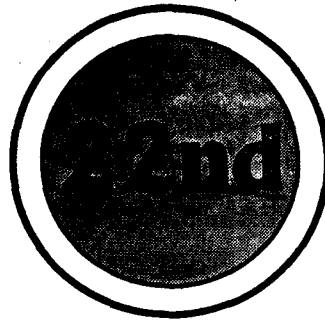




PURITY FLEXPACK LTD.



ANNUAL REPORT

2009-2010

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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22 nd Annual General Meeting

DAY : SATURDAY
DATE : 18th SEPTEMBER 2010
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 22nd ANNUAL GENERAL MEETING of the shareholders of PURITY FLEXPACK LIMITED will be held on SATURDAY, the 18th September, 2010 at 11:00 am at the Registered Office of the Company at : Vanseti, Post: Tajpura, Near Halol, Dist: Panchmahals, to transact the following 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 31st March, 2010 and the Directors' Report thereon.
2. To appoint a Director in place of Mr. Darshak Sheth who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Nilesh Patel who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration

By Order of the Board of Directors,

VANSETI
27.07.2010

Anil Patel
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 31st August, 2010 to Monday the 13th September, 2010 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 to 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.

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	DARSHAK SHETH	NILESH PATEL
Age	37 years	36 years
Qualification	Engineer	Engineer
Date of Appointment	22.03.07	12.05.08
Expertise	Proficiency in Electrical Panel Manufacture	Proficiency in Engineering
Directorships as on 31st March, 2010	Precise Automation & Control P Ltd	Kalpvrux Converting Products Private Limited
Chairman/ Membership of the Committee as on 31st March, 2010	None	None

DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS AND ANALYSIS

TO,
THE MEMBERS,

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Accounts for the year ended 31st March 2010.

1. FINANCIAL HIGHLIGHTS: (Rs. In Lacs)

Particulars	2009-10	2008-09
Total Gross Sales	2043.15	2107.33
Gross Profit before interest and Depreciation	199.92	186.85
Interest	96.45	120.09
Profit before Depreciation	98.02	66.76
Depreciation	45.44	43.88
Prior period Adjustment	0.00	0.00
Net Profit for the year	52.03	22.88
Adding thereto/ deducting there from Balance brought forward from the previous year	79.09	57.08
Profit / (Loss) carried to		
Balance Sheet	131.12	79.09

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 fifth 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.

All though Net Sales for the year have gone down by 64.18 Lacs from Last year 2107.33 Lacs to 2043.15 Lacs , the corresponding Net Profit has gone up from 22.88 Lacs to 52.03 Lacs recording a rise of about 127%, the company is thus consolidating its position and it is hoped that the same position will continue for future years.

It is noteworthy 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 31st March 2010, 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. PUBLIC SHARE HOLDINGS:

The Public share holdings in the equity share Capital of the Company on 31st March 2010, is 53.40% which is much higher than the criterion of 25% laid down recently by SEBI the market regulator.

6. DIRECTORS SHARE HOLDINGS:

The articles of association of the company provided that the directors need not hold any qualification shares in the Company in terms thereof, Mr. Nilesh patel, Mr. Darshak Sheth, Mr. Daxesh patel and Mr. Manish Baxi do not hold any shares in the Company.

The share holdings of the remaining directors are as in order

Sr. No.	Name Of Directors	No. of Share Held	%
1	Anil B Patel	145118	13.51%
2	Harshad Bhatt	10267	0.96%
3	Kokilaben A Patel	170894	15.92%
4	Kunal A Patel	48985	4.56%

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. INCREASE IN REMUNERATION OF MANAGERIAL PERSONNEL:

In exercise of the power vested in the Remuneration Committee of Directors to alter or vary the terms of appointment including Remuneration of Mr. Anil B Patel, the Managing Director and Mr. Kunal A Patel, the Whole-time Director as per Resolution passed on at the Annual General Meeting held on 19th September, 2009 without any reference or approval

of the Company in the General Meeting, the said Committee has increased the Remuneration as: "Mr. Anil B Patel, the Managing Director from Rs.125000/- per month to 150000/- per month from 1/07/10 to 31/03/12." "Mr. Kunal A Patel, the Whole-time Director from Rs.25000/- per month to 50000/- per month from 1/07/10 to 30/09/12 for the remainder of the term of office.

10. 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.

11. 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.

