheme approved in AGM and subsequently by High Court in the year 2004-05		
Included 293400 Equity Shares of each Rs 10 (Rs. 2934000) issued as fully paid in pursuant to the scheme of amalgamation since approved by High Court, without payment received in cash 2005-06		
<b>TOTAL</b>	<b>10,734,000</b>	<b>10,734,000</b>
<b>SCHEDULE - 2</b>		
<b>RESERVE AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
i.) Capital Reserve ( Subsidy) 2500000		2,500,000
ii) Capital Reserve (Amalgamation) 2145067	4,645,067	2,145,067
iii) General Reserve	26,167	26,167
iv) Profit & Loss Account	5,708,359	3,858,268
<b>TOTAL</b>	<b>10,379,593</b>	<b>8,529,502</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>A) From Bank of Baroda</b>		
<b>TERM LOAN</b>		
i) Term Loan (Hyp of Plant & Machinery)	5,445,874	6,750,000
ii) Term Loan (Hyp of Plant & Machinery)	11,437,221	-
<b>WORKING CAPITAL</b>		
i) Cash Credit	12,566,072	10,117,635
ii) Packing Credit	19,101,858	12,518,524
iii) Bill Discounting	5,885,161	10,766,123
(Against Equitable Mortgage of immovable Property of the Company , Hypothecation of Stock of Raw Materials & Finished Goods, Stores & Spares and Stock in Process & Book debts)		
<b>B) OTHER LOANS ( Against Hypothecation of Vehicles)</b>		
i) HDFC Bank	371,037	569,116
ii) Axies Bank	588,812	-
iii) ICICI Bank	360,112	619,353
<b>TOTAL</b>	<b>55,756,147</b>	<b>41,340,751</b>

## Schedule : 5

## Fixed Assets :

Sl. No.	Particulars	Rate of Depn.	GROSS STOCK				DEPRECIATION				NET STOCK	
			As on 31.03.07	Addn	Deductn	Total as on 31.03.07	Up to 31.03.07	For the year	Deductn	Total as on 31.03.07	As on 31.03.06	As on 31.03.07
1	Land (Freehold)	0%	431,964	0	0	431,964	0	0	0	0	431,964	431,964
2	Factory Building	3.34%	12,669,036	4,466,051	0	17,135,087	4,496,449	447,599	0	4,944,048	12,191,039	8,172,587
3	Administrative Bldg.	1.63%	1,635,555	0	0	1,635,555	419,467	26,660	0	446,127	1,189,428	1,216,088
4	Plant & Machinery	4.75%	43,068,459	15,531,083		58,599,542	20,026,431	2,666,191	0	22,692,622	35,906,920	23,042,028
5	Electrical Installation	4.75%	3,630,259	94,180		3,724,439	2,092,031	172,953	0	2,264,983	1,459,456	1,538,228
6	Office Equipments	4.75%	501,865	0		501,865	287,825	23,839	0	311,664	190,201	214,040
7	Fire Fighting Equip.	4.75%	21,858	0		21,858	15,757	1,038	0	16,795	5,063	6,101
8	Furniture & Fixtures	6.23%	1,509,250	0		1,509,250	1,409,781	94,026	0	1,503,807	5,443	99,469
9	Vehicles	9.05%	2,457,243	1,037,393	772,471	2,722,165	375,540	201,209	244,774	331,975	2,390,190	2,081,703
11	Laboratory Equipment	4.75%	21,250			21,250	15,654	1,009	0	16,663	4,587	5,596
12	Liabrary (Books)	3.34%	9,787			9,787	5,350	327	0	5,677	4,110	4,437
13	Computer	16.21%	942,704	159,300		1,102,004	652,997	70,685	0	723,682	378,322	289,707
	<b>Total</b>		<b>66,899,230</b>	<b>21,288,007</b>	<b>772,471</b>	<b>87,414,766</b>	<b>29,797,283</b>	<b>3,705,537</b>	<b>244,774</b>	<b>33,258,047</b>	<b>54,156,722</b>	<b>37,101,948</b>
	<i>Previous Year</i>		<i>59,461,406</i>	<i>11,496,288</i>	<i>4,058,464</i>	<i>66,899,230</i>	<i>27,772,957</i>	<i>2,721,743</i>	<i>697,420</i>	<i>29,797,283</i>	<i>37,101,950</i>	<i>31,688,449</i>



SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2008

	As at 31-03-08	As at 31-03-07
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
From Directors / Others	9,450,289	8,547,947
<b>TOTAL</b>	<b>9,450,289</b>	<b>8,547,947</b>
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS</b>		
<u>Unquoted Shares</u>		
1300 Shares of Royal Inks & Resins Ltd of Rs. 100/- each	130,000	130,000
<b>TOTAL</b>	<b>130,000</b>	<b>130,000</b>
<b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
Raw Materials	17,270,460	12,635,915
Stores & Spares & Others	2,240,916	1,740,415
Cylinders	17,148,650	15,792,120
Packing Materials	2,446,796	2,081,562
WIP - Paper / Foil / Film	10,093,451	8,546,699
Finished Goods	5,395,374	482,792
(Lower of the cost or market value unless otherwise stated as per Management's certified inventories.)		
<b>TOTAL</b>	<b>54,595,647</b>	<b>41,279,503</b>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS</b>		
More than six months	271,751	761,668
Others	27,636,414	32,053,816
<b>TOTAL</b>	<b>27,908,165</b>	<b>32,815,484</b>
<b>SCHEDULE - 9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	61,683	381,034
Balance with Schedule Banks	229,374	189,745
<b>TOTAL</b>	<b>291,057</b>	<b>570,779</b>

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2008

	As at 31/03/08	As at 31/03/07
<b>SCHEDULE - 10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured Considered Good)		
Deposits	14,250	13,000
Prepaid Expenses	268,983	325,077
Other Advances	9,491,481	9,279,358
TOTAL	9,774,714	9,617,435
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for Goods, Expenses & Capital	59,003,570	52,868,820
Other Liabilities	1,387,014	1,366,640
TOTAL	60,390,584	54,235,460
<b>SCHEDULE - 12</b>		
<b>PROVISIONS</b>		
Provision for Expenses	793,704	753,170
TOTAL	793,704	753,170
<b>SCHEDULE - 13</b>		
<b>PRELIMINARY EXPENSES</b>		
Miscellaneous Expenditure	458,270	597,314
Additions during the year	-	-
Less : Written off during the year	139,044	139,044
TOTAL	319,226	458,270
<b>SCHEDULE - 14</b>		
<b>SALES</b>		
Sales - Domestic	89,084,513	102,048,246
Sales - Exports	93,365,545	90,192,683
Job Work	3,707,510	1,548,826
	186,157,568	193,789,755
Less : Excise Duty	18,634,470	20,565,190
TOTAL	167,523,098	173,224,565
<b>SCHEDULE - 15</b>		
<b>OTHER INCOME</b>		
Discount / Other Income	10,972	694,095
Balances Written Back / Off (Net)	13,150	-
Interest on FDR & IT refund	183,929	132,888
TOTAL	208,051	826,983

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2008**

	As at 31-03-08	As at 31-03-07
<b>SCHEDULE - 16</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
Closing Stock		
Finished Goods	5,395,374	482,792
Work in Process	10,093,451	8,546,699
Less : Opening Stock		
Finished Goods	482,792	1,117,975
Work in Process	8,546,699	5,730,623
<b>TOTAL</b>	<b>6,459,334</b>	<b>2,180,893</b>
<b>SCHEDULE - 17</b>		
<b>MANUFACTURING EXPENSES</b>		
Raw Material Consumed		
Opening Stock	12,635,915	7,578,597
Raw Materials Purchased	141,253,451	141,619,840
	153,889,366	149,198,437
Less : Closing stock	17,270,460	12,635,915
	136,618,906	136,562,522
Packing Materials Consumed		
Opening Stock	2,081,562	1,832,758
Packing Materials Purchased	1,827,481	2,060,847
	3,909,043	3,893,605
Less : Closing stock	2,446,796	2,081,562
	1,462,247	1,812,043
Stores & Spares Consumed		
Opening Stock	1,740,415	1,489,531
Stores Purchased	707,983	646,056
	2,448,398	2,135,587
Less : Closing stock	2,240,916	1,740,415
	207,482	395,172
Power & Fuel	4,437,777	4,261,420
Repairs, Maintenance & Parts	247,717	434,038
Freight & Octroi	974,642	1,459,669
Cylinder Engraving	1,319,143	1,387,624
Factory Expenses	209,219	239,956
Excise Duty / Service Tax expenses	37,086	327,811
Employees' Cost	7,825,045	7,763,363
(Including Director Remuneration Rs. 12.00 Lacs)		
Vat / Sales Tax on Sales	2,304,124	3,190,067
Security Expenses	257,064	320,294
<b>TOTAL</b>	<b>155,900,451</b>	<b>158,153,979</b>

