



U F L E X   L I M I T E D

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20TH ANNUAL REPORT 2008-2009

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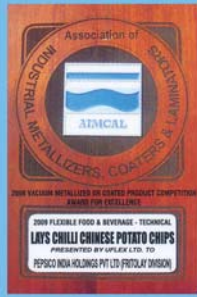


Stone Laying Ceremony - Egypt Plant

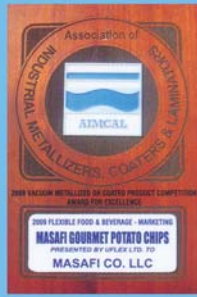


Earth breaking - Egypt Plant

# OUR RECOGNITIONS



Vacuum Metallized or Coated Product Competition Award for Excellence 2009



Business Superbrand 2008 Award



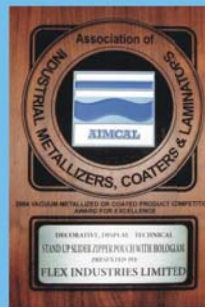
Silver Flexible Packaging Achievement Award for Technical Innovation



Silver Flexible Packaging Award for Printing Achievement



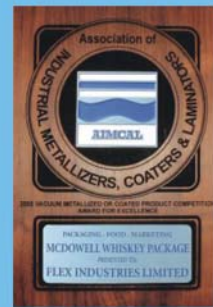
PEPC award winner for being the highest exporter of Polyester & BOPP films for the 6th year in a row.



AIMCAL award for Stand-up Slider Zipper Pouch with Hologram



DUPONT award for Edible Oil Refill Pack



AIMCAL award for McDowell Whisky Package



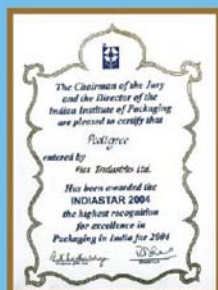
DUPONT Awards for the consecutive years 2005 & 2006 for Excellence in Packaging Engineering in Food and Beverage category



WORLDSTAR award for Excellence in Packaging



PFFC awards for Press-n-Hot Chicken Bags & Saffola Gold (Spout Pouch)



INDIATAR award for Pedigree Bag



Certificate of Merit IMC Ramakrishnan Bajaj Quality Award 2006



Environmental Health & Safety Award 2006 awarded by JAFZA



Dun & Bradstreet Information Services (D&B) certification



# *Our vision is to create total flexible packaging solutions for the World*



## **Quality Policy**

UFLEX, with its quest to be the most preferred flexible packaging solutions player in the world, always resolve:

- To satisfy customers by consistently manufacturing products conforming to specified quality standards
- To adhere to improved modern techniques in order to give customers value for their money
- To continually improve the performance through dynamic quality objectives

## **Environmental Policy**

UFLEX is committed to continual improvement in the environmental performance, prevention of pollution and provide better environment by:

- Reduction in resource and material wastage
- Adhere to environmental legislation
- Providing better and correct technical services & products



*“Our endeavour  
is to enhance  
Stakeholders’  
Value”*



## Our Strength

- Integrating Global Needs with Innovative Solutions
- Integrating Technology with Trust
- Integrating Applications with Performance
- Integrating Activities with Strength
- Integrating Barriers with Efficiency
- Integrating Engineering with Innovations
- Integrating Shelf Appeal with Convenience
- Integrated Packaging Infrastructure
- A one stop shop for Complete Flexible Packaging Solutions for the World







The Company has reaffirmed its conviction in the sustained growth potential of its various business by reporting a healthy financial performance for the year 2008-2009, despite the perilous impact of a global slowdown.

# CHAIRMAN'S STATEMENT

## *Ladies and Gentlemen,*

I have great pleasure in welcoming you to the 20<sup>th</sup> Annual General Meeting of your Company and sharing with you the highlights of another year of great achievement.

### **Economic Environment**

The year gone by witnessed unprecedented global economic and business turbulence. The suddenness and severity of the global financial crisis caught everybody by surprise. Though Governments across continents have responded speedily and in rare unison, the path to recovery is expected to be long and arduous. Indian economy was also not immune to this shock. While at the macro level, our country has displayed remarkable resilience sustaining relatively high growth rates, yet several sectors have been adversely impacted. The first green sign of revival have started to emerge and the world appears less pessimistic about the future.

As per IMF's latest forecast, the global economy is beginning to pull out of recession and global economic growth during 2010 is projected at 2.5% against a negative growth rate of 1.4% in 2009. The survey of professional forecasters conducted in backdrop of the first quarter review of the monetary policy by the Reserve Bank of India, indicates that the Indian economy is projected to grow by 6% to 6.5% during the current financial year. India's strong domestic consumption and investment drives will continue to support healthy rates of growth over the medium term.

### **Financial Performance**

The Company has reaffirmed its conviction in the sustained growth potential of its various business by reporting a healthy financial performance for the year 2008-2009, despite the perilous impact of a global slowdown. While the Company's plastic film business and flexible packaging business improved their performance over the previous year, the flexible packaging machinery business had to bear some impact of the downturn. Overall, this fiscal year, while the net revenue of your Company on consolidated basis surpassed the previous year by 24.50%, the net profit has grown 69%. The Company achieved on consolidated basis, total net revenues of Rs.2160 crores and net profit of Rs.186 crores including

extra-ordinary income of Rs. 33 crores as against total net revenues of Rs.1735 crores and net profit of Rs.110 crores in the previous year.

It gives me pleasure to mention that your Board of Directors have recommended dividend of Rs.4/- per equity share despite the subdued environment in 2008-2009 in general.

### Expansion Projects

While UFLEX enjoys leadership position in the flexible packaging in India and has its presence by way of sale of its products in more than 94 countries, it also aims to be one among the larger players in the flexible packaging segment in the global market. In order to keep the pace of its fast growth, UFLEX has undertaken and also propose to undertake many expansion and growth programmes both within and outside India.

- Successfully commissioned first phase of polyester film project with 26400 TPA polyester film capacity at Mexico. The steps for implementation of second phase have been initiated & the same is expected to be commissioned by middle of FY 2010-11.
- Setting up the facilities at Egypt for the manufacture of 35000 TPA of BOPP film in first phase & 30000 TPA of PET film & 12000 TPA of CPP film in second phase. The first phase project is expected to be completed by March, 2010 & second phase project by March, 2011.
- Successfully ventured into Integrated Municipal Solid Waste (MSW) Processing Projects under joint venture subsidiary company i.e. M/s. AKC Developers Limited (JVC). The JVC has so far been awarded MSW projects under Public Private Partnership (PPP) Scheme for processing of total 2400 TPD of MSW in five cities in Northern India. Implementation of the processing of MSW at Gwalior is near completion and trial run is expected to commence shortly. All other projects are expected to be commissioned during the FY 2010-11.

### Corporate Social Responsibilities

In line with its philosophy of social responsibilities, UFLEX has taken significant initiatives to reduce the

consumption of energy and use “greener” forms of energy at its factories. Anti-pollution measures help minimize the impact of industrial process on the environment.

### Future Outlook

While no country is insulated from the impact of the global meltdown, India’s economy provides relatively greater stability. The business environment however, continues to be challenging and we believe that we are beginning to witness the start of a transformational phase for UFLEX’s various business as we strengthen our competitive edge through innovation and productivity improvements.

Our plastic film business as well as flexible packaging business offer good opportunities both in the domestic market as well as international market.

It is my belief that by embedding larger sustainability goals in its business strategies, your Company has consciously invested in the future. A promising future, by creating competitive and sustainable businesses of tomorrow that will continue to enhance long-term Stakeholder Value.

I would like to offer my sincere thanks to our employees for their outstanding commitment and hard work for the sustained growth of the Company. I also place my sincere gratitude for the support of my colleagues, our customers, business associates, shareholders, GDR & FCCB holders, Members of the Board, Central Government, State Governments, Financial Institutions and Banks.

‘Persistence, belief, action and teamwork will be our tools to achieve our goals. I know we have all, but all that is needed is their further implementation in the face of economic challenges and the victory, am sure, will be ours.’

With best regards,

**Ashok Chaturvedi**  
Chairman & Managing Director

## Board of Directors

Shri Ashok Chaturvedi  
Chairman & Managing Director

Shri Ravi Kathpalia

Shri R.P. Agrawal

Shri M.G. Gupta

Shri A. Karati  
(Nominee ICICI Bank)

Shri P. Abraham  
(Nominee UTI)

Shri Javed Yunus  
(Nominee IFCI)

Shri S.K. Kaushik  
Whole-time Director

Shri P. N. Sharma  
(Upto 26.07.2008)

## Committee of Directors

### Audit Committee

Ravi Kathpalia  
*Chairman*

R.P. Agrawal  
*Member*

A. Karati  
*Member*

M.G. Gupta  
*Member*

### Shareholders'/Investors' Grievance Committee

R.P. Agrawal  
*Chairman*

M.G. Gupta  
*Member*

S.K. Kaushik  
*Member*

### Remuneration Committee

M.G. Gupta  
*Chairman*

Ravi Kathpalia  
*Member*

R.P. Agrawal  
*Member*

A. Karati  
*Member*



## CORPORATE INFORMATION

**Auditors****Statutory Auditors**

M/s Vijay Sehgal & Co.  
100, New Rajdhani Enclave  
Delhi - 110 092

**Internal Auditors**

M/s Jain Singhal & Associates  
2nd Floor, M - 6, M Block Market  
Greater Kailash - II  
New Delhi - 110 048

**Registered Office**

305, Third Floor, Bhanot Corner,  
Pamposh Enclave, Greater Kailash - I,  
NEW DELHI-110 048  
Phone Nos. : 91-11-26440917, 26440925  
Fax No. : 91-11-26216922  
E-mail : flexsec@vsnl.net

**Corporate Office**

A - 108, Sector - IV,  
NOIDA-201 301 (U.P.)  
Phone No.: 91-120-4012345  
Fax No.: 91-120-2556040

**Subsidiary Companies**

**Flex America Inc., USA**

**Uflex Packaging Inc., USA**

**Flex Middle East FZE, UAE**

**Flex P. Films (Egypt) S.A.E.,  
Egypt**

**Flex Europe Private Limited, UK**

**UPET Holdings Ltd., Mauritius**

**UPET (Singapore) Pte. Ltd.,  
Singapore**

**Flex Americas S.A. de C.V., Mexico**

**UTech Developers Limited**

**UTech Retailers Ltd.**

**AKC Developers Ltd.**

**Bankers**

Canara Bank  
Bank of Baroda  
Punjab National Bank  
The Jammu & Kashmir Bank Limited  
Allahabad Bank  
State Bank of India  
Oriental Bank of Commerce  
Corporation Bank

**Flex Middle East FZE Bankers**

Abu Dhabi Commercial Bank, Dubai  
(U.A.E.)  
United Arab Bank, Dubai (U.A.E.)  
Bank of Baroda, Dubai (U.A.E.)

**Mexico**

KFW IPEX Bank, Germany  
State Bank of India, New York

**Registrar and  
Share Transfer Agent**

Beetal Financial & Computer  
Services Pvt. Ltd.  
Beetal House, 3rd Floor,  
99, Madangir, Behind Local  
Shopping Centre  
Near Dada Harsukhdas Mandir  
New Delhi - 110062  
Phone No: 011-29961281-82  
Fax No : 011 - 29961284  
E-mail: beetal@beetalfinancial.com

**Works**

A-1, Sector-60, NOIDA (U.P.)  
A-2, Sector-60, NOIDA (U.P.)  
A-2A, Sector-60, NOIDA (U.P.)  
C-3, Sector-57, Phase-III, NOIDA (U.P.)  
C-5-8. Sector 57, Phase-III, NOIDA (U.P.)  
D-1-2, 15-16, Sector - 59, NOIDA (U.P.)  
29B, Malanpur Industrial Area,  
Distt. Bhind (M.P.)  
L-1, Industrial Area, Ghirongi  
(Malanpur), Distt. Bhind (M.P.)  
Lane No. 3, Phase-I,  
SIDCO Industrial Complex,  
Bari Brahmana, Jammu - 181133  
P.O. Box No. 17930,  
Near Round About 12,  
Jebel Ali Free Zone Area, Dubai  
United Arab Emirates  
Boulevard De Los Rios  
#5680 Zona Puerto Industrial  
C.P. 89603 Altamira  
Tamaulipas, Mexico  
R 2 Plot No. 3, Engineering Square,  
North Extension of Industrial Zones  
6th of October City,  
Arab Republic of Egypt

**Zonal Offices****Mumbai**

118-119, Damji Shamji Udyog Bhawan,  
25A, Veera Desai Road,  
Andheri (West), Mumbai - 400 053

**Kolkata**

A-16, FMC Fortuna,  
234/3A (2nd Floor),  
Acharya Jagdish Chandra Bose Road,  
Kolkata - 700 020

**Bangalore**

443, 2nd Floor, 7th Block,  
Koramangala,  
Bangalore - 560 095

## Key People

Shri Pradeep Tyle  
Sr. President  
(Film Division)

Shri R.K. Jain  
President  
(Corp. Finance & Accounts)

Shri Amitava Ray  
President  
(Packaging Division)

Shri P.L. Sirsamkar  
President  
(Film Division)

Shri A.C. Srivastava  
Jt. President  
(Export Division)

Shri Dinesh Jain  
Jt. President  
(Human Resources)

Shri Anup Sachdeva  
Jt. President  
(Export Marketing)

Shri J.M. Mongia  
Jt. President  
(Domestic Marketing)

Shri Ajay Tandon  
Jt. President  
(Engineering Operations)

Shri Vipin Mital  
Exe. Vice President  
(Projects)

Shri P.K. Agarwal  
Exe. Vice President  
(Cylinder Division)

Shri Ajay Krishna  
Vice President (Legal) &  
Company Secretary

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– Flex America Inc.	
– Uflex Packaging Inc.	
– Flex Middle East FZE	
– Flex P. Films (Egypt) S.A.E.	
– Flex Europe Private Limited	
– UPET Holdings Ltd.	
– UPET (Singapore) Pte. Ltd.	
– Flex Americas S.A. de C.V.	
– UTech Developers Limited	
– UTech Retailers Ltd.	
– AKC Developers Ltd.	

**DIRECTORS' REPORT****To the Members,**

Your Directors have pleasure in presenting this Twentieth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2009.

**WORKING RESULTS**

The summarized financial results for the year ended 31st March, 2009 and for the previous year ended 31st March, 2008 are as follows:

	[Rs. in lacs]	
	<b>Year ended 31.03.2009</b>	Year ended 31.03.2008
Gross Sales & Job Work	<b>189283.29</b>	160682.00
Net Sales & Job Work	<b>152022.50</b>	126794.62
Other Income	<b>15160.73</b>	11790.30
Profit before Interest, Depreciation, Tax	<b>28686.47</b>	22571.99
Interest & Financial charges	<b>9342.05</b>	7753.11
Depreciation	<b>8645.52</b>	7677.34
<b>Profit before Tax &amp; Exceptional Item</b>	<b>10698.90</b>	7141.54
(Less): Provision for Taxation		
- For Income Tax	<b>(1023.86)</b>	(759.00)
- For Fringe Benefit Tax	<b>(135.60)</b>	(170.88)
- For Wealth Tax	<b>(16.01)</b>	(18.87)
(Less): Provision for Deferred Tax (Charge)	<b>(2381.94)</b>	--
Exceptional Items (Net of Tax)	<b>3320.38</b>	--
<b>Profit after Tax</b>	<b>10461.87</b>	6192.79

**YEAR IN RETROSPECT**

During the year under review, your Company achieved a turnover of Rs.204444.02 lacs including other income of Rs.15160.73 lacs as against turnover of Rs.172472.30 lacs including other income of Rs.11790.30 lacs of the previous financial year ended March, 2008. The profit after tax for the year ended March, 2009 at Rs.10461.87 lacs was higher than the previous financial year ended March, 2008 at Rs.6192.79 lacs.

The operational performance of the Company has been comprehensively covered in the Management Discussion and Analysis Report.

**DIVIDEND**

Your Directors are pleased to recommend a dividend @ Rs. 4/- per share for the financial year ended March 31, 2009. The dividend, if approved at the forthcoming Annual General Meeting will be paid to Members whose names appear in the Register of Members as on 12th September, 2009. In respect of shares held in dematerialized form, it will be paid to those Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owner as on 12th September, 2009.

**FIXED DEPOSITS**

No fresh/renewal of deposits were accepted during the financial year 2008-2009. There were Rs.24,000/- unclaimed deposits as at March 31, 2009. Reminders have been sent to three persons, who did not claim repayment of their deposits, which had become due, amounting to Rs.24,000/-. Further, out of Rs.24,000/-, the Company has transferred Rs.18,000/- to the Investor Education & Protection Fund of the Central Government in the month of May, 2009.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri M.G. Gupta and Shri Ravi Kathpalia, Directors of the Company retire by rotation and being eligible, offer themselves for reappointment.

Shri P.N. Sharma has resigned from the Directorship of the Company w.e.f. 26th July, 2008. The Board took the opportunity to place on record their appreciation for the valuable services rendered by Shri P.N. Sharma during his tenure as a Director of the Company.

Further, Shri Ashok Chaturvedi has been re-appointed as the Chairman & Managing Director of the Company for a period of five years w.e.f. 1st April, 2009. The said re-appointment is subject to necessary approval of the Members of the Company at the ensuing Annual General Meeting and approval of the Central Government.

Brief resume of the above Directors, nature of their expertise in specific functional areas and the name of the public companies in which they hold the Directorship and the Chairmanship/ Membership of the Committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given as Annexure to the Notice convening the Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT**

On the basis of compliance certificates received from the Executives of the Company, subject to disclosures in the Annual Accounts and also on the basis of the discussion with the Statutory Auditors/Internal Auditors of the Company from time to time, we state as under:

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed and that there has been no material departures.
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956



## DIRECTOR'S REPORT

for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv) that the Directors have prepared the annual accounts on a going concern basis.

The Company's Internal Auditors have conducted periodic audit to provide reasonable assurance that the Company's established policies and procedures have been followed. The Audit Committee constituted by the Board reviews the internal control and financial reporting issues with Internal Auditors.

### AUDITORS & AUDIT

The Auditors of the Company M/s. Vijay Sehgal & Co., Chartered Accountants, Delhi, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

The observations of the Auditors and the relevant notes on the accounts are self-explanatory and therefore do not call for any further comments.

### SUBSIDIARY COMPANIES

Pursuant to Section 212 of the Companies Act, 1956, the required information in respect of Subsidiary Companies, i.e. Flex America Inc., USA, Flex Middle East FZE, UAE, Flex Europe Pvt. Ltd., UK, Uflex Packaging Inc., USA & UPET Holdings Ltd., Mauritius & UTech Developers Limited, India alongwith Balance Sheets and Statement of operations are annexed to the Annual Report. Further, UPET (Singapore) Pte. Ltd., Flex Americas, S.A. de C.V., Mexico, Flex P. Films (Egypt) S.A.E, UTech Retailers Ltd. & AKC Developers Ltd. are subsidiaries of the Company in terms of Section 4(1)(c) of the Companies Act, 1956. The Balance Sheet and statement of operations are also annexed to the Annual Report.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard-21- Consolidated Financial Statements read with Accounting Standard-27 on Financial Reporting of Interest in Joint Ventures and Accounting Standard-23 on 'Accounting for Investments in Associates' issued by the Institute of Chartered Accountants of India, your Directors have pleasure in attaching the consolidated financial statements, which form part of the Annual Report & Accounts.

### CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the Listing Agreement with the Stock Exchanges.

A separate Report on Corporate Governance alongwith Report on Management Discussion and Analysis is enclosed as part of the Annual Report.

### STATUTORY DISCLOSURES

None of the Directors of your Company is disqualified as per provision of Section 274(1)(g) of the Companies Act, 1956. Your Directors have made necessary disclosures as required under various provisions of the Act and Clause 49 of the Listing Agreement.

Particulars of employees as required u/s 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure 'A' forming part of this Report.

Information under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'B' forming part of this Report.

### PERSONNEL

Personnel relations with all employees remained cordial and harmonious throughout the year. Your Directors wish to place on record their sincere appreciation for the continued, sincere and devoted services rendered by all the employees of the Company.

### ACKNOWLEDGEMENT

The Directors express their gratitude and thanks to the Financial Institutions, Banks, Government authorities particularly in the states of Uttar Pradesh, Madhya Pradesh, Jammu & Kashmir, Shareholders, GDR holders, FCCB holders, Debenture holders, Warrant Holders, Fixed Deposit holders, customers, suppliers and other business associates for their continued co-operation and patronage.

For & On behalf of the Board

Place : NOIDA  
Dated : 30th July, 2009

**ASHOK CHATURVEDI**  
Chairman & Managing Director

DIRECTOR'S REPORT

ANNEXURE 'A' TO DIRECTORS' REPORT

Information as per Section 217(2A)(B)(1) read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report.

A. EMPLOYED FOR THE FULL YEAR

Sl. No.	Name	Age	Designation	Remuneration (Rs.)	Qualifications	Experience (Yrs.)	Date of Appointment	Last Employment (Position Held)
01.	Shri Chaturvedi Ashok	52	Chairman & Managing Director	70847313	B.Sc.	31	01.08.1988	Flex Laminaters Limited (Chairman & Managing Director)
02.	Shri Kaushik S K	70	Whole-time Director	2430798	F.C.A.	44	01.08.2005	Flex Foods Limited (Whole-time Director)
03.	Shri Tyle Pradeep	48	Sr. President (Films)	15241404	B.E.(Hons) Chem. PG.D.B.M.	26	01.08.1988	Flex Laminaters Limited (General Manager [Operations])
04.	Shri Jain R K	54	President (Corp. F&A)	9325007	F.C.A.	29	01.08.1988	Flex Laminaters Limited (Financial Controller)
05.	Shri Ray Amitava	63	President (Packaging Division)	10283977	B.A. (Hons) PGDM	44	06.06.2001	India Foils Limited (Managing Director & CEO)
06.	Shri Sirsamkar P L	51	President (Films)	8036165	B.E.	28	01.01.1993	Polyplex Corpn. Ltd. (Dy. General Manager)
07.	Shri Srivastava Ashok Chandra	61	Joint President (Export Div.)	4055024	LLB, DIP in Business Administration.	38	13.03.2006	Bharti Health Care Ltd. (CEO)
08.	Shri Jain Dinesh	55	Joint President (Group HR)	6000554	B.Sc. LLB, LLM, DBA	30	20.07.1990	Usha Shri Ram Ltd. (Factory Manager)
09.	Shri Sachdeva Anup	45	Joint President (Export Marketing)	4417858	B.A.	23	10.11.1997	Sharp Industries Ltd. (Sr. General Manager)
10.	Shri Mongia J M	53	Joint President (Domestic Marketing)	4349106	B.Com	31	08.08.1994	Garware Paints Ltd. (Divisional Manager)
11.	Shri Tandon Ajay	53	Joint President (Operations)	4876431	B.E. (Mechanical Engineering)	31	04.12.2006	FCL Technologies & Products Ltd. (Exe. Vice President)
12.	Shri Dosi Dilip Kumar	53	Joint President (Films)	3523937	BE (Hons), MBA	32	12.10.2007	Ester Industries Limited (Executive Director)
13.	Shri Singh A P	62	Joint President	3480365	B.Pharma.	38	24.02.1996	Burroughs Welcome India Limited (Marketing Incharge)
14.	Shri Mital Vipin	64	Exe. Vice President	3523467	B.Sc., B.Tech., M.B.A.	41	04.12.2006	Flex Engineering Limited (Chief Executive)
15.	Shri Agarwal P K	51	Exe. Vice President (Cylinder Division)	4932125	M.Sc. (Chem.)	28	01.08.1988	Flex Laminaters Ltd. (Manager - Production)
16.	Shri Anand Arun	57	Exe. Vice President	3979177	B.A.	32	02.05.1996	Sharp Industries Ltd. (Director - Marketing)
17.	Shri Pillai J G	48	Exe. Vice President (Operations)	3295117	BE (Mech), MBA	24	18.11.1996	Lippi Systems Limited (Director)
18.	Shri Sharat Chandra	57	Exe. Vice President	3098400	M.Sc., MBA	32	01.04.2008	Montage Enterprises Pvt. Ltd.
19.	Shri Rajee H M	53	Vice President (Technology)	3738169	M.Chem. Engg.	29	04.12.2006	FCL Technologies & Products Limited (Vice President)
20.	Shri Kapoor Devender	47	Vice President (Marketing)	3411837	BA (Hons)	26	18.10.1999	Raviraj Foils Limited (Vice President (Sales & Marketing))

## DIRECTOR'S REPORT

Sl. No.	Name	Age	Designation	Remuneration (Rs.)	Qualifications	Experience (Yrs.)	Date of Appointment	Last Employment (Position Held)
21.	Shri Gupta Piyush	39	Vice President (Export Marketing)	3124378	M.S.(Mech. Engineering)	18	19.04.1999	Petheco Pharmaceuticals Limited (Manager - Export & International Marketing)
22.	Shri Sharma Ravi	51	Vice President	3199876	B.E. (Mech.)	29	04.12.2006	Flex Engineering Limited (Vice President)
23.	Shri Dang S K	58	Vice President	3248625	M.Tech. (IITD)	34	04.12.2006	FCL Technologies & Products Limited (Vice President)
24.	Shri Shah P K	49	Vice President	2989725	B.Tech. (Chem.), PGDBM	29	01.12.2006	FCL Technologies & Products Limited (Vice President)
25.	Shri Krishna Ajay	53	Vice President (Legal) & Company Secretary	2577167	ACS, LLB	29	27.09.2004	Jubliant Organosys Limited (Company Secretary)
26.	Shri Arvinder Singh Walia	58	Vice President	2552096	B.Sc., PGD (Chem)	32	01.03.2008	Vamshi Chemicals Ltd. Vice President (Op)
27.	Shri Sujoy S Chandra	42	Asst. Vice President	2550209	B.E.	12	31.12.2002	Kristeel Shinwa Industries Limited (General Manager)
28.	Shri Naveen Bhatia	56	Asst. Vice President	2481386	B.Com, MEP	28	06.12.2005	Hindustan Lever Limited Manager (Op)
29.	Shri Joshi Dinesh	54	Sr. General Manager (Corporate - HR)	2408283	BE (Mechanical) MPM&IR	28	15.10.2007	Field Fresh Foods Pvt. Limited (Head - HR & A)

**B. EMPLOYED FOR PART OF THE YEAR**

01	Shri Tomar S S	50	Exe. Vice President (Operations)	3355669	DIME, IEP	24	05.09.2007	Simbhaoli Sugars Limited (Vice President)
02	Shri Sunil Kumar Sehgal	42	Vice President	158033	M.Sc., MBA, LLB, LLM	20-1/2	09.03.2009	Anand Group of Company Sr. VP (HR)
03	Shri Parmar S S	55	Vice President (Energy)	2384451	Marine Engineering MOT 2nd, NBCC & Fire Fighting	34	12.08.2002	Rolls Royce Energy Systems India Pvt. Ltd. (D.G.M.)
04	Shri Agarwal G K	52	Vice President	1552188	FCA, FCS, ICWA	29	07.12.2007	Arti Securities & Services Limited (Managing Director)
05	Shri Arun Kumar Goyal	48	Sr. General Manager	1197489	B.E. (Hons) Mechanical	24-1/2	05.11.2008	India Glycols Ltd. DGM

1. Remuneration includes Salary, Bonus, Contribution to Provident Fund and all other perquisites taxable or non-taxable.
2. All appointments are contractual.
3. Information about qualification and last employment is based on particulars furnished by the concerned employee.
4. None of the above employees holds by himself or alongwith his spouse and dependent children 2% or more of equity shares of the Company.
5. None of the above employees is relative of any Director of the Company.



## DIRECTOR'S REPORT

## ANNEXURE 'B' TO DIRECTORS' REPORT

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

## A. CONSERVATION OF ENERGY

Concerns over the negative environmental impacts of inefficient uses of energy are growing, both globally and regionally. Such concerns require greater national efforts and greater international cooperation to promote energy efficiency and energy conservation. Local air pollution, emissions of greenhouse gases, and acidification of soil and water can all be reduced if energy and resource conservation concepts are more widely applied. Such concerns require greater national efforts and greater international cooperation to promote energy efficiency and energy conservation. More efficient energy use can increase productivity and economic competitiveness as well as lower greenhouse gas emissions per unit of output. India's overall consumption of energy is very low, but compared to its gross domestic production its relative consumption is very high. The cost of commercial energy is also high compared to that in most other countries. The industrial sector consumes about 50% of the total commercial energy produced. There is a growing need to bring about improvement in the efficiency of energy use in the industrial sector.

Our Company's development plans put lot of emphasis on energy conservation & enhancement of machinery efficiency. In general the conservation of energy in any form is very important for the existence of any industry today. Accordingly, we have undertaken various significant steps to reduce the power generation cost as well as power consumption.

## (a) Energy conservation measures taken

The below mentioned are some of the steps which have been undertaken during 2008-09.

- 1) Decrease in specific fuel consumption of Power House  
We have taken a number of steps to improve upon the efficiency of the diesel engine. This has resulted in a saving of about 10 gms of fuel per KWH, which in turn translates into a saving of 1200 MT of HFO on per annum basis.
- 2) Vapour Absorption Machine  
We have successfully commissioned 370 TR VAM connected on the jacket water system of Wartsila HFO DG No # 3. The Vapour Absorption Machine is being used for the air conditioning & the process cooling purposes. This installation has helped us in saving 17.0 lacs of units on yearly basis.
- 3) The efficiency of various chilling plants have been improved by running the on chillers on full load and stopping smaller chillers.

- 4) Printing machines operated with cooling tower water replacing chilled water in winter season.
- 5) Creation of awareness amongst all workers/staff/ members to take the maximum use of natural lights and sensible use of the electrical appliances like fans, air conditioners etc.

## (b) Future Proposals for Energy Conservation

The Company will take necessary measures as may be required from time to time for conservation of energy. Such measures are as follows:

- 1) Installation of Power savers for supplying low voltage lighting system to plant. This will result in a savings of around 7.5% in our current energy bill under the head of lighting, i.e. approx. 210000 units of power on per annum basis.
- 2) Installation of Waste heat Recovery Unit on the exhaust side of 7.7 MW DG set. This will generate approx. 3.5 tons/hr of steam. This steam could be used for heating the fuel or in a vapour absorption machine to generate chilled water for process cooling/ air conditioning purpose. This in turn will save about 30 lacs units of power on per annum basis.
- 3) Step towards Green Energy

Since we care for the society, we are planning to change the fuel for the DG sets as well as for the Thermic Fluid Heaters. We are working on a proposal to change from existing FO based fuel to the gas based fuel. The gas based fuel will eliminate the release of gases high in Sulphur content into the atmosphere (FO based fuel has high Sulphur content).

## (c) Impact of measures at (a) &amp; (b) above for reduction of energy consumption

The above measures will result in energy saving and consequent decrease in cost of production.

## B. TECHNOLOGY ABSORPTION

The following efforts are being made in technology absorption:

## Research &amp; Development (R&amp;D)

1. Specific areas in which R&D is carried out by the Company  
The Company has carried out R&D in multiple products, processes and technologies.
2. Benefits derived as a result of the above R&D  
Products improvements in quality and quantity, conversion cost reduction, import substitution, widening the product range. The capability to develop new products boosts the morale and the culture of the organization. Further, several new products have been developed by the Company to respond to the needs of its customers both in the domestic and international markets, with concurrent commitment to improve quality and productivity.

## DIRECTOR'S REPORT

## 3. Future plan of action

Steps are continuously being taken for innovation and renovation of products including new product development and enhancement of product quality/profile, to offer better products at relatively affordable prices/process to customers.

## 4. Expenditure on R&amp;D

During the year, the Company spent Rs.10.62 lacs. This is equivalent to 0.01% of the turnover.

**Technology absorption, adaptation & innovation**

## 1. Efforts, in brief, made towards technology absorption, adaptation and innovation

The Company as a matter of policy exposes its technical staff to latest technological developments by encouraging them to participate in domestic as well as global technical seminars and expositions; this helps them to further improve their knowledge and skills, which in turn results in better quality products and increased productivity.

## 2. Benefits derived as a result of the above efforts

Product innovation and renovation, improvement in yield, product quality, input substitution, cost effectiveness and energy conservation as the major benefits.

The Company has also developed some new products during the year as follows:

- (i) Extra Clear coextruded BOPET Film in 12, 23 & 36 micron thicknesses.
- (ii) Clear CLR 12 micron coextruded coated BOPET film
- (iii) Opaque White 36 & 50 micron BOPET film
- (iv) Heat Scalable 12, 18 & 23 micron BOPET film
- (v) Coextruded Film (HSL) film
- (vi) Direct Embossable Film
- (vii) Hard Embossable Film
- (viii) Chemically coated BOPET Film FCU with improved bond strengths of 400-500 gm/25 mm.
- (ix) BOPP films with exceptionally high heat seal strength upto 1200 gm/25 mm (both metalized & plain) in 25, 30 & 35 micron thicknesses. This enhances the seal integrity of the laminate.
- (x) Development of Matt BOPP film with excellent release & dead fold properties for tailored release applications for Board/Ply applications.

- (xi) Development of metalized BOPP film with high thermal resistance for hot lamination. This eliminates the problem of metal layer cracking during hot lamination process and thereby protects the barrier properties of the laminate.

## 3. Imported Technology

The Company has imported new machineries during the year under review.

**C. GLOBAL BUSINESS STRATEGIES**

In order to serve our global base of customers, we have started expanding globally into different regions in order to get closer to the customers. This enables us to serve our customers with better & quick deliveries as well as with reduced shipping times. This also reduces the freight cost.

Currently we are exporting to our customers present in 95 countries across the globe. Our endeavour is to add couple of more countries during this year.

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO**

## 1. Activities relating to exports:

Initiatives taken to increase exports; development of new export markets for products and service and export plans.

The Company is at present exporting its products to USA, Europe, Asia Pacific, Middle East, Africa & other countries. The Company is continuously exploring possibilities of exporting more of its products to different markets.

## 2. During the period under review:

	(Rs. in lacs)
a) Earnings in Foreign Exchange	
i) F.O.B. value of export of manufactured/Traded Goods	30491.98
ii) Design & Art work Recovery	91.08
iii) Technical Services	2019.66
iv) Dividend	2888.18
b) Expenditure	
i) CIF Value of Imports	23873.06
ii) Expenditure in Foreign Currency	1375.48

For & On behalf of the Board

Place : NOIDA  
Dated : 30th July, 2009

**ASHOK CHATURVEDI**  
Chairman & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

## FORWARD-LOOKING STATEMENTS

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

## 1. Overview – Industry Structure &amp; Developments

**Flexible Packaging**

Uncertainties, volatility and major bank failures dominated global economic scenario during 2008-2009, resulting in steep fall in global real GDP and affecting sustained growth of emerging market economies. Albeit strong financial sector and resilience of the economy, the global slow down affected Indian external sector specifically exports and impacted industrial slow down due to reduction in consumption demand. Indian economy is estimated to slowdown with a GDP growth of 6.5% to 6.7% during 2008-09 as against 9.0% in 2007-08 while the projected GDP growth for 2009-10 stood at 6.0%. India's strong domestic consumption and investment drivers will continue to support healthy rates of growth over the medium term. India has weathered the global storm with a high degree of resilience and we expect the Indian economy to return to a robust growth path ahead of other economies that are experiencing recessionary conditions.

Flexible packaging and printing are the fastest growing segment of the packaging industry worldwide. The growth rate of flexible packaging in global market, more particularly in developed markets such as USA and Europe has been around 5-6% per annum, which is expected to grow at least at the same rate in future.

Packaging, as distinct from mere "packing", plays its most visible and catalytic role in a modern economy with widespread adoption of branding of products and development of consumer preferences. Packaging consumer products safely, conveniently, attractively and in environment friendly packaging improves brand value which in turn increases market share. In the aggregate, packaging as sectorial activity boosts consumption and economic growth.

Increased competition in all product sectors within the country as also the need to look for export markets have contributed to the rising demand for appropriate and cost-effective, packaging material and technologies.

Growth of the packaging industry has led to greater specialization and sophistication in addressing host of environmental issues. The need for addressing environmental issues is more in food and pharma industry.

The World Packaging Organisation's (WPO) slogan, "Better Quality of life Through Better Packaging", sums up the important place that packaging occupies in a modern economy. To ensure that public appreciation of this role and the policy-makers' support to the industry are not diluted, attention should be paid to basic issues like collection, segregation and reuse of synthetic packaging material and observation of regulatory requirements.

Indian packaging industry, presently at about USD 14 billion is growing at 14%-15% on annual basis. Growth is expected to double in next couple of years. It is estimated that more than 80% of the total packaging in India constitutes rigid packaging, which is the oldest and the most conventional form of packaging. The remaining 20% comprises flexible packaging. Rigid packaging constitutes glass bottles, metal cans, aerosol cans, battery cell cans, aluminum collapsible tubes injection moulded plastic containers made of PVC, PET, HOPE barrels, paperboards, and corrugated boxes. However, with the expanding middle class and rising income levels, the patterns of consumption are bound to change substantially and the demand for quality and convenience-based products will increase. Concurrently, the increased interaction with the developed world will considerably influence the aesthetic and quality norms of the Indian consumer and lead to better consumption standards. This is expected to stimulate greater consumption of branded products and thus increase the use of flexible packaging. Flexible packaging contains multi-layered laminated sheets of single or a combination of substrates such as plastic, paper and aluminium. Flexible packaging finds preferred use because of its ability to provide strength, moisture resistance, aroma retention, gloss, grease resistance, heat retention, printability and low odour. Flexible packaging has gained vast acceptability because of the protection it offers to the product against environmental threats like moisture, heat, and chemical reaction. Convenience in handling the product and the cost benefits are added advantages.

**Packaging Raw Materials – Poly Condensation (PET Chips)**

PET chips are mainly classified as polyester chips of film grade, yarn grade and bottle grade. These chips are used as raw material for manufacturing of polyester films, polyester yarn and PET bottles.

The market for film grade chips in India has grown beyond expectation. However, installation and commissioning of number of production facilities by new entrants as well as end users themselves, has led to disbalancing of supply demand ratio and has resulted in steep drop in price and margins.

The yarn grade chips market in India is going through a dull and difficult phase. Though, there has been demand for yarn grade chips, the falling price and margins and competition from countries like China and Indonesia have made it quite unprofitable. The market for bottle chips in India is very competitive with exceptionally low margins.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Company has therefore, strategically decided to mainly concentrate on production of film grade polyester chips.

