

**PURITY FLEXPACK LIMITED**



**21st**

**ANNUAL REPORT**

**2008-2009**



**BOARD OF DIRECTORS**

Mr. ANIL PATEL  
Chairman & Managing Director

Mr. HARSHAD BHATT

Mr. DAXESH PATEL

Smt. KOKILA PATEL

Mr. MANISH BAXI

Mr. KUNAL PATEL

Mr. DARSHAK SHETH

Mr. NILESH PATEL

**CORPORATE OFFICE**

2-B KIRTI TOWERS  
NR KIRTI MANDIR, TILAK ROAD,  
VADODARA - 390001

**FACTORY & REGISTERED OFFICE**

AT & POST VANSETI, POST TAJPURA,  
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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DAY : SATURDAY  
DATE : 19<sup>th</sup> SEPTEMBER 2009  
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 21<sup>st</sup> ANNUAL GENERAL MEETING of the shareholders of PURITY FLEXPACK LIMITED will be held on SATURDAY, the 19<sup>th</sup> September, 2009 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:**

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, 2009 and the Directors' Report thereon.
2. To appoint a Director in place of Mr. Harshad Bhatt who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Daxesh Patel who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

To consider and if thought fit, to pass, with or without modifications, the following resolutions as Special Resolution.

5. "RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310 and 314 read with Schedule XIII and any other provisions, if any, of the Companies Act, 1956 and further subject to such other consents as may be required (Including any statutory modification or re-enactment thereof for the time being in force), the company hereby approves of the re-appointment of Shri. Anil Patel as the Managing Director of the Company, whose office shall not be liable to retirement by rotation for a further period of Three years commencing from 1<sup>st</sup> April, 2009 with liberty to either party to terminate the appointment on three months notice in writing to the other at the Salary of Rs.125000/- per month and on such other terms and conditions as are set out in the Explanatory Statement accompanying the Notice convening the Annual General Meeting.

"RESOLVED FURTHER THAT pursuant to section 198 (4) of the companies Act, 1956 read with Schedule XIII, as amended, and subject to such approvals as may be necessary, the Salary and the perquisites as are set out in the Explanatory Statement annexed to this notice, may be paid as the minimum remuneration to Shri. Anil Patel in absence or inadequacy of profit in any financial year.

"RESOLVED FURTHER THAT the Board of Directors of the Company and / or remuneration committee of Directors be and is hereby authorized without any reference/approval of the Company in General Meeting to alter and vary the terms and Conditions of the said re-appointment of Shri. Anil Patel from time to time in such manner as may be agreed upon between the parties and within the limits prescribed under Schedule XIII or such other regulations prescribed by the Government in that behalf from time to time."

6. "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 & 310 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 and further subject to such other consents as may be required (including any statutory modifications or re-enactment thereof for the time being in force), the Company hereby approves the elevation of Shri. Kunal A. Patel as a Whole - time Director of the Company, whose office shall be liable to retirement by rotation for a period of three years commencing from 1<sup>st</sup> October, 2009 with liberty to either party to terminate the appointment on three months notice in writing to the other at the salary of 25000/- per month including perquisites and on such terms and conditions as are set out in the Explanatory Statement accompanying the Notice convening the Annual General Meeting.

"RESOLVED FURTHER THAT pursuant to Section 198 (4) of the Companies Act, 1956 read with Schedule XIII, as amended, and subject to such approvals as may be necessary, the salary and the including perquisites as are set out in the Explanatory Statement annexed to this notice, may be paid as the minimum remuneration to Shri. Kunal A. Patel in absence of or inadequacy of profit in any financial year.

"RESOLVED FURTHER THAT the Board of Directors of the Company and / or Remuneration committee of Directors be and is hereby authorized without any reference / approval of

the Company in General Meeting to alter and vary the terms and conditions of the said Shri.Kunal A. Patel from time to time in such manner as may be agreed upon between the parties and within the limits prescribed under Schedule XIII or such other regulations prescribed by the Government in that behalf from time to time."

By Order of the Board of Directors,

**VANSETI**

**Anil Patel**

25<sup>th</sup> July, 2009

Chairman & Managing Director

**NOTABENE:**

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. Proxies to be effective shall be deposited at the Registered Office 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 18<sup>th</sup> August, 2009 to Friday, the 28<sup>th</sup> August, 2009 both days inclusive.

d. Members desirous of obtaining any information concerning the accounts from the company are requested to send their queries to the company at least seven days before the meeting so that the information required by the members may be made available at the meeting.

e. Members can avail the nomination facility by submitting Form No.2B of the Companies (Central Governments) General Rules and Forms, 1956 with the Company. Blank forms will be available on request.

f. The Companies Act, 1956 provides for nomination facility to shareholders. As a shareholder you have an option to nominate any person as your nominee to whom your shares shall

vest in the unfortunate event of your death. It is advisable to avail of this facility especially by the shareholders who currently hold shares in their single name. Nomination can avoid the process of acquiring right in shares through transmission by law. In case of nomination by joint holders such nomination will be effective only on the death of all the holders. An Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 relating to Items 5 & 6 of the notice are annexed hereto.

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 who are seeking re-appointment, as under.

Name of the Directors	HARSHAD BHATT	DAXESH PATEL
Age	56YEARS	45 YEARS
Qualification	B.COM	B.COM
Date of Appointment	28. 01.1994	10.02.1997
Expertise	Veteran Businessman	Veteran Businessman
Directorships as on 31 <sup>st</sup> March, 2009	Vaikunth Infrastructure & Holdings Pvt Ltd.	.....
Chairman/ Membership of the Committee as on 31 <sup>st</sup> March, 2009	.....	.....

## EXPLANATORY STATEMENT

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

**Item no. 5:**

The Board of Directors of the company in their meeting held on 10<sup>th</sup> March, 2004 had approved re-appointment of Shri Anil Patel, as the Managing Director of the Company for a period of five years commencing from 1<sup>st</sup> April 2004 on a salary of Rs. 75,000/- per month and other perquisites.

The Shareholders of the Company in their Annual General Meeting held on 27<sup>th</sup> September, 2004, approved, ratified and confirmed the re-appointment of Shri Anil Patel as Managing Director of the Company on the salary and perquisite as aforesaid. Subsequently pursuant to the authority vested in them, his salary & perquisites per month were increased from Rs. 75000/- to Rs. 100000/- with effect from 1<sup>st</sup> April, 2006. The term of his office as Managing Director; thus would expire on 31<sup>st</sup> March 2009.

Shri Anil Patel has been devoting his full time and attention for the business and operations of the company. This is the 16<sup>th</sup> year since he took over the management of the Company and during this long tenure of nearly Fifteen years he had to face many odds - financial and otherwise say in almost all the fields for running the Company, but by his sheer hard work, able leadership, farsightedness, practical wisdom and business acumen & other qualities of management, he surmounted all these odds successfully and put the Company into the comfortable position. As and when the capital was needed the capital was raised to meet the challenges of time.

