

26<sup>TH</sup> ANNUAL REPORT 2013-2014



**PURITY FLEXPACK LTD.**



**BOARD OF DIRECTORS**

Mr. ANIL PATEL  
Chairman & Managing Director

Mr. KUNAL PATEL  
Whole-Time Director

Mr. HARSHAD BHATT

Mr. DAXESH PATEL

Mrs. KOKILA PATEL

Mr. MANISH BAXI

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. PANCHMAHAL - 389 350  
CIN. No.L25200GJ1988PLC010514)  
Tel.: +919904269108

**REGISTRAR & SHARE TRANSFER AGENT**

UNIVERSAL CAPITAL SECURITIES PVT. LTD  
21, MAHAKALI CAVE ROAD, OPP. SATYA SAIBABA  
TEMPLE, ANDHERI (EAST), MUMBAI  
PHONE NO.: 022-28207203-05, 2825 7641, 2826 2920

**BANKERS**

BANK OF BARODA  
JETALPUR BRANCH, VADODARA

**AUDITORS**

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

**26<sup>TH</sup> Annual General Meeting**

DAY : SATURDAY  
: 27<sup>th</sup> SEPTEMBER 2014  
TIME : 11:00 AM  
PLACE : AT. Vanseti, Post Tajpura, Near Halol  
Dist. Panchmahal - 389350, Gujarat

AS 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 26<sup>th</sup> ANNUAL GENERAL MEETING of the Shareholders of PURITY FLEXPACK LIMITED will be held on SATURDAY, the 27<sup>th</sup> September, 2014 at 11:00am at the Registered Office of the Company at : Vanseti, Post: Tajpura, Near Halol, Dist: Panchmahals, to transact the following business.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at and the Audited Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2014 and the Directors' Report thereon.
2. To appoint a Director in place of Mrs. Kokila A. Patel, (holding DIN No. 00106487) who retires by rotation and being eligible offers herself for reappointment.
3. To appoint a Director in place of Mr. Harshad Bhatt, (holding DIN No. 00194195) who retires by rotation and being eligible offers himself for reappointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** consent of the Company be and is hereby accorded to re-appoint M/s. Shah, Mehta & Bakshi, Chartered Accountants (Firm Regn. No.103824W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.”

“**FURTHER RESOLVED THAT** they may be paid the remuneration which may be decided by the Board of Directors of the Company or committee thereof.”

### **SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Daxesh B. Patel (DIN 00194232), who is an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31 March, 2017 and whose term of office shall not be liable to retirement by rotation.”

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Darshkkumar S. Sheth (DIN 01292460), who is an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31 March, 2017 and whose term of office shall not be liable to retirement by rotation.”

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Manish A. Baxi (DIN 02011827), who is an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31 March, 2017 and whose term of office shall not be liable to retirement by rotation.”

8. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Nilesh N. Patel (DIN 01740293), who is an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31 March, 2017 and whose term of office shall not be liable to retirement by rotation.”

9. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Special Resolution:**

**“RESOLVED THAT** subject to the provisions of Section 180 (1) (c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 1956 and the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors (hereinafter referred to as the Board), including any committee thereof for the time being exercising the powers conferred on them by this resolution, be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial Institution as defined under Section 2 (72) of the Companies Act, 2013 and/or eligible foreign lender and/or any entity/entities

and/or authority/authorities and/or through suppliers credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs. 20 Crores (Rupees Twenty Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

10. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 180 (1) (a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactments thereof the members of the Company hereby accord their consent to the Board of Directors, including any committee thereof for the time being exercising the powers conferred on them by this resolution, to create mortgage and/or charge on all or any of the moveable and/or immovable assets of the Company, both present and future and/or whole or any part of the Company in favour of the lenders, agents, trustees for securing the borrowings of the Company availed/to be availed by way of loans (in foreign currency and/or in Indian currency) and securities (comprising of fully/partly convertible debentures and/or secured premium notes and/or floating rates notes/bonds or other debt instruments) issued/to be issued by the Company from time to time, in one or more tranches, up to an aggregate limit of Rs. 20 Crores (Rupees Twenty Crores Only) together with interest as agreed, additional interest in case of default, accumulated interest, liquidated damages and commitment charges, all other costs, charges and expenses and all other monies payable by the Company in terms of respective loan agreement(s) or any other document entered /to be entered into between the Company and the lenders/ agents/Investors and trustees in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or any committees thereof and the lenders, agents or trustees.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions for creating the aforesaid mortgage and/or charge and to execute the documents and such other agreements and also to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution.”

11. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Special Resolution**:

**“RESOLVED THAT** in accordance with Section 63 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules thereof (including any statutory modification(s) or reenactment(s) thereof for the time being in force), read with Article 59 of the Articles of Association of the Company, together with the applicable regulations/guidelines issued by the Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) in this behalf and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, consent and approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company, including any Committee thereof (hereinafter referred to as “the Board”) for capitalization of a sum not exceeding Rs. 2,14,68,000/- (Rupees Two Crores Fourteen Lacs Sixty Eight Thousand only) from the Securities Premium Account, Free Reserves or any other permitted reserves/ surplus of the Company for the purpose of issue of Bonus Shares of Rs. 10/- (Rupees Ten only) each, credited as fully paid-up to the holders of the Equity Shares of the Company, whose names appear on the Register of Members on the 'Record Date' to be determined by the Board, in the proportion of 2 (Two) Bonus Equity Share of Rs. 10/- (Rupees Ten only) each, for every 1 (One) fully paid-up Equity Share of Rs. 10/- (Rupees Ten only) each held by Member and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the paid- up capital of the Company held by each such Member.”

**“RESOLVED FURTHER THAT,** the Stock Options (whether vested or unvested) under the Employee Stock Option Schemes, Directors' Stock Option Scheme and Employee Stock Purchase Scheme be suitably adjusted and that the allotment of Bonus Shares attributable to said Stock Options (whether vested or unvested) shall be made as and when the respective Stock Options are exercised.”

**“RESOLVED FURTHER THAT**, the Bonus Shares so allotted (or to be allotted in case of Stock Options (whether vested or unvested) under the Employee Stock Option Schemes, Directors' Stock Option Scheme and Employee Stock Purchase Scheme) are subject to the Memorandum and the Articles of Association of the Company and shall rank pari-passu in all respects with the fully paid-up Equity Shares of the Company.”

**“RESOLVED FURTHER THAT** no letter of allotment shall be issued in respect of the Bonus Shares and in the case of Members who hold Equity Shares or opt to receive the Equity Shares in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the Members, held with their respective Depository Participants and in the case of Members who hold Equity Shares in physical certificate form, the Share Certificates in respect of the Bonus Shares shall be dispatched, within such time as prescribed by law and the relevant authorities.”

**“RESOLVED FURTHER THAT** the issue and allotment of the Bonus Shares to Non-Resident Members, Foreign Institutional Investors (FIIs) & other foreign investors, be subject to the approval of the Reserve Bank of India, as may be necessary.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of such Equity Shares on the Stock Exchanges where the securities of the Company are listed, as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board, be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

12. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/ board, if any, the consent of the shareholders of the Company be and is hereby accorded to increase in terms of remuneration of Mr. Anil B. Patel, Managing Director and to pay him increased remuneration of Rs. 5,00,000/- per month with effect from 01/10/2014 for a period of three years with effect from 01/10/2014.”

**“FURTHER RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/board, if any, approval of the Company be and is hereby accorded to pay a remuneration of ` 5,00,000/- (Rupees Five Lacs only) per month to Mr. Anil B. Patel, Managing Director, the details of which are given in the Explanatory Statement annexed hereto”

**“FURTHER RESOLVED THAT** the consent of the shareholders of the Company be and is hereby also accorded that where in any financial year the Company has no profits or inadequate profits then remuneration as decided above be paid with the prior approval of the Central Government.”

“**FURTHER RESOLVED THAT** the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/consent from the government departments, as may be required in this regard.”

“**FURTHER RESOLVED THAT** the Board of Directors of the Company or any committee thereof be and is hereby also authorized to amend, alter, modify or otherwise vary the terms and conditions of appointment of Mr. Anil B. Patel, Managing Director, including the components of the above mentioned remuneration payable to him subject to the overall cap of Rs. 5,00,000/- (Rupees Five Lacs only) per month.”

13. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/ board, if any, the consent of the shareholders of the Company be and is hereby accorded to increase in terms of remuneration of Mr. Kunal Anil Patel, Whole-time Director and to pay him increased remuneration of Rs. 2,00,000/- per month with effect from 01/10/2014 for a period of three years with effect from 01/10/2014.”

“**FURTHER RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/board, if any, approval of the Company be and is hereby accorded to pay a remuneration of 2,00,000/- (Rupees Two Lacs only) per month to Mr. Kunal Anil Patel, Whole-time Director, the details of which are given in the Explanatory Statement annexed hereto”

“**FURTHER RESOLVED THAT** the consent of the shareholders of the Company be and is hereby also accorded that where in any financial year the Company has no profits or inadequate profits then remuneration as decided above be paid with the prior approval of the Central Government.”

“**FURTHER RESOLVED THAT** the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/consent from the government departments, as may be required in this regard.”