### Packaging Raw Materials – Inks & Adhesives

Printing ink, colour material in form of a fluid or paste which is used for printing on a substrate and then dried. Depending on the process and end use, inks are classified into letterpress, lithographic, flexographic, rotogravure, and others. Although most of the raw materials used in ink manufacture are available in India, a large percentage is imported due to vast demand.

The growth of the printing ink sector had been very fast. Adequate quality control through research and development can help the industry in meeting future requirements. For increased qualitative and quantitative production, absorption of imported technology and its upgradation is essential. Manufacturers shall follow standard tests and procedures for proper quality inks. The use of enviro-friendly inks reduces and controls pollution to a great extent. Research efforts in India, on this aspect, have just been initiated.

Printing inks are formulated from three basic components: a colorant, a vehicle system to carry the colorant, and additives such as waxes and driers. Colorants may be dyes, but are typically pigment-based. They may be in powder form (dry toner), in a concentrated paste dispersion known as a flush, or in a liquid dispersion. Additives can include waxes, driers and other materials that add specific characteristics to an ink or the dried ink film. Together, these ingredients produce the key properties of printing ink: visual properties, runnability properties and end-use performance properties.

Printing Ink industry has witnessed an encouraging growth in domestic market during the year under review, but having pressure on the margins in view of the increase in input costs and rising other costs. The growth of the printing ink sector including that of rotogravure and flexographic inks has been very fast. Many new and innovative products are being introduced on a regular basis to meet the specific requirements of customers and other factors such as environmental concerns.

**Adhesives** have a variety of applications in the packaging industry for a broad range of materials. Different applications require different adhesive systems. Globally, solventless adhesives are the fastest growing adhesive technology in film laminating. The application process involves metering a curable adhesive onto a multiple application roll configuration that applies the adhesive to primary substrate, which is then mated to a secondary substrate via a heated nip.

Your Company has confined itself to the production and marketing of flexographic inks primarily used by flexible packaging industry. With increase in demand of flexible packaging material, due to shift in customer preference and opening up of organized retail, the demand for

flexographic inks is increasing. Further, the Company has indigenously produced the new generation cost effective polyether base solventless adhesive system for flexipack, new ink system for PVC profile and special coating for producing matt effect in laminates. These products are now well established in the market against competitions.

### Packaging Machinery

The Indian capital Industry has played a key role in achieving the industrial growth rate. The capital goods sector has been on the upswing since 2002, due to investment in infrastructure, oil and gas sector steel plant, automobile industries etc. The demand for capital goods is going to be large in the coming years and the industry needs to invest more in order to meet the demand.

## 2. Business Review

### Plastic Film Business

The main products of this business are Polyester Films, BOPP Films, Metalized & Speciality films and Polyester Chips of different grades etc.

BOPP film has high gloss and transparency and provides a strong moisture barrier, making it suitable for packing many types of consumer products. Its applications include:

- Food packaging with primary applications being confectionery, biscuits, bakery pasta, dried foods, meats, etc.
- Over-wraps, crimp seal packs and pouches
- Cigarette cartons wrapping
- Bags for ready made garments
- Adhesive tapes and print lamination
- Decorative purposes

Aluminum foils and aluminum sheets have good combinations of BOPP films to produce efficient packaging materials.

The Company's BOPP films are highly cost effective and functionally efficient product that has made swift headways into the higher barrier sensitive packaging segment across the World. It is primarily being used for applications in packaging food products such as confectionery, biscuits, bakery, pasta, dried foods, meats and others. The technologically superior and highly dependable BOPP film produced by the Company in its state-of-the-art ISO 9001-2000 certified plants can be structured in up to three layers and tailored for almost any machine requirements and is capable of meeting both rotogravure and flexographic printing standards.

The Company's BOPET film is one of the initial products of the Company. It has succeeded in retaining its market share and continues to expand its markets in today's dynamic & rapidly changing packaging scenario. It is used in a wide range of applications. Its barrier properties, high

## MANAGEMENT DISCUSSION AND ANALYSIS

tensile and dielectric strength, thermal and chemical stability and toughness make it suitable for a multitude of applications. The film provides a strong barrier to aroma retention and odour, which makes it especially suitable for use in food packaging, electric insulation, office supplies, graphic arts, imaging and industrial applications. Its dimensional stability and high tensile strength makes this film suitable for critical applications such as audio, video and other magnetic tape applications. Produced in state-of-the-art ISO 9001-2000 certified plants in different range of microns, the BOPET films have the capacity to sustain the high fidelity graphics and to meet the requirements of both rotogravure as well as flexographic printing standards.

The Company has the facility to produce polyester chips of film grade, yarn grade and bottle grade. The film grade chips are used as raw material for the manufacturing of polyester films whereas yarn grade chips are used for the manufacturing of polyester yarn and bottle grade chips for production of PET bottles. The unit has made use of its state-of-the-art batch processing manufacturing facilities, by conveniently switching over to produce different grades of chips based on the demand and orders in hand. The company manufactures a wide range of polyester chips suitable for various applications. Through continuous R&D efforts, the company developed different speciality polyester chips. This has been well accepted in the Indian market.

#### Flexible Packaging Business

The main products of this business are laminates made with various combinations of Polyester, Metalized Polyester, Aluminum foil, paper, BOPP, poly and others and supplied in roll form and in preformed pouches, manufacture of rotogravure cylinders for various types of rotogravure printing, Anilox/Coating, Rollers for flexo printing and Shims for holographic embossing and holograms and printing ink and adhesives. The Company is one of the market leaders in this sector and a dominant player in India

Flexible packaging consists of multi-layer laminated rolls of plastics (LDPE, HDPE, BOPP, BOPET), paper, cloth or metal foils that are used separately or in combination for various packaging applications. However, flexible packaging as laminates of plastics have a unique set of properties that ensure toughness, moisture resistance, aroma retention, gloss, grease resistance, heat sealability, printability, low odour and taste. These find use in packaging of food, tea, coffee, spices, chewing tobacco, bakery, confectionary, oil and in certain other non-food applications such as household detergents, health and personal care, soaps, shampoos etc.

With innovative solutions, the Company has cultivated the use of flexible packaging as cost effective and viable primary packs rather than only as refill packs. It offers finished packaging materials for packaging a wide variety of products.

The Company's emphasis on product innovations, quality enhancement together with competitive cost has paid rich dividend in terms of significant growth in sales. It has successfully developed several new packaging solutions for various applications suitable for food industry, pet foods industry, the bakery and confectionery industry, beverage industry and the personal care products industry. The Company is one of the world leaders producing world class flexible packaging solutions that:

- Enhance market performance of the product
- Improve utility for the end user
- Help products reach out to new markets
- Replace outmoded options with versatile and cost effective solutions

**Printing Cylinder** is the heart of the rotogravure flexible printing and the Company has capabilities to provide complete solution starting from artwork/mock up stage to producing final printing cylinders. The Company has world class and state-of-the-art expertise and facilities integrated with best software to produce good quality cylinders. The quality of the cylinders is well accepted in India as well as in the international market.

**Hologram** produced by the Company has been well accepted both by the Government and Private Organization across the country. The Company through aggressive marketing has been able to garner substantial orders from different states and trade enquiries being received are also quite encouraging. Hologram being low cost with better margin will add to the bottom line significantly.

The Company has produced indigenously the new generation cost effective polyester base solvent less adhesive system for flexipack, new ink system for PVC profile and special coating for producing matt effect in laminates.

The Company offers for its customers a wide range of food storage Zipouch bags with unique and innovative features for home and commercial purposes. Zipouch bags are for ultimate convenience and diverse utility and are available through a range of different sizes catering to the needs of an Indian household at an international standard. Zipouch bags are well accepted internationally.

The Company has also developed Special Laminates packaging bags, i.e. WPP Bags for pet food packaging. The WPP Bags are accepted in the international market.

#### Other Business

The Company has the manufacturing facilities of packaging, printing and allied machines. The Company also undertakes strategic project advisory services. The ongoing process of innovation and introduction of machines through its in-house R&D facilities, having unique features and facilities for packaging products of different varieties, enables the Company to manufacture

## MANAGEMENT DISCUSSION AND ANALYSIS

both tailor made machines as well as machines of specific design to suit the needs and requirements of various customers both in India and abroad.

### 3. Financial and Operational Performance – Overview

Fiscal 2009 was a year of unprecedented volatility. The first half of the year saw high inflation and interest rates but the business environment in our sector remained modest. However, the second half of the year was partially impacted by the global financial and liquidity crises. Crude oil prices had risen all time high of USD145/brl before falling sharply to USD 40/brl. Other commodity prices too were on similar upswing. Depreciation of the INR compounded the impact. Consequently, raw material prices continued to soar right through the first two quarters of 2008. In spite of above, the Company performed quite well. The summarized financial results are given hereunder:

#### Summary of results:

	(Rs. in Lacs)			
	2008-09		2007-08	
	Consolidated	Standalone	Consolidated	Standalone
Gross Sales including Other Income	253626.92	204444.02	207704.48	172472.30
EBITDA	39221.40	28686.47	29540.68	22571.99
Profit Before tax & Exceptional Item	18705.37	10698.90	12696.82	7141.54
Profit after tax	18671.27	10461.87	11133.91	6192.79

#### Expansion projects

##### Polyester film project at Mexico

As reported in the previous year's MDA, the Company's plan for setting-up two lines of PET film in phases with capacity of 26400 MT each, aggregating to total capacity of 52800 MT, and involving total estimated capital outlay of US\$ 109 million, is in progress. The 1st phase for setting up of 1st line with 26400 TPA capacity has been completed and trial production commenced. The stabilization of same at optimal speed is expected shortly. The 2nd phase is expected to be commenced shortly.

##### PP and Pet Film Project at Egypt

Keeping in view the global consumption growth trend for Polyester & PP Film – growing approximately at about 5-6% with highest usage in flexible packaging materials and UFLEX's strategy to grow its sales and market share in the international market, an expansion programme for setting up of BOPP/CPP film line at Dubai was approved by your Board. However, DEWA expressed its inability to commit power before 2011. Therefore, your company is now setting up a project of one Bi-axially Oriented Polyester (BOPET) film line, one Bi-axially Oriented Poly Propylene (BOPP) film line and one Caste Poly Propylene

film (CPP) film line along with Metalization facilities, with total capacity to produce 77000 TPA bare/metalized films through a downstream subsidiary of Flex Middle East FZE, Dubai (U.A.E.) at Egypt.

##### Gambia Project

M/s. U Tech Developers Limited, 100% subsidiary of the Company is setting up a GSM telecommunication and other value added services including internet services in The Gambia.

GSM project in The Gambia would provide in roads to the Africa Region and provide greater opportunity for future expansion and growth. The project is being setup under the name and style of 'M/s. Qcell Limited' under Joint Venture arrangement by UTech Developers Limited with other partners having 40% share in the said JV Company.

##### MSW Project

As a part of the corporate social responsibility, the Company has decided to Promote, Develop, Construct and operate Ultra Modern Complexes to handle Municipal Solid Waste (MSW) integrated processing plants (MSW Plants) in Northern India under a joint venture with technology partner through its subsidiary and to cater effectively to the fast emerging demand of recycling waste, combustion, landfill and composting thereby generating a host of environmental, financial and social benefits.

Accordingly, AKC Developers Limited – 70% owned SPV of U Tech Developers Limited, (a Wholly Owned Subsidiary of the Company) is setting up the MSW Processing Projects based on the Integrated Technology under Joint Venture with other partners. The Company has been awarded so far MSW projects at three sites, i.e. Gwalior (300 TPD), Faridabad (500 TPD) and Bareilly (300 TPD). The project will involve a total capital outlay of Rs.106.18 crores and are under implementation.

Besides, the Company is also exploring various other options and opportunities for acquisition/new projects/expansions in the related areas of business in India and abroad.

### 4. Opportunities & Threats

Flexible packaging growth will expand and grow in the coming years on account of its key applications in areas such as processed food, meat, poultry and seafood, pet food and frozen food, pharma etc.

Flexible packaging gains will be aided by continued growth for pouches which offer greater cost effectiveness, enhanced barrier properties, space savings advantages, lighter weight and source reduction capabilities. Good opportunities for flexible protective packaging will be driven by rising demand for products such as air pillows and bubble packaging, which provide cost-effective options in the protection of goods from shock, vibration, abrasion and other damaging effects of shipping and handling.



## MANAGEMENT DISCUSSION AND ANALYSIS

**Opportunities for the growth of Packaging Industry in India****1. Urbanization**

Modern technology is now an integral part of nation's society today with high-end package usage increasing rapidly. As consumerism is rising, rural India is also slowly changing into more of an urban society. The liberalization of the Indian economy, coupled with globalisation and the influx of the multi-nationals has improved the quality of all types of primary and secondary packaging. Also industrialization and expected emergence of the organized retail industry is fuelling the growth of packaging industry.

**2. Increased Health Consciousness**

As people are becoming more health conscious, there is a growing trend towards well packed, branded products rather than the loose and unpackaged. Today even a common man is conscious about the food quality of intake he consumes in day-to-day life.

**3. Low Purchasing Power resulting in Purchase of Small Packets**

India being a growing country, purchasing power capacity of Indian consumers is lower; the consumer goods come in small, affordable packages. Apart from the normal products packed in flexible packaging, the use of flexible packaging in India includes some novel applications not usually seen in the developed world. Use of flexible packaging in products like toothpaste, toothpowder, and fairness creams in laminated pouches are highly innovative. Another typical example of such applications is tobacco and betel nut-based intoxicants and mouth fresheners catering to unique Indian taste.

India comprises of a big rural market and there has been growing focus on rural marketing, whereby manufacturers are introducing low-priced goods in smaller pack sizes. Low priced sachets have proved to be extremely popular in smaller towns and villages, where people do not prefer to buy larger packs due to financial constraints.

**4. Indian Economy Experiencing Good Growth Prospects**

The Indian economy is growing at a promising rate, with growth of outputs in agriculture, industry and tertiary sectors. Overall economic growth has proved to be beneficial for the consumer goods market, with more and more products becoming affordable to a larger section of the population.

**5. Changing Food Habits amongst Indians**

Changing lifestyles and lesser time to spend in kitchens are resulting in more incidence of eating away from homes resulting in extraordinary growth

of restaurants and fast food outlets all over the country. Indians are trying out newer cuisines and also purchasing similar food items for their homes. Therefore, the review period has seen new products like pasta, soups, and noodles being launched in India, fuelling the growth of packaging industry in India

**Threats**

The business environment has changed significantly during the year, primarily driven by global economic slowdown, its impact on our customers and the resultant impact on our business. The Indian plastic films market is highly competitive both for PET films and BOPP films. Your Company faces stiff competition both from the international as well as domestic manufacturers. The competition is increasing with the addition of new capacities and emergence of new global players especially from China. Increased competition might lead to reduced price, decreased sales, lower profit margins thus adversely affecting the business and financial conditions of the Company.

Worldwide more and more bio-degradable products are being used and plastic films are considered environment unfriendly. Therefore plastic films generally face lot of opposition from various strata of society and subject to severe regulatory and statutory frame.

In order to mitigate the risks, the Company has increased its focus on product applications and market development. It has expanded international market by leveraging high quality products at lower cost. With proper geographical/product diversification, the Company is much better placed to deal with any unforeseen situation of economic slowdown etc.

**5. Future Outlook**

The flexible packaging market has been growing at a rate of 15-20 percent per annum for the last several years. It is believed that this growth rate will be sustained in coming years. The market will move towards better quality standards and technically improved products. There will be an increase in demand for special films that can be used for CAP/MAP packing, multiple-use flexible packages, retort and microwaveable films/sheets and speciality films for pharmaceuticals applications, etc.

The market expansion of flexible packaging is also allowing bigger capacities, and therefore there is a tendency towards large output machines. This is a very positive turn as the investments in high technologies can be more readily recovered through large volume sale. The market will grow in all sectors such as extrusion, printing lamination, paper & plastic bags, metalising, holography, barrier films, form fill & seal machines and so on.

There are many factors that can be termed as the demand drivers of packaging. First, the need for preservation of food and other products helps in creating a demand

## MANAGEMENT DISCUSSION AND ANALYSIS

in packaging. Second, the expansion of market and logistics bringing them to rural areas is yet another factor accentuating the demand. Third the retail revolution has led to the increase in demand for packaging in a big way. While it is presently limited largely to urban areas, it is bound to penetrate into the interiors of India, thereby releasing a huge pent-up demand. Electronic and print media have changed people aspirations and attitudes. They want to use better products but can only afford small packs at a time. Further the packaging needs are moving upwards due to the changes in lifestyle. The number of double-income families is increasing. This is reflecting as the increasing popularity of ready-to-eat foods.

The growth and development of cylinder business is linked to the growth and development of packaging industry. With the opening of the economy, the opportunities for packaging business are gradually increasing both in the domestic as well as in the international market. The increasing demand for flexible packaging materials will give an advantage of growth to the Rotogravure Cylinder business.

Industrial inks and polyester chips, some of the other products of the Company are being used by the flexible packaging industry as their basic raw materials. The basic nature of the business of the Company makes it quite dependent on the growth and development of the flexible packaging & allied industry. The entry of multinational companies into various sectors in India has a tremendous positive impact on the growth of the flexible packaging industry and it is poised for a healthy growth in the years to come.

The Company's policy to expand its converting machines business in the international market and to introduce new and customer friendly packaging and converting machines having better usage and utility is eliciting positive response.

### 6. Internal Control Systems And Their Adequacy

The Company has an adequate system of internal control relating to purchase of stores, raw materials including components, plant & machinery, equipment and other similar assets and for the sale of goods commensurate with the size of the Company and nature of its business. The Company also has Internal Control System for speedy compilation of accounts and Management Information Reports and to comply with applicable laws and regulations.

The Company has an effective Budgetary Control System. The Management reviews the actual performance with reference to budgets periodically. The Company has a well-defined organization structure, authority levels and internal rules and regulations for conducting business transactions.

The Company has already formed an Audit Committee and has met five times in the year. Audit Committee

ensures proper compliance with the provisions of the Listing Agreement with Stock Exchanges, Companies Act, reviews the adequacy and effectiveness of the internal control environment and monitors implementation of internal audit recommendations. Besides the above, Audit Committee is actively engaged in overseeing financial disclosures and in reviewing your Company's risk management policies.

### 7. Risk Management

Macro economic conditions do affect the Company operations. Low demand, economic slow down, political instability, higher inflation, natural calamities may affect the business. Business therefore cannot be risk free. What is therefore important is to correctly access the risk area wise and to take steps to mitigate the risk before it becomes a potential threat. General risk areas are statutory compliances, economy, financial, government regulations and policies, market related, operational, products and technology, intellectual property etc.

The Company has identified potential risks such as business portfolio risk, financial risk, legal & statutory risk and internal process risk including ERP and IT and has put in place appropriate measures for their mitigation.

