

PURITY FLEXPACK LTD.



23RD

ANNUAL REPORT

2010-2011

BOARD OF DIRECTORS

Mr. ANIL PATEL
Chairman & Managing Director

Mr. HARSHAD BHATT

Mr. DAXESH PATEL

Mr. KOKILA PATEL

Mr. MANISH PATEL

Mr. KUNAL PATEL

Mr. DARSHAK SHETH

Mr. NILESH PATEL

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CORPORATE OFFICE

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

FACTORY & REGISTERED OFFICE

AT : 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.

23RD Annual General Meeting

DAY : SATURDAY

DATE : 24th SEPTEMBER 2011

TIME : 11:00 AM

PLACE : AT. Vanseti, Post Tajpura, Near Halol

Dist. Panchmahals – 389350. Gujarat

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

NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 23RD ANNUAL GENERAL MEETING of the shareholders of PURITY FLEXPACK LIMITED will be held on SATURDAY, the 24TH September, 2011 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, 2011 and the Directors' Report thereon.
2. To appoint a Director in place of Smt. Kokila Patel who retires by rotation and being eligible offers herself for reappointment.
3. To appoint a Director in place of Mr. Harshad Bhatt 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

27.07.2011

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 13th September, 2011 to Tuesday the 20th September, 2011 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	Kokila Patel	Harshad Bhatt
Age	55 years	58 years
Qualification	B.A. LL.B	B. Com
Date of Appointment	30.08.2003	28.01.1994
Expertise	Legal Matters	Veteran Businessman
Directorships as on 31st March, 2011	None	Vaikunth Infrastructure & Holdings Pvt. Ltd.
Chairman/Membership of the Committee as on 31st March, 2011	None	None

DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS AND ANALYSIS

TO,

THE MEMBERS,

Your Directors have pleasure in presenting the 23rd Annual Report together with the Audited Accounts for the year ended 31st March 2011.

1. FINANCIAL HIGHLIGHTS: (Rs. In Lacs)

	2010-11	2009-10
Total Gross Sales	2487.73	2043.15
Gross Profit before interest and Depreciation	211.60	199.92
Interest	92.63	96.45
Profit before Depreciation	118.97	98.02
Depreciation	61.11	45.44
Prior period Adjustment	2.30	0.00
Net Profit for the year	55.56	52.03
Adding thereto/ deducting there from Balance brought forward from the previous year	131.12	79.09
Profit / (Loss) carried to Balance Sheet	186.68	131.12

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 Sixth 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.

Gross Total Sales for the year was Rs. 2487.73 lacs as against that of Rs.2043.15 lacs of the previous year. The Net Profits amounted to Rs. 58.80 lacs as compared to Rs.52.03 lacs of the previous year. The Export Sales during the year under report amounted to Rs. 414.46 lacs as against to Rs. 538.83 lacs for the previous year. 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 2011, 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 2011, is 52.18% which is much higher than the criteria 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	152918	14.25%
2	Harshad Bhatt	10267	0.96%
3	Kokilaben A Patel	173129	16.14%
4	Kunal A Patel	52180	4.86%

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:

Smt. Kokila Patel and Mr. Harshad Bhatt 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 27/07/2011 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
27.07.2011

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:	2010-11	2009-10
Units (KWH)	1232436	1142620
Total Amount (Rs.)	7095907	6360915
Rate per Unit (Rs.)	5.76	5.57
(b) Own Generation:		
Units (KWH)	0.00	0.00
Total Amount (Rs.)	0.00	0.00
Rate per Unit (Rs.)	-0.00	0.00
(c) Furnace Oil/LSHS/LDO/HSQ		
Qty. (KLtr)	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:**

	31.3.2011	31.3.2010
(i) Foreign Exchange Earning	414.46	538.83
(ii) Foreign Exchange Outgo		
a. Foreign Traveling -	3.02	1.78
b. Purchase -	152.39	159.25

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the Financial year 1st April, 2010 to 31st March, 2011 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 2 Executive Director and 6 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 2011, the Board met 7 (Seven) times (as against the minimum requirement of 4 (four) meetings on the following dates :

27.04.2010, 23.07.2010, 27.07.2010, 30.10.2010, 31.01.2011, 16.02.2011 and 08.03.2011