“**FURTHER RESOLVED THAT** the Board of Directors of the Company or any committee thereof be and is hereby also authorized to amend, alter, modify or otherwise vary the terms and conditions of appointment of Mr. Kunal Anil Patel, Whole-time Director, including the components of the above mentioned remuneration payable to him subject to the overall cap of Rs. 2,00,000/- (Rupees Two Lacs only) per month.”

**By Order of the Board of Directors,**

**VANSETI**  
6<sup>th</sup> August, 2014

**Anil Patel**  
Chairman & Managing Director



**NOTABENE:**

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- 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. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies / bodies corporate etc., must be supported by an appropriate resolution/authority, as applicable
- b. As per Section 105 of the Companies Act, 2013 and relevant rules made there under, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the company carrying voting rights. Further, a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder not act as proxy for any other person or shareholder.
- c. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 19<sup>th</sup> September, 2014 to Friday, the 26<sup>th</sup> September, 2014 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. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item nos. 5 to 13 of the accompanying notice is annexed hereto.
- f. Copies of all documents referred to in the notice are available for inspection at the registered office of the Company during normal business hours on all working days upto and including the date of the annual general meeting of the Company.
- g. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate risks associated with physical shares and better management of the securities. Members can write to the Company's registrar and share transfer agent in this regard.
- h. Additional information pursuant to Clause 49 of the listing agreement with the stock exchanges in respect of the Directors seeking appointment/ re-appointment as mentioned under items nos. 5,6,7 and 8 at the annual general meeting are furnished and forms part of this Notice. The said Directors have furnished necessary consents/declarations for their appointment/re-appointment. Further, all the Independent Directors have affirmed that they meet the requirements specified under Clause 49 I(A)(iii) of the listing agreement in respect of their position as an "Independent Director" of the Company.

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 Director	DARSHAK SHETH	DAXESH PATEL
Age	48 YEARS	49 YEARS
Qualification	DEE	B.COM
Date of Appointment	22/03/2007	10/02/1997
Expertise	Veteran Businessman	Veteran Businessman
Directorships as on 31 <sup>st</sup> March, 2014	Precise Automation & Control Pvt. DH Fine Core Pvt. Ltd.	---
Chairman/Membership of the Committee as on 31 <sup>st</sup> March, 2014	----	Audit Committee Remuneration Committee Share Transfer Committee

Name of the Director	Nilesh N Patel	Manish A. Baxi
Age	41 years	49 YEARS
Qualification	B.E.	B.COM. LL.B, FCA
Date of Appointment	12/05/2008	22/03/2007
Expertise	Veteran Businessman	He is a Chartered Accountant and proficiency in Accountancy matter.
Directorships as on 31 <sup>st</sup> March, 2014	None	None
Chairman/Membership of the Committee as on 31 <sup>st</sup> March, 2014	Audit Committee Remuneration Committee Share Transfer Committee	None

Name of the Director	KOKILA A. PATEL	HARSHAD S. BHATT
Age	56 YEARS	61 YEARS
Qualification	M.A.	B.COM
Date of Appointment	30/08/2003	28/01/1994
Expertise	Business	Veteran Businessman
Directorships as on 31 <sup>st</sup> March, 2014	---	Vaikunth Infrastructure & Holdings Pvt Ltd.
Chairman/Membership of the Committee as on 31 <sup>st</sup> March, 2014	----	----

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

##### ITEM NO.5

Mr. Daxesh B. Patel (DIN 00194232) was appointed as a Director of the Company liable to retire by rotation on 10<sup>th</sup> February, 1997 in terms of erstwhile applicable provisions of Sections 255 and 256 of the Companies Act, 1956. Mr. Daxesh B. Patel occupies the position as an Independent Director as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement and has affirmed that he continues to meet all the requirements specified under the listing agreement in respect of his position as an "Independent Director" of the Company.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Mr. Daxesh B. Patel as an Independent Director of the Company as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement, to hold office upto 31 March, 2017 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Mr. Daxesh B. Patel as a candidate for the office of Director of the Company.

Mr. Daxesh B. Patel, 49, commerce graduated and veteran Businessman having huge experience. He has member of Audit Committee, Remuneration Committee and Share Transfer Committee.

Given his expertise, knowledge and experience in various fields, and continued association with the Company, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 5 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Daxesh B. Patel is concerned or interested in the said resolution.

#### **ITEM NO.6**

Mr. Darshkkumar S. Sheth (DIN 01292460) was appointed as a Director of the Company liable to retire by rotation on 22<sup>nd</sup> March, 2007 in terms of erstwhile applicable provisions of Sections 255 and 256 of the Companies Act, 1956. Mr. Darshkkumar S. Sheth occupies the position as an Independent Director as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement and has affirmed that he continues to meet all the requirements specified under the listing agreement in respect of his position as an "Independent Director" of the Company.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Mr. Darshkkumar S. Sheth as an Independent Director of the Company as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement, to hold office upto 31 March, 2017 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Mr. Darshkkumar S. Sheth as a candidate for the office of Director of the Company.

Mr. Darshkkumar S. Sheth 48, commerce graduated and veteran Businessman having huge experience. He has a Managing Director in Precise Automation & Control Private Limited and DH Fine Core Private Limited.

Given his expertise, knowledge and experience in various fields, and continued association with the Company, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 6 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Darshkkumar S. Sheth is concerned or interested in the said resolution.

#### **ITEM NO.7**

Mr. Manish A. Baxi (DIN 02011827) was appointed as a Director of the Company liable to retire by rotation on 22<sup>nd</sup> March, 2007 in terms of erstwhile applicable provisions of Sections 255 and 256 of the Companies Act, 1956. Mr. Manish A. Baxi occupies the position as an Independent Director as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement and has affirmed that he continues to meet all the requirements specified under the listing agreement in respect of his position as an "Independent Director" of the Company.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Mr. Manish A. Baxi as an Independent Director of the Company as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement, to hold office upto 31 March, 2017 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Mr. Manish A. Baxi as a candidate for the office of Director of the Company.

Mr. Manish A. Baxi 49, B.Com., LL.B. and FCA. He is a Chartered Accountant and proficiency Accountancy matters.

Given his expertise, knowledge and experience in Accountancy fields, and continued association with the Company, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 7 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Manish A. Baxi is concerned or interested in the said resolution.

#### **ITEM NO.8**

Mr. Nilesh N. Patel (DIN 01740293) was appointed as a Director of the Company liable to retire by rotation on 12<sup>th</sup> May, 2008 in terms of erstwhile applicable provisions of Sections 255 and 256 of the Companies Act, 1956. Mr. Nilesh N. Patel occupies the position as an Independent Director as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement and has affirmed that he continues to meet all the requirements specified under the listing agreement in respect of his position as an "Independent Director" of the Company.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Mr. Nilesh N. Patel as an Independent Director of the Company as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement, to hold office upto 31 March, 2017 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Mr. Nilesh N. Patel as a candidate for the office of Director of the Company.

Mr. Nilesh N. Patel, 41, an Engineer and veteran Businessman having huge experience. He has member of Audit Committee, Remuneration Committee and Share Transfer Committee.

Given his expertise, knowledge and experience in various fields, and continued association with the Company, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 8 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Nilesh N. Patel is concerned or interested in the said resolution.

#### **ITEM NO.9**

As per Section 180 (1) (c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company

With a view to meet the funds requirements of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company upto Rs. 20 Crores (Rupees Twenty Crores) Only

The Directors recommends the resolution for members' approval as a **Special Resolution**.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

**ITEM NO.10**

The Company is required to create security for the said facilities as mentioned under Item No. 9 above in favour of the Lenders/ Trustees for the Non Convertible Debentures and loans/financial assistance availed by the Company, by way of creation of mortgage and/or charge on the assets of the Company, as stated in the resolution.

In furtherance to the Resolution No. 9 of this notice, the said borrowings/issue of securities may be required to be secured by way of mortgage/charge over all or any part of the movable and/or immovable assets of the Company and as per provisions of Section 180 (1) (a) of the Companies Act 2013, the mortgage or charge on all or any part of the movable and/or immovable properties of the Company, may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company and hence, requires approval from the shareholders of the Company.

Accordingly, it is proposed to pass an enabling resolution authorizing the Board to create charge on the assets of the Company for a value not exceeding Rs. 20 Crores (Rupees Twenty Crores Only).

Your Directors recommend the resolution for your approval as a **Special Resolution**.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

**ITEM NO.11**

To commemorate the occasion of the Silver Jubilee of the Company, the Board of Directors of the Company in its meeting held on 06.08.2014, has recommended for approval of the shareholders, issue of bonus shares to the holders of equity shares of the Company in the ratio of 2:1 (i.e. Two bonus equity share of Rs. 10/- for every One fully paid up equity shares of Rs. 10/- each held) by increasing the Issued, Subscribed and Paid-up Share Capital of the Company to a sum not exceeding Rs. 3,22,02,000/- after capitalising a sum not exceeding Rs 2,14,68,000/- from the Securities Premium Account, General Reserves or any other permitted reserves/surplus as per the Audited Accounts of the Company for the financial year ended March 31, 2014, and the same is proposed to be applied in paying up in full not exceeding 21,46,800 Equity Shares of Rs. 10/- each.

The fully paid-up Bonus Shares shall be distributed to the Members of your Company, whose names appear on its Register of Members on the 'Record Date' to be determined by the Board of Directors (or a Committee thereof) of your Company. The Bonus Shares so allotted shall rank pari-passu in all respects with the fully paid-up Equity Shares of the Company as existing on the 'Record Date'.