### 8. Company's Standalone Financial Performance & Analysis

#### A. Fixed Assets

The composition and growth of assets are as under:

(Rs. in lacs)

Particulars	March 31, 2009	March 31, 2008
Land	3816.93	3964.30
Buildings	18842.98	17981.92
Plant & Machineries	135206.74	125273.57
Electrical Installation	3793.08	3695.39
Office Equipments	3677.42	3279.66
Furniture & Fixtures	4650.93	4450.76
Vehicles (including Aircrafts)	5082.40	5292.97
Software (Intangible Assets)	608.73	413.88
<b>Total</b>	<b>175679.21</b>	<b>164352.45</b>
Less : Accumulated Depreciation	76017.48	67994.74
Add : CWIP	2152.58	10142.64
<b>Net Fixed Assets</b>	<b>101814.31</b>	<b>106500.35</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

**B. Results of operations**

The summary of operating performance for the year is given below:

(Rs. in lacs)

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Amount	%	Amount	%
<b>INCOME</b>				
Sales & Job works (Net)	152022.50	91.20	126794.62	90.80
Other Income	15160.73	9.10	11790.30	8.44
Increase/(Decrease) in finished goods & work-in-progress	(493.78)	(0.30)	1057.70	0.76
<b>Total Income</b>	<b>166689.45</b>	<b>100.00</b>	<b>139642.62</b>	<b>100.00</b>
<b>EXPENDITURE</b>				
Material cost	88336.33	52.99	79459.64	56.90
Other Manufacturing expenses	20883.21	12.53	16962.13	12.15
Payments & Benefits to Employees	9003.89	5.40	7855.53	5.63
Administrative, Selling & Other expenses	20458.99	12.27	13260.04	9.50
<b>Operating Expenses</b>	<b>138682.42</b>	<b>83.20</b>	<b>117537.34</b>	<b>84.17</b>
Less: Expenses Allocated to Self Constructed Assets	679.44	0.41	466.71	0.33
<b>EBIDT</b>	<b>28686.47</b>	<b>17.21</b>	<b>22571.99</b>	<b>16.16</b>
Less: Depreciation	8645.52	5.19	7677.34	5.50
Interest & Financial Charges	9342.05	5.60	7753.11	5.55
<b>Earning Before Tax &amp; Exceptional Item</b>	<b>10698.90</b>	<b>6.42</b>	<b>7141.54</b>	<b>5.11</b>

**9. Human Resource Development/Industrial Relations**

The Company's Human Resources philosophy is to establish and build a strong performance and competency driven culture with greater sense of accountability and responsibility. The Company has taken pragmatic steps for strengthening organizational competency through involvement and development of employees as well as installing effective systems for improving the productivity, quality and accountability at functional levels.

With the changing and turbulent business scenario, our basic focus is to upgrade the skill and knowledge level of the existing human assets to the required level by providing appropriate leadership at all levels, motivating them to face the hard facts of business, inculcating the attitude for speed of action and taking responsibilities.

The effort to rationalize and streamline the work force is a continuous process. Currently the Company has 2835 employees as on 31<sup>st</sup> March, 2009. The industrial relations scenario remained harmonious throughout the year.

**10. Environment, Occupational Health & Safety**

Your Company is committed to conducting its operations with due regard to the environment and providing a safe and healthy workplace for employees. The collective endeavor of your Company's employees at all levels is directed towards sustaining and continuously improving standards of environment, occupational health and safety in a bid to attain and exceed international benchmarks.

## REPORT ON CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the Report on the matters mentioned in the said Clause and practice followed by the Company.

#### 1. Company's Philosophy on Code of Governance

UFLEX's philosophy on Corporate Governance envisages the attainment of the highest level of transparency and accountability, in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, the Government and the lenders.

UFLEX believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value, over a sustained period of time.

#### 2. Board of Directors

##### a) Composition of the Board (As on March 31, 2009)

The Board of Directors of the Company comprises of Eight Directors with two Executive Directors (including Executive Chairman) and six Non-Executive Directors with five Directors being independent. The Board consists of eminent persons with considerable professional expertise and experience in business and industry, finance, audit, law and public enterprises. None of the Directors on the Board is a Member of more than ten Committees and Chairman on more than five Committees across all the companies in which he is a Director. All the Directors have made disclosures regarding their directorships and memberships on various Committees across all Companies in which they are Directors and Members.

The composition and category of Directors as on 31.03.2009 is as follows:

Name of Director	Designation	Category
Mr. Ashok Chaturvedi	Chairman & Managing Director	Promoter/Executive Chairman
Mr. S.K. Kaushik	Whole-time Director	Executive Director
Mr. Ravi Kathpalia	Director	Independent, Non-executive
Mr. M.G. Gupta	Director	Independent, Non-executive
Mr. A. Karati	Nominee Director – ICICI Bank Ltd.	Independent, Non-executive
Mr. Javed Yunus (*)	Nominee Director – IFCI Limited	Independent, Non-executive
Mr. P. Abraham	Nominee Director – UTI	Independent, Non-executive
Mr. R.P. Agrawal	Director	Non-executive

(\*) Mr. Javed Yunus was nominated by IFCI in place of Mr. S.K. Mandal w.e.f. 30.04.2008.

Note: Mr. P.N. Sharma resigned from the Directorship of the Company w.e.f. 26th July, 2008.

None of the Directors of the Company except the Chairman & Managing Director and Whole-time Director has any pecuniary relationship with the Company except to the extent of receipt of sitting fees for meetings of the Board/Committee(s) of Directors attended by them.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.

As mandated by the revised Clause No.49, all the Independent Directors on the Company's Board are Non-executive and:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management, its subsidiaries and associates, which may affect independence of the Directors.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years of the Company.
- Are not partner or executive or were not partner or executive of the Statutory Audit Firm or the Internal Audit Firm and Legal Firms, Consulting Firms, which have association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Directors.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.
- Have furnished a declaration at the time of their appointment as also annually that they satisfy the conditions of their being independent as laid down under Clause No. 49 of the Listing Agreement. All such declarations are placed before the Board.



## REPORT ON CORPORATE GOVERNANCE

**Information supplied to the Board**

The Board has complete access to all information with the Company, *inter-alia*, the information as required under the revised Clause No.49 of the Listing Agreement is regularly provided to the Board as a part of the agenda.

**Compliance reports of all applicable laws to the company**

The periodical reports submitted by the Internal Auditors and by the concerned executives of the Company with regard to compliance of all laws applicable to the Company including steps taken by the Company to rectify instances of non-compliances, if any, are being reviewed by the Board.

**b) Board Meetings and attendance record of each Director**

Five Board Meetings were held during the financial year 2008-2009 as against the minimum requirement of four meetings. The dates on which the meetings were held are 30.04.2008, 01.07.2008, 31.07.2008, 27.10.2008 & 29.01.2009, and the gap between the two meetings were not more than four months.

Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorship and Chairmanship/Membership of Committee of each Director in various Companies is as follows:

Name of the Director	Attendance Particulars		No. of other Directorship and Committee Member/Chairmanship		
	Board Meetings	Last AGM	Other Directorship (in Public Co.)	Committee Membership	Committee Chairmanship
Mr. Ashok Chaturvedi	5	No	5	1	1
Mr. S.K. Kaushik	4	Yes	1	2	--
Mr. Ravi Kathpalia	5	Yes	7	2	1
Mr. M.G. Gupta	5	Yes	2	4	1
Mr. A. Karati	5	Yes	6	4	--
Mr. Javed Yunus (*)	3	No	6	--	--
Mr. P. Abraham	2	No	10	4	--
Mr. R.P. Agrawal	5	Yes	--	2	1
Mr. P.N. Sharma (**)	2	No	--	--	--

(\*) Mr. Javed Yunus was nominated by IFCI in place of Mr. S.K. Mandal w.e.f. 30.04.2008.

(\*\*) Mr. P.N. Sharma resigned from the Directorship of the Company w.e.f. 26.07.2008.

**3. Audit Committee**

Presently, the Audit Committee comprises of four member Directors viz., Mr. Ravi Kathpalia, Mr. R.P. Agrawal, Mr. M.G. Gupta and Mr. A. Karati (Nominee-ICICI Bank Limited). All the members of the Audit Committee are Non-Executive Directors out of which three are independent. Mr. Ravi Kathpalia is the Chairman of the Audit Committee. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 25.08.2008. All the Members of the Audit Committee have accounting and financial management expertise.

The terms of reference, role and power of the Audit Committee as revised and stipulated by the Board of Directors from time to time are in conformity and in line with the statutory and regulatory requirements as prescribed under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, which include the following:

**Role of Audit Committee**

1. Overseeing of the company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment re-appointment and if required the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause No. (2AA) of Section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.

**REPORT ON CORPORATE GOVERNANCE**

- e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
  6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  8. Discussion with internal auditors any significant findings and follow up thereon.
  9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  11. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
  13. To review with the Management, the statement of uses/application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency (if any) monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take steps in this matter.
  14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**Powers of Audit Committee**

- a) To investigate any activity within its terms of reference.
- b) To seek any information from any employee.
- c) To obtain outside legal or other professional advice.
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

During the year, the Audit Committee had met five times on 30.04.2008, 01.07.2008, 31.07.2008, 27.10.2008 & 29.01.2009. The attendance of each Committee members is as under:

Name of Member	No. of Meetings held	Meetings Attended
Mr. Ravi Kathpalia	5	5
Mr. R.P. Agrawal	5	5
Mr. M.G. Gupta	5	5
Mr. A. Karati (Nominee of ICICI)	5	5

The head of Finance, Internal Auditors and Statutory Auditors are permanent invitees to the Audit Committee Meetings. Further, representatives from various departments of the Company also attended the meetings as and when desired by the members of the Committee to answer and clarify questions raised at the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

**4. Remuneration Committee**

The Remuneration Committee constituted by the Board of Directors presently consists of four members. Mr. M.G. Gupta is the Chairman and Mr. R.P. Agrawal, Mr. Ravi Kathpalia and Mr. A. Karati (Nominee – ICICI Bank Limited) are the other Members. All the members of the Remuneration Committee are Non-Executive Directors out of which three are independent. The Company Secretary acts as the Secretary to the Committee.

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/ Whole-time Directors based on performance and defined criteria.

Further, the remuneration policy of the Company is to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

During the year the Remuneration Committee had met on 01.07.2008 & 29.01.2009. All the Members of the Remuneration Committee were present at the meeting.

## REPORT ON CORPORATE GOVERNANCE

Details of Remuneration paid to Managing/Whole-time Directors for the year-ended 31.03.2009 is given below:

(In Rs.)

Name	Sitting Fee (Rs.)	Salary (Rs.)	Perquisites & Allowances etc. (Rs.)	Commission (Rs.) (Paid)	Total (Rs.)	Date of Appointment	Service Contract
Mr. Ashok Chaturvedi	NIL	45000000	5847313	20000000	70847313	01.04.2004 *	5 years
Mr. S.K. Kaushik	NIL	2204400	226398	--	2430798	01.08.2008	3 years

\* The Remuneration Committee and the Board of Directors at their meeting held on 29.01.2009 approved the re-appointment of Mr. Ashok Chaturvedi for a further period of five (5) years w.e.f. 01.04.2009 as Chairman & Managing Director of the Company subject to requisite approvals.

For any termination of contract, the Company or the executive Director is required to give notice of 3 months to the other party.

Details of Sitting Fees paid to the Directors during the financial year are as follows:

(In Rs.)

Name of Directors	Board Meetings	Committee Meetings	Total
Mr. Ravi Kathpalia	1,00,000.00	1,80,000.00	2,80,000.00
Mr. M.G. Gupta	1,00,000.00	1,80,000.00	2,80,000.00
Mr. A. Karati (Nominee – ICICI Bank)	1,00,000.00	1,40,000.00	2,40,000.00
Mr. Javed Yunus (Nominee - IFCI)	60,000.00	--	60,000.00
Mr. P. Abraham (Nominee - UTI)	40,000.00	--	40,000.00
Mr. R.P. Agrawal	1,00,000.00	2,60,000.00	3,60,000.00
Mr. P.N. Sharma (*)	40,000.00	--	40,000.00

(\*) Mr. P.N. Sharma resigned from the Directorship of the Company w.e.f. 26th July, 2008.

## 5. Shareholders'/Investors' Grievance Committee

The Board of Directors of the Company has constituted a Shareholders'/Investors' Grievance Committee comprising of Mr. R.P. Agrawal (Chairman), Mr. M.G. Gupta and Mr. P.N. Sharma. After the resignation of Mr. P.N. Sharma, Mr. S.K. Kaushik was nominated as a Member of the Shareholders'/Investors' Grievance Committee on 31st July, 2008. The Committee, *inter-alia*, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers. The Committee also looks into redressal of shareholders'/investors' complaints. The Committee oversees the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services. The Company Secretary acts as the Secretary to the Committee.

In order to expedite the process of share transfers, the Board of Directors have nominated a Committee of two officers, who normally attend to the transfer and other related matters within a period of 10 – 12 days. The Committee of Officers operate subject to overall supervision and directions of Shareholders'/Investors' Grievance Committee of Directors.

During the year, the Shareholders'/Investors' Grievance Committee had met on 24.09.2008 and 31.03.2009.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved the "Code of Conduct for Prevention of Insider Trading" and authorized the Committee to implement and monitor the various requirements as set out in the Code.

The total numbers of complaints received and resolved during the year under review were 7. Outstanding complaints as on 31.03.2009 were Nil. There were no valid share transfers pending for registration for more than 30 days as on the said date.

Shri Subhash Khatua, Asst. General Manager (Secretarial) has been designated as Compliance Officer to monitor the share transfer process and liaison with the regulatory authorities.

## 6. Subsidiary Companies

The Company has non-listed Indian subsidiary Companies, i.e. UTech Developers Limited & UBIO Chemicals Limited (upto 29.03.2009). UTech Retailers Limited & AKC Developers Limited are step down Indian subsidiary companies in terms of Clause 49(iii) of the Listing Agreement. The minutes of the meeting of the Board of Directors of all the subsidiary companies are placed before the Board of Directors of the Company. Mr. Ravi Kathpalia, Independent Director on the Board of the Company is also a Director on the Board of these companies.

## REPORT ON CORPORATE GOVERNANCE

### 7. Board Procedure

The Board meetings of the Company are convened by the Company Secretary on the direction of the Chairman. Sufficient notice in writing is given to all Directors for the Board Meeting and/or other Committee Meeting(s). All important matters concerning the working of the Company alongwith requisite details are placed before the Board.

### 8. Compliance Certificate

Compliance Certificates for Corporate Governance from Auditors of the Company is annexed herewith.

### 9. General Body Meetings

(a) The details of Annual General Meetings held in the last 3 years are as under:

AGM	Day, Date & Time	Venue	Special Resolution Passed
17th	Thursday, September 14, 2006 at 10:00 AM	Air Force Auditorium Subroto Park New Delhi – 110010	NIL
18th	Thursday, September 13, 2007 at 10:00 AM	Air Force Auditorium Subroto Park New Delhi – 110010	NIL
19th	Monday August 25, 2008 at 10:00 A.M.	Air Force Auditorium Subroto Park New Delhi – 110010	Re-appointment of Mr. S.K. Kaushik as Whole-time Director of the Company for a further period of 3 years w.e.f. 01.08.2008

(b) Are Special Resolutions proposed to be put through Postal Ballot this year?

No Special Resolution requiring postal ballot is proposed at the ensuing Annual General Meeting.

(c) During the year under review, the Company conducted one Postal Ballot as required under the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 for passing Ordinary Resolution. Shri Sanjay Grover, FCA, FCS, Practicing Company Secretary was appointed as the Scrutinizer for overseeing the Postal Ballot process. The ordinary resolution was passed by the requisite majority. The results of the postal ballot were announced on 23.09.2008, the details are as under:

Sl. No.	Brief Details	Percentage of votes cast in favour of the resolution
01.	Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 in respect of sale and transfer of the Company's undertaking comprising of its 'Distillery Unit' located at Aligarh (U.P).	99.99

### 10. Compliance with other mandatory requirements

#### Management Discussion and Analysis

A management discussion and Analysis report forms part of the annual report and includes discussions on various matters specified under Clause 49(IV)(F) of the Listing Agreement.

### 11. Disclosures

#### a. Related Party Transactions

Related party transactions in terms of Accounting Standard-18 are set out in the notes to accounts. These transactions are not likely to have a conflict with the interest of the Company. The details of all significant transactions with related parties are periodically placed before the Audit Committee and the Board. All the related party transactions are negotiated on arms' length basis and are intended to further the interest of the Company.

#### b. Penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority

No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to Capital Markets during the last three years.

#### c. Particulars of Directors to be appointed/re-appointed

Information pertaining to particulars of Directors to be appointed and reappointed at the forth coming Annual General Meeting is being included in the Notice convening the Annual General Meeting.

#### d. Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.



## REPORT ON CORPORATE GOVERNANCE

**e. Disclosures of Risk Management**

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimization procedures. A risk management committee consisting of senior executives of the Company periodically reviews these procedures to ensure that executive management controls risk through properly defined framework. The Company has framed the risk assessment and minimization procedure, which is periodically reviewed by the Audit Committee and the Board.

**f. Proceeds from the Preferential Issue of Equity Shares/Warrants/FCCBs**

During the year the Company has not issued any Equity Shares/Warrants/FCCBs.

**g. Code of conduct**

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been circulated to all the members of the Board and senior management and the same has been put on the Company's website www.uflexltd.com. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Chairman & Managing Director appointed in terms of the Companies Act, 1956 (i.e. the CEO within the meaning of Clause 49-V of the Listing Agreement) is annexed to this report.

**h. Review of Directors' Responsibility Statement**

The Board in its Report to the Members of the Company have confirmed that the Annual Accounts for the year ended March 31, 2009 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

**12. CEO/CFO Certifications**

Mr. Ashok Chaturvedi, Chairman and Managing Director and Mr. R.K. Jain, President (Corp. F&A), who are carrying responsibility of CEO/CFO respectively have given CEO/CFO certificate as per format prescribed under Clause No. 49 of the Listing Agreement to the Board at its meeting held on 30th July, 2009.

**13. Non-Mandatory Requirements under Clause 49 of the Listing Agreement**

The status of compliance with the non-mandatory requirements of Clause 49 of the Listing Agreement is provided below:

**(i) Non-Executive Chairman's Office**

The Chairman of the Company is the Executive Chairman and hence this provision is not applicable.

**(ii) Remuneration Committee**

The Company has set up a Remuneration Committee. The composition, terms of reference and other details of the same are provided in this report under the section "Remuneration Committee".

**(iii) Audit Qualifications**

There are no Audit Qualifications in the Company's financial statements for the year under reference.

**(iv) Training of Board Members**

There is no formal training programme for the Board Members. However, the Board Members are periodically updated on the business model, company profile, entry into new products and markets, global business environment, business strategy and risk involved.

**(v) Tenure of Independent Directors**

All the Directors including Independent Directors are appointed/re-appointed by the Board from time to time. No maximum tenure for the Independent Directors has been specifically determined by the Board.

**(vi) Shareholders Rights**

The quarterly, half-yearly and annual financial results of the Company are published in the newspapers and are also posted on the Company's website. The complete annual report is sent to each and every shareholder of the Company.

**(vii) Mechanism for evaluation of Non-Executive Directors**

The role of the Board of Directors is to provide direction and exercise control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board has so far evaluated Non-Executive Directors collectively to reinforce the principle of collective responsibility.

**(viii) Whistle Blower Policy**

The Company does not have Whistle Blower Policy for the time being.

**14. Means of Communication**

The quarterly un-audited financial results duly approved by the Board of Directors are sent to all the Stock Exchanges where the Company's shares are listed immediately after the Board Meeting. The same are also published in English and Hindi newspapers

## REPORT ON CORPORATE GOVERNANCE

in terms of the Listing Agreement within the stipulated period and in the format as prescribed by the Stock Exchanges and the Company posts its financial results on its own website i.e. [www.uflexltd.com](http://www.uflexltd.com) and SEBI website, i.e. [www.sebidifnar.nic.in](http://www.sebidifnar.nic.in) for all quarters.