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)	7	Yes	--	3
Smt. Kokila Patel	7	Yes	--	--
Mr. Kunal Patel	7	Yes	--	--
Mr. Harshad S. Bhatt	7	Yes	1	1
Mr. Daxesh Patel	7	Yes	--	3
Mr. Darshak Seth	7	No	2	--
Mr. Manish Baxi	7	No	--	2
Mr. Nilesh N. Patel	7	No	1	3

PARTICULARS	AUDIT COMMITTEE	REMUNERATION COMMITTEE	SHARE TRANSFER COMMITTEE
Constituted on	29 th June,2001	20 th June,2002	29 th June,2001
Composition	Mr.Daxesh Patel (Chairman) Mr. Anil Patel Mr. Manish Baxi Mr. Nilesh Patel As on 31.03.2011, the Committee is comprised of 4 Directors including 3 non-executive independent Directors, the Chairman being non-executive independent Director throughout the year..	Mr. Daxesh Patel (Chairman) Mr. Anil Patel Mr. Nilesh Patel Mr. Manish Baxi The Committee is comprised of 4 Directors including 3 non-executive independent Directors.	Mr. Anil Patel (Chairman) Mr. Harshad Bhatt Mr. Daxesh Patel Mr. Nilesh Patel The Committee is comprised of 4 Directors including 2 non-executive independent Director.
Meeting and Attendance	Three Meetings were held on 20.04.10, 19.07.10, 31.01.10, and all the members of the committee were present at the meetings.	A Meeting was held on 27.07.10. And all the members of the committee were present at the meeting.	Seven Meetings were held on 12.05.10, 09.07.10, 03.08.10, 28.08.10, 07.10.10, 22.12.10 and 25.01.11 And all the members of the committee were present at the meetings.
Terms of Reference	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 They are as under:	The Committee has been constituted to recommend/ review the remuneration package for a Managing Director and the whole time Director based on performance and defined criteria. The remuneration policy of the Company is based on three tenets: pay for performance and potential and pay for growth.	The Committee has been constituted to approve transfer, transmission and transposition of shares, issue of duplicate share certificates and all other matters relating to shares. Mr. Jayesh Shah, 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.

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
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
2009-10	18.09.2010	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: 24.09.2011 Time : At 11.00 am Venue: At the Registered Office.
Book Closure Date	Tuesday, the 13 th September, 2011 to Tuesday, the 20 th September, 2011 (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 2011 :

Category	No. of Shares Held	% to paid-up Capital
Non-Resident Individuals	0.00	0.00%
Bodies Corporate	5224	0.49%
Mutual Funds/Nationalized Banks	540	0.05%
Resident Individuals	560049	52.17%
Directors and Relatives	507587	47.29%
TOTAL	1073400	100.00%

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2011:

Share Distribution	Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Up to 5000	19682	99.47%	506561	47.19 %
5001-10000	53	0.27%	37877	3.53 %
10001-20000	22	0.11%	32980	3.07 %
20001-30000	5	0.03%	11677	1.09 %
30001-40000	9	0.05%	30738	2.86 %
40001-50000	3	0.02%	14326	1.33 %
50001-100000	5	0.03%	37470	3.49 %
100001 & above	8	0.04%	401771	37.43 %
TOTAL:	19787	100%	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

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 2011. 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)

Vadodara:
27.07.2011

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, 2011. 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 7 (Seven) times on 27.04.2010, 23.07.2010, 27.07.2010, 30.10.2010, 31.01.2011, 16.02.2011 and 08.03.2011 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 31st August, 2010 to Monday, the 13th September, 2010 (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 31-03-2010 was held on 18.09.2010 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 were duly made. There were no appointment of additional directors, 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, 2011 is within the borrowing limits of the Company and that necessary resolutions as per Section 293 (1) (d) of the Act have been passed in duly convened General Meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the registers kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employer's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

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

**Place : Vadodara
Date : 27/07/2011**

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

PURITY FLEXPACK LIMITED**ANNEXURE A****Registers as 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 as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2011

1. Annual Accounts in Form No.23AC - Balance Sheet as at 31.03.2010.
2. Annual Accounts in Form No. 23ACA - Profit & Loss A/c for the year ended 31.03.2010.
3. Annual Return in Form 20B U/S 159 in respect of A.G.M. held on 18.09.2010 for the financial year ended 31.03.2010.
4. Form No.66 - Compliance Certificate of D R Desai & Co., Company Secretaries for the financial year ended 31.03.2010.
5. Form No. 23 u/s 192 notifying resolution for increase in remuneration of Managing Director and Whole-time Director.
6. Form 25C (Two) u/s 269 and Schedule III for increase in remuneration of Managing Director and Whole-time Director.