12. INSURANCE:

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

13. INDUSTRIAL RELATIONS:

Industrial Relations remained cordial at the factory throughout the year.

14. DIRECTORATE:

Mr. Darshak Seth & Mr. Nilesh 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.

15. 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

16. COMPLIANCE CERTIFICATE:

As required by the provisions of Section 383A of the Companies Act, 1956, the Company has obtained a Compliance Certificate dated 27/07/2010 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.

17. 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.

18. 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

Anil Patel

27.07.2010

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:	2009-10	2008-09
Units (KWH)	1142620	1061756
Total Amount (Rs.)	6360915	6069900
Rate per Unit (Rs.)	5.57	5.72
(b) Own Generation:		
Units (KWH)	0.00	18856
Total Amount (Rs.)	0.00	181308
Rate per Unit (Rs.)	0.00	9.62
(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:

	31.3.2010	31.3.2009
(i) Foreign Exchange Earning	522.66	1021.85
(ii) Foreign Exchange Outgo		
a. Foreign Traveling -	3.77	2.52
b. Purchase -	159.25	74.90

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the Financial year 1st April, 2009 to 31st March, 2010 as per The format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

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) Mr. Kunal Patel
NON-EXECUTIVE NON-INDEPENDENT DIRECTORS	Mr. Harshad Bhatt Smt. Kokila Patel
NON-EXECUTIVE INDEPENDENT DIRECTORS	Mr. Daxesh Patel Mr. Darshak Sheth Mr. Manish Baxi Mr. Nilesh Patel

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

During the year ended 31st March 2010, the Board met 6 (Six) times (as against the minimum requirement of 4 (four) meetings on the following dates :27.04.09, 13.06.09, 25.07.09, 24.10.09, 30.01.10, 02.02.10. 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)	6	Yes	-	3
Smt. Kokila Patel	6	Yes	-	-
Mr. Kunal Patel	3	Yes	-	-
Mr. Harshad S. Bhatt	6	Yes	1	1
Mr. Daxesh Patel	6	Yes	-	3
Mr. Darshak Seth	6	No	1	-
Mr. Manish Baxi	3	No	-	1
Mr. Nilesh N. Patel	5	No	1	2

PARTICULARS	AUDIT COMMITTEE	REMUNERATION COMMITTEE	SHARE TRANSFER COMMITTEE
Constituted on	29th June,2001	20th June,2002	29th June,2001
Composition	<p>Mr.DaxeshPatel (Chairman) Mr. Anil Patel Mr. Manish Baxi Mr. Nilesh Patel</p> <p>As on 31.03.2010, 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.Nilesh Patel 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.Nilesh Patel</p> <p>The Committee is comprised of 4 Directors including 2 non-executive independent Director.</p>
Meeting and Attendance	Four Meetings were held on 22.04.09, 18.07.09, 23.10.09, 27.01.10, and all the members of the committee were present at the meetings.	A Meeting was held on 23.07.09. And all the members of the committee were present at the meeting.	Nine Meetings were held on 02.04.09, 01.08.09, 05.10.09, 15.10.09, 05.11.09, 02.12.09, 01.01.10, 22.02.10 and 27.03.10 And all the members of the committee were present at the meetings.
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>They are as under:</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.</p> <p>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>

COMMITTEES TO THE BOARD:

The terms of reference of the Audit & Risk Committee are :

- a) To hold periodic discussions with the Statutory Auditors/Internal Auditors of the Company concerning the accounts of the Company (including consolidated financial statements), internal control systems, scope of audit and observations of the Auditors/Internal Auditors;
- b) To review the quarterly, half-yearly and annual financial results of the Company(stand-alone and/or consolidated) before submission to the Board;
- c) To make recommendations to the Board on any matters relating to the financial management of the Company and its subsidiaries, including the Report of the Statutory and Internal Auditors.
- d) To review the adequacy of the Company's Risk Policies, including Operational, Financial and Business Risk Policies;
- e) To consider the appropriateness and adequacy of internal processes and controls for addressing and facilitating monitoring of key risk areas identifies by the Company's Risk Policies;
- f) To review the Company's policy for insurance;
- g) To review the Company's Financial Risk Management Policy with particular reference to (i) Forex Risks and (ii) Liquidity Risks;
- h) Material covenants/obligations accepted by the Company with regard to financial assistance availed by its or guarantees/ security provided by it.