### 15. General Shareholders Information

#### (a) Annual General Meeting to be held

Date	:	12.09.2009
Day	:	Saturday
Time	:	10.00 A.M.
Venue	:	Air Force Auditorium, Subroto Park, New Delhi – 110010

#### (b) Financial Calendar

- Results for quarter ending	30.06.2009	:	4th week of July, 2009
- Results for quarter ending	30.09.2009	:	4th week of October, 2009
- Results for quarter ending	31.12.2009	:	4th week of January, 2010
- Results for year ending	31.03.2010	:	4th week of April, 2010

#### (c) Book Closure date

05.09.2009 to 12.09.2009 (both days inclusive)

#### (d) Dividend payment date

Dividend for the financial year 2008-2009, if declared will be paid/credited to the account of the shareholders on or after 12th September, 2009.

#### (e) Listing of Equity Shares on Stock Exchanges

The equity shares are listed on the following Stock Exchanges:

- 1) Bombay Stock Exchange Limited, Mumbai
- 2) National Stock Exchange of India Limited, Mumbai
- 3) Societe de la Bourse de Luxembourg, Luxembourg (GDRs only)
- 4) Singapore Exchange Limited, Singapore (FCCBs only)

**Note:** Annual Listing fee for the year 2009-2010 have been duly paid to all the above Stock Exchanges.

(f) **Stock Code** - Trading symbol - National Stock Exchange : 'UFLEX'

(Equity shares) - Trading symbol - Bombay Stock Exchange : 500148

(g) **Demat ISIN Number in NSDL & CDSL** : INE516A01017

#### (h) Stock Market Price for the year 2008-2009:

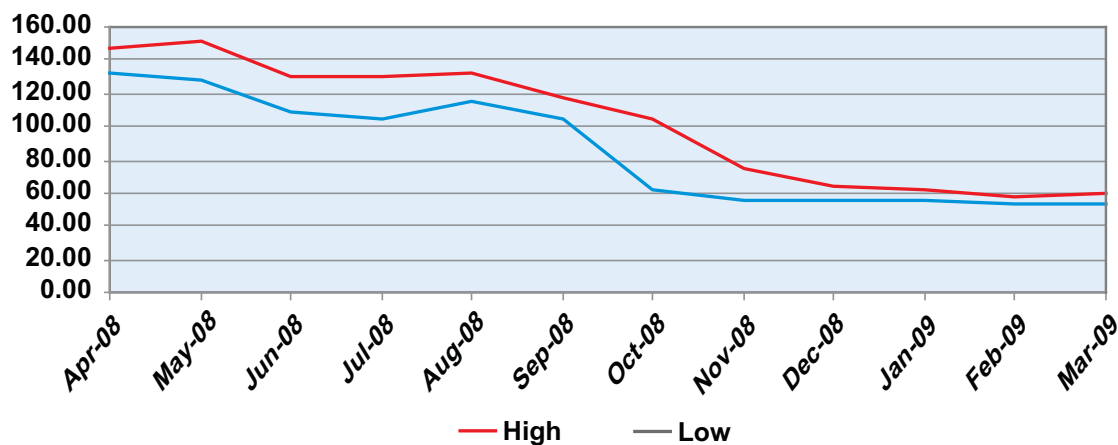
Closing Share prices on National Stock Exchange are as under:

(In Rs.)

Month	High	Low
April, 2008	147.65	131.95
May, 2008	151.60	126.95
June, 2008	130.50	108.35
July, 2008	131.20	104.30
August, 2008	131.35	115.60
September, 2008	118.15	104.85
October, 2008	104.90	61.30
November, 2008	75.60	55.20
December, 2008	64.55	55.75
January, 2009	62.65	55.00
February, 2009	56.65	53.90
March, 2009	59.00	53.00

REPORT ON CORPORATE GOVERNANCE

Share Price movement



(i) Performance in comparison to broad base in indices such as BSE sensex, Crisil index etc.  
The shares of the Company are not considered by the Stock Exchanges in their index fluctuations.

(j) Address for correspondence for Shares transfer and related matters:

For shares held in physical form:

The Company’s Registrar & Share Transfer Agent (RTA), address at:

Beetal Financial & Computer Services Pvt. Ltd.  
(Unit : UFLEX LIMITED)  
BEETAL House, 3rd Floor, 99, Madangir  
Behind Local Shopping Centre  
Near Dada Harsukh Dass Mandir  
New Delhi – 110062  
Tel. No. 011-29961281, Fax No. 011 - 29961284

For shares held in Demat form : To the Depository Participants (DP)

(k) Share Transfer System.

Presently the shares, which are received in physical form, are transferred within a period of 10-12 days from the date of receipt, subject to the documents being valid and complete in all respects.

(l) Distribution of Share holding as on 31.03.2009

Range in Numbers	No. of Shareholders	No. of shares	% of total equity
1 - 500	28053	2415802	3.72
501 - 1000	715	548600	0.84
1001 - 2000	322	463541	0.71
2001 - 3000	103	252278	0.39
3001 - 4000	42	148027	0.23
4001 - 5000	41	190107	0.29
5001 - 10000	67	474427	0.73
10001 & above	132	60479327	93.04
Transit shares *		34537	0.05
<b>TOTAL</b>	<b>29475</b>	<b>65006646</b>	<b>100.00</b>

\*As on March 31, 2009 these shares lying in pool account of NSDL/CDSL since buyers identity are not established.

**REPORT ON CORPORATE GOVERNANCE**
**(m) Categories of Shareholders as on 31.03.2009**

Category	No. of shares held	% of shareholding
Promoters & Associates	27872267	42.88
Financial Institutions, Mutual Funds & Banks	91560	0.14
Foreign Institutional Investors	1897229	2.92
Foreign Companies	7735000	11.90
NRIs	19882	0.03
GDRs	5465840	8.41
Other Corporate Bodies	15866887	24.41
Others (General Public)	6023444	9.26
Shares in transit (Demat) *	34537	0.05
<b>Total</b>	<b>65006646</b>	<b>100.00</b>

\* As on March 31, 2009 these shares lying in pool account of NSDL/CDSL since buyers' identity are not established.

**(n) Dematerialization of Shares and liquidity**

Nearly 97.99% of total equity share capital is held in dematerialized form upto 31.03.2009 with NSDL/CDSL. The shares of the Company are listed on BSE and NSE, which provide sufficient liquidity to the investors.

**(o) Outstanding GDRs/FCCBs/Warrants**

- (i) The outstanding GDRs represent 5465840 shares as on 31.03.2009, which are nearly 8.41% of the Subscribed Share Capital of the Company.
- (ii) Outstanding Foreign Currency Convertible Bonds (FCCBs) as on March 31, 2009 is 236 aggregating to US\$ 23.60 million. The same can be converted at the option of the respective FCCB holders within a period of 5 years from the date of issue.
- (iii) As on March 31, 2009, none of the 87,35,000 warrants allotted on 26.02.2008 to Foreign companies on preferential basis were converted into equity shares. The same can be converted into equity shares at the option of the warrant holders on or before the expiry of 18 months from the date of issue.

**(p) Details of issue of equity shares during the period from 01.04.2008 to 31.03.2009**

NIL

**(q) Plant Locations**

1. A-1, Sector-60, NOIDA (U.P.)
2. A-2, Sector-60, NOIDA (U.P.)
3. A-2A, Sector-60, NOIDA (U.P.)
4. C-3, Sector-57, Phase – III, NOIDA (U.P.)
5. C-5-8, Sector-57, Phase – III, NOIDA (U.P.)
6. D-1-2, 15-16, Sector-59, NOIDA (U.P.)
7. 29-B, Malanpur Industrial Area, Distt. Bhand (M.P.)
8. L-1, Industrial Area, Ghirongi (Malanpur), Distt. Bhand (M.P.)
9. Lane No. 3, Phase-I, SIDCO Industrial Complex, Bari Brahmana, Jammu

**(r) Address for Correspondence**

The shareholders may address their communication/grievances/queries/ suggestions to:

Beetal Financial & Computer Services Private Limited (Unit: UFLEX LIMITED) BEETAL House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre Near Dada Harsukh Dass Mandir New Delhi – 110062 Tel. No.011- 29961281 Fax No.011- 29961284	UFLEX LIMITED 305, Third Floor, Bhanot Corner Pamposh Enclave, Greater Kailash-I New Delhi - 110048 Tel. No.: 011-26440917, 26440925 Fax No. : 011-26216922 e-mail : flexsec@vsnl.net
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The above report has been placed before the Board at its meeting held on 30th July, 2009 and the same was approved.



## REPORT ON CORPORATE GOVERNANCE

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
UFLEX Limited  
(formerly known as Flex Industries Limited)  
New Delhi

We have examined the compliance of conditions of Corporate Governance by UFLEX Limited for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For VIJAY SEHGAL & CO.  
Chartered Accountants

CA. S. V. Sehgal  
Partner

Membership No. 080329

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

## DECLARATION

To the Members of  
UFLEX Limited

I, Ashok Chaturvedi, Chairman & Managing Director of the Company, hereby certify that the Board Members and Senior Management Personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended March, 2009 pursuant to the requirements of Clause 49 of the Listing Agreement.

For UFLEX LIMITED

ASHOK CHATURVEDI  
Chairman & Managing Director

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

## AUDITORS' REPORT

### AUDITORS' REPORT

To the Members of  
**UFLEX LIMITED**  
 (Formerly known as FLEX INDUSTRIES LIMITED)  
 NEW DELHI.

01. We have audited the attached Balance Sheet of UFLEX LIMITED as at 31st March 2009, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
02. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
03. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (03) above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) 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;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -
    - a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009;
    - b) in the case of the 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.

For **VIJAY SEHGAL & CO.,**  
 Chartered Accountants

Place : NOIDA  
 Dated : 30<sup>th</sup> July, 2009

CA. S.V.SEHGAL  
 Partner  
 Membership No. 080329

### ANNEXURE TO THE AUDITORS' REPORT OF UFLEX LIMITED FOR THE YEAR ENDED 31st MARCH 2009

[Referred to in Paragraph (03) of our Report of even date]

1. In respect of fixed assets of the Company: -
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) The Fixed assets have been physically verified by the management at reasonable intervals and no material discrepancy has been noticed on such verification.
  - (c) Substantial part of fixed assets have not been disposed off during the year.
2. In respect of inventories of the Company: -
  - (a) Inventories were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate, in relation to the size of the company and the nature of its business.
  - (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not significant and were properly dealt with in the books of account.
3. (a) The company has treated Rs. 5300.82 Lacs as interest-bearing secured loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956. Rate of interest and other terms and conditions of this loan are not prima-facie, prejudicial to the interest of the Company. Repayment of principal and interest has not fallen due till the date of the Balance Sheet.
  - (b) During the year, the Company has taken interest-bearing unsecured loan of Rs. 300 Lacs for a tenure of one year (with pre-payment option resting with the Company), from a company, covered in the register maintained under Section 301 of the Companies Act, 1956. The Rate of interest and other terms and conditions of this loan are not prima-facie prejudicial to the interest of the Company. The full principal and interest thereon will fall due on maturity or on pre-payment, if the Company exercises the option.
4. In our opinion and according to the 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, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.

## AUDITORS' REPORT

5. (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lacs in respect of a party, during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposit, during the year, under the provisions of Section 58A & 58AA of the Companies Act, 1956 and the rules framed there-under.
7. The internal audit of the Company has been conducted by an independent firm of Chartered Accountants and in our opinion; the company has an internal audit system, commensurate with the size and nature of its business.
8. The Company has made and maintained Cost Records & Accounts, concerning polyester chips activity carried on by the Company, in respect of which, the Central Government has prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the records of the Company, it is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other applicable statutory dues.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other applicable statutory dues, as at the year end; for a period more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of custom duty, wealth tax and cess, which have not been deposited on account of any dispute. However following amounts are involved (Gross of amount deposited under protest, if any) with under-mentioned forums, in respect of the disputed statutory dues:-
- (i) Aggregate Sales Tax of Rs.413.28 lacs, pending before (a) Various High Courts (Rs. 233.74 lacs) (b) Tribunal (Rs.50.95 lacs) (c) Joint Commissioner (Appeals) (Rs. 0.90 lacs) & (d) Assessing Authorities (Rs.127.69 lacs)
- (ii) Aggregate Income Tax of Rs. 155.02 Lacs, pending before (a) Tribunal (Rs.116.20 lacs) & (b) CIT (Appeals) (Rs. 38.82 Lacs).
- (iii) Aggregate Excise duty of Rs.4770.47 lacs, pending before (a) Supreme Court (Rs.11.10 lacs) (b) Tribunal (Rs.2990.87 lacs) (c) Various High Courts (Rs.1335.02 lacs), (d) Commissioner (Appeals) (Rs.220.44 lacs) & (e) Assessing/ original adjudicating Authorities (Rs.213.04 Lacs).
10. The Company has neither accumulated losses as at the year end nor it has incurred cash losses in the financial year under report and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks or debenture holders or financial institutions.
12. The Company has not granted loans and advances, on the basis of security by way of pledge of shares, debentures and other securities. However the Company has maintained adequate records in respect of advance, by way of security deposit, granted to one party, in earlier years and outstanding as at the year-end, against the pledge of shares.
13. The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company has not dealt or traded in shares, securities, debentures and other investments during the year. However, it has maintained proper records in respect of shares and other investments and are held in the name of the Company.
15. The Company has given Corporate guarantee for facilities taken by one of its step down Subsidiary from a Bank. On the basis of representation and explanations, provided to us, we are of the opinion that the terms and conditions thereof are not prima-facie prejudicial to the interest of the company.
16. The Company has not raised any term loans during the year. Further funds raised during earlier years through Foreign Currency Convertible Bonds, which were temporarily invested in the Fixed Deposits with the Banks, pending utilization, were applied for the purpose during the year for which the same were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long-term investment.
18. During the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. *Security and Charges has been created in respect of debentures issued by the Company except in respect of 18% Cumulative Debentures having face value of Rs.482.90 Lacs pending issuance of certificate to a financial institution pursuant to Negotiated Settlement Scheme of its outstanding loans, specific charge or security is yet to be created.*
20. The Company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For VIJAY SEHGAL & CO.,  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

CA. S.V.SEHGAL  
Partner  
Membership No. 080329

**BALANCE SHEET**
**BALANCE SHEET AS AT 31ST MARCH, 2009**

(Rs. in lacs)

	Schedule Number	As At 31.03.2009		As At 31.03.2008	
<b>I. SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
a) Share Capital	1	6497.20		6497.01	
b) Warrants	2	1790.68		2788.18	
c) Reserves & Surplus	3	65663.18	73951.06	57246.72	66531.91
<b>Loan Funds</b>					
a) Secured Loans	4	68016.33		73076.61	
b) Unsecured Loans	5	46260.22	114276.55	62913.64	135990.25
Deferred Tax Liability (Net)	6		9034.38		5567.99
<b>TOTAL :</b>			<b>197261.99</b>		<b>208090.15</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	7	175679.21		164352.45	
Less : Depreciation		76017.48		67994.74	
<b>Net Block</b>		<b>99661.73</b>		<b>96357.71</b>	
Capital Work-in-Progress		2152.58	101814.31	10142.64	106500.35
<b>Investments</b>	8		<b>44617.06</b>		50696.64
<b>Current Assets, Loans &amp; Advances</b>					
a) Inventories	9	9953.22		10036.20	
b) Sundry Debtors	10	27225.81		28660.17	
c) Cash & Bank Balances	11	7315.47		26215.39	
d) Other Current Assets	12	192.44		597.26	
e) Loans & Advances	13	36320.39		16020.41	
		<b>81007.33</b>		<b>81529.43</b>	
<b>Less : Current Liabilities &amp; Provisions</b>					
a) Current Liabilities	14	25174.70		26104.18	
b) Provisions	15	5002.01		4532.09	
		<b>30176.71</b>		<b>30636.27</b>	
<b>Net Current Assets</b>			<b>50830.62</b>		<b>50893.16</b>
<b>TOTAL :</b>			<b>197261.99</b>		<b>208090.15</b>

- Notes :**
- The Schedules referred to above form an integral part of the Balance Sheet.
  - Significant Accounting Policies and Notes forming part of the Accounts as per Schedules 25 & 26 respectively are annexed and form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors

**R.K.Jain**  
President (Corp. Finance & Accounts)

**R.P.Agrawal**  
Director

**Ashok Chaturvedi**  
Chairman & Managing Director

**Rakesh Malhotra**  
General Manager (Accounts)

**Ajay Krishna**  
Vice President (Legal) &  
Company Secretary

This is the Balance Sheet referred to  
in our report of even date  
For **Vijay Sehgal & Co.**  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**S.V.Sehgal**  
Partner



**PROFIT & LOSS ACCOUNT**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule Number	For the Year Ended 31.03.2009	(Rs. in lacs) For the Year Ended 31.03.2008
<b>A. INCOME</b>			
Gross Sales & Job Work	16	189283.29	160682.00
Less : Inter unit Sales & Job Work		22630.36	19070.70
Less : Excise Duty		14630.43	14816.68
Net Sales & Job Work		152022.50	126794.62
Other Income	17	15160.73	11790.30
(Decrease) / Increase in Finished Goods & Work-in-Progress	18	(493.78)	1057.70
<b>TOTAL (A) :</b>		<b>166689.45</b>	<b>139642.62</b>
<b>B. EXPENDITURE</b>			
Material Cost	19	88336.33	79459.64
Other Manufacturing Expenses	20	20883.21	16962.13
Payments & Benefits to Employees	21	9003.89	7855.53
Administrative, Selling & Other Expenses	22	20458.99	13260.04
Interest & Financial Charges	23	9342.05	7753.11
Depreciation		8645.52	7677.34
<b>TOTAL</b>		<b>156669.99</b>	<b>132967.79</b>
Less : Expenses Allocated to Self Constructed Assets	24	679.44	466.71
<b>TOTAL (B) :</b>		<b>155990.55</b>	<b>132501.08</b>
<b>Profit before Tax and Exceptional Items (A-B)</b>		<b>10698.90</b>	<b>7141.54</b>
(Less): Provision for Taxation			
- For Income Tax		(1023.86)	(759.00)
- For Fringe Benefit Tax		(135.60)	(170.88)
- For Wealth Tax		(16.01)	(18.87)
(Less) : Provision for Deferred Tax (Charge)		(2381.94)	-
Exceptional Items (Net of Tax)	26 (Note No.10)	3320.38	-
<b>Profit After Tax</b>		<b>10461.87</b>	<b>6192.79</b>
Add / (Less) : Excess / (Short) Provision for earlier years			
- For Wealth Tax		-	0.01
- For Income Tax		(3.01)	48.61
- For Fringe Benefit Tax		-	(142.64)
- For Expenses		(0.66)	(47.72)
<b>Amount available for Appropriations</b>		<b>10458.20</b>	<b>6051.05</b>
<b>Appropriations</b>			
Proposed Dividend		2600.26	2600.26
Proposed Dividend Distribution Tax		441.92	441.92
General Reserve		1046.00	610.00
Debenture Redemption Reserve		1984.90	163.96
<b>Balance carried to Balance Sheet</b>		<b>4385.12</b>	<b>2234.91</b>
		<b>10458.20</b>	<b>6051.05</b>
<b>A. Before Exceptional Items</b>			
a. Basic Earning Per Share (Rs.)		10.98	10.89
b. Diluted Earning Per Share (Rs.)		8.97	7.46
<b>B. After Exceptional Items</b>			
a. Basic Earning Per Share (Rs.)		16.09	10.89
b. Diluted Earning Per Share (Rs.)		13.07	7.46

- Notes :**
- The Schedules referred to above form an integral part of the Profit & Loss Account.
  - Significant Accounting Policies and Notes forming part of the Accounts as per Schedules 25 & 26 respectively are annexed and form an integral part of the Profit & Loss Account.