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

**Place : Vadodara
Date : 27/07/2011**

**[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 31st March 2011 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 31.03.2011 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31.03.2011 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 2011.
 - 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 nature.
- 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 24.37 lacs (Maxi 24.37 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 31-03-2011 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.
- 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
FR No. 103824W

Vadodara, dated: 27th July 2011

BALANCE SHEET AS AT 31st MARCH 2011

	Schedule	As at 31-03-11	As at 31-03-10
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	10,734,000	10,734,000
Reserves & Surplus	2	23,538,547	17,983,185
LOAN FUNDS			
Secured Loans	3	83,457,846	70,621,810
Unsecured Loans	4	9,771,231	5,379,169
Total		127,501,623	104,718,164
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	121,605,448	103,026,449
Less : Depreciation		45,583,031	41,557,736
Net Block		76,022,417	61,468,713
Work in Process		917,990	322,505
		76,940,407	61,791,218
INVESTMENTS			
	6	130,000	130,000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	51,672,479	40,654,086
Sundry debtors	8	39,662,499	32,990,799
Cash & Bank Balance	9	757,145	1,214,179
Loans & Advances	10	15,690,447	9,795,838
		107,782,570	84,654,900
Less: Current Liabilities & Provisions			
Current Liabilities	11	55,768,074	40,652,175
Provisions	12	1,583,280	1,246,917
		57,351,354	41,899,092
Net Current Assets		50,431,216	42,755,808
MISCELLANEOUS EXPENDITURE			
Preliminary expenses	13	0	41,138
Total		127,501,623	104,718,164
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. 103824 W

Vadodara, Date : 27.07.2011

For and on behalf of the Board

Anil Patel
(Chairman & Managing Director)

Harshad Bhatt
(Director)

Vanseti,

Date : 27.07.2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH 2011

	Schedule	As on 31-03-11	As on 31-03-10
INCOME			
Sales	14	230,621,422	193,264,208
Other Income	15	737,845	1,021,515
Increase / Decrease in Finished Stock	16	7,278,155	(2,941,064)
TOTAL		238,637,422	191,344,659
EXPENDITURE			
Manufacturing Expenses	17	207,609,755	163,285,945
Administrative & Selling Expenses	18	9,780,944	7,969,028
Financial Charges	19	9,262,934	9,645,355
Depreciation	5	5,115,833	4,544,091
Loss on Sales Of Assets		1,040,732	557,895
Miscellaneous expenses w/off		41,138	139,044
TOTAL		232,851,336	186,141,358
Profit / (Loss) for the year before Taxation		5,786,086	5,203,301
Less : Provision for taxation		-	-
Less : Provision for FBT		0	-
Less : Prior Period Expense		230,725	471
Profit / (Loss) after Tax		5,555,362	5,202,830
Balance brought forward		13,111,951	7,909,121
Balance Available for appropriation		18,667,313	13,111,951
Appropriation		-	-
Surplus carried to Balance Sheet		18,667,313	13,111,951
Earning Per Share (Basic & Diluted) (in Rs.)			
Before Non-recurring Items		5.41	4.85
After Non-recurring Items		5.19	4.85
Notes on Accounts	20		

As per our annexed report of even date

For and on behalf of the Board

For Shah Mehta & Bakshi
Chartered Accountants

Anil Patel
(Chairman & Managing Director)

(Vihang K Bakshi)
Partner

Harshad Bhatt
(Director)