The Promoters, Directors, Key Managerial Personnel of your Company and their relatives are interested in this Resolution to the extent of their respective shareholding/s in the Company.

The proposed Resolution is an enabling Resolution conferring authority on the Board of Directors to cover all present and future contingencies.

As per the provisions of the Companies Act, 2013, any bonus issue requires consent and approval of Members of the Company and accordingly, this Resolution to obtain such consent and approval.

The Board of Directors of your Company recommend this Resolution for your consent and approval.

**ITEM NO.12**

Mr. Anil B. Patel was lastly re-appointed as Managing Director for a period of three years with effect from 1<sup>st</sup> April, 2012. The members of the Company had approved the said re-appointment and terms and remuneration payable to Mr. Anil B. Patel in their Annual General Meeting held on 27<sup>th</sup> September, 2012. The present tenure of Mr. Anil B. Patel, Managing Director will expire on 31<sup>st</sup> March, 2015.

The Board of Directors on receiving recommendation from the Remuneration Committee had approved the increase in remuneration of Mr. Anil B. Patel, Managing Director from Rs. 2,50,000/- p.m. to Rs. 5,00,000/- p.m., making effective from 01/10/2014 to 31/03/2015.

Latter on with the introduction of the Companies Act, 2013, it has been proposed to foreclose existing tenure of Mr. Anil B. Patel, Managing Director and appoint him as Managing Director of the Company under the applicable provisions of the Companies Act, 2013 with revised terms of remuneration making effective from 01/10/2014, In view of excellent leadership and contribution to the growth and performance of the Company, the Nomination and Remuneration committee and the Board of Directors at their respective meeting held on 6<sup>th</sup> August, 2014 approved the re-appointment of Mr. Anil B. Patel for a further period of 3 years effective from 1<sup>st</sup> October, 2014 on remuneration, terms and conditions contained in the draft agreement placed before this meeting.

In case, the Company has no profits or its profits are inadequate, then the remuneration shall be paid to him with the prior approval of the Central Government or in accordance with the provisions of the Companies Act, 2013 read with Schedule V of the Act.

Following are the details of the salary proposed to be paid to Mr. Anil B. Patel, Managing Director w.e.f. 01/10/2014

Consolidated Salary, Perquisites and Performance Bonus, etc: Rs. 5,00,000/- (Rupees Five Lacs only)per month.

In addition to the above, he shall be entitled to receive the following:-

- (a) Gratuity as per the rules of the Company, but not exceeding half a month's salary for each completed year of service.
- (b) Encashment of leave at the end of tenure.
- (c) Provision of car for use on Company's business.
- (d) Free landline telephone facility, electricity at residence along with free mobile telephone facility. Long distance personal calls to be recovered by the Company.
- (e) he shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company. Accordingly the Board recommends the passing of the special resolution as set out in the item no. 12 of the Notice.

#### **ITEM NO.13**

Mr. Kunal Anil Patel was lastly re-appointed as Whole-time Director for a period of three years with effect from 1<sup>st</sup> October, 2012. The members of the Company had approved the said re-appointment and terms and remuneration payable to Mr. Kunal Anil Patel in their Annual General Meeting held on 27<sup>th</sup> September, 2012, The present tenure of Mr. Kunal Anil Patel, Whole-time Director will expire on 30<sup>th</sup> September, 2015.

The Board of Directors on receiving recommendation from the Remuneration Committee had approved the increase in remuneration of Mr. Kunal Anil Patel, Whole-time Director from Rs. 1,50,000/- p.m. to Rs. 2,00,000/- p.m., making effective from 01/10/2014 to 31/03/2015. Rs 250000/- making effective from 01/04/2015 to 31/03/2016, Rs 300000/- making effective from 01/04/2016 to 30/09/2017

Latter on with the introduction of the Companies Act, 2013, it has been proposed to foreclose existing tenure of Mr. Kunal Anil Patel, Whole-time Director and appoint him as Whole-time Director of the Company under the applicable provisions of the Companies Act, 2013 with revised terms of remuneration making effective from 01/10/2014, In view of excellent leadership and contribution to the growth and performance of the Company, the Nomination and Remuneration committee and the Board of Directors at their respective meeting held on 6<sup>th</sup> August, 2014 approved the re-appointment of Mr. Kunal Anil Patel for a further period of

3 years effective from 1<sup>st</sup> October, 2014 on remuneration, terms and conditions contained in the draft agreement placed before this meeting.

In case, the Company has no profits or its profits are inadequate, then the remuneration shall be paid to him with the prior approval of the Central Government or in accordance with the provisions of the Companies Act, 2013 read with Schedule V of the Act.

Following are the details of the salary proposed to be paid to Mr. Kunal Anil Patel, Whole-time Director w.e.f. 01/10/2014

Consolidated Salary, Perquisites and Performance Bonus, etc: Rs. 2,00,000/- (Rupees Two Lacs only)per month.

In addition to the above, he shall be entitled to receive the following:-

- (a) Gratuity as per the rules of the Company, but not exceeding half a month's salary for each completed year of service.
- (b) Encashment of leave at the end of tenure.
- (c) Provision of car for use on Company's business.
- (d) Free landline telephone facility at residence along with free mobile telephone facility. Long distance personal calls to be recovered by the Company.
- (e) he shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

Accordingly the Board recommends the passing of the special resolution as set out in the item no. 13 of the Notice.

**By Order of the Board of Directors,**

**VANSETI**  
**6<sup>th</sup> August, 2014**

**Anil Patel**  
**Chairman & Managing Director**

## STATEMENT OF PARTICULARS (ITEM No. 12 and 13)

(Pursuant to Schedule-V of the Companies Act, 2013/Schedule XIII of the Companies Act, 1956)

### I. GENERAL INFORMATION

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

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

- |                                                                                                                                                                                                               |                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1. Background details                                                                                                                                                                                         | : -- Refer Annexure – “A” Point No. 1        |
| 2. Past remuneration                                                                                                                                                                                          | : -- Refer Annexure – “A” Point No. 2        |
| 3. Recognition or awards                                                                                                                                                                                      | : -- Refer Annexure - “A” Background details |
| 4. Job profile and his suitability                                                                                                                                                                            | : -- Refer Annexure – “A” Background details |
| 5. Remuneration proposed                                                                                                                                                                                      | : -- Refer Annexure – “A” Remuneration       |
| 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) | : -- Refer Annexure – “A” Point No. 3        |
| 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any                                                                                      | : -- Refer Annexure – “A” Point No. 4        |

### III – Other Information :

1. The Company has increased Sales during the year and also increase profit since last two years.
2. Steps taken or proposed to be taken for improvement:
  - a) Adoption of improved techniques for achieving higher production such as: **By adopting world renown solvent Free Lamination System.**
  - b) Implementation of Cost Reduction such as: As Explained above by saving huge solvent consumption.
  - c) Steps taken or proposed to be taken for improvement: **Re scheduling of operations which would result in reducing Operating Time and thus saving in cost and manpower.**



3. Expected increase in productivity and profit in measurable terms.

**TABLE – [(4) above]**

<b>IMPORTANT RATIOS</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Networth	<b>72,512,127</b>	55,340,699
Current Ratio	<b>0.93</b>	0.86
Debt Equity Ratio	<b>1.25</b>	0.82
Asset Coverage Ratio	<b>8.28</b>	10.81
Book Value per share (in Rs.)	<b>94.07</b>	71.11
Earning per share (in Rs.)	<b>16.00</b>	10.94
Return on Networth	<b>23.68</b>	21.23
Return on Capital Employed	<b>19.98</b>	18.32
Return on Investment	<b>1.13</b>	5.67

**Annexure – A**  
**[(I) above]**

**Details of Appointees:**

**1. Background details:**

1. Mr. Anil Patel is 57years of Age and holds Diploma In Electrical Engineering. He has been the managing Director of the Company since last Fifteen Years. During this tenure, by sheer hard work, Practical wisdom, farsightedness and business acumen, he surmounted all Odds- financial, operational & otherwise and put the company into a comfortable position. This is not a small achievement .Prior to taking over the management of the company he was in service in Sevalia Cement Works Limited and held responsible position for a number of years.
2. Although Mr. Kunal Patel who has completed 27 years of age, has been devoting his full time and attention for the business and operation of the Company, bearing few months of year 2009 when he was away to U.K. for completion of his M.B.A. course. He will be completing this course by the end of September, 2009.

**2. Remuneration:**

- The Details of Past remuneration drawn by Mr. Anil Patel during the last three years are as under.
- During the last three years commencing from 1<sup>st</sup> April, 2012, Mr. Anil Patel drew remuneration of Rs.2,50,000/- P.M. i.e. Rs.30,00,000/- P.A. under the head Salary.
- The Remuneration Committee of Directors in its meeting held on 6<sup>th</sup> August, 2014 had recommended payment of remuneration to Mr. Anil Patel at the rate of Rs.5.00 lacs per month for a period of three years from 01.10.2012 and the Board of Directors in their meeting held on 6<sup>th</sup> August, 2014, have finally approved of the same. He would draw the entire remuneration of Rs.5.00 Lacs under the head Salary.\*

Pursuant to the provisions of the Companies Act, 2013 read with Schedule V, and subject to such approvals as may be necessary, the salary and the perquisites as set out in the Resolution and /or Explanatory Statement annexed to the Notice may be paid as the minimum remuneration to Mr. Anil Patel in absence of inadequacy of profit in any financial year.