For and on behalf of the Board of Directors

**R.K.Jain**  
President (Corp. Finance & Accounts)

**R.P.Agrawal**  
Director

**Ashok Chaturvedi**  
Chairman & Managing Director

**Rakesh Malhotra**  
General Manager (Accounts)

**Ajay Krishna**  
Vice President (Legal) &  
Company Secretary

This is the Profit and Loss Account referred to in our report of even date  
For **Vijay Sehgal & Co.**  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**S.V.Sehgal**  
Partner

**CASH FLOW STATEMENT**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

(Rs. in lacs)

	For the Year Ended 31.03.2009	For the Year Ended 31.03.2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & exceptional items	10698.90	7141.54
<b>Adjustment for :</b>		
Depreciation	8645.52	7677.34
Exchange rate fluctuations	(1692.99)	(764.12)
(Profit) / Loss on assets sold (Net)	224.66	417.96
Interest & Financial Charges	9342.05	7753.11
Interest received from Banks / others	(1532.73)	(1979.45)
Interest received on Investments	(6.63)	-
Dividend received on Non- Trade Investments	(726.36)	(454.96)
Dividend received on Investments in Subsidiaries	(2888.18)	(2005.45)
Profit on sale of Investments (Net)	(377.42)	(45.55)
Sundry Debit Balances written off (Net)	2626.17	238.36
Expenses For Earlier Years	(0.66)	(47.72)
Gratuity Liability for Translation Period	-	(359.68)
Provision for diminution in the Value of Investment	69.05	69.06
Fixed Assets written Off	0.42	3.69
Bad & Doubtful Debts (Provision)	628.01	-
<b>Operating Profit before Working Capital changes</b>	<b>14310.91</b>	<b>10502.59</b>
<b>Adjustment for :</b>		
Trade and other receivables	(21714.98)	(7012.80)
Inventories	82.98	(918.28)
Trade and other payables	(459.56)	2338.55
<b>Cash generated from operating activities</b>	<b>2918.25</b>	<b>12051.60</b>
Wealth tax	(16.01)	(18.86)
Fringe Benefit Tax	(135.60)	(313.52)
Dividend Paid	(2600.26)	-
Dividend Distribution Tax	(441.92)	-
Expenses For Earlier Years	-	-
Income Tax	(1026.87)	(710.39)
Exchange rate fluctuations	1692.99	764.12
<b>Cash from operating activities before exceptional items</b>	<b>390.58</b>	<b>11772.95</b>
Exceptional Items (Net of Current Taxes)	4404.83	-
<b>Net Cash from operating activities (A)</b>	<b>4795.41</b>	<b>11,772.95</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase) of Fixed Assets	(4713.47)	(22171.20)
Sale proceeds of Fixed Assets	528.91	128.29
Inflow / (Outflow) on Investments (Net)	6387.95	(30105.14)
Interest received from Banks / others	1532.73	1979.45
Interest received on Investments	6.63	-
Dividend received on Investments	3614.54	2460.41
<b>Net Cash used in Investing Activities (B)</b>	<b>7357.29</b>	<b>(47708.19)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipt of Securities Premium Account	2.94	24553.88
Receipts from issue of Warrants	-	1790.68
FCCB Issue Expenses	-	(136.79)
Premium on Redemption of OFCD	-	(17947.13)
Share Capital Received	0.19	1138.35
Interest & Financial Charges	(9342.05)	(7753.11)
Additions of Borrowings (Net)	(21713.70)	13895.64
<b>Net Cash used in Financing Activities (C)</b>	<b>(31052.62)</b>	<b>15541.52</b>
Net (Decrease) in Cash and Cash equivalents (A+B+C)	(18899.92)	(20393.72)
Opening Cash and Cash equivalents	26215.39	46609.11
Closing Cash and Cash equivalents	7315.47	26215.39

For and on behalf of the Board of Directors

**R.K.Jain**  
President (Corp. Finance & Accounts)

**R.P.Agrawal**  
Director

**Ashok Chaturvedi**  
Chairman & Managing Director

**Rakesh Malhotra**  
General Manager (Accounts)

**Ajay Krishna**  
Vice President (Legal) &  
Company Secretary

This is the Cash Flow Statement  
referred to in our report of even date  
For **Vijay Sehgal & Co.**  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**S.V.Sehgal**  
Partner

## SCHEDULES

## SCHEDULES

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>1 SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,90,00,000 (Previous Year Same) Preference Shares of Rs.100/- each	19000.00	19000.00
15,00,00,000 (Previous Year Same) Equity Shares of Rs.10/-each	15000.00	15000.00
	<u>34000.00</u>	<u>34000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
6,50,06,646 (Previous Year Same) Equity Shares of Rs.10/- each, fully called-up	6500.67	6500.67
Less : Amount Unpaid	3.47	3.66
<b>TOTAL :</b>	<u>6497.20</u>	<u>6497.01</u>

**Note :** 6,50,06,646 (Previous Year Same) Equity Shares include 54,65,840 (Previous Year Same) Equity Shares lying with Depository, representing 27,32,920 (Previous Year Same) Global Depository Receipts (GDRs), issued through an international offering in US Dollars, outstanding as at Balance Sheet date.

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>2 WARRANTS</b>		
Amount received @Rs.17.50 each on 57,00,000 (Previous Year 77,00,000) Warrants	997.50	1347.50
Less : Amount in respect of NIL (Previous Year 20,00,000) Warrants Converted into Equity Shares	-	350.00
Less : Amount forfeited & transferred to Capital Reserve	997.50	-
Amount received @Rs.20.50 each on allotment of 87,35,000 (Previous Year Same) Warrants	1790.68	1790.68
<b>TOTAL :</b>	<u>1790.68</u>	<u>2788.18</u>

**Notes:**

- In terms of the Resolution passed in the Extra-ordinary General Meeting held on 7th February 2007 the Company has allotted 103 Lac Warrants at a price of Rs.175/- per warrant (inclusive of premium of Rs.165/- per warrant), which gives holders the right to convert warrant into equal number of equity shares of the company at any time within 18 Months from the date of allotment i.e. 20th February 2007. Further, due to failure of Warrant holders holding aggregate of 57 lacs warrants, to exercise the right to convert within 18 months from the date of allotment, application money received on these Warrants have been forfeited and transferred to Capital Reserve Account.
- In terms of the Resolution passed through Postal Ballot declared on 26th February 2008 the Company has allotted 87.35 Lac Warrants at a price of Rs.205/- per warrant (inclusive of premium of Rs.195/- per warrant), which gives holders the right to convert warrant into equal number of equity shares of the company at any time within 18 Months from the date of allotment i.e. 26th February 2008.

**SCHEDULES**

(Rs. in lacs)

	Balance As At 01.04.2008	Additions During the year	Deductions During the year	Balance As At 31.03.2009
<b>3 RESERVES &amp; SURPLUS</b>				
Capital Reserve	–	997.50 *	–	997.50
Revaluation Reserve	3.53	–	0.07	3.46
Debenture Redemption Reserve	4517.68	1984.90	–	6502.58
Securities Premium Account	43085.17	2.94	–	43088.11
General Reserve @	1035.16	1046.07	–	2081.23
Profit & Loss Account	8605.18	4385.12	–	12990.30
<b>TOTAL :</b>	<u>57246.72</u>	<u>8416.53</u>	<u>0.07</u>	<u>65663.18</u>
Previous Year	43337.82	27712.83	13803.93	57246.72

\* Represents Warrant Application Money forfeited on 57 Lac Warrants allotment on 20th February, 2007 due to failure of the Warrant holders to exercise the right to convert the warrants into Equity Shares within 18 months from the date of allotment.

@ Includes Rs.0.07 lacs (Previous Year Rs.0.08 lacs) representing the amount transferred from Revaluation Reserve to General Reserve being the difference between depreciation charged on enhanced value of the revalued assets and the depreciation on their historical cost at straight line method prescribed in Schedule XIV of Companies Act, 1956.

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>4 SECURED LOANS</b>		
<b>A. ZERO RATE DEBENTURES</b>		
From Financial Institutions	11568.53	12345.45
<b>B. 18% CUMULATIVE DEBENTURES</b>		
From Financial Institution	1764.51	1730.75
<b>C. TERM LOAN</b>		
From Financial Institutions	3541.25	4991.25
From Bank	1788.86	5330.11
<b>D. ZERO RATE LOANS</b>		
From Financial Institutions	29234.33	33290.84
From Others	699.51	29933.84
<b>E. CUMULATIVE RUPEE LOANS</b>		
From Financial Institutions	4771.90	4681.08
From Others	274.49	5046.39
<b>F. WORKING CAPITAL FACILITIES</b>		
From Banks	14372.95	12891.48
<b>TOTAL :</b>	<u>68016.33</u>	<u>73076.61</u>

**Notes :**

- Zero Rate Debentures and 18% Cumulative Debentures are secured a) on *pari-passu* basis by way of hypothecation of specific movable assets of the company (save and except book debts), both present and future subject to prior charges created and/or to be created in favour of company's bankers for working capital facilities, b) by first *pari-passu* registered mortgage of specific immovable properties of the company situated at Mehsana (Gujarat), both present and future, in favour of trustees of respective debenture holders, c) by first *pari-passu* equitable mortgage of specific immovable properties of the company, both present and future situated at Malanpur (M.P.) and NOIDA (U.P.) and d) by guarantee of the Chairman & Managing Director of the company. However, 18% Cumulative Debentures held by UTI are yet to be specifically secured.

Zero Rate Debenture held by UTI for Rs. 9066.33 lacs are repayable from March 2009 to Dec 2012. Zero Rate Debentures held by IFCI for Rs. 3279.12 lacs are repayable in eight equal quarterly instalments commencing April 2011.

18% Cumulative Debentures are repayable in eight equal quarterly instalments commencing March 2009.

**SCHEDULES**

2. Term Loans from Financial Institutions are secured a) on *pari-passu* basis by way of hypothecation of specific movable properties of the company (save and except book debts), both present & future, subject to prior charges created and/or to be created in favour of company's bankers for working capital facilities (except for GIC and its four subsidiaries), b) by first *pari-passu* equitable mortgage of specific immovable properties of the company situated at Malanpur (M.P.) and NOIDA (U.P.), and c) by guarantee of Chairman & Managing Director of the company.

Term loan from Allahabad Bank is secured by way of first charge on the specific asset. This is further guaranteed by Chairman & Managing Director of the company.

3. "Zero Rate Loans" from financial institutions/others, are secured a) on *pari-passu* basis by way of hypothecation of specific movable properties of the company (save and except book debts), both present & future, subject to prior charges created and/or to be created in favour of company's bankers for working capital facilities (except for GIC and its four subsidiaries), b) by first *pari-passu* equitable mortgage of specific immovable properties of the company situated at Malanpur (M.P.) and NOIDA (U.P.), and c) by guarantee of Chairman & Managing Director of the company.
4. Term loan and ZRDs from IFCI are further secured by way of pledge of 16.85 lacs equity shares of erstwhile FCL Technologies & Products Ltd. However, pledge is yet to be modified consequent upon merger.
5. Cumulative Rupee Loans (CRL) from ICICI Ltd. and IDBI are secured a) on *pari-passu* basis by way of hypothecation of all movable properties of the company (save and except book debts), both present & future, subject to prior charges created and/or to be created in favour of company's bankers for working capital facilities, and b) by guarantee of Chairman & Managing Director of the company. CRL from GIC and its four subsidiaries are secured by a) first *pari-passu* equitable mortgage of specific immovable properties of the company situated at Malanpur (M.P.) and NOIDA (U.P.), and b) by guarantee of Chairman & Managing Director of the company. CRLs from LIC and Sahara India are yet to be secured.
6. Working capital facilities from banks are secured a) on *pari-passu* basis, by way of hypothecation of specific stocks of raw material, semi-finished goods, finished goods and book debts of the company, both present and future, b) by way of second *pari-passu* charge on specific fixed assets of the company, situated at Malanpur (M.P.) and NOIDA (U.P.), and c) by guarantee of Chairman & Managing Director of the company.

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>5 UNSECURED LOANS</b>		
Foreign Currency Convertible Bonds (FCCBs)	11972.28	27542.90
<b>Short Term Loans</b>		
From Banks	33210.18@	35370.74
Add: Interest accrued & due	32.53	-
From Others	1045.23*	35370.74
<b>TOTAL :</b>	<b>46260.22</b>	<b>62913.64</b>

**Notes :**

- a) The company had issued 4%, 850 FCCBs of the face value of US \$ 100,000 each, aggregating to US \$ 85 millions redeemable on March 9, 2012 at 121.89% of the outstanding principal amount.
- b) These bonds are convertible into equity shares of the company, at the option of the bondholders, at any time at an exchange rate of Rs. 44.44/\$ and share price of Rs. 144.70 but with conversion price reset on each anniversary of the FCCB issue on 8th of March. The conversion price is adjustable downwards only but not below Rs. 144.70 as determined under rules of SEBI. Upto the year end, Bonds aggregating to US \$ 16.40 million were converted into 41,64,656 equity shares and Bonds during the year aggregating to US\$ 45.00 million were bought back by the Company.
- @ Includes Rs.381.57 lacs (Previous Year NIL) secured by way of pledge of Fixed Deposit Receipts & Balance in Recurring Deposit Account.
- \* Includes Rs.150.87 lacs (Previous Year NIL) secured by way of pledge of Fixed Deposit Receipts.

**6 DEFERRED TAX LIABILITY (NET)**

Opening Balance	5567.99	10207.74
Add / (Less) : Provision of Deferred Tax charge / (Credit) for the year	3466.39	(4639.75)
<b>TOTAL :</b>	<b>9034.38</b>	<b>5567.99</b>



## SCHEDULES

## 7. FIXED ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Value/cost As At 01.04.2008	Additions during the year	Deductions during the year	Value/cost As At 31.03.2009	Upto 31.03.2008	For the year	Deductions	As At 31.03.2009	As At 31.03.2009	As At 31.03.2008
<b>A. Tangible Assets</b>										
Freehold Land	310.91	105.36	55.78	360.49	-	-	-	-	360.49	310.91
Leasehold Land	3653.39	5.60	202.55	3456.44*	-	-	-	-	3456.44	3653.39
Building	17981.92	861.06	-	18842.98**	5357.26	575.33	0.00	5932.59	12910.39	12624.66
Plant & Machineries	125273.57	10707.98	774.81	135206.74	58765.20	6895.33	500.41	65160.12	70046.62	66508.37
Electrical Installation	3695.39	99.42	1.73	3793.08	1725.43	178.18	1.17	1902.44	1890.64	1969.96
Office Equipments	3279.66	405.47	7.71	3677.42	668.56	232.66	3.40	897.82	2779.60	2611.10
Furniture & Fixtures	4450.76	201.47	1.30	4650.93	378.74	310.19	0.31	688.62	3962.31	4072.02
Vehicles (Including Aircraft)	5292.97	122.32	332.89	5082.40	935.57	353.19	117.49	1,171.27	3911.13	4357.40
<b>B. INTANGIBLE ASSETS</b>										
Software	413.88	194.85	-	608.73	163.98	100.64	-	264.62	344.11	249.90
<b>TOTAL</b>	164352.45	12703.53	1376.77	175679.21***	67994.74	8645.52	622.78	76017.48	99661.73	96357.71
Previous Year	150342.23	15489.78	1479.56	164352.45	61247.02	7677.34	929.62	67994.74		
									CAPITAL WORK-IN-PROGRESS***	
									2152.58#	10142.64
									101814.31	106500.35

\* Includes Rs. 365.42 lacs (Previous Year Rs.365.42 lacs) pending execution of Title Deed.

\*\* Includes Rs. 5.30 lacs (Previous Year Rs.5.30 lacs) acquired on ownership basis, Rs.19.85 lacs (Previous Year Rs.19.85 lacs) pending execution of title deed.

\*\*\* Includes Pre-operative expenses, basis of which is certified by the Management.

# Includes Rs.141.77 lacs (Previous year Rs. 2058.05 lacs) in respect of Machinery in Transit.

## 8. INVESTMENTS

(Rs.In Lacs)

Particulars	Description	Face Value	As At 31.03.2009		As At 31.03.2008	
			Number	Amount	Number	Amount
<b>1 LONG TERM INVESTMENTS</b>						
<b>A. QUOTED</b>						
<b>Fully Paid Up</b>						
<b>IN SHARES</b>						
<b>Trade :</b>						
Flex Foods Ltd.	Equity	Rs.10/-	5870000	587.00	5870000	587.00
<b>Non-Trade :</b>						
Reliance Industries Ltd.	Equity	Rs.10/-	107544	2720.10	107544	2720.10
Reliance Petroleum Ltd.	Equity	Rs.10/-	62344	100.82	62344	100.82
Reliance Infrastructure Ltd.	Equity	Rs.10/-	60000	1115.87	60000	1115.87
Ansar Properties & Infrastructure Ltd.	Equity	Rs.5/-	589910	1113.90	529910	1017.98
Kothari Products Ltd.	Equity	Rs.10/-	76200	152.40	76200	152.40
B.A.G.Films Ltd.	Equity	Rs.2/-	49300	4.93	49300	4.93
Optel Telecommunications Ltd.	Equity	Rs.10/-	197300	138.11	197300	138.11
(Less) : Provision for Diminution in the Value of Investment				(138.11)		(69.06)
<b>TOTAL (1-A)</b>				5795.02		5768.15

**SCHEDULES**
**8. INVESTMENTS (Continued)**

(Rs.In Lacs)

Particulars	Description	Face Value	As At 31.03.2009		As At 31.03.2008	
			Number	Amount	Number	Amount
<b>B. UNQUOTED</b>						
<b>Fully Paid Up</b>						
<b>IN WHOLLY OWNED SUBSIDIARIES</b>						
Flex America Inc.-USA	Equity	US\$ 1	100000	44.72	100000	44.72
Flex Middle East FZE-Dubai	Equity	AED 1 Million	107	12672.08	107	12672.08
Flex Europe Pvt. Ltd.	Equity	GBP 1	100000	81.14	75000	61.31
Uflex Packaging Inc.-USA	Equity	US\$ 10	10000	39.40	10000	39.40
UTech Developers Ltd.	Equity	Rs.10/-	100000000	10000.00	100000000	10000.00
UPET Holdings Ltd.	Equity	US\$ 1	30400001	13908.00	-	-
<b>TRUST SECURITIES AND MUTUAL FUNDS</b>						
6.75% Tax Free US64 Bonds						
[Repurchase value NIL (Previous Year Rs.31.03 Bonds lacs)]		Rs.100/-	-	-	31025	31.03
UTI Fixed Term Income Fund Series-V-VI Growth Plan @						
[Repurchase value Rs. 32.60 lacs (Previous Year NIL)]	Units	Rs.10/-	310250	31.03	-	-
UTI Wealth Builder Fund Series-II Growth Plan						
[Repurchase value Rs. 9.99 lacs (Previous Year NIL)]	Units	Rs.10/-	92164.792	9.42	-	-
<b>Non-Trade :</b>						
<b>IN SHARES</b>						
Fair Growth Financial Services Ltd.	Equity	Rs.10/-	100000	10.00	100000	10.00
Vijaya Home Loans Ltd.	Equity	Rs.10/-	50000	5.00	50000	5.00
Apoorva Extrusion Pvt. Ltd.	Equity	Rs.100/-	-	-	24000	24.00
<b>TOTAL (1-B)</b>				<b>36800.79</b>		<b>22887.54</b>
<b>TOTAL (1)</b>				<b>42595.81</b>		<b>28655.69</b>
<b>2 SHORT TERM INVESTMENTS</b>						
<b>A UNQUOTED</b>						
<b>Fully Paid Up</b>						
<b>IN SHARES</b>						
UBIO Chemicals Ltd.	Equity	Rs.10/-	20212500	2021.25		-
<b>B Investment in Mutual Funds *</b>						22040.95
<b>TOTAL (1)+(2)</b>				<b>44617.06</b>		<b>50696.64</b>

**Notes :**

Aggregate Market Value of Quoted Investment is Rs.3295.59 lacs (Previous Year Rs.5714.87 lacs). In the opinion of the Management, decline in the market value of the Investments is temporary.