The Remuneration committee of directors in their meeting held on 13<sup>th</sup> March 2009, deliberated upon the issue of remuneration payable to Shri Anil Patel effective from 1<sup>st</sup> April 2009 and they had recommended payment of remuneration to him at the rate of Rs. 125000/- per month for a period of three years effective 1<sup>st</sup> April 2009 subject to the condition of fulfillment of all the four conditions laid down in Schedule XIII of the companies Act, 1956.

Considering the contribution, dedication and leadership provided by Shri. Anil Patel, It was proposed that he be re-appointed as a Managing Director of the Company for a further period of three years from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March 2012 on the salary of Rs. 125000/- per month and other perquisites as provided in Schedule XIII of the Companies Act, 1956.

The re-appointment of Shri Anil Patel is completely in accordance with the norms laid down in Schedule XIII to the Companies Act, 1956 and therefore approval of Central Government is not necessary. However, as per Part III of the Schedule XIII; approval of the Shareholders is necessary for such re-appointment.

The accompanying Notice together with Explanatory Statement is and should be treated as an abstract of the terms and memorandum of interest under section 302 of the Companies Act, 1956 in respect of Shri Anil Patel.

The statement as required by Schedule XIII to the Companies Act, 1956, giving therein the details of the appointee, Shri Anil Patel justification of his Re-appointment is annexed hereto.

Except Shri. Anil Patel, and his relatives Smt. Kokilaben Patel and Shri Kunal Patel, none of the other directors may be considered to be concerned or interested in passing of this resolution

**Item no. 6 :**

Mr. Kunal Patel is M.B.A. From Cardiff University, U.K. and at a very young age of 21 years, he joined the Board of Directors of this Company on 31<sup>st</sup> march, 2006. He has been devoting his full time and attention for the business and operations of the Company since then. Without drawing any remuneration from the Company. In the process, he has developed some qualities of management. These qualities of management coupled with his maturity and practical wisdom would go a long way in the future growth and development of the Company.

Your directors are therefore, thought it fit to elevate him as a Whole-time Director at the meager salary of Rs. 25000/- p.m. and on such other terms & conditions as are normally applicable to the position of the Managing Director or a Whole-time Director.

Mr. Kunal Patel, who has completed eighteen years of age and has not attained the age of 25 years. With a view, therefore, to complying with the conditions of the eligibility for the appointment of Managing or Whole-time director as prescribed under Schedule XIII of the Companies Act, 1956, the Company proposes to pass a Special resolution for his elevation as aforesaid. As such, approval of the Central Government would not be required for this purpose.

The elevation of Shri. Kunal Patel is completely in accordance with the norms laid down in Schedule XIII of the Companies Act, 1956.

The accompanying notice together with Explanatory Statement is and should be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

The statement as required by Schedule XIII to the Companies Act, 1956, giving therein the details of the appointee, Shri Kunal Patel, justification of his Reappointment is annexed hereto.

Except Shri. Kunal Patel and his relatives Shri Anil Patel and Smt. Kokilaben Patel, none of the other directors may be considered to be concerned or interested in passing of this resolution.

By Order of the Board of Directors,

VANSETI  
25<sup>th</sup> July, 2009

Anil Patel  
Chairman & Managing Director

## A STATEMENT REFERRED TO IN ITEM NO. 5 TO 6 THE EXPLANATORY STATEMENT

**I - General Information:**

- |  |   |                                    |
|--|---|------------------------------------|
| 1. Nature of industry  | : | Packaging Industry                 |
| 2. Date or expected date of commencement of commercial production  | : | 24 <sup>th</sup> November, 1990    |
| 3. In case of new companies, expected date of Commencement of activities as per project approved By the financial institutions appearing in the Prospectus . | : | N.A.                               |
| 4. Financial performance based on given indicators   | : | * Pl. Refer table given hereafter. |
| 5. Export performance and net foreign exchange Collaborations  | : | N.A.                               |
| 6. Foreign investments or collaborations, if any   | : | N.A.                               |

**II - Information about the appointee: Pls. refer Annexure - A .given hereafter.**

- |   |   |   |
|---|---|---|
| 1. Background details   | : | — Refer Annexure - 'A' Point No. 1        |
| 2. Past remuneration  | : | — Refer Annexure - 'A' Point No. 2        |
| 3. Recognition or awards  | : | — Refer Annexure-'A'-Background Details   |
| 4. Job profile and his suitability  | : | — Refer Annexure - 'A'-Background Details |
| 5. Remuneration proposed  | : | — Refer Annexure - 'A'-Remuneration.      |
| 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) | : | — Refer Annexure - 'A' Point No. 3        |
| 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any  | : | — Refer Annexure - 'A' Point No. 4        |

**III - Other Information:**

1. Reasons of loss or inadequate profits : During the last quarter of the year 2008-09, the sales on the Export front to Australia & African countries had substantially fallen down on account of currency devaluation. This situation had brought about heavy pressure on margins
2. Steps taken or proposed to be taken for improvement:
  - a) Adoption of improved techniques for achieving higher production such as: By adopting world renown solvent Free Lamination System.
  - b) Implementation of Cost Reduction such as: As Explained above by saving huge solvent consumption.
  - c) Steps taken or proposed to be taken for improvement: Re scheduling of operations which would result in reducing Operating Time and thus saving in cost and manpower.

## 3. Expected increase in productivity and profits in measurable terms.

TABLE - [I(4) above]

Rs. in lacs

IMPORTANT RATIOS	31.03.200	31.03.2008	PROFITABILITY RATIOS	31.03.2009	31.03.2008
Networth	233.14	211.14	Operating Profit to Sales	1.14	1.10
Current Ratio	1.64	1.51	Profit after Dep and before Tax	22.01	18.50
Debt Equity Ratio	4.13	4.09	Average Credit days from Debtors	49	54
Book Value per share (in Rs.)	10.00	10.00	RM Holding period (No. of Days)	33.81	44.00
Earning per share (in Rs.)	2.05	1.72	FG Holding Period (No. of Days)	4.86	10.40
Return on Networth	9.44	8.76			
Return on Capital Employed	1.73	1.68			
Return on Investment	8.63	8.06			

\*\*\*\*\*

Annexure - A  
[II above]**Details of Appointees:****1. Background details:**

- ❖ Mr. Anil Patel is 52 years of Age and holds Diploma In Electrical Engineering. He has been the managing Director of the Company since last Fifteen Years. During this tenure, by sheer hard work, Practical wisdom, farsightedness and business acumen, he surmounted all Odds- financial, operational & otherwise and put the company into a comfortable position. This is not a small achievement. Prior to taking over the management of the company he was in service in Sevalia Cement Works Limited and held responsible position for a number of years.
- ❖ Although, Mr.Kunal Patel who has completed 18 year s of age but not attained 25 years of age, has been devoting his full time and attention for the business and operations of the Company, baring few months of year 2009 when he was away to U.K. for completion of his M.B.A. course. He will be completing this course by the end of September, 2009.