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2008**

	AS AT 31st MARCH 2007	AS AT 31st MARCH 2008
<b>SCHEDULE - 18</b>		
<b><u>ADMINISTRATIVE &amp; SELLING EXPENSES</u></b>		
Rates & Taxes	317,162	378,206
Postage & Telegram	101,854	100,998
Telephone expenses	259,359	290,574
Printing & Stationery	84,682	128,280
Books & Computer expenses	41,182	45,353
vehicale Insurance	36,795	55,891
Insurance Charges	225,734	254,566
Vehicle repairs & Maintenance	73,948	26,017
Conveyance Expenses	291,383	309,204
Travelling Expenses - Others	31,616	60,819
Travelling Expenses - Directors	317,310	224,338
Auditors' Remuneration	44,944	44,080
Legal & Professional Charges	464,837	472,807
Professional Tax	1,000	1,000
Licence Fees / ECGC / Filing Fees	41,464	491,096
Sales Promotion & Entertainment expenses	33,633	26,504
Commission & Discount	109,638	54,731
Freight Carriage Outward	1,218,458	1,391,500
Advertisement	-	51,791
General Office & Other Expenses	220,626	603,081
<b>TOTAL</b>	<b>3,915,625</b>	<b>5,010,836</b>
<b>SCHEDULE - 19</b>		
<b><u>FINANCIAL CHARGES</u></b>		
Bank commission & charges	683,855	645,495
Bank Interest	6,213,893	4,108,272
Other Interest	1,509,909	1,008,991
<b>TOTAL</b>	<b>8,407,657</b>	<b>5,762,758</b>

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2008****SCHEDULE - 20****NOTES ON ACCOUNTS****Part - I****Significant Accounting Policies****a) BASIS OF ACCOUNTING**

The Financial statements have been prepared under the historical cost convention on accrual basis of accounting in accordance with applicable Accounting Standards & relevant presentational requirements of Companies Act.

**b) FIXED ASSETS**

- i) Fixed Assets are stated at cost less accumulated depreciation. They are stated at their historical cost.
- ii) Depreciation has been provided on the straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**c) INVESTMENTS**

Investments are stated at cost of acquisition.

**d) INVENTORIES**

All the items of Inventories are valued on the basis of cost or market value whichever is lower, (FIFO) except in case of scrap which is valued at Market Price.

**e) RETIREMENT BENEFITS**

The company has taken policy with Life Insurance Corp. of India for the payment of Gratuity. The company extends the benefit of encashment of leave to it's' employees while in service as well as on retirement basis. The encashment of leave while in service, being at the option of employees is being accounted on cash basis.

**f) REVENUE RECOGNITION**

Revenue in respect of insurance / other claim, interest, commission etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

**g) FOREIGN EXCHANGE TRANSACTION**

Transactions in foreign currency are recorded at standard rates in force at the time transactions are effected.

**h) INTERNAL TRANSFER**

Inter divisional transfer of Raw materials & goods are not shown as contra items in the Profit & Loss account. This accounting treatment has no impact on the profit of the Company.

**i) PRELIMINARY / DEFERRED REVENUE EXPENSES**

Preliminary expenses is being amortised over period of 10 (Old) / 5 (New) years.

**j) CONTINGENT LIABILITIES**

These are disclosed by way of notes on the Balance Sheet. Provision is made in the accounts in respect of those liabilities which are likely to materialise after the year end, till the finalisation of accounts and have material effect on the position stated.