@ Pledged with UTI Asset Management Co.

\* Refer Note No.'20' of Schedule -26 (Notes forming part of the Accounts).

	(Rs. in lacs)	
	As At 31.03.2009	As At 31.03.2008
<b>9 INVENTORIES</b>		
Stores, Packing Material & Fuel	585.25	576.81
Raw Materials	3927.84	3693.77
Work-in-Progress	3683.95	4274.78
Finished Goods	1118.26	1021.21
Traded Goods	-	1.87
Material-in-Transit	637.92	467.76
<b>TOTAL :</b>	<b>9953.22</b>	<b>10036.20</b>

## SCHEDULES

(Rs.In Lacs)

	As at 31.03.2009	As at 31.03.2008
<b>10. SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
A. Debts outstanding for a period exceeding six months	8950.80	9320.44
B. Other debts	18977.28	19413.99
	<b>27928.08 #</b>	<b>28734.43</b>
Less : Provision for Bad & Doubtful Debts	702.27	74.26
<b>TOTAL</b>	<b>27225.81</b>	<b>28660.17</b>

# Includes Rs.3617.24 lacs (Previous Year Rs.1107.57 lacs) due from subsidiaries.

**11. CASH & BANK BALANCES**

Cash in hand	46.96	88.76
Balances with Scheduled Banks:		
- On Current Accounts	3652.13	1917.60
- On Cash Credits Accounts	79.15	45.34
- On Fixed Deposits Accounts*	2703.91	4516.35
- On Recurring Deposit Account@	245.32	-
- On Unclaimed Dividend Account	45.59	-
- In Margin Money Accounts	342.41	644.13
Balances with Foreign Banks:		
- On Fixed Deposits Accounts	-	19003.21
Fixed Deposits with ICICI Home Finance Co. Ltd.@	200.00	-
<b>TOTAL :</b>	<b>7315.47</b>	<b>26215.39</b>

\* Includes :

1 Rs. 328.91 lacs (Previous Year Rs.841.36 lacs) pledged with Banks as margin for Letters of Credits, Guarantees and Bills Discounted.

2 Rs.2200.00 lacs (Previous Year Nil) pledged with Banks as security against overdraft limit availed.

@ Pledged against overdraft limit availed.

**12. OTHER CURRENT ASSETS**

Interest accrued on :		
- Investments	-	2.79
- Loans	36.11	30.78
- Deposits with Banks	156.33	153.54
Dividend receivable from a Subsidiary	-	410.15
<b>TOTAL :</b>	<b>192.44</b>	<b>597.26</b>

**13. LOANS AND ADVANCES**

(Unsecured, Considered Good)		
Income Tax Paid (Net of Provision)	-	746.12
Fringe Benefit Tax Paid (Net of Provision)	1.77	173.74
Advances recoverable in cash or in kind or for value to be received	11293.09	8852.56
Security & Other Deposits	798.93	682.61
Balances with Excise Authorities	1263.39	1702.28
Loans to Employees and others	55.05	78.10
Loans to Bodies Corporate	22908.16	3785.00
<b>TOTAL :</b>	<b>36320.39</b>	<b>16020.41</b>

**SCHEDULES**

	(Rs. in lacs)	
	As at 31.03.2009	As at 31.03.2008
<b>14. CURRENT LIABILITIES</b>		
Acceptances	5177.10	6078.86
Sundry Creditors #	14030.04	12990.43
Advances from Customers	1909.16	3031.43
Unclaimed Dividend*	45.59	24.36
Unclaimed Matured Deposits*	0.45	0.45
Unclaimed Matured Debentures*	5.94	7.26
Other Liabilities	3904.98	3828.93
Interest accrued but not due on Loans	101.44	142.46
<b>TOTAL :</b>	<b>25174.70</b>	<b>26104.18</b>

# Includes Rs. 1473.50 lacs (Previous Year Rs.641.03 lacs) due to wholly owned subsidiary.

\* These figures do not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund.

**15. PROVISIONS**

Income Tax (Net of Payments)	332.73	-
Wealth Tax	16.01	18.87
Proposed Dividend	2600.26	2600.26
Proposed Dividend Distribution Tax	441.92	441.92
Leave Encashment	705.26	617.40
Staff Benefits	250.37	298.39
Warranty	2.56	7.40
Interest on Deferred Liabilities	652.90	547.85
<b>TOTAL :</b>	<b>5002.01</b>	<b>4532.09</b>

	(Rs. in lacs)			
	For the Year Ended 31.03.2009		For the Year Ended 31.03.2008	
<b>16. SALES &amp; JOB WORK</b>				
Gross Sales	187482.35		157390.48	
Less : Inter Unit Sales	21395.13		17487.42	
	166087.22		139903.06	
Less : Excise Duty	14601.88	151485.34	14763.27	125139.79
Gross Job Work	1800.94		3291.52	
Less : Inter Unit Job Work	1235.23		1583.28	
	565.71		1708.24	
Less : Excise Duty	28.55	537.16	53.41	1654.83
<b>TOTAL :</b>	<b>152022.50</b>		<b>126794.62</b>	

**17. OTHER INCOME**

Design & Art Work Recovery	268.87		490.40	
Less : Excise Duty Recovery	18.06	250.81	35.87	454.53
Packing, Forwarding and Insurance Recoveries		64.60		83.61
Exchange Rate Fluctuation (Net)		1692.99		764.12
Export Incentive		1411.33		1439.67
Profit on sale of Investments (Net)		377.42		45.55
Miscellaneous Income		352.81		367.62
Sales Tax Refund		2517.21		689.81
Licence fees		1320.00		1262.26
Technical Fees		2019.66		2243.27

**SCHEDULES**

(Rs. in lacs)

<b>17. OTHER INCOME (Continued)</b>	<b>For the Year Ended 31.03.2009</b>	<b>For the Year Ended 31.03.2008</b>
<b>Interest :</b>		
- from Banks [TDS Rs 85.87 lacs (Previous Year Rs.112.96 lacs)]	794.59	1777.03
- from Others [TDS Rs.146.84 lacs (Previous Year Rs.35.72 lacs)]	738.14	202.42
<b>Investment Income:</b>		
- Interest	6.63	-
- Dividend received on Non-Trade Investments	726.36	454.96
- Dividend received on Investments in Subsidiaries	2888.18	2005.45
<b>TOTAL :</b>	<b>15160.73</b>	<b>11790.30</b>

**18. (DECREASE) / INCREASE IN FINISHED GOODS & WORK-IN-PROGRESS**

<b>Closing Stock :</b>		
Finished Goods	1118.26	1021.21
Work-in-Progress	3683.95	4274.78
	<b>4802.21</b>	<b>5295.99</b>
<b>Less : Opening Stock :</b>		
Finished Goods	1021.21	1148.45
Work-in-Progress	4274.78	3089.84
	<b>5295.99</b>	<b>4238.29</b>
<b>TOTAL :</b>	<b>(493.78)</b>	<b>1057.70</b>

**19 MATERIAL COST**

<b>A. Raw Material Consumed</b>		
Opening Stock	3693.77	4151.12
Add : Purchases	108198.69	95465.78
	<b>111892.46</b>	<b>99616.90</b>
Less : Inter Unit Purchases	19942.99	16685.72
	<b>91949.47</b>	<b>82931.18</b>
Less : Closing Stock	3927.84	3693.77
<b>TOTAL (A) :</b>	<b>88021.63</b>	<b>79237.41</b>
<b>B. Material Cost of Traded Goods Sold</b>		
Opening Stock	1.87	6.43
Add : Purchases	312.83	217.67
	<b>314.70</b>	<b>224.10</b>
Less : Closing Stock	-	1.87
<b>TOTAL (B) :</b>	<b>314.70</b>	<b>222.23</b>
<b>TOTAL (A) + (B):</b>	<b>88336.33</b>	<b>79459.64</b>

**20. OTHER MANUFACTURING EXPENSES**

Power & Fuel Consumed	12174.76	9825.44
Repair & Maintenance-Machineries	3070.64	1992.92
Stores Consumed	1837.37	1600.38
Tools, Jigs & Dies	150.06	124.45
Packing Material Consumed	2738.58	2310.63
Cylinders / Processing Charges for Cylinders	1605.46	1608.55
Less : Inter Unit Charges	1077.19	528.27
	<b>528.27</b>	<b>1191.91</b>
Design & Development Charges	3.43	3.41
Excise Duty	(62.62)	(9.90)
Job Work Charges	432.10	687.73
R & D Charges	10.62	10.43
<b>TOTAL :</b>	<b>20883.21</b>	<b>16962.13</b>



**SCHEDULES**

 (Rs. in Lacs)  
 For the  
 Year Ended  
 31.03.2008

**21. PAYMENTS & BENEFITS TO EMPLOYEES**

	For the Year Ended 31.03.2009	For the Year Ended 31.03.2008
Salaries, Wages, Bonus, Benefits and Amenities	8180.03	7068.60
Contribution to Provident Fund and Other Funds	485.57	464.11
Employees Welfare Expenses	338.29	322.82
<b>TOTAL :</b>	<b>9003.89</b>	<b>7855.53</b>

**22. ADMINISTRATIVE, SELLING & OTHER EXPENSES**

Rent, Rates & Taxes	271.50	159.99
Insurance charges	189.88	276.64
Electricity & Water charges	226.33	233.73
Printing & Stationery	151.90	144.51
Postage, Telegram, Telephone & Fax Expenses	332.49	281.62
Vehicle Running & Maintenance Expenses	229.58	348.15
Lease Rent -Vehicles	208.29	145.47
Conveyance & Travelling Expenses	1422.71	1040.62
Repair & Maintenance :		
- Building	179.64	169.59
- Others	360.17	353.48
Legal & Professional Charges	600.55	607.33
Directors' sitting fees	13.00	14.60
General Expenses	1185.84	1067.76
Commission on Sales	374.31	152.19
Advertisement & Publicity	1227.95	789.76
Entertainment Expenses	259.29	190.71
Sales Tax	3329.93	1076.41
Charity & Donation	4.62	19.14
Rebate & Discount	1391.34	845.08
Freight & Forwarding charges	4884.74	4242.50
Loss on Settlement of Fire Claim	-	211.76
Fixed Assets Written -off	0.42	3.69
Loss on assets sold (Net)	224.66	417.96
Bad & Doubtful Debts (Provision)	628.01	-
Provision for diminution in the value of Investment	69.05	69.06
Sundry balance written-off (Net)	2626.17	238.36
Claim (Exports)	66.62	159.93
<b>TOTAL :</b>	<b>20458.99</b>	<b>13260.04</b>

**23. INTEREST & FINANCIAL CHARGES**

Interest		
- On Loans for Fixed Period	2285.24	3592.75
- On Other Loans / Liabilities	6085.14	3283.97
- On Deferred Liabilities	113.04	100.67
Discounting & Financial Charges	8483.42	6977.39
	858.63	775.72
<b>TOTAL :</b>	<b>9342.05</b>	<b>7753.11</b>

**24. EXPENSES ALLOCATED TO SELF  
CONSTRUCTED ASSETS**

Material Cost	345.54	253.09
Salary & Wages	149.45	90.62
Other Manufacturing Expenses	55.75	36.05
Administrative & Other Expenses	93.42	64.96
Interest & Financial Charges	1.82	2.05
Depreciation	33.46	19.94
<b>TOTAL :</b>	<b>679.44</b>	<b>466.71</b>

## 25. SIGNIFICANT ACCOUNTING POLICIES

### 1. CLASSIFICATION OF EXPENDITURE / INCOME

Except otherwise indicated:

- i) All expenditure and income are accounted for under the natural heads of account.
- ii) All expenditure and income are accounted for on accrual basis.

### 2. VALUATION

#### i) Fixed Assets

- a) Fixed Assets are normally accounted for on cost basis (net of CENVAT credits) including the cost of installation, pre-operative expenses, identifiable trial run expenses where incurred, eligible adjustment on account of foreign exchange fluctuations and impairment losses. Pre-operative expenses and identifiable trial run expenses incurred by the company up to the date eligible assets are put to use for commercial production are allocated to them in proportion to their cost. The cost of fixed assets is adjusted for revaluation, if any, done in any year as decided by the management so as to show the fixed assets at their current value.
- b) Self-constructed Fixed Assets are valued at cost including overheads of the unit constructing the asset.

#### ii) Finished Goods

Finished goods are valued at lower of cost, based on weighted average method, (except in case of machine manufacturing where specific identification method is used) arrived after including depreciation on plant & machinery, electrical installation and factory building, repair & maintenance on factory building, specific manufacturing expenses including excise duty and specific payments & benefits to employees or net realisable value.

#### iii) Work-in-Progress

Work-in-Progress are valued at lower of cost, based on weighted average method, (except in case of machine manufacturing where specific identification method is used) arrived after including depreciation on plant & machinery, electrical installation and factory building, repair & maintenance on factory building, specific manufacturing expenses and specific payments & benefits to employees or net realisable value.

#### iv) Raw Materials

Raw Materials are valued at lower of cost, based on first-in-first-out method arrived at after including freight inward and other expenditure directly attributable to acquisition or net realisable value.

v) Stores, fuel and packing materials are valued at lower of cost, based on first-in-first-out method or net realisable value.

vi) Inter-unit transfers of goods and services / job work are valued at cost price/ the price agreed to between the units.

3. Cost of spares, tools, jigs & dies are charged to revenue.

### 4. LEASES

- i) Lease rentals paid on operating leases are charged to revenue.
- ii) Lease rentals received under operating lease are recognized in the statement of Profit & Loss Account.

5. Expenses incurred for issue of financial securities are charged to Securities Premium Account.

### 6. FOREIGN CURRENCY TRANSACTIONS

- i) Foreign currency monetary items remaining unsettled at the year end are translated at year end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the values were determined.
- ii) Exchange differences on settlement / translation of monetary items, are adjusted as income / expense through the Exchange Fluctuation Account in the year they arise.
- iii) Difference between the forward and exchange rate on the date of transactions are adjusted over the period of the contract as an income / expense through the Exchange Fluctuation Account.
- iv) Profit or loss on cancellation of forward contracts for transactions, are adjusted as income / expense through Exchange Fluctuation Account in the year they arise.

## SCHEDULES

### 7. DEPRECIATION

- i) Normal depreciation on all fixed assets, except land and extra shift depreciation on specific plant & machineries for the period of extra shift worked, are provided from the date of put to use for commercial production on straight line method at the rates prescribed in Schedule-XIV to the Companies Act, 1956.
- ii) No depreciation is provided on leasehold land.
- iii) Depreciation on additions / deletions to fixed assets is provided on *pro-rata* basis from / to the date of additions/ deletions.
- iv) In case the financial year consists of the period less / more than the normal period of 12 months, depreciation on fixed assets existing at the beginning of the financial year as well as those acquired during the said period are provided for the period covered on *pro-rata* basis.
- v) Depreciation on additions / deletions to the fixed assets due to eligible foreign exchange fluctuations is provided on *pro-rata* basis from the date of additions / deletions.

### 8. TURNOVER

- i) Gross sales are inclusive of inter-unit sale value and excise duty/cess recoveries and sales tax.
- ii) Sales returns / rate difference are adjusted from the sales of the year in which the returns take place / rate difference accepted.
- iii) Gross job work is inclusive of inter-unit job work value and excise duty/cess recoveries.

### 9. PURCHASES

- i) Purchases are inclusive of inter-unit purchase value and net of CENVAT credits and materials consumed during trial run.
- ii) Purchases returns / rebates are adjusted from the purchases of the year in which the returns take place / rebates allowed.

### 10. INVESTMENTS

- i. Long term investments are valued at their cost including brokerage, fees and duty. However, if there is decline in value of investment, other than temporary, the carrying amount of investment is reduced recognizing the decline in value of each investment.
- ii. Short term investments are valued at cost or market price, whichever is lower.

### 11. EMPLOYEE BENEFITS

- i. Defined Long Term benefit (other than leave encashment) is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit & Loss Account.
- ii. Defined long term benefits in respect of leave encashment is charged to profit & loss account based on the leave entitlement of employees remaining unutilised at the end of the year, at the undiscounted amount.
- iii. Defined Contribution Plans are charged to profit & loss account based on the contribution made to the specified fund.
- iv. Short term employee benefits are charged to Profit & Loss Account at the undiscounted amount in the year in which the related service is rendered.

### 12. CLAIMS BY / AGAINST THE COMPANY

Claims by / against the Company arising on any account are provided in the accounts on receipts / acceptances.

### 13. BORROWING COST

Borrowing cost attributable to the acquisition or construction of qualifying /eligible assets till put to use for commercial production are capitalised as part of the cost of such assets. A qualifying /eligible asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense and are charged to revenue in the year in which they are incurred.

### 14. EARNING PER SHARE

In accordance with the Accounting Standard-20 (AS-20) "Earning Per Share" issued by The Institute of Chartered Accountants of India, Basic & Diluted Earning Per Share is computed using the weighted average number of Shares outstanding during the period.

## SCHEDULES

### 15. DEFERRED TAX ASSETS / LIABILITIES

Deferred tax assets & liabilities are measured using the current tax rates. When there is unabsorbed depreciation or carry forward of losses, Deferred tax assets are recognised only to the extent that there is virtual certainty of realisation of deferred tax assets. Other deferred tax assets are recognised to the extent, there is reasonable certainty of realisation of deferred tax assets. Such deferred tax assets & other unrecognised deferred tax assets are re-assessed at each Balance Sheet date and the carrying value of the same are adjusted recognising the change in the value of each such deferred tax assets.

### 16. RESEARCH & DEVELOPMENT

- i) All revenue expenditure on research & development activities are accounted for under their natural heads of revenue expenses accounts.
- ii) All capital expenditure related to research & development activities are accounted for under their natural heads of fixed assets accounts.

### 17. IMPAIRMENT

Management periodically assesses using external and internal sources whether there is an indication that assets of concerned cash generating unit may be impaired. Impairment loss, if any, is provided as per Accounting Standard (AS-28) on Impairment of Assets.