**2. Remuneration:**

- ❖ The Details of Past remuneration drawn by Mr. Anil Patel during the last three years are as under. During the last three years commencing from 1<sup>st</sup> April, 2006, Mr. Anil Patel drew remuneration of Rs.100000.00 P.M. i.e. Rs.1200000.00 P.A. under the head Salary.
- ❖ The Remuneration Committee of Directors in its meeting held on 13<sup>th</sup> March, 2009 had recommended payment of remuneration to Mr. Anil Patel at the rate of Rs.1.25 lacs per month for a period of three years from 01.04.09 and the Board of Directors in their meeting held on 19<sup>th</sup> March 2009, have finally approved of the same. : He would draw the entire remuneration of 1.25 Lacs under the head Salary.\* Pursuant to Section 198(4) of the Act, read with Schedule XIII, as amended, and subject to such approvals as may be necessary, the salary and the perquisites as set out in the Resolution and /or Explanatory Statement annexed to the Notice may be paid as the minimum remuneration to Mr. Anil Patel in absence of inadequacy of profit in any financial year.  
The above remuneration has been determined keeping in view the provisions of Part II, 1B of Schedule XIII of the Companies Act, 1956.

3. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)
4. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Mr.Anil Patel does not hold any other pecuniary relationship with the company.

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

TO,  
THE MEMBERS,

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2009.

**1. FINANCIAL HIGHLIGHTS:** (Rs. In Lacs)

	2008-09	2007-08
Total Gross Sales	2107.33	1861.58
Gross Profit before interest and Depreciation	186.85	140.53
Interest	120.09	84.08
Profit before Depreciation	66.76	56.46
Depreciation	43.88	37.06
Prior period Adjustment	0.00	0.00
Net Profit for the year	22.88	18.50
Adding thereto/deducting there from Balance brought forward from the previous year	57.08	38.58
Profit / ( Loss) carried to Balance Sheet	79.09	57.08

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 under report.

**3. YEAR IN RETROSPECT & FUTURE OUTLOOK:**

Your Directors are glad to report that this is the fourth year in succession when the company has been making profits year after year and it is hoped that this trend will continue in future year's subject however to Unforeseen circumstances.

Net sales for the year ended 31<sup>st</sup> march 2009 amounted to Rs.2107.33Lacs as against Rs.1861.58 Lacs of the previous year recording a rise of 13 %. Like wise net profit also amounted to Rs. 22.88 Lacs as against Rs. 18.50 Lacs in previous year, which is higher by about 24%. The Export Sales during the year under report amounted to Rs. 1021.85 lacs as against Rs. 933.65 lacs for the previous year. The Company is increasing its net of new Customers for the export sales which is presently limited to countries like Australia, Fiji in addition to African Countries. This will definitely bring a boost in export sales. It is gratifying to note that our products have been well accepted by the Overseas Customers. It is very likely that the increase in export sales will change the great scenario in the life of the company.

**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: The annual accounts of the Company for the financial year ended 31<sup>st</sup> March 2009, 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; Appropriate accounting policies have been selected and applied consistently and judgments and estimates made there under 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; 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.

**5. RE-APPOINTMENT OF SHRI ANIL PATEL AS MANAGING DIRECTOR FOR A PERIOD OF 3 YEARS:**

The term of office of Shri. Anil Patel as a Managing Director of the Company, which was approved by the Board of Directors at their meeting held on 10.03.2004 and subsequently approved and ratified by the shareholders at the Annual General Meeting held on 27.09.2004 expired on 31.03.2009. After taking into consideration various factors such as hard work put in by Shri Anil Patel during the last fifteen years as Managing Director, his farsightedness, business acumen, practical wisdom and other qualities of management, the Board of Directors of the company at their meeting held on 19.03.2009, after taking into consideration the recommendation of the Remuneration Committee of Directors relating to his remuneration had subject to the approval of the company in General Meeting and subject to Fulfillment of all the Conditions laid down in the Schedule XIII of the Companies Act, 1956, re-appointed him as a Managing Director for a period of three years commencing from 01.04.2009 on remuneration of Rs.1.25 Lacs P.m. and on such terms and conditions more particularly set out in the explanatory statement annexed to the Notice of the Annual General Meeting.

**6. APPOINTMENT OF MR.KUNAL PATEL AS WHOLE-TIME DIRECTOR**

The Board of Directors of the Company in their meeting held on 25<sup>th</sup> July, 2009 have, subject to the approval of the Company in general meeting and such other consents, approvals, permissions and sanctions as are necessary in that behalf, elevated Mr. Kunal Patel as a whole-time Director of the Company for a period of three years commencing from 1<sup>st</sup> October, 2009 at a meager remuneration of Rs.25000/- per month. Necessary resolution is included in the notice for obtaining the approval of the shareholders.

**7. 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.



**8. 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.

**9. 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.

**10. 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.

**11. INSURANCE:**

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

**12. INDUSTRIAL RELATIONS:**

Industrial Relations remained cordial at the factory throughout the year.

**13. DIRECTORATE:**

Mr. Harshad Bhatt & Mr. Daxesh Patel, retire by rotation and being eligible offer themselves for re-appointment. A brief resume and functional expertise of the above Directors as required under clause 49 of the Listing agreement is given at the end of the notice convening the Annual General Meeting.

**14. 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.

**15. COMPLIANCE CERTIFICATE:**

As required by the provisions of Section 383A of the Companies Act, 1956, the Company has obtained a Compliance Certificate dated 25.07.2009 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. The same is attached herewith as required by Section 217 of the Companies Act, 1956.

**16. 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.

**17. 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,

**VANSETI**  
25<sup>th</sup> July, 2009

**Anil Patel**  
Chairman & Managing Director

**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:	2008-09	2007-08
Units (KWH)	1061756	918116
Total Amount (Rs.)	6069900	4414828
Rate per Unit (Rs.)	5.72	4.81
(b) Own Generation:		
Units (KWH)	18856	14536
Total Amount (Rs.)	181308	22949
Rate per Unit (Rs.)	9.62	1.58
(c) Furnace Oil/LSHS/LDO/HSQ		
Qty. (K.Ltr)	0.00	0.00
Total Amount (Rs.)	0.00	0.00
Average Rate (Rs.)	0.00	0.00

**(B) TECHNOLOGY ABSORPTION:**

**(C) FOREIGN EXCHANGE EARNINGS & OUTGO:**

	31.3.2009	31.03.2008
(i) Foreign Exchange Earning	1021.85	933.65
(ii) Foreign Exchange Outgo		
a. Foreign Traveling -	2.52	2.54
b. Purchase -	74.90	281.06

**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 Director and 7 Non-Executive

Directors. The Composition of the Board of Directors is as under:

CATEGORY	NAME OF THE DIRECTORS
EXECUTIVE DIRECTORS	Mr. Anil Patel (Chairman & Managing Director)
NON-EXECUTIVE NON-INDEPENDENT DIRECTORS	Mr. Harshad Bhatt Smt. Kokila Patel Mr. Kunal Patel
NON-EXECUTIVE INDEPENDENT DIRECTORS	Mr. Daxesh Patel Mr. Darshak Sheth Mr. Manish Baxi Mr. V D Talati (upto 12.05.2008) Mr. Nilesh Patel (From 12.05.2008)