FR No. 103824 W

Vanseti,

Vadodara , Date : 27.07.2011

Date : 27.07.2011

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2011

	As at 31-03-11	As at 31-03-10
SCHEDULE - 1		
<u>SHARE CAPITAL</u>		
<u>AUTHORISED SHARE CAPITAL</u>		
6000000 Equity Shares of Rs. 10/- each	60,000,000	60,000,000
<u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>		
1073400 (1073400) Equity Shares of Rs. 10/- each fully paid	10,734,000	10,734,000
TOTAL	10,734,000	10,734,000
SCHEDULE - 2		
<u>RESERVE AND SURPLUS</u>		
<u>CAPITAL RESERVE</u>		
i) Capital Reserve no 1 (Subsidy from State Government)	2,700,000	2,700,000
ii) Capital Reserve no 2 (Amalgamation)	2,145,067	2,145,067
iii) General Reserve - As per last Balance sheet	26,167	26,167
iv) Surplus in Profit & Loss Account	18,667,313	13,111,951
TOTAL	23,538,547	17,983,185
SCHEDULE - 3		
<u>SECURED LOANS</u>		
A) From Bank of Baroda		
Term Loan		
i) Term Loan	750,000	2,250,000
ii) Term Loan	1,456,000	2,332,000
iii) Term Loan	2,234,676	4,323,994
iii) Term Loan	2,171,937	4,080,983
iii) Term Loan	15,898,149	-
(Against Hypothecation of Plant & Machinery & Charge on all other fixed & current assets)		
Working Capital		
i) Cash Credit	44,276,072	40,062,749
ii) Packing Credit	3,983,896	5,572,092
iii) Bill Discounting	10,216,256	9,970,445
(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)	1,775,739	1,571,605
ii) From Axis Bank (Against hypothecation of Vehicle)	695,121	457,942
TOTAL	83,457,846	70,621,810

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2011

	As at 31-03-11	As at 31-03-10
SCHEDULE - 4		
UNSECURED LOANS		
From Directors	2,437,100	2,106,500
From Others	1,302,300	2,446,724
From HDFC against guarantee of Director	120,462	825,945
From TATA against guarantee of Director	3,000,000	-
From KOTAK against guarantee of Director	2,911,369	-
TOTAL	9,771,231	5,379,169
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	18,155,046	13,512,464
Stores & Spares , Cylinders & Others	17,656,374	18,630,970
Packing Materials	2,036,417	1,964,165
WIP - Paper / Foil / Film	10,975,674	5,518,724
Finished Goods	2,848,968	1,027,763
TOTAL	51,672,479	40,654,086
SCHEDULE - 8		
SUNDRY DEBTORS (Unsecured but considered good)		
Due over six months	2,856,919	1,096,136
Others	36,805,580	31,894,663
TOTAL	39,662,499	32,990,799
SCHEDULE - 9		
CASH & BANK BALANCES		
Cash on Hand	439,537	714,273
Balance with Schedule Banks	317,608	499,905
TOTAL	757,145	1,214,178

Schedule : 5

Fixed Assets :

Sr. No	Name of Asset	Rate of Dep %	GROSS BLOCK			DEPRECIATION			NET BLOCK				
			As on 01-Apr-10	Addition	Deduction	Total as on 31-Mar-11	Up to 31-Mar-10	Addition For the Year	Deduction	Total as on 31-Mar-11	As on 31-Mar-11	As on 31-Mar-10	
1	Land(Freehold)	0.00%	431,964.00			431,964.00	0.00	0.00		431,964.00		431,964.00	
2	Factory Building	3.34%	18,995,446.00	0.00	0.00	18,995,446.00	6,150,377.00	634,448.00		6,784,825.00	12,210,621.00	12,845,069.00	
3	Administrative Bldg.	1.63%	1,635,556.00		0.00	1,635,556.00	499,447.00	26,660.00		526,107.00	1,109,449.00	1,136,109.00	
4	Plant & Machinery	4.75%	70,608,273.00	21,474,669.00	3,639,277.00	88,443,665.00	29,003,314.00	3,951,105.00	854,545.00	82,099,874.00	56,343,791.00	4,1604,959.00	
5	Electrical Installation	4.75%	3,739,248.00		0.00	3,739,248.00	2,619,673.00	177,614.00		2,797,287.00	941,961.00	1,119,575.00	
6	Office Equipments	4.75%	636,796.00	24,970.00	0.00	661,766.00	361,484.00	30,702.00		392,186.00	269,580.00	275,312.00	
7	Fire Fighting Equip.	4.75%	21,858.00		0.00	21,858.00	18,871.00	1,038.00		19,909.00	1,949.00	2,987.00	
8	Furniture & Fixtures	6.23%	1,634,934.00	35,593.00	0.00	1,670,527.00	1,513,135.00	218.00		1,513,353.00	157,174.00	121,799.00	
9	Vehicles	9.05%	3,683,778.00	1,619,937.00	1,037,393.00	4,266,322.00	204,998.00	34,344.00	235,993.00	3,349.00	4,262,973.00	3,478,780.00	
10	Laboratory Equipment	4.75%	171,852.00		0.00	171,852.00	31,774.00	8,163.00		39,937.00	131,915.00	140,078.00	
11	Library (Books)	3.34%	9,787.00		0.00	9,787.00	6,331.00	327.00		6,658.00	3,129.00	3,456.00	
12	Computer	16.21%	1,456,957.00	100,500.00	0.00	1,557,457.00	1,148,332.00	251,214.00		1,399,546.00	157,911.00	308,625.00	
	Total		103,026,449.00	23,255,669.00	4,676,670.00	121,605,448.00	41,557,736.00	0.00	5,115,833.00	1,090,538.00	45,583,031.00	76,022,417.00	61,468,713.00
	Previous Year		100054085.00	4682967.00	1710603.00	108026449.00	37646353.00	4544091.00	632708.00	41557736.00	61468714.00	62407732.00	