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2008

Part - 2

Notes On Accounts

- 1 Corresponding figures of previous year have been regrouped / rearranged to confirm with current year's grouping whenever necessary.
- 2 Balances of Debtors, Creditors and unsecured loans are subject to confirmation and reconciliation.
- 3 The company is accounting Purchase, Sales and Inventories in accordance with the provisions of section 145A of The Income Tax Act, 1961 by including in the same, the amount of taxes, duties and other sums irrespective of the fact that the rebate for the same is 'available'. The same method is not accordance with the guidance note issued by the ICAI. However, non-adherence to the said guidance has no impact on the Profit or Loss of the company for the period under consideration.
- 4 Contingent Liabilities not provided for Rs . Nil
- 5 Tax / FBT Provision Rs 40.00 Lacs (Rs 0.66 Lacs )
- 6 Remuneration to Auditors Audit & Taxaudit Fees Rs. 0.40 Lacs ( Rs. 0.40 Lacs)
- 7 SSI Creditors

Balance of Debtors, Creditors, Un-Secured Loan, Advances and Bank's Outstation Collection Accounts are subject to confirmation & modification, As required by the notification No. GSR 376 - E dated 22.05.2002 , issued by the Department of Company affairs , ministry of Law Justice and Company affairs Small Scale Industrial Undertaking to whom the company owes a sum which is outstanding for more than 30 days at the Balance Sheet date are New Morai Engg, Ramdev Paper Box Ind., Royal Inks and Resins P Ltd., Sanilox Gravures, Santosh rotoprints etc (This amount of SSI Undertaking Includes in the Sundry Creditors - Schedule-13) These information determined on the basis of information available with the company.

8	Related Party Disclosure		(Rs. In Lacs)
		Current Year	Previous Year
	i) Remuneration paid to Director - Anil Patel	Rs 12.00	Rs 12.00

Company has paid Key Man Insurance Premium towards the Policy Rs. 2,39,896/- (Rs.479792) during the year . The same is Shown under Current Assets . Total upto date Rs. 19,13,815/- (Rs 1673919/-) Company has repaid Loan to Anil Patel Rs. 7.00 Lacs ( Rs 3.31 Lacs )

9	Calculation of Earning Per Share	Current Year	Previous Year
	Net Profit after Tax	1,850,092	3,082,057
	No of Equity Shares (Weighted Average)	1,073,400	1,073,400
	Nominal Value of Shares	10	10
	Basic Earning Per Share	1.72	2.87

				(Rs. In Lacs)	
10	<b>Expenditure in Foreign Currency on Account of</b>	<b>Current Year</b>		<b>Previous Year</b>	
	Foreign Travel Expenses	Rs 2.54		Rs 7.36	
		(Rs. In Lacs)			
11.	<b>Earning in Foreign Exchange</b>	<b>Current Year</b>		<b>Previous Year</b>	
	Export of goods calculated on FOB basis	Rs 933.66		Rs 900.37	
12	<b>Quantitative Information &amp; Value Analysis</b>				
		<b>Current Year</b>		<b>Previous Year</b>	
		<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
		<u>(In Kgs)</u>	<u>(Rs. In Lacs)</u>	<u>(In Kgs)</u>	<u>(Rs. In Lacs)</u>
a)	C I F Value of Imports	454344.00	281.06	304350.00	179.95
b)	<u>Capacity per annum</u>	As Certified by the Management			
	Item	Paper - Poly, Pet & Foil			
	<u>Licensed Capacity</u>	N.A		N.A	
	<u>Installed Capacity</u>	N.A		N.A	
	Extrusion	1200.00		Tone P.A	
	Adhesive Lamination	700.00		Tone P.A	
	Blown Film Extrusion	900.00		Tone P.A	
c)	<b>Raw Material Consumed</b>	<b>Current Year</b>		<b>Previous Year</b>	
	<u>Material</u>	<u>Qty : Kgs</u>	<u>(Rs. In Lacs)</u>	<u>Qty : Kgs</u>	<u>(Rs. In Lacs)</u>
	LDPE Granuals	866147	532.52	871577	577.04
	Paper	284755	150.72	288430	136.10
	Polyester / LDPE Film	342941	353.44	342718	337.00
	Aluminum Foil	12488	29.37	18708	40.15
	Inks & Mediums	89751	112.46	96056	123.63
	Solvent & Others	220094	187.68	211102	151.71
	<b>Total</b>	<b>1816176</b>	<b>1,366.19</b>	<b>1828592</b>	<b>1,365.63</b>
	<b>Consumption</b>	<b>%</b>	<b>(Rs. In Lacs)</b>	<b>%</b>	<b>(Rs. In Lacs)</b>
	Imported	17.00%	231.72	16.64%	179.95
	Indigenous	83.00%	1,134.47	83.36%	1,185.68
	<b>Total</b>	<b>100.00%</b>	<b>1,366.19</b>	<b>100.00%</b>	<b>1,365.63</b>
d)	<b>Class of Goods Mfg.</b>	<b>Kgs</b>	<b>Nos in Lacs</b>	<b>Kgs</b>	<b>Nos in Lacs</b>
	Paper / Poly	372721	4.10	362675	0.00
	Paper / Pet / Foil / Poly	21760	14.47	5572	23.50
	Others	637283	1072.59	827952	202.17