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

**Details of Appointees:****1. Background details:**

Mr. Kunal Patel is M.B.A. from Cardiff University, U.K. and at a very young age of 21 years, he joined the Board of Directors of this Company on 31<sup>st</sup> march, 2006. He has been devoting his full time and attention for the business and operations of the Company since then. In the process, he has developed some qualities of management. These qualities of management coupled with his maturity and practical wisdom would go a long way in the future growth and development of the Company.

**2. Remuneration:**

- The Details of Past remuneration drawn by Mr. Kunal A. Patel during the last three years are as under.
- During the last three years commencing from 1<sup>st</sup> October, 2012, Mr. Kunal A. Patel drew remuneration of Rs.1,50,000/- P.M. i.e. Rs.18,00,000/- P.A. under the head Salary.
- The Audit committee of Directors in their meeting held on 6<sup>th</sup> August, 2014, deliberated upon the issue of remuneration payable to Mr. Kunal Patel effective from 1<sup>st</sup> October, 2014 and they had recommended payment of remuneration to him at the rate of Rs. 2,00,000/- per month for a period of three years effective 1<sup>st</sup> October, 2014 subject to the condition of fulfillment of all the provisions of the Companies Act, 2013 read with Schedule V.

Pursuant to the provisions of the Companies Act, 2013 read with Schedule V, and subject to such approvals as may be necessary, the salary and the perquisites as set out in the Resolution and /or Explanatory Statement annexed to the Notice may be paid as the minimum remuneration to Mr. Anil Patel in absence of inadequacy of profit in any financial year.

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

## REPORT ON CORPORATE GOVERNANCE

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

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

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

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

### BOARD OF DIRECTORS:

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

CATEGORY	NAME OF THE DIRECTORS
EXECUTIVE DIRECTOR	Mr. Anil B. Patel ( Chairman & Managing Director )
NON-EXECUTIVE NON- INDEPENDENT DIRECTORS	Smt. Kokila Patel Mr. Kunal Patel (Whole-Time Director) Mr. Harshad S. Bhatt
NON-EXECUTIVE INDEPENDENT DIRECTORS	Mr. Daxesh Patel Mr. Darshak Sheth Mr. Manish Baxi Mr. Nilesh N. Patel

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

During the year ended 31<sup>st</sup> March 2014, the Board met 7 (Seven) times on the following dates: 27/04/2013, 11/05/2013, 27/07/2013, 14/10/2013, 05/12/2013, 06/01/2014 and 22/01/2014

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	Last AGM		
Mr. Anil B. Patel (Chairman & Managing Director )	7	Yes	--	3
Smt. Kokila Patel	7	No	--	--
Mr. Kunal Patel (Whole-Time Director)	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	1	--
Mr. Nilesh N. Patel	7	No	--	3

**COMMITTEES TO THE BOARD:**

<b>PARTICULARS</b>	<b>AUDIT COMMITTEE</b>	<b>REMUNERATION COMMITTEE</b>	<b>SHARE TRANSFER COMMITTEE</b>
Constituted on	29 <sup>th</sup> June,2001	20 <sup>th</sup> June,2002	29 <sup>th</sup> June,2001
Composition	Mr. Anil Patel Mr. Daxesh Patel Mr. Nilesh Patel (Chairman) (From 12.05.2008)  The Committee is comprised of 3 Directors including 2 non-executive independent Directors, the Chairman being non-executive independent Director.	Mr. Anil Patel ( Chairman) Mr. Daxesh Patel Mr. Nilesh Patel (From 12.05.2008)  The Committee is comprised of 3 Directors including 2 non-executive independent Directors.	Mr. Anil Patel ( Chairman) Mr. Harshad Bhatt Mr. Daxesh Patel Mr. Nilesh Patel (From 12.05.2008)  The Committee is comprised of 4 Directors including 3 non-executive independent Director.
Meeting and Attendance	Four Meetings were held on 11/05/2013, 27/07/2013, 14/10/2013 and 22/01/2014 and all the members of the committee were present at the meetings.	One meeting was held during the years 2013-2014	All the members of the Committee were present at the following meetings. 05/06/2013, 21/06/2013, 05/07/2013, 18/07/2013, 07/08/2013, 27/08/2013, 04/09/2013, 18/09/2013, 30/10/2013, 07/11/2013, 12/11/2013, 12/12/2013 and 31/12/2013.
Terms of Reference	The terms of reference of this committee are in line with the norms specified under Section 292.A of the Companies Act, 1956	The Committee has been constituted to recommend/ review the remuneration package for a Managing Director and the whole time Director based on performance and defined criteria. The remuneration policy of the Company is based on three tenets: pay for performance and potential and pay for growth.	The Committee has been constituted to approve transfer, transmission and transposition of shares, issue of duplicate share certificates and all other matters relating to shares. Mr. Jayesh Shah, Account Officer/ is duly authorized to make necessary endorsement in the names of the transferees on the reverse of the Share Certificate, once the transfers are approved by the Committee.

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

Financial Year	Date	Location of the Meeting	Time
2010-2011	24.09.2011	Reg. Office of the Company	11.00 am
2011-2012	27-09-2012	Reg. Office of the Company	11.00 am
2012-2013	27-09-2013	Reg. Office of the Company	11.00 am

**DISCLOSURES:**

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

**MEANS OF COMMUNICATION:**

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

Management Discussion Analysis is a part of the annual report.

**GENERAL SHAREHOLDER'S INFORMATION:**

Registered Office & Plant Location.	At: Vanseti, Post: Tajpura, Near Halol, Dist: Panchmahals-389350, Gujarat, India.
Annual General Meeting	Date: 27/09/2014 Time : At 11.00 am Venue: At the Registered Office.
Book Closure Date	Friday, the 19 <sup>th</sup> September,2014 to Friday, the 26 <sup>th</sup> September,2014 ( both days inclusive)
Listing on Stock Exchanges	The Vadodara Stock-Exchange, Ltd, Vadodara. The Bombay Stock Exchange Limited, Mumbai
Share Transfer Agent	UNIVERSAL CAPITAL SECURITIES PVT. LTD 21, Mahakali Cave Road, Opp. Satya Saibaba Temple, Andheri (East), Mumbai Phone No.: 022-28207203-05, 2825 7641, 2826 2920, 2836 6620

**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 and demat form are registered and returned will within the stipulated period from the receipt if the documents are approve in all respects.

**SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2014:**

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

**DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2014:**

Share Distribution	Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Upto 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 %
<b>TOTAL:</b>	19787	100.00%	1073400	100.00 %

**Dematerialisation of Shares**

As at June 30, 2014, 81,512 equity shares of PURITY Flexpack Limited have been dematerialised by shareholders through Central Depository Services (India) Limited.

ISIN for CDSL : **INE 898001010**

The status of shares which have been dematerialised and shares which are held in physical form as at June 30, 2014 are as under:

Particulars	No. of Shares
Shares held in physical form	991888
Shares held in electronic form	81512
Total Shares	1073400

**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:

**Jayesh J. Shah,**

**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

**Reg. Office & Factory:**

At Vanseti | Post Tajpura | Near Halol | Dist. Panchmahals 389 350

Tel.: +919904269108 | Email: sales@purityflexpack.com | Web: www.purityflexpack.com

**OR**

**Registrar & Share Transfer Agent:**

**UNIVERSAL CAPITAL SECURITIES PVT. LTD**

21, Mahakali Cave Road, Opp. Satya Saibaba Temple, Andheri (East), Mumbai

Phone No.: 022-28207203-05, 2825 7641, 2826 2920, 2836 6620

## DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS AND ANALYSIS

TO,  
THE MEMBERS,

Your Directors have pleasure in presenting the 26<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2014.

### FINANCIAL HIGHLIGHTS:

	(Rs. In Lacs)	(Rs. In Lacs)
	<b>2013-2014</b>	2012-2013
Total Gross Sales	<b>5046.50</b>	4481.25
Gross Profit before interest and Depreciation	<b>359.38</b>	369.80
Interest	<b>88.17</b>	96.82
Profit before Depreciation	<b>271.21</b>	272.98
Depreciation	<b>75.80</b>	70.54
Prior period Adjustment	<b>(40.25)</b>	202.44
Tax / Deferred Tax	<b>63.96</b>	84.96
Net Profit for the year	<b>171.71</b>	117.48
Adding thereto/ deducting there from Balance brought forward from the previous year	<b>397.36</b>	279.88
Profit / ( Loss) carried to Balance Sheet	<b>569.07</b>	397.36

Your Directors consider the working Results satisfactory.

### **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.

### **BONUS ISSUE:**

Your directors recommend an issue of bonus shares in the ratio of Two Equity Share of Rs. 10/- each for every One existing Equity Share of Rs. 10/- each of the Company held by the members on a date to be fixed by the board, by capitalising a part of the Securities Premium Account/General Reserve. The proposed issue of bonus shares is subject to the consent of Shareholders at the forthcoming Annual General Meeting (AGM). The bonus shares shall rank pari passu in all respects with the existing fully paid up Equity Shares of the Company.