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

During the year ended 31<sup>st</sup> March 2009, the Board met 9 (Nine) times (as against the minimum requirement of 4 (four) meetings on the following dates :30.04.08, 12.05.08, 30.07.08, 11.08.08, 30.08.08, 12.09.08, 23.10.08, 29.01.09, 19.03.09. 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		No. of other Directorships.	No. of Other Committee Membership
	Board Meeting	Lat AGM		
Mr. Anil B. Patel ( Chairman & Managing Director )	9	Yes	—	3
Smt. Kokila Patel	6	Yes	—	—
Mr. Kunal Patel	5	No	—	—
Mr. Harshad S. Bhatt	9	Yes	1	1
Mr. Daxesh Patel	6	Yes	—	3
Mr. Darshak Seth	4	Yes	—	—
Mr. Manish Baxi	1	No	—	1
Mr. V. D. Talati	1	No	1	1
Mr. Nilesh N. Patel	4	No	—	2

**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	<p>Mr.Daxesh Patel (Chairman)                      Mr.V.D.Talati (Upto 12.05.2008)                      Mr. Anil Patel                      Mr. Manish Baxi                      Mr. Nilesh Patel (From 12.05.2008)</p> <p>As on 31.03.2009, the Committee is comprised of 4 Directors including 3 non-executive independent Directors, the Chairman being non-executive independent Director throughout the year..</p>	<p>Mr. Daxesh Patel (Chairman)                      Mr. Anil Patel                      Mr.V.D. Talati (Upto 12.05.2008)                      Mr.Nilesh Patel (From 12.05.2008)                      Mr. Manish Baxi</p> <p>The Committee is comprised of 4 Directors including 3 non-executive independent Directors.</p>	<p>Mr. Anil Patel (Chairman)                      Mr. Harshad Bhatt                      Mr. Daxesh Patel                      Mr. V.D.Talati (Upto 12.05.2008)                      Mr.Nilesh Patel (From 12.05.2008)</p> <p>The Committee is comprised of 3 Directors including 2 non-executive independent Director.</p>
Meeting and Attendance	<p>Five Meetings were held on 30.04.2008, 23.07.2008, 23.08.2008, 23.10.2008, and 21.01.2009 and all the members of the committee were present at the meetings.</p>	<p>A Meeting was held on 13.03.2009. And all the members of the committee were present at the meeting.</p>	<p>Five Meetings were held on 15.04.2008, 30.05.2008, 30.08.2008, 31.12.2008 and 31.01.2009.                      And all the members of the committee were present at the meetings.</p>
Terms of Reference	<p>Terms of Reference                      The terms of reference of this committee are in line with the norms specified in Section 292.A of the Companies Act, 1956.</p>	<p>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.</p>	<p>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, Senior Accounts 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.</p>

**ANNUAL GENERAL MEETINGS:**

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

Financial Year	Date	Location of the Meeting	Time
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
2007-08	29.09.2008	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-389350, Gujarat, India.
Annual General Meeting	Date: 19.09.2009 Time : At 11.00 am Venue: At the Registered Office.
Book Closure Date	Tuesday, the 18 <sup>th</sup> August, 2009 to Friday, the 28 <sup>th</sup> August, 2009 (both days inclusive)
Listing on Stock Exchanges	The Vadodara Stock-Exchange, Ltd, Vadodara. The Bombay Stock Exchange Limited, 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 30days from the receipt if the documents are approve in all respects.

**SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2009:**

Category	No. of Shares Held	% to paid-up Capital
Non-Resident Individuals	13230	1.23%
Bodies Corporate	5289	0.49%
Mutual Funds/ Nationalized Banks	540	0.05%
Resident Individuals	566328	52.79%
Directors and Relatives	488013	45.46%
<b>TOTAL</b>	<b>1073400</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2009:**

Share Distribution	Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Upto 5000	19591	99.57 %	503947	46.95 %
5001-10000	44	0.22 %	30827	2.87 %
10001-20000	19	0.10 %	28640	2.67 %
20001-30000	3	0.02 %	7192	0.67 %
30001-40000	6	0.03 %	21138	1.97 %
40001-50000	2	0.01 %	9331	0.87 %
50001-100000	3	0.02 %	24898	2.32 %
100001 & above	8	0.04 %	447427	41.68 %
<b>TOTAL:</b>	<b>19676</b>		<b>1073400</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:

" Vaishali G.Chokshi, Compliance Officer, PURITY FLEXPACK LTD.,"

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

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

**COMPLIANCE CERTIFICATE**

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

**CERTIFICATE**

To the Members Of

Purity Flex pack Ltd.

We have examined the compliance of conditions of Corporate Governance by PURITY FLEXPACK LTD., for the year ended March 31<sup>st</sup> 2009. As stipulated in Clause 49 of Listing Agreement of the Said Company with Stock Exchanges.

The Compliance of Condition 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 is 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 & Baxi  
Chartered Accountants

Vihang Bakshi  
( Partner )

Vadodara:  
25.07.2009

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

DEVESH R. DESAI  
M.Com. LL.B. ACS

40-D, Arpita Park, Near ESI Hospital, Gotri Road, Vadodara-390 021. (M) 9879533717 (R) 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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2009. 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 there under 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 there under.
3. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 9 (Nine) times on 30.04.2008, 12.05.2008, 30.07.2008, 11.08.2008, 30.08.2008, 12.09.2008, 23.10.2008, 29.01.2009 and 19.03.2009 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, the 16<sup>th</sup> September, 2008 to Saturday, the 27<sup>th</sup> September, 2008 (Both Days Inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31-03-2008 was held on 29.09.2008 after giving due notice to the members of the Company and the resolution passed there at 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 certificate 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.

- (i) 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 there under.
  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, 2009 is within the borrowing limits of the Company and that necessary resolution as per Section 293 (1) (d) of the Act has 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 employee'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 : Vadodara**

**Date : 25<sup>th</sup> July, 2009**

**[Devesh R. Desai]  
PROPRIETOR  
ACS # 11332  
CP # 7484**

## PURITY FLEXPACK LIMITED

## ANNEXURE A

Registers maintained by the Company:

1. Register of Charges u/s 143
2. Register of Members u/s 150
3. Register & Returns u/s 163
4. Minutes Books of Board Meeting and Shareholders Meeting u/s 193
5. Books of Accounts u/s 209
6. Register of Particulars of Contracts in which directors are interested u/s 301
7. Register of Directors, Managing Directors, Manager and Secretary u/s 303
8. Register of Director's Shareholding u/s 307
9. Register of Director's Attendance
10. Register of Shareholder's Attendance
11. Register of Share Transfer.

## ANNEXURE B

Forms and Returns filed by the Company during the year ended 31<sup>st</sup> March, 2009.