e) <u>Stock on Hand</u>	Kgs	(Rs. In Lacs)	Kgs	(Rs. In Lacs)
Raw materials	107,362.44	172.70	87,138.03	126.36
Semi - Finished Goods	81,762.52	100.93	71,336.90	85.47
Finished Goods - Kgs	1,204.72	2.28	5,490.78	3.14
Finished Goods - Nos in Lacs	12.17	51.67	0.57	1.69
Packing Materials		24.46		20.82

Unit	f) <u>Sales Turnover</u>	Kgs/Nos	(Rs. In Lacs)	Kgs/Nos	(Rs. In Lacs)
kgs	Flexible Packaging of - Paper Poly	1036954	1297.76	870982	368.11
Nos/La	Paper / Pet/ Foil / Poly / Other etc	107955110	526.60	21534309	1554.30
cs	job Work		37.22		15.49
Kgs					
			1861.58		1937.90

13 Additional information as required under schedule VI of the Companies Act, 1956.

Balance Sheet Abstract & Company's General Business Profile

000

I	Registration Details	Registration No. 10514 State Code - 04
		Balance Sheet Date - 31-03-2008

II Capital Raised During the Year

000

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III Position of Mobilisation & Deployment of Funds

000

Total Liabilities	86,320	Total Assets	86,320
Sources of Fund		Application of Funds	
Paid up Capital	10,734	Fixed Assets (Net)	54,486
Reserves & Surplus	10,380	Investments	130
Secured Loans	55,756	Net Current assets	31,385
Unsecured Loans	9,450	Miscellaneous expenditure	319
Deferred Tax Liability	0	Profit & Loss Account	0



IV Performance of Company		'000
Turnover & Income		167,731
Total Expenditure		165,792
Profit / (Loss) Before Tax		1,939
Others - Def tax, Prior period etc		174,419
Profit / (Loss) After Tax		1,850
Earning per Share (In Rs.)		Rs 1.72
Dividend (In %)	0.00%	Rs 0

V Generic Names of three Principles Products/ Services of the Company. As per Monetary Terms

<u>Item Code (ITC Code)</u>	<u>Product Description</u>
480710.00	Printed / Plain Paper / Poly
760720.09	Printed / Plain Polyester / Alu Foil / Polyethylene Laminates
392069.00	Printed / Plain Polyester / Polyethylene Laminates

Signature to Schedules 1 to 20

For Shah Mehta & Bakshi  
Chartered Accountants

For and on behalf of the Board  
Anil Patel  
(Chairman & Mg. Director)

Harshad Bhatt  
(Director)