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2011

	As at 31-03-11	As at 31-03-10
SCHEDULE - 10		
<u>LOANS & ADVANCES</u> (Unsecured but considered good)		
Deposits	14,250	14,250
Prepaid Expenses	394,428	422,244
Other Advances	15,281,769	9,359,344
TOTAL	15,690,447	9,795,838
SCHEDULE - 11		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors for Goods , Expenses & Capital	55,614,443	40,093,398
Other Liabilities	153,631	558,777
TOTAL	55,768,074	40,652,175
SCHEDULE - 12		
<u>PROVISIONS</u>		
Provision for Expenses	1,583,280	1,246,917
TOTAL	1,583,280	1,246,917
SCHEDULE - 13		
<u>PRELIMINARY EXPENSES</u> (To the extent not written off or adjusted)		
Miscellaneous Expenditure	41,138	180,182
Less : Written off during the year	41,138	139,044
TOTAL	-	41,138
SCHEDULE - 14		
<u>SALES</u>		
Sales - Domestic	206,236,939	148,866,556
Sales - Exports	41,445,921	53,882,802
Job Work	1,089,979	1,565,735
	248,772,839	204,315,093
Less : Excise Duty	18,151,417	11,050,885
TOTAL	230,621,422	193,264,208
SCHEDULE - 15		
<u>OTHER INCOME</u>		
Discount / Other Income	223,987	553,021
Interest on FDR & IT refund	513,858	468,494
TOTAL	737,845	1,021,515

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2011

	As at 31-03-11	As at 31-03-10
SCHEDULE - 16		
<u>INCREASE / (DECREASE) IN STOCK</u>		
Closing Stock		
Finished Goods	2,848,968	1,027,763
Work in Process	10,975,674	5,518,724
Less : Opening Stock		
Finished Goods	1,027,763	853,755
Work in Process	5,518,724	8,633,796
TOTAL	7,278,155	(2,941,064)
SCHEDULE - 17		
<u>MANUFACTURING EXPENSES</u>		
Raw Material Consumed		
Opening Stock	13,512,464	12,478,326
Raw Materials Purchased	179,948,449	135,715,325
	193,460,913	148,193,651
Less : Closing stock	18,155,046	13,512,464
	175,305,867	134,681,187
Packing Materials Consumed		
Opening Stock	1,964,165	2,363,150
Packing Materials Purchased	803,621	2,022,811
	2,767,786	4,385,961
Less : Closing stock	2,036,417	1,964,165
	731,369	2,421,796
Stores & Spares / Cylinder Consumed		
Opening Stock	18,630,970	18,931,298
Stores Purchased	2,701,379	3,405,853
	21,332,349	22,337,151
Less : Closing stock	17,656,374	18,630,970
	3,675,975	3,706,181
Power & Fuel	7,243,230	6,443,771
Repairs, Maintenance & Parts	259,236	437,602
Freight & Octroi	1,299,666	1,144,849
Factory Expenses	175,184	178,176
Excise Duty / Service Tax expenses	53,312	106,929
Employees' Cost (Including Director Remuneration Rs. 16.50 Lacs)	11,564,102	9,436,677
Vat / Sales Tax on Sales	6,998,638	4,453,200
Security Expenses	303,176	275,577
TOTAL	207,609,755	163,285,945