1. Annual Accounts in Form No.23AC - Balance Sheet as at 31.03.2008.
2. Annual Accounts in Form No. 23ACA - Profit & Loss A/c for the year ended 31.03.2008.
3. Annual Return in Form 20B U/S 159 in respect of A.G.M. held on 29.09.2008 for the financial year ended 31.03.2008.
4. Form No.66 Dt.21.10.2008 - Compliance Certificate of D R Desai & Co., Company Secretary.
5. Form No.32 - notifying changes in Directorate of the Company (Resignation of Mr. V D Talati as Director and Appointment of Mr. Nilesh Patel as an Additional Director.)
6. Form 8 (Two Forms) u/s 135 for Modification of Charge for an increase in the limits from Rs. 869 lacs to Rs. 1046.25 lacs on account of execution of supplemental composite agreement of hypothecation of goods, book debts, movable machineries and vehicles and supplemental memorandum of constructive delivery/deposit of title deeds in respect of extension of mortgage and movable & immovable/properties of the company.
7. Form DIN 3 (Two Forms) (Rule-6) for information of Director Identification Number of Mr. Darshakkumar S. Sheth and Mr. Manish A. Baxi by the Company to the Registrar.

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

*Place : Vadodara*

*Date : 25<sup>th</sup> July, 2009*

*[Devesh R. Desai]*

*PROPRIETOR*

*ACS # 11332*

*CP # 7484*



**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 2009 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.
- e) On the basis of written representation received from the directors, as on 31.03.2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31.03.2009 from being appointed as director in terms of section 274 (1)(g) of The Companies Act, 1956.
- f) 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 2009.
  - 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 have 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.

- II. 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 21.06 lacs (Maxi 27.11 Lacs).  
c) In our opinion, 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 transactions 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 31-03-2009 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.
- XIII. The company is not a chit fund, nidhi or mutual benefit fund or a society.
- XIV. 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.
- XV. 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.
- XVI. 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.
- XVII. 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.
- XVIII. 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.
- XIX. The company did not issue any debentures during the year.
- XX. The company has not raised money by public issue during the year except issued on account of Amalgamation.
- XXI. To the best of our knowledge and belief and according to information and explanations given to us, and the records of the Company examined by us, no fraud on or by the company has been noticed or reported during the year.

For Shah Mehta & Bakshi  
Chartered Accountants

(Vihang Bakshi)  
Partner  
M. No. 39054

Vadodara, dated: 25<sup>th</sup> July 2009

## BALANCE SHEET AS AT 31st MARCH 2009

	Schedule	As at 31-03-09	As at 31-03-08
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	10,734,000	10,734,000
Reserves & Surplus	2	12,580,354	10,379,593
<b>LOAN FUNDS</b>			
Secured Loans	3	64,852,110	55,756,147
Unsecured Loans	4	8,024,755	9,450,289
<b>Total</b>		<b>96,191,219</b>	<b>86,320,029</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	100,054,084	87,414,766
Less : Depreciation		37,646,352	33,258,047
Net Block		62,407,732	54,156,719
Work in Process		0	328,789
		62,407,732	54,485,508
<b>INVESTMENTS</b>	6	130,000	130,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	43,260,325	54,595,647
Sundry debtors	8	28,922,432	27,908,165
Cash & Bank Balance	9	1,388,237	291,058
Loans & Advances	10	12,203,916	9,774,714
		85,774,910	92,569,583
Less: Current Liabilities & Provisions			
Current Liabilities	11	51,401,982	60,390,584
Provisions	12	899,623	793,704
		52,301,605	61,184,288
Net Current Assets		33,473,305	31,385,295
<b>MISCELLANEOUS EXPENDITURE</b>			
Preliminary expenses	13	180,182	319,226
<b>Total</b>		<b>96,191,219</b>	<b>86,320,029</b>
Notes on Accounts	20		

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

(Vihang K Bakshi)  
Partner

Vadodara,

25th July 2009

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

Harshad Bhatt  
(Director)

Vanseti,

25th July 2009

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH 2009

	Schedule	As at 31-03-09	As at 31-03-08
<b>INCOME</b>			
Sales	14	193,950,366	167,523,098
Other Income	15	1,583,498	208,051
Increase / Decrease in Finished Stock	16	(6,001,274)	6,459,334
<b>TOTAL</b>		<b>189,532,590</b>	<b>174,190,483</b>
<b>EXPENDITURE</b>			
Manufacturing Expenses	17	163,805,080	155,900,452
Administrative & Selling Expenses	18	6,903,753	3,915,625
Financial Charges	19	12,008,597	8,407,657
Depreciation	5	4,388,305	3,705,537
Loss on Sales of Assets		-	182,697
Miscellaneous expenses w/off		139,044	139,044
<b>TOTAL</b>		<b>187,244,779</b>	<b>172,251,011</b>
Profit / (Loss) for the year before Taxation		2,287,811	1,939,472
Less : Provision for taxation		-	-
Less : Provision for FBT		87,050	89,380
Less : Prior Period Expense		-	-
<b>Profit / (Loss) after Tax</b>		<b>2,200,761</b>	<b>1,850,092</b>
Balance brought forward		5,708,359	3,858,267
Balance Available for Appropriation		7,909,120	5,708,359
<b>Surplus carried to Balance Sheet</b>		<b>7,909,120</b>	<b>5,708,359</b>
<b>Earning Per Share ( Basic &amp; Diluted ) ( in Rs.)</b>			
Before Non-recurring Items		2.13	1.81
After Non-recurring Items		2.05	1.72
Notes on Accounts	20		

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

(Vihang K Bakshi)  
Partner

Vadodara,

25th July 2009

For and on behalf of the Board

Anil Patel  
(Chairman & Mg. Director)

Harshad Bhatt  
(Director)

Vanseti,

25th July 2009

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2009

	As at 31-03-09	As at 31-03-08
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
6000000 Equity Shares of Rs. 10/- each	<b>60,000,000</b>	60,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
1073400 (1073400) Equity Shares of Rs. 10/- each fully paid	<b>10,734,000</b>	10,734,000
Capital is after Reduction by Rs 442.00 Lacs from 520.00 Lacs by virtue of scheme of reduction approved in AGM and High Court in the year 2004-05 Includes 293400 Equity Shares of each Rs 10 issued as fully paid to the Shareholders of Vaikunth Packaging Ltd, pursuant to its' scheme of amalgamation in the year 2005-06, without payment being received in cash.		
<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 no 1 ( Subsidy from State Government)	<b>2,500,000</b>	2,500,000
ii) Capital Reserve no 2	<b>2,145,067</b>	2,145,067
Balance of excess of assets over liabilities & reserves taken over pursuant to scheme of amalgamation of Vaikunth Packaging Ltd.		
iii) General Reserve - As per last Balance sheet	<b>26,167</b>	26,167
iv) Surplus in Profit & Loss Account	<b>7,909,120</b>	5,708,359
<b>TOTAL</b>	<b>12,580,354</b>	<b>10,379,593</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>A) From Bank of Baroda</b>		
<b>Term Loan</b>		
i) Term Loan	<b>3,750,000</b>	5,445,874
ii) Term Loan	<b>7,724,889</b>	11,437,221
iii) Term Loan	<b>3,208,000</b>	-
(Against Hypothecation of Plant & Machinery & Charge on all other fixed & current assets)		
<b>Working Capital</b>		
i) Cash Credit	<b>40,954,744</b>	12,566,072
ii) Packing Credit	<b>2,792,281</b>	19,101,858
iii) Bill Discounting	<b>5,825,640</b>	5,885,161
(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) From Other Banks</b>		
i) From HDFC Bank (Against hypothecation of Vehicle)	<b>154,914</b>	371,037
ii) From Axis Bank (Against hypothecation of Vehicle)	<b>366,396</b>	588,812
iii) From ICICI Bank (Against hypothecation of Vehicle)	<b>75,247</b>	360,112
<b>TOTAL</b>	<b>64,852,110</b>	<b>55,756,147</b>