ANNUAL GENERAL MEETINGS:

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

Financial Year	Date	Location of the Meeting	Time
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
2008-09	19.09.2009	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 45 days 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: 18.09.2010, Time : At 11.00 am Venue: At the Registered Office.
Book Closure Date	Tuesday, the 31st August,2010 to Monday, the 13th September,2010 (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 30 days from the receipt if the documents are approve in all respects.

SHAREHOLDING PATTERN AS ON 31st MARCH 2010:

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	559984	52.18%
Directors and Relatives	494357	46.05%
TOTAL	1073400	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010:

Share Distribution	Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Upto 5000	19602	99.59 %	504802	47.02 %
5001-10000	44	0.22 %	30827	2.87 %
10001-20000	16	0.08 %	23848	2.22 %
20001-30000	2	0.01 %	4785	0.45 %
30001-40000	6	0.03 %	21198	1.97 %
40001-50000	2	0.01 %	9331	0.87 %
50001-100000	3	0.02 %	24898	2.32 %
100001 & above	8	0.04 %	453771	42.28 %
TOTAL:	19683		1073400	100 %

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:

" To 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

SHAH, MEHTA & BAKSHI
Chartered Accountants

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 31st 2010. 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 & Bakshi
Chartered Accountants

Vihang Bakshi
(Partner)

M.NO 39054

FR. No. 103824W

Vadodara:
27.07.2010

D. R. DESAI & CO.
COMPANY SECRETARIES

40-D, Arpita Park, Near ESI Hospital,
Gotri Road, Vadodara-390 021.
(M) 9879533717 (R) 2324248

Devesh R. Desai
M.Com. LL.B. ACS

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, 2010. 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 is not required.
4. The Board of Directors duly met 6 (Six) times on 27.04.09, 13.06.09, 25.07.09, 24.10.09, 30.01.10 and 02.02.10, 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 18th August, 2009 to Friday, the 28th August, 2009 (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 31-03-2009 was held on 19.09.2009 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.
- (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 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, 2010 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 : 27th July, 2010

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

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 31st March, 2010.

1. Annual Accounts in Form No.23AC - Balance Sheet as at 31.03.2009.
2. Annual Accounts in Form No. 23ACA - Profit & Loss A/c for the year ended 31.03.2009.
3. Annual Return in Form 20B U/S 159 in respect of A.G.M. held on 19.09.2009 for the financial year ended 31.03.2009.
4. Form No.66 U/s 383A in respect of Compliance Certificate of D R Desai & Co., Company Secretary.
5. Form No.25C (Two) related to appointment of Mr. Kunal A Patel as a Whole-time Director.
6. Form No. 67 enclosing extract from the minutes of the meeting of Board of Directors of the Company held on 25th July, 2009 in connection of appointment of Mr. Kunal Patel as a Whole- time Director of the Company effective from 1st October, 2009.
7. Form No. 25C (Two) related to re-appointment of Mr. Anil B. Patel as a Managing Director
8. Form 8 u/s 135 for Modification of Charge for an decrease in the limits from Rs. 1046.25 lacs to Rs. 966.01 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..
9. Form No. 23 U/s 192 for Registration of Resolution regarding re-appointment of Managing Director and appointment of Whole-time Director of the Company.

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

Place : Vadodara
Date : 27th July,2010

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

AUDITOR'S REPORT

SHAH, MEHTA & BAKSHI
Chartered Accountants

To:
The Members
PURITY FLEXPACK LTD, VADODARA.

We have audited the attached Balance Sheet of PURITY FLEXPACK LTD. as on 31st March 2010 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 31.03.2010 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31.03.2010 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 31st March 2010.

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 21.06 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 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 31-03-2010 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 Baxi)
Partner