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2011

	As at 31-03-11	As at 31-03-10
SCHEDULE - 18		
ADMINISTRATIVE & SELLING EXPENSES		
Rates & Taxes	56,274	91,440
Postage & Telegram	56,758	63,036
Telephone expenses	253,777	328,822
Printing & Stationery	62,873	67,486
Books & Computer expenses	970	62,833
Vehicle Insurance	75,887	68,122
Insurance Charges	235,951	192,266
Vehicle repairs & Maintenance	133,625	117,501
Conveyance Expenses	359,394	246,064
Travelling Expenses - Others	168,239	27,531
Travelling Expenses - Directors	572,209	345,134
Auditors' Remuneration	60,114	52,393
Legal & Professional Charges	528,204	506,367
Professional Tax	2,500	2,400
Licence Fees / ECGC / Filing Fees	106,489	101,531
Sales Promotion & Entertainment expenses	58,480	70,805
Commission & Discount	1,442,952	1,265,785
Freight Carriage Outward	2,810,924	3,673,681
General Office & Other Expenses	2,795,324	685,831
TOTAL	9,780,944	7,969,028
SCHEDULE - 19		
FINANCIAL CHARGES		
Bank commission & charges	945,676	577,482
Bank Interest	7,242,483	7,578,251
Other Interest	1,074,775	1,489,622
TOTAL	9,262,934	9,645,355

SCHEDULE – 20**NOTES ON ACCOUNTS**Part - ISignificant 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 it's' employees while in service as well as on retirement basis. The encashment of leave while in service, being at the option of employees is being accounted on cash basis.

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 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 Remuneration to Auditors Audit & Tax audit Fees Rs. 0.62 Lacs (Rs. 0.52 Lacs)

6 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 Hindustan Tube ,, 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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7 Related Party Disclosure

i)	Remuneration paid to Director - Anil Patel	(In Lacs)	Rs 17.25	<i>Rs 15.00</i>
ii)	Remuneration paid to Director - Kunal Patel	(In Lacs)	Rs 5.25	<i>Rs 1.50</i>

8 Calculation of Earning Per Share

1	Net Profit after Tax		5,555,362	<i>5,202,830</i>
2	No of Equity Shares (Weighted Average)		1,073,400	<i>1,073,400</i>
3	Nominal Value of Shares		10	<i>10</i>
4	Basic Earning Per Share		Rs.5.18	<i>Rs.4.85</i>

9 Expenditure in Foreign Currency on Account of

Foreign Travel Expenses	(In Lacs)	Rs 3.02	<i>Rs 1.78</i>
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10 Earning in Foreign Exchange

Export of goods calculated on FOB basis	(In Lacs)	Rs 414.46	<i>Rs 538.83</i>
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11 Quantitative Information & Value Analysis

		Current Year		Previous Year	
		Quantity	Value	Quantity	Value
		(In Kgs)	(Rs. In Lacs)	(In Kgs)	(Rs. In Lacs)
a)	C I F Value of Imports	198000	152.39	226000	159.25

b)	<u>Capacity per annum</u>	As Certified by the Management			
	Item	Paper - Poly, Pet & Foil (Kgs)			
	<u>Licensed Capacity</u>	N.A.	N.A.		
	<u>Installed Capacity</u>	N.A.	N.A.		
	Extrusion	1200000	1200000		
	Adhesive Lamination	700000	700000		
	Blown Film Extrusion	900000	900000		

c)	<u>Raw Material Consumed</u>	Quantity	Value in lacs	Quantity	Value in lacs
	LDPE Granules	644964	502.23	669048	486.79
	Paper	371560	253.64	328355	196.69
	Polyester / LDPE Film	376503	563.29	315500	336.04
	Aluminum Foil	41761	99.61	25808	61.07
	Inks & Mediums	95873	154.53	80731	127.49
	Solvent & Others	188483	179.76	163280	138.73
	Total	1719143	1,753.06	1582721	1,346.81
	<u>Consumption</u>	%		%	
	Imported	8.72%	152.39	14.00%	159.25
	Indigenous	91.28%	1,600.67	86.00%	1,187.56
	Total	100.00%	1,753.06	100.00%	1,346.81

d)	<u>Class of Goods Mfg.</u>	Kgs	Nos in Lacs	Kgs	Nos in Lacs
	Paper / Poly	524523	136.76	666138	0.00
	Paper / Pet / Foil / Poly	187861	30.70	49627	30.91
	Others	404291	404.89	592352	667.78

e)	<u>Stock on Hand</u>	Kgs/Nos		Kgs/Nos	
	Raw materials	151,733.00	181.55	124,906.47	135.12
	Semi - Finished Goods	69,445.00	109.76	307,693.00	55.19
	Finished Goods - Kgs	18,759.61	26.53	8,043.80	9.62
	Finished Goods - Nos in Lacs	0.50	1.96	1.00	0.65
	Packing Materials / Stores & Gravure		196.92		205.95