## Schedule : 5

## Fixed Assets :

Sr No	Name of Asset	Rate of Dep. %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As on 01-Apr-08	Addition	Deduction	Total as on 31-Mar-09	Up to 31-Mar-08	For the Year	Deduction	Total as on 31-Mar-09	As on 31-Mar-09	As on 31-Mar-08
1	Land (Freehold)	0%	431,964	0	0	431,964	0	0	0	0	431,964	431,964
2	Factory Building	3.34%	17,135,087	1,781,517	0	18,916,604	4,944,049	574,268	0	5,518,317	13,398,287	12,191,039
3	Administrative Bldg.	1.63%	1,635,555	0	0	1,635,555	446,127	26,660	0	472,787	1,162,768	1,189,428
4	Plant & Machinery	4.75%	58,599,542	10,384,288	0	68,983,830	22,692,623	3,136,656	0	25,829,279	43,154,551	35,906,920
5	Electrical Installation	4.75%	3,724,439	14,809	0	3,739,248	2,264,984	177,075	0	2,442,059	1,297,189	1,459,456
6	Office Equipments	4.75%	501,865	0	0	501,865	311,665	23,839	0	335,504	166,361	190,201
7	Fire Fighting Equip.	4.75%	21,858	0	0	21,858	16,795	1,038	0	17,833	4,025	5,063
8	Furniture & Fixtures	6.23%	1,509,250	0	0	1,509,250	1,503,807	5,443	0	1,509,250	0	5,443
9	Vehicles	9.05%	2,722,165	0	0	2,722,165	331,975	246,356	0	578,331	2,143,834	2,390,190
11	Laboratory Equipment	4.75%	21,250	150,602	0	171,852	16,663	6,948	0	23,611	148,241	4,587
12	Liabrary (Books)	3.34%	9,787	0	0	9,787	5,677	327	0	6,004	3,783	4,110
13	Computer	16.21%	1,102,004	308,103	0	1,410,107	723,682	189,696	0	913,378	496,729	378,322
	<b>Total</b>		<b>87,414,766</b>	<b>12,639,318</b>	<b>0</b>	<b>100,054,084</b>	<b>33,258,047</b>	<b>4,388,305</b>	<b>0</b>	<b>37,646,352</b>	<b>62,407,732</b>	<b>54,156,723</b>
	<i>Previous Year</i>		<i>66,899,230</i>	<i>21,288,007</i>	<i>772,471</i>	<i>87,414,766</i>	<i>29,797,283</i>	<i>3,705,537</i>	<i>244,774</i>	<i>33,258,047</i>	<i>54,156,722</i>	<i>37,101,948</i>

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2009

	As at 31-03-09	As at 31-03-08
<b>SCHEDULE - 4</b>		
<b><u>UNSECURED LOANS</u></b>		
From Directors	2,106,500	2,711,500
From Others	4,365,479	6,303,123
From HDFC (KOTAK) - against guarantee of Director	1,552,776	435,666
<b>TOTAL</b>	<b>8,024,755</b>	<b>9,450,289</b>
<b>SCHEDULE - 6</b>		
<b><u>INVESTMENTS</u></b>		
<b><u>Unquoted Shares</u></b>		
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><u>INVENTORIES</u></b>		
As taken, valued & certified by the Management		
Raw Materials	12,478,326	17,270,460
Stores & Spares & Others	2,520,460	2,240,916
Cylinders	16,410,838	17,148,650
Packing Materials	2,363,150	2,446,796
WIP - Paper / Foil / Film	8,633,796	10,093,451
Finished Goods	853,755	5,395,374
<b>TOTAL</b>	<b>43,260,325</b>	<b>54,595,647</b>
<b>SCHEDULE - 8</b>		
<b><u>SUNDRY DEBTORS</u> (Unsecured but considered good)</b>		
Due over six months	1,987,877	271,751
Others	26,934,555	27,636,414
<b>TOTAL</b>	<b>28,922,432</b>	<b>27,908,165</b>
<b>SCHEDULE - 9</b>		
<b><u>CASH &amp; BANK BALANCES</u></b>		
Cash on Hand	570,089	61,683
Balance with Schedule Banks	818,148	229,374
<b>TOTAL</b>	<b>1,388,237</b>	<b>291,057</b>



## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2009

	As at 31-03-09	As at 31-03-08
<b>SCHEDULE - 10</b>		
<b>LOANS &amp; ADVANCES</b> (Unsecured but considered good)		
Deposits	14,250	14,250
Prepaid Expenses	748,510	268,983
Other Advances	11,441,156	9,491,481
TOTAL	12,203,916	9,774,714
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for Goods , Expenses & Capital.	50,307,215	59,003,570
Other Liabilities	1,094,767	1,387,014
TOTAL	51,401,982	60,390,584
<b>SCHEDULE - 12</b>		
<b>PROVISIONS</b>		
Provision for Expenses	899,623	793,704
TOTAL	899,623	793,704
<b>SCHEDULE - 13</b>		
<b>PRELIMINARY EXPENSES</b>		
(To the extent not written off or adjusted)		
Miscellaneous Expenditure	319,226	458,270
Less : Written off during the year	139,044	139,044
TOTAL	180,182	319,226
<b>SCHEDULE - 14</b>		
<b>SALES</b>		
Sales - Domestic	106,615,697	89,084,513
Sales - Exports	102,185,190	93,365,545
Job Work	1,932,039	3,707,510
	210,732,926	186,157,568
Less : Excise Duty	16,782,560	18,634,470
TOTAL	193,950,366	167,523,098
<b>SCHEDULE - 15</b>		
<b>OTHER INCOME</b>		
Discount / Other Income	1,124,088	10,972
Balances Written Back / Off (Net)	126,165	13,150
Interest on FDR & IT refund	333,245	183,929
TOTAL	1,583,498	208,051