M. No. 39054
FR No. 103824W

Vadodara
27.07.2010

BALANCE SHEET AS AT 31st MARCH 2010

	Schedule	As on 31-03-10	As on 31-03-09
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	10,734,000	10,734,000
Reserves & Surplus	2	17,983,185	12,580,354
LOAN FUNDS			
Secured Loans	3	70,621,810	64,852,110
Unsecured Loans	4	5,379,169	8,024,755
Total		104,718,164	96,191,219
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	103,026,449	100,054,085
Less : Depreciation		41,557,736	37,646,353
Net Block		61,468,713	62,407,732
Work in Process		322,505	-
		61,791,218	62,407,732
INVESTMENTS	6	130,000	130,000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	40,654,086	43,260,325
Sundry debtors	8	32,990,798	28,922,432
Cash & Bank Balance	9	1,214,178	1,388,238
Loans & Advances	10	9,795,838	12,203,916
		84,654,900	85,774,910
Less: Current Liabilities & Provisions			
Current Liabilities	11	40,652,175	51,401,982
Provisions	12	1,246,917	899,623
		41,899,092	52,301,605
Net Current Assets		42,755,808	33,473,305
MISCELLANEOUS EXPENDITURE			
Preliminary expenses	13	41,138	180,182
Total	20	104,718,164	96,191,219
Notes on Accounts			

As per our annexed report of even date

For SHAH MEHTA & BAKSHI
Chartered Accountants(Vihang K Bakshi)
Partner

M. No. 39054

FR No. 103824W

Vadodara, 27th July 2010

For and on behalf of the Board

Anil Patel
(Chairman & Managing Director)Harshad Bhatt
(Director)

Vanseti,

27th July 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH 2010

	Schedule	As on 31-03-10	As on 31-03-09
INCOME			
Sales	14	193,264,208	193,950,366
Other Income	15	1,021,515	1,583,498
Increase / Decrease in Finished Stock	16	(2,941,064)	(6,001,274)
TOTAL		191,344,659	189,532,590
EXPENDITURE			
Manufacturing Expenses	17	163,285,945	163,805,080
Administrative & Selling Expenses	18	7,969,028	6,903,753
Financial Charges	19	9,645,355	12,008,597
Depreciation	5	4,544,091	4,388,305
Loss on Sales Of Assets		557,895	-
Miscellaneous expenses w/off		139,044	139,044
TOTAL		186,141,358	187,244,778
Profit / (Loss) for the year before Taxation		5,203,301	2,287,812
Less : Provision for taxation		-	-
Less : Provision for FBT		0	87,050
Less : Prior Period Expense		471	-
Profit / (Loss) after Tax		5,202,830	2,200,762
Balance brought forward		7,909,121	5,708,359
Balance Available for appropriation		13,111,951	7,909,121
Appropriation			
Surplus carried to Balance Sheet		13,111,951	7,909,121
Earning Per Share (Basic & Diluted) (in Rs.)			
Before Non-recurring Items		4.85	2.13
After Non-recurring Items		4.85	2.05
Notes on Accounts	20		

As per our annexed report of even date

For SHAH MEHTA & BAKSHI
Chartered Accountants(Vihang K Bakshi)
Partner

M. No. 39054

FR No. 103824W

Vadodara, 27th July 2010

For and on behalf of the Board

Anil Patel
(Chairman & Managing Director)Harshad Bhatt
(Director)

Vanseti,

27th July 2010

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2010

SCHEDULE - 1

**SHARE CAPITAL
AUTHORISED SHARE CAPITAL**

6000000 Equity Shares of Rs. 10/- each

60,000,000 60,000,000

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

1073400 (1073400) Equity Shares of Rs.10/- each fully paid
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

10,734,000 10,734,000

Includes 293400 Equity Shares of each Rs 10 Issued as fully
paid to the Shareholders of Valkunth Packaging Ltd, pursuant to
its' scheme of amalgamation in the year 2005-06, without payment
being received in cash.

TOTAL

10,734,000 10,734,000

SCHEDULE - 2

**RESERVE AND SURPLUS
CAPITAL RESERVE**

- i) Capital Reserve no 1 (Subsidy from State Government)
- ii) Capital Reserve no 2
Balance of excess of assets over liabilities & reserves taken over
pursuant to scheme of amalgamation of Valkunth Packaging Ltd.
- iii) General Reserve - As per last Balance sheet
- iv) Surplus in Profit & Loss Account

2,700,000 2,500,000

2,145,067 2,145,067

26,167 26,167

13,111,951 7,909,120

TOTAL

17,983,185 12,580,354

SCHEDULE - 3

SECURED LOANS

**A) From Bank of Baroda
Term Loan**

i) Term Loan 2,250,000 3,750,000

ii) Term Loan 4,080,983 7,724,889

iii) Term Loan 2,332,000 3,208,000

(Against Hypothecation of Plant & Machinery & Charge on
all other fixed & current assets)