### **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.

Net sales for the year ended 31<sup>st</sup> march 2014 amounted to Rs 4720.68 Lacs as against Rs.4032.04 Lacs of the previous year recording a rise of 17%. Like wise net profit also amounted to Rs.171.71 Lacs as against Rs.117.48 Lacs in previous year . The Export Sales during the year under report amounted to Rs.20.16 lacs as against Rs.93.39 lacs for the previous year.

It is very likely that the increase in export sales will change the great scenario in the life of the company.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

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

- a. The annual accounts of the Company for the financial year ended 31<sup>st</sup> March 2014, have been prepared on a 'going concern' basis and in the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. Appropriate accounting policies have been selected and applied consistently and judgments and estimates made that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

**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.

**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.

**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.

**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.

**INSURANCE:**

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

**INDUSTRIAL RELATIONS:**

Industrial Relations remained cordial at the factory throughout the year.

**DIRECTORATE:**

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mrs. Kokila A. Patel & Mr. Harshad S. Bhatt, retire by rotation and being eligible offer themselves for re-appointment.

Mr Daxesh B. Patel, Mr. Darshkkumar S. Sheth, Mr. Nilesh N. Patel and Mr. Manish A. Baxi, Directors of the Company, are being appointed as Independent Directors for three consecutive years for a term upto March 31, 2017 as per provisions of Section 149 and other applicable provisions of the Companies Act 2013.

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.



**RE-APPOINTMENT OF SHRI ANIL PATEL AS MANAGING DIRECTOR AND SHRI KUNAL A. PATEL AS A WHOLE-TIME DIRECTOR FOR A PERIOD OF 3 YEARS:**

Shri. Anil Patel has re-appointed as a Managing Director and Shri Kunal A. Patel has re-appointed as a Whole-time Director of the Company, which was approved by the Board of Directors at their meeting held on 06/08/2014. After taking into consideration various factors such as hard work put in by Shri Anil Patel and Shri Kunal Patel as Managing Director and Whole-time Director, their farsightedness, business acumen, practical wisdom and other qualities of management, the Board of Directors of the company at their meeting held on 06/08/2014, after taking into consideration the recommendation of the Audit Committee of Directors relating to their remuneration had subject to the approval of the company in General Meeting and subject to Fulfillment of all the Conditions laid down in the provisions of the Companies Act, 2013 read with Schedule V. The re-appointment of Shri Anil Patel as a Managing Director for a period of three years commencing from 01/10/2014 on remuneration of Rs. 5.00 Lacs p.m. and Shri Kunal A. Patel as a Whole-time Director for a period of three years commencing from 01/10/2014 on a remuneration of Rs. 2.00 Lacs and on such terms and conditions more particularly set out in the explanatory statement annexed to the Notice of the Annual General Meeting.

**CEO/CFO CERTIFICATE:**

In terms of the requirements of Clause 49 of the Listing Agreement, the CEO and CFO have submitted necessary Certificate to the Board at its Meeting held on 06/08/2014 stating therein the particulars specified under the said Clause.

**COMPLIANCE CERTIFICATE:**

As required by the provisions of Section 383A of the Companies Act, 1956, the Company has obtained a Compliance Certificate dated 06/08/2014 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.

**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.

**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.

**By Order of the Board of Directors,**

**VANSETI**  
**6<sup>th</sup> August, 2014**

**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:	<b>2013-14</b>	2012-13
Units (KWH)	<b>1132972</b>	999540
Total Amount (Rs.)	<b>7632035</b>	6339908
Rate per Unit (Rs.)	<b>6.73</b>	6.34
(b) Own Generation:		
Units (KWH)		
Total Amount (Rs.)		
Rate per Unit (Rs.)		
(c)Furnace Oil/LSHS/LDO/HSQ		
Qty. (K.Ltr)	<b>127617</b>	137837
Total Amount (Rs.)	<b>5117314</b>	4465985
Average Rate (Rs.)	<b>40.09</b>	32.40

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

(i) Foreign Exchange Earning	<b>20.16</b>	93.39
(ii) Foreign Exchange Outgo Foreign Traveling and Purchase	<b>191.62</b>	72.39

**Shah Mehta & Bakshi  
Chartered Accountant**

**COMPLIANCE CERTIFICATE**

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

**CERTIFICATE**

To the Members Of  
Purity Flex pack Ltd.

We have examined the compliance of conditions of Corporate Governance by PURITY FLEXPACK LTD., for the year ended March 31<sup>st</sup> 2014. As stipulated in Clause 49 of Listing Agreement of the Said Company with Stock Exchanges.

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

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

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

**For Shah, Mehta & Baxi  
Chartered Accountants  
FRN-103824W**

**Kalpiti Bhagat  
(Partner)  
M No-142116**

Vadodara: 06/08/2014



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

### 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, 2014. 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 27/04/2013, 11/05/2013, 27/07/2013, 14/10/2013, 05/12/2013, 06/01/2014 and 22/01/2014 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 Friday, the 20<sup>th</sup> September, 2013 to Friday, the 27<sup>th</sup> September, 2013 (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 31/03/2013 was held on 27/09/2013 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 not issued duplicate share certificate during the financial year.
13. The Company :
  - (i) has delivered all the share certificates on lodgments thereof for transfer in accordance with the provisions of the Act, and there was no allotment/transmission of any shares during the financial year.
  - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) was not having any amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years and hence no amount was required to be transferred to Investor Education and Protection Fund.
  - (i) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors retires by rotation 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, 2014 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**

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

**Place: Vadodara**

**Date: 06/08/2014**

**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, 2014

1. Annual Accounts in Form No.23AC XBRL- Balance Sheet as at 31/03/2013.
2. Annual Accounts in Form No. 23ACA XBRL- Profit & Loss A/c for the year ended 31/03/2013.
3. Annual Return in Form 20B U/S 159 in respect of A.G.M. held on 27/09/2013 for the financial year ended 31/03/2013.
4. Form No.66 - Compliance Certificate of D R Desai & Co., Company Secretaries for the financial year ended 31/03/2013.

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

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

**Place: Vadodara  
Date: 06/08/2014**

**Shah Mehta & Bakshi**  
**Chartered Accountant**

### **Independent Auditors Report**

#### **To the Members of Purity Flexpack Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Purity Flex Pack Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:



**Shah Mehta & Bakshi  
Chartered Accountant**

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Shah Mehta & Bakshi  
Chartered Accountants**  
FRN: 103824W

**(Kalpit Bhagat)**  
**Partner**  
M No. 142116

Vadodara, Dated: 6<sup>th</sup> August, 2014

**Shah Mehta & Bakshi  
Chartered Accountant**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date of Purity Flexpack Limited ("the Company") for the year ended March 31, 2014)**

As required by the Order 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. The company has not physically verified the entire fixed assets during the year however procedure for physical verification is proper in relation to size and nature of business. 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.
- III.
  - (a) The company has granted loan to parties covered in the register maintained under section 301 of the Companies Act, 1956, of the value ` 24.99/- lacs (P.Y Nil);
  - (b) The Company has taken unsecured loan from parties covered in the register under section 301 of the Companies Act, 1956, of the value ` 22.37/- lacs (P.Y ` 22.37/- lacs);
  - (c) In our Opinion, the rate of interest and other terms & conditions of loans given / taken are not prima facie prejudicial to the interest of company. The company is regular in repaying the principal amount as stipulated.
- IV. In our opinion and according to information and explanations given to us, there is 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 & 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, we are of the opinion that the transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered. In our opinion and according to information and explanations given to us, the transactions made in pursuance contract and arrangement entered in registered maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any parties during the year have been made at prices which are reasonable having 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 with in 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 the activities of the company, including all the financial transactions of the company, and therefore has not appointed any internal auditor. However, it requires further strengthening due to increase in the activities of the company in recent past.

**Shah Mehta & Bakshi  
Chartered Accountant**

- VIII. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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, no undisputed amount payable in respect of Income Tax and other statutory dues in arrears as at 31.03.2014 for the period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, no disputed amount payable in respect of income tax and statutory dues in arrears as at 31st March, 2014 which have not been deposited.
- 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 current and previous financial year covered under report.
- XI. According to information and explanations given to us, the company has not made any default in repayment of dues in respect of loans from 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. Therefore, the provision of clause 4(xii) of the Order is not applicable to company.
- XIII. In our opinion and according to information and explanations given to us, the company is not a chit fund, nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- 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. Therefore, the provisions of clause 4 (xiv) of the Order is not applicable to the company.
- XV. As per information and explanations given to us and as the records examined by us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause 4 (xv) of the Order is not applicable to the company.
- XVI. According to information and explanations given to us, the company has applied the term loans for the purpose for which same were taken. Therefore, the provision of clause 4(xvi) of the Order is not applicable to the company.
- XVII. According to information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds that have been raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term asset except the working capital.
- 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. Therefore, the provisions of clause 4 (xviii) of the Order is not applicable to the company.

**Shah Mehta & Bakshi  
Chartered Accountant**

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- XIX. The company has not issued any debentures. Therefore, the provisions of clause 4 (xix) of the Order is not applicable to the company.
- XX. The company has not raised money by public issue during the year covered under audit. Therefore, the provisions of clause 4 (xx) of the Order is not applicable to the company.
- XXI. As per information and explanations given to us, no fraud on or by the company has been noticed or reported during the year under report.