Unit	<u>Sales Turnover</u>	Kgs/Nos		Kgs/Nos	
kgs	Flexible Packaging of - Paper Poly	1105959	1781.34	1301799	1517.75
Nos/Lacs	Paper / Pet/ Foil / Poly / Other etc	573	513.97	698	399.24
kgs	job Work		10.90		15.65
			2306.21		1932.64

12 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 - 31-03-2011		
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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	127,502	Total Assets	127,502
	Sources of Fund		Application of Funds	
	Paid up Capital	10,734	Fixed Assets (Net)	76,940
	Reserves & Surplus	23,539	Investments	130
	Secured Loans	83,458	Net Current assets	50,431
	Unsecured Loans	9,771	Miscellaneous expenditure	-

IV	Performance of Company	
	Turnover & Income	231,359
	Total Expenditure	225,573
	Profit / (Loss) Before Tax	5,786
	Others - Tax, Prior period etc	238,909
	Profit / (Loss) After Tax	5,555
	Earning per Share (In Rs.)	Rs 5.18
	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 and on behalf of the Board

For Shah Mehta & Bakshi
Chartered Accountants

Anil Patel
(Chairman & Managing Director)

(Vihang K Bakshi)
Partner
M.No. 39054
FR No. 103824 W
Vadodara , Date : 27.07.2011

Harshad Bhatt
(Director)
Vanseti,
Date : 27.07.2011

	As at 31-03-11	As at 31-03-10
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax & extraordinary items	5,786,086	5,203,301
<u>Adjustments For :</u>		
Add Depreciation	5,115,833	4,544,091
Loss / (Profit) on sales of Discarded Assets	1,040,732	557,895
Miscellaneous Expenditure Written Off	41,138	139,044
Subsidy received from state government	-	200,000
Finance Charges	9,262,934	9,645,355
Earlier expenses (Income)	(230,725)	(471)
Less Profit (Loss) on Sale of Investments	-	-
Less Dividend & Other Income	(513,858)	(468,494)
Preliminary exps incurred	-	-
Operating Profit Before Working Capital Changes	20,502,140	19,820,721
<u>Adjustments For :</u>		
(Increase) / Decrease In Inventories	(11,018,393)	2,606,239
(Increase) / Decrease Receivables & Other assets	(12,566,309)	(1,660,288)
Increase (Decrease) in Trade And Other Payables	15,452,262	(10,402,513)
Cash Flow before extraordinary items	(8,132,440)	(9,456,562)
Cash Generated from Operations	12,369,700	10,364,159
Tax Paid	-	-
Net Cash From Operating Activities	12,369,700	10,364,159
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale (Purchase) of Fixed Assets	(23,851,158)	(5,005,468)
Proceeds from Sale of Fixed Assets	2,545,400	520,000
Sale (Purchase) of Investments	-	-
Proceeds of Share Capital	-	-
Interest & Dividend Received	513,858	468,494
Net Cash flow / use In Investing Activities	(20,791,900)	(4,016,974)
C CASH FLOW FROM FINANCING ACTIVITIES		
Finance Charges	(9,262,934)	(9,645,355)
Increase (Decrease) in Secured Loan	12,836,036	5,769,700
Increase (Decrease) in Unsecured Loan	4,392,062	(2,645,586)
Dividends Paid	-	-
Net Cash From / (In) Financing Activities	7,965,164	(6,521,241)
D Net Increase In Cash And Cash Equivalents (A + B + C)	(457,033)	(174,059)
E Opening Cash And Cash Equivalents	1,214,178	1,388,237
F Closing Cash And Cash Equivalents (D+E)	757,145	1,214,178

By the order of the board

Vanseti,
Date : 27.07.2011Anil Patel
Chairman and Managing Director

We have reviewed the attached Cash Flow Statement of PURITY FLEXPACK LTD. For the year ended on 31st March 2011. 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 AccountantsVadodara -
27.07.2011(Vihang K Bakshi)
FR No. 103824 W M.No. 39054

Book-Post

To,

If undelivered, Please return to :

PURITY FLEXPACK LIMITED

2-B, Kirti Tower, Tilak Road,
Vadodara