Working Capital

i) Cash Credit 40,062,749 40,954,744

ii) Packing Credit 9,896,086 2,792,281

iii) Bill Discounting 9,970,445 5,825,640

(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) From Other Banks

i) From HDFC Bank (Against hypothecation of Vehicle) 1,571,605 154,914

ii) From Axis Bank (Against hypothecation of Vehicle) 457,942 366,396

iii) From ICICI Bank (Against hypothecation of Vehicle) 75,247

TOTAL

70,621,810 64,852,110

Schedule : 5
FIXED ASSETS

Sr. No.	Name of Asset	Rate of Dep. %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As on 1-Apr-09	Addition	Dedu- ction	Total as on 31-Mar-10	Up to 31-Mar-09	For the Year	Dedu- ction	Total as on 31-Mar-10	As on 31-Mar-10	As on 31-Mar-09
1	Land (Freehold)	0%	431,964			431,964	0	0	0	0	431,964	431,964
2	Factory Building	3.34%	18,916,604	78,841	0	18,995,445	5,518,317	632,060	0	6,150,377	12,845,069	13,398,288
3	Administrative Bldg.	1.63%	1,635,555		0	1,635,555	472,787	26,660	0	499,447	1,136,108	1,162,768
4	Plant & Machinery	4.75%	68,983,830	1,926,694	302,250	70,608,274	25,829,279	3,269,871	95,836	29,003,314	41,604,960	43,154,552
5	Electrical Installation	4.75%	3,739,248		0	3,739,248	2,442,059	177,614	0	2,619,673	1,119,575	1,297,190
6	Office Equipments	4.75%	501,865	134,931	0	636,796	335,504	25,980	0	361,484	275,312	166,362
7	Fire Fighting Equip.	4.75%	21,858		0	21,858	17,833	1,038	0	18,871	2,987	4,025
8	Furniture & Fixtures	6.23%	1,509,250	125,684	0	1,634,934	1,509,250	3,885	0	1,513,135	121,799	0
9	Vehicles	9.05%	2,722,165	2,369,967	1,408,353	3,683,779	578,331	163,539	536,872	204,998	3,478,781	2,143,834
11	Laboratory Equipment	4.75%	171,852		0	171,852	23,611	8,163	0	31,774	140,078	148,241
12	Liabrary (Books)	3.34%	9,787		0	9,787	6,004	327	0	6,331	3,456	3,783
13	Computer	16.21%	1,410,107	46,850	0	1,456,957	913,378	234,954	0	1,148,332	308,625	496,729
	Total		100,054,085	4,682,967	1,710,603	103,026,449	37,646,353	4,544,091	632,708	41,557,736	61,468,714	62,407,736
	Previous Year		87,414,766	12,639,318	0	100,054,084	33,258,047	4,388,305	0	37,646,352	62,407,732	54,156,723

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2010

	As at 31-03-10	As at 31-03-09
SCHEDULE - 4		
UNSECURED LOANS		
From Directors	2,106,500	2,106,500
From Others	2,446,724	4,365,479
From HDFC (KOTAK) - against guarantee of Director	825,945	1,552,776
TOTAL	5,379,169	8,024,755
SCHEDULE - 6		
INVESTMENTS		
<u>Unquoted Shares</u>		
1300 Shares of Royal Inks & Resins Ltd of Rs. 100/- each	130,000	130,000
TOTAL	130,000	130,000
SCHEDULE - 7		
INVENTORIES		
As taken, valued & certified by the Management		
Raw Materials	13,512,464	12,478,326
Stores & Spares, Cylinders & Others	18,630,970	18,931,298
Packing Materials	1,964,165	2,363,150
WIP - Paper / Foil / Film	5,518,724	8,633,796
Finished Goods	1,027,763	863,755
TOTAL	40,654,086	43,260,325
SCHEDULE - 8		
SUNDRY DEBTORS (Unsecured but considered good)		
Due over six months	1,096,136	1,987,877
Others	31,894,663	26,934,555
TOTAL	32,990,799	28,922,432
SCHEDULE - 9		
CASH & BANK BALANCES		
Cash on Hand	714,273	570,089
Balance with Schedule Banks	499,905	818,148
TOTAL	1,214,178	1,388,237