(Mihang K Bakshi)  
Partner  
Vadodara, 30th August 2008

Kunal Patel  
(Director)  
Vanseti, 30th August 2008

<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) Before Tax & extraordinary items	1,939,472	3,155,337
<u>Adjustments For :</u>		
<i>Add</i> Depreciation	3,705,537	2,721,743
Loss / (Profit) on sales of Discarded Assets	182,897	1,288,744
Miscellaneous Expenditure Written Off	139,044	139,044
Finance Charges	8,407,657	5,762,758
Earlier expenses (Income)	-	(6,358)
<i>Less</i> Dividend & Other Income	(183,929)	(132,888)
Preliminary exps incurred	-	-
Operating Profit Before Working Capital Changes	14,190,476	12,928,383
<u>Adjustments For :</u>		
(Increase) / Decrease In Inventories	(13,316,144)	(8,940,141)
(Increase) / Decrease Receivables & Other assets	4,750,040	(13,454,021)
Increase (Decrease) in Trade And Other Payables	6,195,658	20,345,558
Cash Flow before extraordinary items	(2,370,446)	(2,048,604)
Cash Generated from Operations	11,820,030	10,879,779
Tax Paid	(89,380)	(66,924)
Net Cash From Operating Activities	11,730,650	10,812,855
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale (Purchase) of Fixed Assets	(19,449,383)	(13,663,701)
Proceeds from Sale of Fixed Assets	345,000	2,072,300
Sale (Purchase) of Investments	-	-
Proceeds of Share Capital	-	-
Interest & Dividend Received	183,929	132,888
Net Cash flow / use In Investing Activities	(18,920,454)	(11,458,513)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance Charges	(8,407,657)	(5,762,758)
Increase (Decrease) in Secured Loan	14,415,396	5,042,519
Increase (Decrease) in Unsecured Loan	902,342	1,053,640
Dividends Paid	-	-
Net Cash From / (In) Financing Activities	6,910,081	333,401
Net Increase In Cash And Cash Equivalents (A + B + C)	(279,723)	(312,250)
Opening Cash And Cash Equivalents	570,780	883,030
Closing Cash And Cash Equivalents (D+E)	291,057	570,780

By order of the Board

Vanseti  
30 th August 2008

Anil Patel  
Chairman and Managing Director

We have reviewed the attached Cash Flow Statement of PURITY FLEXPACK LTD For the year ended on 31st March 2008  
The Preparation of the Cash Flow Statement is the responsibility of the Company . Our responsibility is to express our opinion on the Cash Flow Statement based on our review  
In our opinion the said Cash Flow Statement which is derived from financial statement of the company for that year read together with the notes thereon is in accordance with the requirement for cash flow Statements prescribed by the Security and Exchange Board of India  
For Shah Mehta & Bakshi  
Chartered Accountants

(Vihang K Bakshi)  
Partner  
Vadodara, 30 th August 2008

**PURITY FLEXPACK LIMITED**  
**REGISTERED OFFICE: AT VANSETI, POST TAJPURA. NR HALOL.,**  
**DIST, PANCHMAHAL - 389 350. GUJARAT.**

**ATTENDANCE SLIP**

I, hereby record my presence at the 20<sup>TH</sup> Annual General Meeting of the Company at Vanseti, Post. Tajpura, Nr Halol, Dist Panchmahals at 11.00 A.M. on Monday the 29<sup>TH</sup> September 2008.

L.F No: \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

\_\_\_\_\_  
 Full name of the Shareholder  
 (in block letters)

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Full name of the Shareholder  
 (in block letters)

\_\_\_\_\_  
 Signature

Shareholders attending the meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the Meeting Hall.

-----Tear here-----

**PURITY FLEXPACK LIMITED**  
**REGISTERED OFFICE : AT VANSETI, POST TAJPURA NR. HALOL.,**  
**DIST. PANCHMAHALS -389 350.**

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being member/members of  
 PURITY FLEXPACK LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
 in the District of \_\_\_\_\_ failing him \_\_\_\_\_ as my/our Proxy to attend  
 and vote for me/us and on-my/our behalf at the 20th Annual General Meeting of the Company to be held  
 on 29<sup>TH</sup> September, 2008 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

Affix  
 Re. 1/-  
 Revenue  
 Stamp

Note: The Proxy must be deposited at the Registered Office of the Company not less than 48 hours

**Book - Post**

To, \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If undelivered, Please return to :

**PURITY FLEXPACK LIMITED**

2-B, Kirti Towers, Tilak Road,

Vadodara - 390 001.