**For Shah Mehta & Bakshi  
Chartered Accountants**

FRN: 103824W

**(Kalpit Bhagat)  
Partner**

M No. 142116

Vadodara, Dated: 6<sup>th</sup> August, 2014

**Balance Sheet as at 31 March 2014**

Particulars	Note	As at 31-03-14	As at 31-03-13
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	2	10,734,000	10,734,000
(b) Reserves and Surplus	3	61,778,127	44,606,699
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	13,420,165	8,800,236
(b) Deferred tax liabilities (Net)	5	15,037,717	12,191,064
(3) Current Liabilities			
(a) Short-term borrowings	6	43,606,110	45,054,275
(b) Trade payables	7	80,055,741	74,857,200
(c) Other current liabilities	8	15,155,740	10,239,341
(d) Short-term provisions	9	1,192,199	854,382
<b>TOTAL</b>		<b>240,979,799</b>	<b>207,337,197</b>
<b>II. Assets</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	111,005,600	95,134,411
(ii) Capital Work-in-Progress		78,040	0
(b) Non-current investments	11	130,000	130,000
(2) Current assets			
(a) Inventories	12	62,640,616	61,528,938
(b) Trade receivables	13	49,321,501	30,368,530
(c) Cash and cash equivalents	14	6,742,902	9,724,046
(d) Short-term loans and advances	15	4,691,505	2,944,100
(e) Other current assets	16	6,369,635	7,507,172
<b>TOTAL</b>		<b>240,979,799</b>	<b>207,337,197</b>
Significant Accounting Policies	1		
Notes on Financial Statements			

As per Annexed Report of even date

For &amp; on behalf of the Board

For Shah Mehta &amp; Bakshi

Chartered Accountants

FRN-103824W

Anil Patel

(Chairman &amp; Managing Director)

Kalpit Bhagat

(Partner)

M No - 142116

Vadodara, Dated - 6th August, 2014

Kunal Patel

(Whole-Time Director)

Vanseti - 6th August, 2014

**Statement of profit and Loss for the year ended 31 March 2014**

Particulars	Note	Year ended on 31-03-14	Year ended on 31-03-13
I Revenue from operations	17	503,121,380	447,409,244
Less: Excise Duty		47,032,347	42,901,886
		456,089,033	404,507,358
II Other Income	18	1,528,937	716,235
III Total Revenue (I +II)		457,617,970	405,223,593
IV Expenses:			
Cost of materials consumed	19	362,120,556	321,678,256
Manufacturing Expenses	20	24,419,503	20,246,612
Changes in inventories of FG,WIP, Stock-in-Trade	21	739,402	(3,233,919)
Employee benefit expense	22	15,628,112	13,521,848
Financial costs	23	8,616,547	9,682,373
Depreciation and amortization expense	10	7,580,074	7,053,968
Other expenses	24	18,971,852	16,031,632
Total Expenses		438,076,046	384,980,770
V Profit before tax '(III-IV)		19,541,924	20,242,823
VI Tax expense:			
(1) Current tax		4,001,813	4,118,084
(2) MAT Credit Entitlement		(452,820)	0
(3) Prior Period Tax Adjustment (MAT Credit Entitlement)		(4,025,150)	0
(4) Deferred tax		2,846,653	4,376,981
VII Profit for the period after Tax (VII - VIII)		17,171,428	11,747,758
VIII Earning per equity share of face value of `10 each			
Basic and Diluted (in ` )		16.00	10.94
Significant Accounting Policies	1		
Notes on Financial Statements			

As per Annexed Report of even date

For &amp; on behalf of the Board

For Shah Mehta &amp; Bakshi

Chartered Accountants

FRN-103824W

Anil Patel

(Chairman &amp; Managing Director)

Kalpit Bhagat

(Partner)

M No - 142116

Vadodara, Dated - 6th August, 2014

Kunal Patel

(Whole-Time Director)

Vanseti - 6th August, 2014

**1 Significant Accounting Policies****A Basis of Preparation of Financial Statements**

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 read with the General Circular 8/2014 dated 4th April, 2014 issued by Ministry of Companies Affairs regarding various Provisions/Schedules/Rules.

**B Use of Estimates**

The preparation of financial statements in conformity with the GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements, the reported amount of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes difference from the estimates. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**C Revenue Recognition**

## a) Sales

Sales and job work are recognized on shipment or dispatch to customer and are net of excise duty, VAT, trade discounts and returns if any.

## b) Other Income

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

Export incentives, insurance and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

**D 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 date of put to use.

**E 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.

**F 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.

**G 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 till it is ready for the intended use.

Exchange differences arising on account of rollover / cancellation of forward contracts are recognized as income / expense of the period in line with the movement in the underlying exposures.

**H Inventories**

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

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

**I 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.

**J Retiring Benefits**

## a) Provident Fund

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

## b) Gratuity

The Company has instituted a Group - cum - Life Insurance Scheme with the Life Insurance Corporation of India, so far as gratuity is concerned.

## c) Leave Encashment

The benefit of encashment of the leave is given to the employees of the company during the year .

**K Provision, Contingent Liabilities and Contingent Assets**

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.

**L 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.

**M Prior Period Adjustments**

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

**N 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.

**O Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss after tax for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**P Cash and cash equivalent**

Cash and cash equivalents for the purposes of financial statement includes cash in hand, Balances with Banks and Fixed deposits with banks.

**Q Government Grants and Subsidies**

a) Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached thereto and that the grants will be received.

b) Capital Government Grants or Subsidies relating to specific fixed assets are deducted from the gross value of the respective fixed assets and other capital grants are credited to Capital Reserve.

c) Other Government Grants or Subsidies relating to an expense item are recognised as income over the period to match them on a systematic basis to the costs or deducted from related expenses.

**R Current / Non-Current**

All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non current classification of assets and liabilities.



**2 Share Capital**

Authorised Share Capital 6,000,000 Equity Shares of ` 10/- each

Issued, Subscribed and Paid up Capital

1,073,400 Equity Shares of ` 10/- each fully paid up

Total

a) Reconciliation of numbers of shares outstanding is set out below

Equity Shares at the beginning of the year

Changes during the year

Equity Shares at the end of the year

b) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) The Details of Shareholders holding more than 5% shares

Name of the Shareholder	As at 31-03-14		As at 31-03-13	
	No	% holding	No	% holding
Anil Patel	152,918	14.25	152,918	14.25
Kokila Patel	177,292	16.52	177,292	16.52
Vaishali Amin	111,116	10.35	111,116	10.35

**3 Reserves And Surplus**

a) Capital Reserve

i) Subsidy from State Government

ii) Balance of excess of assets over liabilities & reserves taken over pursuant to scheme of amalgamation of Vaikunth Packaging Ltd.

b) General Reserve

Opening Balance

Addition during the year

Closing Balance

c) Surplus in statement of profit and loss

As per last Balance Sheet

Add: Profit for the year

Total

	As at 31-03-14	As at 31-03-13
Authorised Share Capital	60,000,000	60,000,000
Issued, Subscribed and Paid up Capital	10,734,000	10,734,000
Total	10,734,000	10,734,000
Equity Shares at the beginning of the year	1,073,400	1,073,400
Changes during the year	0	0
Equity Shares at the end of the year	1,073,400	1,073,400
Capital Reserve		
i) Subsidy from State Government	2,700,000	2,700,000
ii) Balance of excess of assets over liabilities & reserves taken over pursuant to scheme of amalgamation of Vaikunth Packaging Ltd.	2,145,067	2,145,067
Total	4,845,067	4,845,067
General Reserve		
Opening Balance	26,167	26,167
Addition during the year	0	0
Closing Balance	26,167	26,167
Surplus in statement of profit and loss		
As per last Balance Sheet	39,735,465	27,987,707
Add: Profit for the year	17,171,428	11,747,758
Total	56,906,893	39,735,465
Total	61,778,127	44,606,699

## 4 Term Loans

	Non-Current Portion		Current Maturities	
	As at 31-03-14	As at 31-03-13	As at 31-03-14	As at 31-03-13
Indian rupee loan from banks				
banks (secured)				
HDFC Bank				
Term Loan I	204,774	294,391	89,617	79,528
Term Loan II	0	660,641	660,641	598,022
Term Loan III	0	163,782	163,782	146,781
Term Loan IV	0	0	0	412,957
Term Loan V	1,502,446	0	885,993	0
Term Loan VI	726,236	0	273,764	0
Axis Bank				
Term Loan I	0	101,057	101,057	140,732
Foreign currency loan from banks (secured)				
Term Loan from Bank of Baroda				
Term Loan PCFC-IV	3,322,464	6,085,432	4,672,080	3,504,000
From Bank (Unsecured)				
Kotak Mahindra Bank Ltd	3,786,052	1,494,933	2,358,856	1,709,227
From Financial Institutions				
TATA Capital Ltd	1,656,786	0	1,975,212	1,149,449
Magma Fincap	2,221,407	0	1,410,656	0
	13,420,165	8,800,236	12,591,658	7,740,696
Secured borrowings	5,755,920	7,305,303	6,846,934	4,882,020
Unsecured borrowings	7,664,245	1,494,933	5,744,724	2,858,676
Amount disclosed under the head "other current liabilities" (note 9)			(12,591,658)	(7,740,696)
Net Amount	13,420,165	8,800,236	0	0