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2010

	As at 31-03-10	As at 31-03-09
SCHEDULE - 10		
LOANS & ADVANCES (Unsecured but considered good)		
Deposits	14,250	14,250
Prepaid Expenses	422,244	748,510
Other Advances	9,359,344	11,441,156
TOTAL	9,795,838	12,203,916
SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors for Goods , Expenses & Capital	40,093,398	50,307,215
Other Liabilities	558,777	1,094,767
TOTAL	40,652,175	51,401,982
SCHEDULE - 12		
PROVISIONS		
Provision for Expenses	1,246,917	899,623
TOTAL	1,246,917	899,623
SCHEDULE - 13		
PRELIMINARY EXPENSES		
(To the extent not written off or adjusted)		
Miscellaneous Expenditure	180,182	319,226
Less : Written off during the year	139,044	139,044
TOTAL	41,138	180,182
SCHEDULE - 14		
SALES		
Sales - Domestic	148,866,556	106,615,697
Sales - Exports	53,882,802	102,185,190
Job Work	1,565,735	1,932,039
	204,315,093	210,732,926
Less : Excise Duty	11,050,885	6,782,560
TOTAL	193,264,208	193,950,366
SCHEDULE - 15		
OTHER INCOME		
Discount / Other Income	553,021	1,124,088
Balances Written Back / Off (Net)	-	126,165
Interest on FDR & IT refund	468,494	333,245
TOTAL	1,021,515	1,583,498

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2010

	As at 31-03-10	As at 31-03-09
SCHEDULE - 16		
INCREASE / (DECREASE) IN STOCK		
Closing Stock		
Finished Goods	1,027,763	853,755
Work in Process	5,518,724	8,633,796
Less : Opening Stock		
Finished Goods	853,755	5,395,374
Work in Process	8,633,796	10,093,451
TOTAL	(2,941,064)	(6,001,274)
SCHEDULE - 17		
MANUFACTURING EXPENSES		
Raw Material Consumed		
Opening Stock	12,478,326	17,270,460
Raw Materials Purchased	135,715,325	132,853,116
	148,193,651	150,123,576
Less : Closing stock	13,512,464	12,478,326
	134,681,187	137,645,250
Packing Materials Consumed		
Opening Stock	2,363,150	2,446,796
Packing Materials Purchased	2,022,811	2,317,143
	4,385,961	4,763,939
Less : Closing stock	1,964,165	2,363,150
	2,421,796	2,400,789
Stores & Spares / Cylinder consumed		
Opening Stock	18,931,298	19,389,566
Stores Purchased	3,405,853	2,675,862
	22,337,151	22,065,428
Less : Closing stock	18,630,970	18,931,298
	3,706,181	3,134,130
Power & Fuel	6,443,771	6,699,953
Repairs, Maintenance & Parts	437,602	287,805
Freight & Octroi	1,144,849	1,034,774
Factory Expenses	178,176	213,930
Excise Duty / Service Tax expenses	106,929	459,247
Employees' Cost (Including Director Remuneration Rs. 16.50 Lacs)	9,436,677	8,330,575
Vat / Sales Tax on Sales	4,453,200	3,342,232
Security Expenses	275,577	256,395
TOTAL	163,285,945	163,805,080

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2010

	As at 31-03-10	As at 31-03-09
SCHEDULE - 18		
ADMINISTRATIVE & SELLING EXPENSES		
Rates & Taxes	91,440	198,192
Postage & Telegram	63,036	42,357
Telephone expenses	328,822	245,192
Printing & Stationery	67,486	80,141
Books & Computer expenses	62,833	41,850
Vehicale Insurance	68,122	53,126
Insurance Charges	192,266	236,547
Vehicle repairs & Maintenance	117,501	60,382
Conveyance Expenses	246,064	260,081
Travelling Expenses - Others	27,531	56,729
Travelling Expenses - Directors	345,134	335,271
Auditors' Remuneration	52,393	52,393
Legal & Professional Charges	506,367	421,951
Professional Tax	2,400	2,400
Licence Fees / ECGC / Filing Fees	101,531	170,785
Sales Promotion & Entertainment expenses	70,805	40,986
Commission & Discount	1,265,785	245,207
Freight Carriage Outward	3,673,681	3,974,050
General Office & Other Expenses	685,831	386,113
TOTAL	7,969,028	6,903,753
SCHEDULE - 19		
FINANCIAL CHARGES		
Bank commission & charges	577,482	1,311,415
Bank Interest	7,578,251	7,869,650
Other Interest	1,489,622	2,827,532
TOTAL	9,645,355	12,008,597

SCHEDULE - 20**NOTES ON ACCOUNTS****Part - I****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. The same is accounted on cash basis.