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2009

	As at 31-03-09	As at 31-03-08
<b>SCHEDULE - 16</b>		
<b><u>INCREASE / (DECREASE) IN STOCK</u></b>		
Closing Stock		
Finished Goods	853,755	5,395,374
Work in Process	8,633,796	10,093,451
Less : Opening Stock		
Finished Goods	5,395,374	482,792
Work in Process	10,093,451	8,546,699
<b>TOTAL</b>	<b>(6,001,274)</b>	<b>6,459,334</b>
<b>SCHEDULE - 17</b>		
<b><u>MANUFACTURING EXPENSES</u></b>		
Raw Material Consumed		
Opening Stock	17,270,460	12,635,915
Raw Materials Purchased	132,853,116	141,253,451
	150,123,576	153,889,366
Less : Closing stock	12,478,326	17,270,460
	137,645,250	136,618,906
Packing Materials Consumed		
Opening Stock	2,446,796	2,081,562
Packing Materials Purchased	2,317,143	1,827,481
	4,763,939	3,909,043
Less : Closing stock	2,363,150	2,446,796
	2,400,789	1,462,247
Stores & Spares Consumed		
Opening Stock	2,240,916	1,740,415
Stores Purchased	613,437	707,983
	2,854,353	2,448,398
Less : Closing stock	2,520,460	2,240,916
	333,893	207,482
Power & Fuel	6,699,953	4,437,777
Repairs, Maintenance & Parts	287,805	247,717
Freight & Octroi	1,034,774	974,642
Cylinder Engraving	2,800,237	1,319,143
Factory Expenses	213,930	209,219
Excise Duty / Service Tax expenses	459,247	37,086
Employees' Cost	8,330,575	7,825,045
(Including Director Remuneration Rs. 12.00 Lacs)		
Vat / Sales Tax on Sales	3,342,232	2,304,124
Security Expenses	256,395	257,064
<b>TOTAL</b>	<b>163,805,080</b>	<b>155,900,452</b>

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2009

	As at 31-03-09	As at 31-03-08
<b>SCHEDULE - 18</b>		
<b><u>ADMINISTRATIVE &amp; SELLING EXPENSES</u></b>		
Rates & Taxes	198,192	317,162
Postage & Telegram	42,357	101,854
Telephone expenses	245,192	259,359
Printing & Stationery	80,141	84,682
Books & Computer expenses	41,850	41,182
vehicle Insurance	53,126	36,795
Insurance Charges	236,547	225,734
Vehicle repairs & Maintenance	60,382	73,948
Conveyance Expenses	260,081	291,383
Travelling Expenses - Others	56,729	31,616
Travelling Expenses - Directors	335,271	317,310
Auditors' Remuneration	52,393	44,944
Legal & Professional Charges	421,951	464,837
Professional Tax	2,400	1,000
Licence Fees / ECGC / Filing Fees	170,785	41,464
Sales Promotion & Entertainment expenses	40,986	33,633
Commission & Discount	245,207	109,638
Freight Carriage Outward	3,974,050	1,218,458
General Office & Other Expenses	386,113	220,626
<b>TOTAL</b>	<b>6,903,753</b>	<b>3,915,625</b>
<b>SCHEDULE - 19</b>		
Bank commission & charges	1,311,415	683,855
Bank Interest	7,869,650	6,213,893
Other Interest	2,827,532	1,509,909
<b>TOTAL</b>	<b>12,008,597</b>	<b>8,407,657</b>

**SCHEDULE - 20****NOTES ON ACCOUNTS****Part -1****Significant Accounting Policies****1 BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention on accrual basis of accounting and in accordance with applicable Accounting Standards and relevant presentational requirement of the Companies Act, 1956.

**2 REVENUE RECOGNITION****a) Sales**

Sales are recognised on shipment or dispatch to customer and are inclusive of income from job work, excise duty and VAT, net of trade discounts and returns

**b) Other Income**

Other Income is recognised on accrual basis except when realisation of such income is uncertain.

Claims lodged with the Insurance Company in respect of risks covered are accounted for as and when admitted by the Insurance Company.

**3 FIXED ASSETS**

Fixed Assets are stated at cost, net of CENVAT credit, if any, after reducing accumulated depreciation until the date of the Balance Sheet. Direct cost are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition. Capital work - in- progress includes the cost of fixed assets that are not yet ready for the intended use, advances paid to acquire fixed assets and the cost of assets not put to use before the balance sheet date

Depreciation on fixed assets has been provided on Straight Line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions to the Fixed Assets are provided on pro-rata basis from the succeeding month in which put to use.

**4 INVESTMENTS**

Long Term Investments are stated at cost of acquisition, but in case of permanent diminution in value of long term investment, provision is made to recognise the decline.

**5 INVENTORIES**

All the items of Inventories are valued Lower of cost or net realizable value. The basis of determining cost for various categories of inventories is stated hereunder:-

a)	Raw materials	Lower of Cost / Net realisable value	First in First out basis
b)	Packing Materials	Lower of Cost / Net realisable value	First in First out basis
c)	Material in Transit	Actual cost	
d)	Work in process	Material cost plus appropriate share of Labour, Mfg overheads	
e)	Finished Goods	Material cost plus appropriate share of Labour, Mfg overheads	
f)	Scrap	At realisable value	
g)	Stores & others	At cost	
h)	Cylinders	At cost less amortization in case of old cylinders	

**6 BORROWING COSTS**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the period in which they are incurred.

**7 INTANGIBLE ASSETS**

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India and are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the company for its use.

**8 RETIRING BENEFITS****a) Provident Fund**

Contribution to Provident Fund is made to Government / Recognized provident fund as required by the statutes / rules.

**b) Gratuity**

Liability with regard to gratuity has been determined by actuarial valuation as at the balance sheet date. The company contributes to the group gratuity plan of LIC of India.

**c) Leave Encashment**

The company extends the benefit of encashment of leave to its' 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.

**9 FOREIGN EXCHANGE TRANSACTION**

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transactions. Foreign currency assets and liabilities are translated into Rupees at the rate of exchange prevailing on the date of the Balance Sheet. All exchange differences are dealt with in the statement of profit and loss, except those relating to the acquisition of fixed assets which are adjusted in the cost of the assets.

**10 CONTINGENT LIABILITIES**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made

**11 TAXES ON INCOME**

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**12 PRIOR PERIOD ADJUSTMENTS**

All identifiable items of income and expenditure pertaining to prior period are accounted through "Prior Period Adjustments Account "

**13 IMPAIRMENT OF ASSETS**

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit & Loss Account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**Part - 2****Notes On Accounts**

- 1 Corresponding figures of previous year have been regrouped / rearranged to confirm with current year's groupin 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 section145A 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 Check o/s L/C & Bank guarantee Nil

5 Tax / FBT Provision 0.87 Lacs (Rs 0.65 Lacs )

6 Remuneration to Auditors Audit & Tax audit Fees Rs. 0.52 Lacs ( Rs. 0.40 Lacs)

**7 SSI Creditors**

Balance of Debtors, Creditors, Un-Secured Loan, Advances and Bank's Outstation Collection Accounts are subjectto 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 Excel Paper Core, Hindustan Tube , New Momai engg., Ramdev Paper Box Ind.,Royal Inks and Resins P Ltd., Sundry Creditors – (Schedule-13)These information determined on the basis of information available with the company.