- Term Loan - HDFC Term Loan I ` 2.94 lacs (PY ` 3.74) secured by way of Hypothecation of Car of the Company. The Loan is repayable in equal monthly instalments each of ` 0.10 lacs along with Interest @ 12% P.a.
- Term Loan - HDFC Term Loan II ` 6.61 lacs (PY ` 12.59 lacs) secured by way of Hypothecation of Car of the Company. The Loan is repayable in equal monthly instalments each of ` 0.58 lacs along with Interest @ 10% P.a.
- Term Loan - HDFC Term Loan III ` 1.64 lacs (PY ` 3.11) secured by way of Hypothecation of Car of the Company. The Loan is repayable in equal monthly instalments each of ` 0.14 lacs along with Interest @ 11.01% P.a.
- Term Loan - HDFC Term Loan IV Nil (PY ` 4.13 lacs) secured by way of Hypothecation of Car of the Company. The Loan is repayable in equal monthly instalments each of ` 0.39 lacs along with Interest @ 8.00% P.a.
- Term Loan - HDFC Term Loan V ` 23.88 lacs (PY Nil) secured by way of Hypothecation of Car. The Loan is repayable in equal monthly instalments each of ` 0.90 lacs along with Interest @ 10.00% P.a.
- Term Loan - HDFC Term Loan VI ` 10.00 lacs (PY Nil) secured by way of Hypothecation of Car. The Loan is repayable in equal monthly instalments each of ` 0.32 lacs along with Interest @ 10.25% P.a.
- Term Loan - Axis Bank Term Loan I ` 1.01 lacs (PY ` 2.42 lacs) secured by way of Hypothecation of Car of the Company. The Loan is repayable in equal monthly instalments each of ` 0.13 lacs along with Interest @ 9.00% P.a.
- Term Loan IV- Bank of Baroda ` 79.95 (PY ` 95.89 lacs) secured by way of Hypothecation of Plant & Machinery of the of the Company. Repayable in 60 monthly instalments of ` 2.92 lacs, interest rate @ 4.25% above Base Rate (i.e. 15%).
- Term Loan - Kotak Mahindra Bank Ltd ` 61.44 lacs (PY ` 32.04 lacs) are clean bussiness loan secured by way of personal guarantee of the directors of the company. The Loan is repayable in equal monthly instalments each of ` 1.79 lacs along with Interest @ 11.01% P.a.
- Term Loan - Tata Capital Ltd ` 36.32 lacs (PY ` 11.49 lacs) are clean bussiness loan secured by way of personal guarantee of the directors of the company. The Loan is repayable in equal monthly instalments each of ` 1.06 lacs along with Interest @ 11.01% P.a.
- Term Loan -Magma Fincap ` 36.32 lacs (PY Nil) are clean bussiness loan secured by way of personal guarantee of the directors of the company. The Loan is repayable in equal monthly instalments each of ` 1.58 lacs along with Interest @ 16.01% P.a.
- All the facilities (funded & Non-funded) are further guaranteed by the Directors of the Company.

**5 Deferred Tax Liabilities**

	As at 31-03-14	As at 31-03-13
a) Deferred Tax Liability		
Related to Depreciation on fixed Assets	15,072,004	12,191,064
b) Deferred Tax Assets		
Related to Gratuity	34,287	0
Net Deffered Tax Liability	15,037,717	12,191,064

**6 Short Term Liabilities**

1) Secured Loans from Bank of Baroda		
Cash Credit	40,066,710	41,519,375
Total	40,066,710	41,519,375

a)

Working capital loans are secured by Hypothecation of entire raw materials, stock-in-process, stores & spares, packing materials, finished goods and Book-debts of the Company, both present & future. Interest is charged @ 4.25% above Base Rate (i.e. 15%)

2) Unsecured Loans		
From Directors		
A B Patel	1,526,500	1,526,500
H S Bhatt	710,600	710,600
From Others	2,237,100	2,237,100
Total	1,302,300	1,297,800
Total	43,606,110	45,054,275

**7 Trade Payables**

1) For Raw Materials	67,297,422	68,555,390
2) For Expenses	12,501,153	1,531,052
3) For Others	257,166	4,770,758
Total	80,055,741	74,857,200

As informed to us, the company has not received any intimation from suppliers regarding their status under any Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with the interest paid/ payable as required under the said Act has not been given.

**8 Other Current Liabilities**

1) Current Maturities of the Term Loan (Note 4)	12,591,658	7,740,696
2) Sales Tax	8,220	194,786
3) Employees Contribution to PF	77,913	69,676
4) TDS payable	68,415	1,026,562
5) Payable for Capital Expenditure	2,409,534	1,207,621
Total	15,155,740	10,239,341

**9 Short Term Provisions**

1) Directors Remuneration Payable	8,034	17,363
2) Other Provisions	1,184,165	837,019
Total	1,192,199	854,382

## 10 Fixed Assets :

Sr. No	Name of Asset	Rate of Dep. %	GROSS BLOCK			DEPRECIATION			NET BLOCK		
			As on 01-Apr-13	Addition	Deduction	Total as on 01-Apr-14	Up to 01-Apr-13	For the Year	Deduction	Total as on 01-Apr-14	As on 01-Apr-14
1	Land (Freehold)	0%	431,964	0	0	431,964	0	0	0	431,964	431,964
2	Factory Building	3.34%	23,462,866	1,586,489	0	25,049,355	8,210,360	783,950	0	16,055,045	15,252,506
3	Administrative Bldg.	1.63%	3,113,647	0	0	3,113,647	603,654	50,752	0	2,459,241	2,509,993
4	Plant & Machinery	4.75%	111,668,276	1,848,530	0	113,516,806	41,752,544	5,352,032	0	66,412,230	69,915,732
5	Solar Plant	4.75%	0	14,686,087	0	14,686,087	0	160,541	0	14,525,546	0
5	Electrical Installation	4.75%	3,739,248	116,025	772,241	3,083,032	3,152,515	177,614	623,308	2,706,821	586,733
6	Office Equipments	4.75%	701,116	0	0	701,116	457,873	33,303	0	209,940	243,243
7	Fire Fighting Equip.	4.75%	21,858	0	0	21,858	21,858	0	0	0	0
8	Furniture & Fixtures	6.23%	1,857,027	53,642	0	1,910,669	1,738,431	116,327	0	1,854,758	118,596
9	Vehicles	9.05%	6,965,239	5,132,125	0	12,097,364	1,036,863	777,646	0	10,282,855	5,928,376
10	Laboratory Equipment	4.75%	171,852	0	0	171,852	56,263	8,163	0	107,426	115,589
12	Computer	16.21%	690,853	177,298	0	868,151	659,174	119,746	0	89,231	31,679
	<b>Total</b>		<b>152,823,946</b>	<b>23,600,196</b>	<b>772,241</b>	<b>175,651,900</b>	<b>57,689,535</b>	<b>7,580,074</b>	<b>623,308</b>	<b>111,005,600</b>	<b>95,134,411</b>
	Previous Year		148,869,619	3,954,327	0	152,823,946	50,635,567	7,053,968	0	95,134,411	98,234,053

	As at 31-03-14	As at 31-03-13
<b>11 Non Current Investments</b>		
Non-trade investment (unquoted at cost)		
Investment in Equity Instruments (Fully Paid)		
1300 (31 March 2014: 1300) shares of Stag Print P LTd ` 100/- each	130,000	130,000
Total	130,000	130,000
<b>12 Inventories</b>		
(Inventories are carried at the lower of cost and net realisable value)		
1) Raw materials	27,230,322	27,637,768
2) Work-in-progress	17,352,661	14,468,332
3) Finished goods	2,361,719	5,985,450
4) Stores & Spares , Cylinders & Others	12,580,998	11,739,438
5) Packing Materials	3,114,916	1,697,950
Total	62,640,616	61,528,938
<b>13 Trade Receivables</b>		
(Unsecured and Considered Good)		
Over six months	4,166,929	5,354,654
Others	45,154,572	25,013,876
Total	49,321,501	30,368,530
<b>14 Cash and cash equivalents</b>		
Balance with Schedule Banks	382,845	437,217
Cash on hand	559,403	879,384
Fixed Deposit with Bank	5,800,654	8,407,445
Total	6,742,902	9,724,046
<b>15 Short Term Loans and Advances</b>		
(Unsecured and Considered Good)		
Advance Tax (Including TDS) (net)	228,989	2,944,100
MAT Credit	4,462,516	0
Total	4,691,505	2,944,100
<b>16 Other Current Assets</b>		
1) Other Current Assets	1,789,446	1,662,955
2) Other Receivables	4,580,189	5,844,217
Total	6,369,635	7,507,172