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 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 in 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 0.00 Lacs (Rs 0.87 Lacs)
- 6 Remuneration to Auditors Audit & Tax audit Fees Rs. 0.52 Lacs (Rs. 0.52 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 Excel Paper Core, Hindustan Tube, New Morai engg., Ramdev Paper Box Ind., Pelican Poly & Pallets, 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

8 Related Party Disclosure

	(In Lacs)	Rs. 15.00	Rs 12.00
I) Remuneration paid to Director - Anil Patel			
II) Remuneration paid to Director - Kunal Patel		Rs. 1.50	Rs 0.00

9 Calculation of Earning Per Share

1 Net Profit after Tax	5,202,830	2,200,762
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	4.85	2.05

10 Expenditure in Foreign Currency on Account of

Foreign Travel Expenses	(In Lacs)	Rs 1.78	Rs 2.52
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11 Earning in Foreign Exchange

Export of goods calculated on FOB basis	(In Lacs)	Rs 522.66	Rs 1,021.85
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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) C I F Value of Imports	226000	159.25	68500	74.90	
b) Capacity per annum Item	As Certified by the Management Paper - Poly, Pet & Foil				
Licensed Capacity	N.A.		N.A.		
Installed Capacity					
Extrusion	1200.00		Tone P.A.		
Adhesive Lamination	700.00		Tone P.A.		
Blown Film Extrusion	900.00		Tone P.A.		
c) Raw Material Consumed	Quantity	Value in lacs	Quantity	Value in lacs	
LDPE Granules	669048	486.79	770282	563.64	
Paper	328355	196.69	276948	145.00	
Polyester / LDPE Film	315500	336.04	265826	290.26	
Aluminum Foil	25808	61.07	15568	42.68	
Inks & Mediums	80731	127.49	83411	167.82	
Solvent & Others	163280	138.73	169468	167.05	
Total	1582721	1,346.81	1581502	1,376.45	
Consumption	%		%		
Imported	14.00%	159.25	5.00%	74.90	
Indigenous	86.00%	1,187.56	95.00%	1,301.55	
Total	100.00%	1,346.81	100.00%	1,376.45	
d) Class of Goods Mfg.	Kgs	Nos in Lacs	Kgs	Nos in Lacs	
Paper / Poly	666138	0.00	417862	4.17	
Paper / Pet / Foil / Poly	49627	30.91	26425	17.13	
Others	592352	667.78	595890	903.07	
e) Stock on Hand	Kgs/Nos		Kgs/Nos		
Raw materials	124,906.47	135.12	85,742.48	124.78	
Semi - Finished Goods	307,693.00	55.19	60,724.08	86.34	
Finished Goods - Kgs	8,043.80	9.62	1,726.18	8.52	
Finished Goods - Nos in Lacs	1.00	0.65	0.05	0.01	
Packing Materials		19.64		23.63	
Unit	f) Sales Turnover	Kgs/Nos		Kgs/Nos	
kgs	Flexible Packaging of-Paper Poly	1301799	1517.75	1033080	1443.01
Nos/Lacs	Paper/ Pet /Foil /Poly /Other etc	698	399.24	936	477.17
kgs	job Work		15.65		19.32
			1932.64		1939.50

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

Rs in '000

Balance Sheet Abstract & Company's General Business Profile

I		Registration Details	Registration No. 10514 State Code - 04	
Balance Sheet Date – 31-03-2010				
II		Capital Raised During the Year		
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
III		Position of Mobilisation & Deployment of Funds		
	Total Liabilities Sources of Fund	104,718	Total Assets Application of Funds	104,718
	Paid up Capital	10,734	Fixed Assets (Net)	61,791
	Reserves & Surplus	17,983	Investments	130
	Secured Loans	70,622	Net Current assets	42,756
	Unsecured Loans	5,379	Miscellaneous expenditure	41
IV		Performance of Company		
	Turnover & Income			194,289
	Total Expenditure			189,082
	Profit / (Loss) Before Tax			5,203
	Others - Tax, Prior period etc			191,484
	Profit / (Loss) After Tax			5,203
	Earning per Share (In Rs.)			Rs 4.85
	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		Signature to Schedules 1 to 20		
For Shah Mehta & Bakshi Chartered Accountants		For and on behalf of the Board		
(Vihang K Bakshi) Partner Vadodara, 27th July 2010		Anil Patel (Chairman & Mg. Director)		
(Vihang K Bakshi) Partner Vadodara, 27th July 2010		Harshad Bhatt (Director) Vanseti, 27th July 2010		