	Current Year	Previous Year
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**8 Related Party Disclosure**

i) Remuneration paid to Director - Anil Patel	(In Lacs)	Rs 12.00	Rs 12.00
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Company has paid Key Man Insurance Premium towards the Policy Rs. Nil/- (Rs.239896) during the year . The same is Shown under Current Assets . Total up to date Rs. 19,13,815/- (Rs 1673919/-).  
Company has repaid Loan to Anil Patel Rs. 9.50 Lacs ( Rs 7.00 Lacs )

**9 Calculation of Earning Per Share**

1 Net Profit after Tax	2,200,761	1,850,092
2 No of Equity Shares (Weighted Average)	1,073,400	1,073,400
3 Nominal Value of Shares	10	10
4 Basic Earning Per Share	2.05	1.72

**10 Expenditure in Foreign Currency on Account of**

Foreign Travel Expenses	(In Lacs)	Rs 2.52	Rs 2.54
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**11 Earning in Foreign Exchange**

Export of goods calculated on FOB basis	(In Lacs)	Rs. 1,021.85	Rs 933.66
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12. Quantitative Information & Value Analysis

	Current Year		Previous Year		
	Quantity (In Kgs)	Value (Rs. In Lacs)	Quantity (In Kgs)	Value (Rs. In Lacs)	
a) <u>C I F Value of Imports</u>	68500	74.90	454344	281.06	
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) <u>Raw Material Consumed</u>	Quantity	Value in lacs	Quantity	Value in lacs	
LDPE Granules	770282	563.64	866147	532.52	
Paper	276948	145.00	284755	150.72	
Polyester / LDPE Film	265826	290.26	342941	353.44	
Aluminium Foil	15568	42.68	12488	29.37	
Inks & Mediums	83411	167.82	89751	112.46	
Solvent & Others	169468	167.05	220094	187.68	
Total	1581502	1,376.45	1816176	1,366.19	
<u>Consumption</u>	%	-	%	-	
Imported	5.00%	74.90	17.00%	231.72	
Indigenous	95.00%	1,301.55	83.00%	1,134.47	
Total	100.00%	1,376.45	100.00%	1,366.19	
d) <u>Class of Goods Mfg.</u>	Kgs.	Nos in Lacs	Kgs	Nos in Lacs	
Paper / Poly	417862	4.17	372721	4.10	
Paper / Pet / Foil / Poly	26425	17.13	21760	14.47	
Others	595890	903.07	827952	202.17	
e) <u>Stock on Hand</u>	Kgs/Nos		Kgs/Nos		
Raw materials	85,742.48	124.78	107,362.44	172.70	
Semi - Finished Goods	60,724.08	86.34	81,762.52	100.93	
Finished Goods - Kgs	1,726.18	8.52	1,204.72	2.28	
Finished Goods - Nos in Lacs	0.05	0.01	12.17	51.67	
Packing Materials		23.63		24.46	
Unit	f) <u>Sales Turnover</u>	Kgs/Nos	Kgs/Nos		
kgs	Flexible Packaging of - Paper Poly	1033080	1443.01	1036954	1297.76
Nos/Lacs	Paper / Pet/ Foil / Poly / Other etc	936	477.17	1080	526.60
kgs	job Work		19.32		37.22
			1939.50		1861.58

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

Rs in '000

**Balance Sheet Abstract & Company's General Business Profile**

<b>I Registration Details</b>		Registration.No. 10514 State Code - 04	
		Balance Sheet Date – 31-03-2009	
<b>II Capital Raised During the Year</b>			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
<b>III Position of Mobilisation &amp; Deployment of Funds</b>			
<b>Total Liabilities</b>	<b>96,191</b>	<b>Total Assets</b>	<b>96,191</b>
<b>Sources of Fund</b>		<b>Application of Funds</b>	
Paid up Capital	10,734	Fixed Assets (Net)	62,408
Reserves & Surplus	12,580	Investments	130
Secured Loans	64,852	Net Current assets	33,473
Unsecured Loans	8,025	Miscellaneous expenditure	180

<b>IV Performance of Company</b>	
Turnover & Income	195,534
Total Expenditure	193,246
Profit / (Loss) Before Tax	2,288
Others - Tax, Prior period etc	189,759
Profit / (Loss) After Tax	2,201
Earning per Share (In Rs.)	Rs 2.05
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

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

Signature to Schedules 1 to 20  
 For and on behalf of the Board

**(Vihang K Bakshi)**  
 Partner  
 Vadodara,

**Anil Patel**  
 (Chairman & Mg. Director)

**Harshad Bhatt**  
 (Director)

25th July 2009

Vanseti,

25th July 2009



		As at 31-03-09	As at 31-03-08
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit / (Loss) Before Tax & extraordinary items	2,287,811	1,939,472
	<u>Adjustments For :</u>		
Add	Depreciation	4,388,305	3,705,537
	Loss / (Profit) on sales of Discarded Assets	-	182,696
	Miscellaneous Expenditure Written Off	139,044	139,044
	Finance Charges	12,008,597	8,407,657
	Earlier expenses (Income)	-	-
Less	Profit (Loss) on Sale of Investments	-	-
Less	Dividend & Other Income	(333,245)	(183,929)
	Preliminary exps Incurred	-	-
	Operating Profit Before Working Capital Changes	18,490,510	14,190,477
	<u>Adjustments For :</u>		
	(Increase) / Decrease In Inventories	11,335,322	(13,316,144)
	(Increase) / Decrease Receivables & Other assets	(3,443,469)	4,750,040
	Increase (Decrease) in Trade And Other Payables	(8,882,683)	6,195,658
	Cash Flow before extraordinary items	(990,830)	(2,370,446)
	Cash Generated from Operations	17,499,680	11,820,031
	Tax Paid	(87,050)	(89,380)
	Net Cash From Operating Activities	17,412,630	11,730,651
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Sale (Purchase) of Fixed Assets	(12,310,527)	(19,449,383)
	Proceeds from Sale of Fixed Assets	-	345,000
	Sale (Purchase) of Investments	-	-
	Proceeds of Share Capital	-	-
	Interest & Dividend Received	333,245	183,929
	Net Cash flow / use In Investing Activities	(11,977,282)	(18,920,454)
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Finance Charges	(12,008,597)	(8,407,657)
	Increase (Decrease) in Secured Loan	9,095,963	14,415,396
	Increase (Decrease) in Unsecured Loan	(1,425,534)	902,342
	Dividends Paid	-	-
	Net Cash From / (In) Financing Activities	(4,338,168)	6,910,081
<b>D</b>	<b>Net Increase In Cash And Cash Equivalents ( A + B + C )</b>	<b>1,097,180</b>	<b>(279,722)</b>
<b>E</b>	<b>Opening Cash And Cash Equivalents</b>	<b>291,057</b>	<b>570,780</b>
<b>F</b>	<b>Closing Cash And Cash Equivalents (D+E)</b>	<b>1,388,237</b>	<b>291,057</b>

By the order of the board

Anil Patel  
Chairman and Managing Director

Vanseti,  
25<sup>th</sup> July, 2009

We have reviewed the attached Cash Flow Statement of PURITY FLEXPACK LTD For the year ended on 31st March 2009. 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 - 25th July 2009



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**PURITY FLEXPACK LIMITED**

2-b, Kirti Tower, Tilak Road,  
Vadodara - 390 001.