		As at 31-03-14	As at 31-03-13
<b>17</b>	<b><u>Revenue from Operations</u></b>		
	Sale of Products	502,878,966	446,105,685
	Job Work	197,990	1,089,613
	Export benefit received	44,424	213,946
	Total	503,121,380	447,409,244
<b>17.1</b>	<b>Sale of Products (Net)</b>		
	Sales - Domestic	470,052,372	393,864,707
	Sales - Exports	2,016,112	9,339,092
	Total	472,068,484	403,203,799
<b>18</b>	<b><u>Other Income</u></b>		
	Discount	597,405	238,342
	Bank Interest	313,241	477,893
	Interest Others	597,699	0
	Profit/(Loss) on sale of fixed assets	20,592	0
	Total	1,528,937	716,235
<b>19</b>	<b><u>Cost of Materials Consumed</u></b>		
	Imported	22,963,677	9,607,168
	Indigenous	339,156,879	312,071,088
	Total	362,120,556	321,678,256
<b>19.1</b>	<b>Consumption (in %)</b>		
	Imported	6.34%	2.99%
	Indigenous	93.66%	97.01%
	Total	100.00%	100.00%
<b>19.2</b>	<b>Particulars of materials consumed</b>		
	Granuals	101,756,996	57,878,787
	Paper	90,678,743	102,176,138
	Ink	34,510,071	37,361,949
	Others	135,174,746	124,261,382
	Total	362,120,556	321,678,256
<b>20</b>	<b><u>Manufacturing Expenses</u></b>		
	Freight & Carriage (Inward)	4,440,744	2,905,533
	Power, Fuel & Water Charges	12,861,272	10,928,499
	Packing Materials (Consumed)	788,399	488,207
	Consumable Stores & Dies	4,456,388	3,961,050
	Excise duty (Net)	347,919	289,840
	Repairs & Maintenance (Mach.)	743,743	781,281
	Factory Expenses	242,828	338,070
	Security Expenses	533,040	551,604
	Testing Exps	5,170	2,528
	Total	24,419,503	20,246,612

	As at 31-03-14	As at 31-03-13
<b>21 <u>Changes in Inventories of FG, WIP , Stock in Trade</u></b>		
Closing Stock		
Finished Goods	2,361,719	5,985,450
Semi - Finished Goods	17,352,661	14,468,332
Less : Opening Stock		
Finished Goods	5,985,450	5,488,660
Semi - Finished Goods	14,468,332	11,731,203
Total	(739,402)	3,233,919
<b>22 <u>Employee Benefit Expenses</u></b>		
Salaries & Wages	13,797,698	12,139,212
Contribution to Provident & Other Funds		
Provident Fund	1,160,137	1,055,602
Gratuity	605,677	175,000
Staff Welfare Expenses	64,600	152,034
Total	15,628,112	13,521,848
<b>23 <u>Financial Costs</u></b>		
Interest		
On Bank Loan	5,911,689	7,705,041
On Other Loans	2,274,803	1,748,229
Bank Commission & Charges	430,055	229,103
Total	8,616,547	9,682,373
<b>24 <u>Other Expenses</u></b>		
Administrative & Other Selling Expenses		
Rent, Rates & Taxes	346,293	233,434
Postage & Telephone	363,405	330,986
Printing & Stationery	133,068	103,852
Office Expenses	93,405	134,480
Insurance	489,607	453,264
Repairs and Maint. ( Other )	1,086,831	1,096,221
Directors' Remuneration	4,800,000	4,500,000
Travelling Expenses	832,068	767,870
Conveyance Exps.	761,618	655,395
Auditors' Remuneration	73,034	73,034
Legal Exps. & Professional Fees	743,345	774,956
Carriage Outward & Export exps	4,368,319	3,914,314
Advertisements	228,947	83,321
Commission on Sales	2,921,065	2,117,288
Computer Expenses	86,575	77,629
Entertainment Exps.	135,810	80,081
Professional Tax	2,500	2,500
Licence Fees / ECGC / Filing Fees	179,652	88,792
General Miscellaneous Expenses	1,299,310	519,215
Donations	27,000	25,000
Total	18,971,852	16,031,632

**25 Related Party Disclosure**

Disclosures as required by Accounting Standard 18 are given below:

Nature of Relationship	Name of Related Party
Key Management Personnel	Anil B Patel
	Kunal B Patel
Other Parties which significantly Influence/are influenced by the Company (either individually or with others)	Anupam Trading Company
	H S Bhatt
	Stag Print P Ltd

The following transaction were carried out with the Related Parties in Ordinary course of business.

				in Lacs	
Particulars	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	
<b>(A) Transactions</b>					
Rent	0.00	0.00	1.50	1.50	
	0.00	0.00	(1.50)	(1.50)	
Remuneration & Perquisites	48.00	0.00	0.0	48.00	
	(45.00)	0.00	0.0	(45.00)	
<b>(B) Balances at the year end</b>					
Unsecured Loans	15.27	0.00	7.10	22.37	
	(15.27)	0.00	(7.10)	(22.37)	
Investment in Equity Shares	0.00	0.00	1.30	1.30	
	0.00	0.00	(1.30)	(1.30)	
Loans & Advances	0.00	0.00	24.99	24.99	
	0.00	0.00	0.00	0.00	

**26 Earnings per Share (EPS)**

- 1) Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (‘)
- 2) Weighted Average number of shares
- 3) Basic and Diluted Earnings per share (‘)
- 4) Face Value per equity share (‘)

**27 Value of Imports on CIF Basis**

Raw Material

**28 Remuneration to Auditors - (Incl Ser Tax)**

Audit Fees

Tax Audit Fees

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

Foreign Travel Expenses

Import of Raw Material

**30 Earning in Foreign Exchange**

Export of goods on FOB basis

	in Lacs	
	Current Year	Previous Year
	<b>17,171,428</b>	11,747,758
	<b>1,073,400</b>	1,073,400
	<b>16.00</b>	10.94
	<b>10.00</b>	10.00
	<b>229.64</b>	81.44
	<b>0.51</b>	0.51
	<b>0.22</b>	0.22
	<b>0.73</b>	0.73
	<b>3.80</b>	5.49
	<b>187.82</b>	66.90
	<b>20.16</b>	93.39



**31 Contingent Liabilities not provided for**

Guarantee given by the banks for which the Company has given counter guarantee amounting to ` Nil (PY ` Nil)

Letter of Credit issued for purchase of Raw Materials ` Nil (PY ` Nil)

**32** Raw - materials consumed includes materials used for Job Work, which is very insignificant.

**33** Previous year figures have been recast/restated to confirm to the classification of the current period.

**34** Balance of Debtors, Creditors, Un-Secured Loan, Advances and Bank's Outstation Collection Accounts are subject to confirmation & reconciliation if any.

As per Annexed Report of even date

**For & on behalf of the Board**

**For Shah Mehta & Bakshi**

**Chartered Accountants**

FRN-103824W

**Anil Patel**

(Chairman & Managing Director)

**Kalpiti Bhagat**

(Partner)

M No - 142116

Vadodara, Dated - 6th August, 2014

**Kunal Patel**

(Whole-Time Director)

Vanseti - 6th August, 2014

Particulars	As at 31-03-14	As at 31-03-13
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) Before Tax & extraordinary items	19,541,924	20,242,823
<u>Adjustments For :</u>		
Add Depreciation	7,580,074	7,053,968
Loss / (Profit) on sales of Discarded Assets	(20,592)	-
Finance Charges	8,616,547	9,682,373
Less Dividend & Other Income	(313,241)	(477,893)
Operating Profit Before Working Capital Changes	35,404,712	36,501,271
<u>Adjustments For :</u>		
(Increase) / Decrease In Inventories	(1,111,677)	(7,203,898)
(Increase) / Decrease Receivables & Other assets	(14,781,926)	1,275,873
Increase (Decrease) in Trade And Other Payables	5,601,795	5,049,379
Cash Generated from Operations	25,112,904	35,622,625
Tax Paid	(4,304,756)	(4,118,084)
Net Cash From Operating Activities	20,808,148	31,504,541
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale (Purchase) of Fixed Assets	(23,678,236)	(3,954,327)
Proceeds from Sale of Fixed Assets	169,525	-
Interest & Dividend Received	313,241	477,893
Net Cash flow / use In Investing Activities	(23,195,470)	(3,476,434)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance Charges	(8,616,547)	(9,682,373)
Increase (Decrease) in Secured Loan	(1,037,134)	(15,391,382)
Increase (Decrease) in Unsecured Loan	9,059,860	(2,650,935)
<b>Net Cash From / (In) Financing Activities</b>	<b>(593,821)</b>	<b>(27,724,690)</b>
<b>D Net Increase In Cash And Cash Equivalents ( A + B + C )</b>	<b>(2,981,143)</b>	303,417
<b>E Opening Cash And Cash Equivalents</b>	<b>9,724,045</b>	9,420,628
<b>F Closing Cash And Cash Equivalents (D+E)</b>	<b>6,742,902</b>	9,724,045

**Notes:**

- The above Cash flow statement has been prepared under the indirect method as set out in the AS - 3 Cash Flow Statements issued by the Institute of Chartered Accountant of India.
- Cash and cash equivalents for the purposes of financial statement comprise cash in hand, balances with bank and Fixed deposits with bank as per Note No - 14.
- Purchase of fixed assets includes movements of capital work-in-progress (including Capital Advances) during the year.
- Previous Year figures have been regrouped when necessary to conform to the year's classification.

**For & on behalf of the Board**

**Anil Patel**  
(Chairman & Managing Director)

**Kunal Patel**  
(Whole-Time Director)  
Vanseti - 6th August, 2014

**For Shah Mehta & Bakshi**  
**Chartered Accountants**  
FRN-103824W

**Kalpiti Bhagat**  
(Partner)  
M No-142116  
Vadodara, Dated - 6th August, 2014



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