	As at 31-03-10	As at 31-03-09
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax & extraordinary Items	5,203,301	2,287,812
<u>Adjustments For:</u>		
Add Depreciation	4,544,091	4,388,305
Loss / (Profit) on sales of Discarded Assets	557,895	-
Miscellaneous Expenditure Written Off	139,044	139,044
Subsidy received from state government	200,000	-
Finance Charges	9,645,355	12,008,597
Earlier expenses (Income)	(471)	-
Less Profit (Loss) on Sale of Investments	-	-
Less Dividend & Other Income	(468,494)	(333,245)
Preliminary exps Incurred	-	-
Operating Profit Before Working Capital Changes	19,820,722	18,490,513
<u>Adjustments For:</u>		
(Increase) / Decrease In Inventories	2,806,239	11,335,322
(Increase) / Decrease Receivables & Other assets	(1,660,288)	(3,443,469)
Increase (Decrease) in Trade And Other Payables	(10,402,513)	(8,882,683)
Cash Flow before extraordinary Items	(9,456,560)	(990,830)
Cash Generated from Operations	10,384,160	17,499,683
Tax Paid	-	(87,050)
Net Cash From Operating Activities	10,384,160	17,412,633
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale (Purchase) of Fixed Assets	(5,005,472)	(12,310,527)
Proceeds from Sale of Fixed Assets	520,000	-
Sale (Purchase) of Investments	-	-
Proceeds of Share Capital	-	-
Interest & Dividend Received	468,494	333,245
Net Cash flow / use In Investing Activities	(4,016,978)	(11,977,282)
C CASH FLOW FROM FINANCING ACTIVITIES		
Finance Charges	(9,645,355)	(12,008,597)
Increase (Decrease) in Secured Loan	5,769,700	9,095,963
Increase (Decrease) in Unsecured Loan	(2,645,586)	(1,425,534)
Dividends Paid	-	-
Net Cash From / (In) Financing Activities	(6,521,241)	(4,338,168)
D Net Increase In Cash And Cash Equivalents (A+B+C)	(174,059)	1,097,180
E Opening Cash And Cash Equivalents	1,388,237	291,057
F Closing Cash And Cash Equivalents (D+E)	1,214,178	1,388,237

By the order of the board

Anil Patel

Chairman and Managing Director

Vanseti,
Date : 27.07.2010

We have reviewed the attached Cash Flow Statement of PURITY FLEXPACK LTD For the year ended on 31st March 2010

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

PURITY FLEXPACK LIMITED

REGD.OFFICE: Vanseti, Post: Tajpura, Near Halol, Dist. Panchmahal.389350

ATTENDENCE SLIP

FOLIO NO. :

NO.OF SHARES HELD:

I/We hereby certify that I/We am/are a registered Member/Proxy for the registered member of the Company and hereby record my / our presence at the 22nd + Annual General Meeting of the Company held on Saturday , the 18th September,2010 at 11:00 A.M. at the registered Office of the Company at Vanseti, P.O. Tajpura, Baska Road, Nr. Halol, Dist. Panchmahal.-389350.

Name of the Registered Holder/Proxy (In Block Letters)	Signature of the Registered Holder/ Proxy

NOTE:

Members/ Proxies to Members are requested to sign and handover this slip at the entrance of the venue of the Meeting.



PURITY FLEXPACK LIMITED

REGD.OFFICE: Vanseti, Post: Tajpura, Near Halol, Dist. Panchmahal.389350

PROXY

FOLIO NO. :

NO.OF SHARES HELD:

I/We _____ of _____ in the District of _____ being a Member(s) of Purity Flexpack Ltd. Hereby appoint: _____ of _____ in the District of _____ failing him/her, _____ of _____ in the District of _____ failing him/her, as my/our proxy to vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Saturday the 18th September,2010 and at any adjournment(s) thereof.

Signed this _____ day of _____.

AFFIX
Re.1
Revenue
Stamp

Note:

The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

Book-Post

To,

If undelivered, Please return to :
PURITY FLEXPACK LIMITED
2-B, Kirti Tower, Tilak Road,
Vadodara - 390 001.