### 18. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with the Accounting Standard AS – 29 issued by Institute of Chartered Accountants of India a) provisions are made for the present obligations where amount can be estimated reliably, and b) contingent liabilities are disclosed for possible obligations arising out of uncertain events not wholly in control of the company. Contingent assets are neither recognised nor disclosed in the financial statements.

### 19. INTANGIBLE ASSETS

Customised or separately purchased software is classified as intangible assets at their cost and amortised over a period of five years from date of put to use.

### 26. NOTES FORMING PART OF THE ACCOUNTS

	(Rs.in lacs)	
	As At 31.03.2009	As At 31.03.2008
<b>1 Contingent liabilities not provided for in respect of :</b>		
i) Guarantees issued by Banks	605.97	767.59
ii) Corporate Gurantee issued for facilities taken by step down subsidiary from a Bank	26215.80	-
iii) Import duty obligations on outstanding export commitment under Advance Licence / EPCG Schemes	13632.96	10925.18
iv) Letters of Credit (Unexpired) issued by Banks (Net of Margin)	2042.45	1862.84
v) Show cause notice / demands of Excise Authorities not acknowledged by the Company and are contested / appealed / replied.	4770.47	3812.52
vi) Additional demands raised by the Income Tax Department, which are under rectification & appeal	155.02	118.94
vii) Additional demands raised by the Sales Tax Department, which are under rectification & appeal	413.28	566.32
viii) Indemnity issued in terms of Negotiated Settlement Scheme to ICICI Bank Ltd. for meeting shortfall arising on non-fulfillment of residual NPV loss*.	1347.10	3605.42
ix) Amount demanded by the erstwhile workers of the Company and are pending in labour Court	83.03	75.09
x) Premium on Redemption on maturity of outstanding Foreign Currency Convertible Bonds**	2398.64	5949.55

\* Resulting from purchase of 15.00 lacs shares (Previous Year 27.50 lacs shares) by promoters from ICICI Bank Ltd. under Negotiated Settlement Scheme.

\*\* The holders of FCCBs are expected to opt for the conversion rather than redemption and in that case no premium would be payable by the Company. On this basis the amount of premium has not been provided and is shown as contingent liability. However the premium, if liable to be paid would be adjusted against the available Securities Premium Account/ charged to Profit and Loss account at the time of redemption.

**SCHEDULES**

(Rs.in lacs)

**2 Capital Commitments :**

The estimated amount of contracts remaining to be executed on capital account (Net of advances) and not provided for :

As At 31.03.2009	As At 31.03.2008
7711.26	8582.87

**3 Disclosures for Assets under Operating Leases**

The Company has given an asset on operating lease grouped under the category of Vehicles in the "Fixed Assets" - Schedule No. "7". The Company has also taken certain vehicles on operating Lease.

The additional disclosure required in terms of Accounting Standard (AS)-19- on "Leases" are as under:

a. In respect of Assets given on operating lease :

(Rs.in lacs)

- i) Gross Carrying Amount
- ii) Accumulated Depreciation
- iii) Depreciation for the Year

Current Year	Previous Year
3584.70	3584.70
634.68	433.94
200.74	200.74

b. Minimum future Lease Rentals on assets under Operating Leases both given / taken:

(Rs.in lacs)

	of which not later than one year	of which later than one year and not later than 5 years	of which later than 5 years	Total
Payable	227.23	293.74	-	520.97
	<i>160.99</i>	<i>344.43</i>	-	<i>505.42</i>
Receivables	60.00	165.00	-	225.00
	<i>60.00</i>	<i>225.00</i>	-	<i>285.00</i>

**Note:** Previous Year figures have been given in italic.

**4 Managerial Remuneration :**

- i) Salaries including HRA
  - ii) Contribution to Provident Fund
  - iii) Commission to Chairman & Managing Director
  - iv) Medical re-imbusement
  - v) Perquisite value of electricity, car, furniture & fixtures and rent free accommodation provided, evaluated as per Income Tax Rules, 1962
  - vi) Sitting Fees
- TOTAL :**

(Rs.in lacs)

Current Year	Previous Year
472.05	440.90
52.24	48.59
300.00	200.00
1.07	0.51
7.43	2.38
13.00	14.60
845.79	706.98

5 Computation of Net Profit in accordance with Section 349 of the Companies Act 1956 and calculation of commission payable to Chairman and Managing Director

**Particulars**

**Net Profit After Tax**

Add :

- a) Managerial Remuneration
    - i) Salaries including HRA
    - ii) Contribution to Provident Fund
    - iii) Commission to Chairman & Managing Director
    - iv) Medical re-imbusement
    - v) Perquisite value of electricity, car, furniture & fixtures and rent free accommodation provided, evaluated as per Income Tax Rules, 1962
    - vi) Sitting Fees
  - b) Provision for Bad & Doubtful debts
  - c) Provision for Income Tax, Deferred Tax & Fringe Benefit Tax
- Sub Total**

(Rs.in lacs)

Current Year	Previous Year
10458.20	6051.05
472.05	440.90
52.24	48.59
300.00	200.00
1.07	0.51
7.43	2.38
13.00	14.60
628.01	-
3541.40	929.88
5015.20	1636.86



**SCHEDULES**

Particulars	(Rs.in lacs)	
	Current Year	Previous Year
Less :		
a) Deferred Revenue Expenditure	-	112.36
b) Profit on sale of Investments	377.42	45.55
c) Bad Debt written off out of provision	-	249.26
d) (Short) provision for Taxation for earlier years	(3.01)	(94.03)
e) Exceptional Items	3320.38	-
<b>Sub Total</b>	<b>3694.79</b>	<b>313.14</b>
<b>Net profit on which commission is payable</b>	<b>11778.61</b>	<b>7374.77</b>
Maximum Remuneration allowed under the Companies Act,1956 @ 10% of the Net Profit	1177.86	737.48
Amount of Remuneration paid excluding commission payable to eligible Directors	532.79	492.38
Maximum amount of commission allowed under the Companies Act,1956	645.07	245.10
Maximum commission payable as per approval of the shareholders	588.93	368.74
Commission approved by the Board	300.00	200.00

**6 Auditors Remuneration, as included in "Legal & Professional charges" under Schedule No."22", is as under:-**

	(Rs.in lacs)	
	Current Year	Previous Year
a) Audit Fees	35.00	28.50
b) Tax Audit Fees	10.00	8.50
c) Report & Certification work	9.91	9.79
d) Taxation Matters	-	3.10
e) Management Services	-	2.00
f) Out of Pocket Expenses	2.12	2.73
<b>TOTAL :</b>	<b>57.03</b>	<b>54.62</b>

7 In the opinion of the Board and to the best of their knowledge, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the amount at which they are stated in the Balance Sheet.

8 Necessary disclosures required under Micro, Small & Medium Enterprises Development Act, 2006, can only be considered once the relevant information to identify the suppliers who are covered under the said Act are received from such parties.

**9 Gratuity**

The employees' Group Gratuity Scheme is managed by ICICI Prudential Life Insurance Company Limited. The present value of obligation is determined based on actuarial valuation using the Projected Unit credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The additional disclosure in terms of Accounting Standard-15, "Employee Benefits" is as under:

	(Rs.in Lacs)	
	Current Year	Previous Year
<b>a. Reconciliation of opening and closing balances of obligation</b>		
<b>Obligations at period beginning</b>	<b>600.92</b>	<b>523.89</b>
Service cost	104.30	92.10
Interest cost	46.19	39.85
Actuarial (gain) / loss	(39.45)	(3.33)
Benefits paid	(47.11)	(51.59)
<b>Obligations at period end</b>	<b>664.85</b>	<b>600.92</b>
<b>b. Reconciliation of opening and closing balances of fair value assets</b>		
Plan assets at period beginning, at fair value	411.79	209.64
Expected return on plan assets	38.52	24.86
Actuarial gain / (loss)	(25.58)	3.88
Contributions	173.60	225.00
Benefits paid	(47.11)	(51.59)
Plan assets at period end, at fair value	551.22	411.79
<b>c. Amount Recognized in Balance Sheet</b>		
Present value of the defined benefit obligations at the end of the period	664.85	600.92

**SCHEDULES**

(Rs.in Lacs)

	Current Year	Previous Year
Fair value of plan assets at the end of the period	(551.22)	(411.79)
Liability recognized in the balance sheet	113.63	189.13
Assumptions		
Interest rate	8% P.A.	8% P.A.
Estimated rate of return on plan assets	8% P.A.	8% P.A.
<b>d. Gratuity cost for the period</b>		
Service cost	104.30	92.10
Interest cost	46.19	39.85
Expected return on plan assets	(38.52)	(24.86)
Actuarial (gain) / loss	(13.87)	(7.21)
<b>Net gratuity cost</b>	<b>98.10</b>	<b>99.88</b>

**10 EXCEPTIONAL ITEMS**

Discount on Purchase of FCCB	9575.77	-
Less : Exchange Rate Fluctuation on FCCB	4704.80	-
	<b>4870.97</b>	-
Less : Provision for Income Taxation	466.14	-
Less : Provision for Deferred Tax Charge	1084.45	-
	<b>3320.38</b>	-

11 Loans to Bodies Corporate under the Schedule No.13 "Loans and Advances" includes loan to Utech Developers Limited (Wholly Owned Subsidiary) of Rs.11607.34 lacs (Previous Year Rs.3725.00 lacs). Maximum balance outstanding during the year is Rs.11607.34 lacs (Previous Year Rs.3725.00 lacs).

12 a) Balances of ZRD/ZRL's/Cumulative Rupee Loans /18% Cumulative Debentures are subject to reconciliations from some of the Financial Institutions and other Lenders.

b) Balances of some of the parties are subject to reconciliation & confirmations.

13 During the year under review, the company transferred by way of slump sale its entire Distillery Undertaking to its then Wholly Owned Subsidiary i.e. UBIO CHEMICALS LTD. for a total consideration of Rs.9365.02 Lacs based on Net Assets Value of the undertaking, pursuant to the shareholders approval obtained by postal ballot results declared on 23rd September 2008. The sale consideration of Rs.9365.02 Lacs has been settled by the UBIO CHEMICALS LTD. partly by way of issue of its 4,12,00,000 Equity Shares of Rs.10/- each at Par, Fully Paid Up aggregating to Rs.4120.00 Lacs in favour of the Company and the balance amount of Rs.5245.02 Lacs has been treated as Interest Bearing Secured Loan by the Company to UBIO CHEMICALS LTD. repayable to the Company over 20 Equal Quarterly Installments commencing June 2009 with prepayment option.

Consequent upon the transfer of Distillery undertaking to UBIO CHEMICALS LTD, the Company, due to its strategic reasons, entered into share purchase Agreement on 30th March 2009 for the sale and transfer of its entire shareholding of 4,12,50,000 Equity Shares of Rs.10/- each in UBIO CHEMICALS LTD. together with the management and control of the UBIO CHEMICALS LTD. to a third party for a total consideration of Rs.4125.00 Lacs. Out of the total shareholding, 2,10,37,500 Equity Shares being 51% shareholding have already been transferred against the receipt of consideration of Rs. 2103.75 Lacs and the balance 2,02,12,500 numbers of equity shares being 49% shareholding have been agreed to be transferred within 90 days of the share purchase agreement against receipt of balance consideration. The management and control of UBIO Chemicals Ltd., have also been handed over to the third party.

14 a) Rupees have been rounded off to the nearest thousand.

b) Previous Year figures have been recasted / regrouped, wherever considered necessary.

15 The name of the Company stands changed from Flex Industries Limited to UFLEX LIMITED w.e.f. from 19th March 2007.

**16 EARNING PER SHARE**

The following disclosure is made, as required by Accounting Standard-20 (AS-20) on "Earning Per Share", issued by The Institute of Chartered Accountants of India :

	Current Year	Previous Year
(A) (i) Profit for the year, after Adjustments, before exceptional items (viz.Numerator) (Rs.in lacs)	7137.82	6051.05
(ii) Profit for the year, after Adjustments, after exceptional items (viz.Numerator) (Rs.in lacs)	10458.20	6051.05

## SCHEDULES

	Current Year	Previous Year
(B) (i) Opening Balance of Equity Shares	65006646	51630646
Add :		
Weighted Average Factor of Equity Shares Issued	-	3938315
Weighted Average Number of Equity Shares (viz. denominator) for Basic Earning Per Share	65006646	55568961
(ii) Opening Balance of Equity Shares	65006646	51630646
Add :		
Weighted Average Factor of FCCB's	7247989	20061486
Weighted Average Factor of Equity Warrants	8735000	8537606
Weighted Average Factor of Equity Shares Issued	-	837603
Weighted Average Number of Equity Shares (viz. denominator) for Diluted Earning Per Share	80989635	81067341
(C) Nominal Value Per Share	Rs. 10/-	Rs. 10/-
(D) (i) <b>Before Exceptional Items</b>		
(a) Basic Earning Per Share (A(i)/B(i)) (Rs.)	10.98	10.89
(b) Diluted Earning Per Share (A(i)/B(ii)) (Rs.)	8.97	7.46
(ii) <b>After Exceptional Items</b>		
(a) Basic Earning Per Share (A(ii)/B(i)) (Rs.)	16.09	10.89
(b) Diluted Earning Per Share (A(ii)/B(ii)) (Rs.)	13.07	7.46

**17 SEGMENT DISCLOSURE :**

Consequent upon the strategic business re-structuring considering business synergies, risks & returns and assets of the Company, there is only one reportable segment. Accordingly, segment wise reporting is not applicable. However geographical distribution of revenue is as under :

	(Rs.in lacs)	
	Current Year	Previous Year
Domestic Revenue	134285.86	111101.28
<b>Export Revenue :</b>		
USA	11560.16	8132.89
Europe	5496.47	6597.71
Asia	8327.21	8535.15
Africa	4825.68	7640.97
Others	2426.42	93.70
Total Export Revenue	32635.94	31000.42
<b>Total Revenue*</b>	166921.80	142101.70

\* Includes Design & Art Work Recoveries shown under the head "Other Income"-Schedule No.-17

**18** Following disclosures are made, as per Accounting Standard-18 (AS-18), regarding, "Related Party Disclosures", issued by The Institute of Chartered Accountants of India:-

(a) List of Related Parties:

- i) **Wholly Owned Subsidiaries** : Flex America Inc., Flex Middle East FZE , Flex Europe Pvt. Ltd., Uflex Packaging Inc. Upet Holding Ltd., UBIO Chemicals Ltd. (upto 29.03.2009) and U Tech Developers Ltd.
- ii) **Fellow Subsidiaries** : UPET (Signapore) Pte. Ltd., Flex Americas S.A. de C.V., UTech Retailers Ltd. and AKC Developers Ltd.
- iii) **Associate** : Flex Foods Limited
- iv) **Key Management Personnel & their relatives (also exercising significant influence over the Company)** : Mr. Ashok Chaturvedi, Chairman & Managing Director (relative Mrs. Rashmi Chaturvedi) and Mr. S.K. Kaushik, Wholetime Director

**SCHEDULES**

- v) **Enterprises in which the persons referred in (iii) along with their relatives exercise significant influence:** Flex International (P) Ltd., Anshika Investments (P) Ltd., Ultimate Flexipack Ltd., A.R.Infastructure & Projects (P) Ltd., Anant Overseas (P) Ltd., Apoorva Extrusion (P) Ltd., Anshikha Consultants (P) Ltd., A.R.Leasing (P) Limited, Cinflex Infotech (P) Ltd., Ultimate Enterprises (P) Ltd., AR Aerotech (P) Ltd., AR Airways (P) Ltd., Kaya Kalpa Medical Services (P) Ltd., AC Infrastructures (P) Ltd., Club One Airways (P) Ltd., Flex Industries (P) Ltd., AC Infratech (P) Ltd., RC Properties (P) Ltd., A to Z Infratech (P) Ltd. and Ultimate Infratech (P) Ltd.

- (b) The Company has entered into transactions with certain parties listed above during the year under consideration. Details of these transactions are as follows :

(Rs.in lacs)

Transactions	Wholly owned Subsidiaries	Fellow Subsidiaries	Associate	Key Management Personnel & their Relatives	Enterprises as referred to in 'a (v)' above	Total
<b>i) Trade Transactions</b>						
Sale of Goods/Services (Net)	<b>8625.60</b>	<b>478.06</b>	<b>22.73</b>	-	<b>668.41</b>	<b>9794.8</b>
	2866.25	-	18.46	-	1416.65	4301.36
Purchase of Goods/Services (Net )	<b>4686.75</b>	-	-	-	<b>2909.13</b>	<b>7595.88</b>
	3203.34	-	-	-	2898.54	6101.88
Sale of Fixed Assets / Transfer of undertaking	<b>9365.02</b>	-	-	-	-	<b>9365.02</b>
	-	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-	-
	29.57	-	-	194.50	-	224.07
Dividend Income	<b>2888.18</b>	-	<b>117.40</b>	-	-	<b>3005.58</b>
	2005.45	-	-	-	-	2,005.45
Lease Charges Received	-	-	-	-	<b>68.89</b>	<b>68.89</b>
	-	-	-	-	24.13	24.13
Licence Fees Received	<b>76.00</b>	-	-	-	-	<b>76.00</b>
	198.76	-	-	-	-	198.76
Rent Received	<b>7.80</b>	<b>0.05</b>	-	<b>30.00</b>	<b>4.08</b>	<b>41.93</b>
	-	-	-	30.00	4.43	34.43
Rent Paid	-	-	-	<b>180.00</b>	<b>3.60</b>	<b>183.60</b>
	-	-	-	105.00	3.60	108.60
Security Deposit Given	-	-	-	-	-	-
	-	-	-	100.00	10.00	110.00
Refund of Security Deposit	-	-	-	-	-	-
	-	-	-	-	25.00	25.00
Interest Paid on Loans	-	-	<b>0.72</b>	-	-	<b>0.72</b>
	-	-	15.07	-	2.50	17.57
Interest Received	<b>530.82</b>	-	-	-	-	<b>530.82</b>
	147.85	-	-	-	-	147.85
Sale of Patent	-	-	-	<b>1.00</b>	-	<b>1.00</b>
	-	-	-	-	-	-
Remuneration	-	-	-	<b>832.79</b>	-	<b>832.79</b>
	-	-	-	692.38	-	692.38
<b>ii) Non Trade Transactions</b>						
Loan Taken	-	-	<b>300.00</b>	-	-	<b>300.00</b>
	-	-	400.00	-	1525.00	1925.00
Repayment of Loan Taken	-	-	-	-	-	-
	-	-	850.00	-	1525.00	2,375.00
Loan Given	<b>14495.82</b>	-	-	-	-	<b>14495.82</b>
	5175.00	-	-	-	-	5175.00

## SCHEDULES

(Rs.in lacs)

Transactions	Wholly owned Subsidiaries	Fellow Subsidiaries	Associate	Key Management Personnel & their Relatives	Enterprises as referred to in 'a (v)' above	Total
Recovery of Loan Given	<b>1312.66</b>	-	-	-	-	<b>1312.66</b>
	<i>1450.00</i>	-	-	-	-	<i>1,450.00</i>
Investment in Shares	<b>18052.82</b>	-	-	-	-	<b>18052.82</b>
	<i>3177.31</i>	-	-	-	-	<i>3177.31</i>
Sale of Investment	-	-	-	-	<b>288.00</b>	<b>288.00</b>
	-	-	-	-	-	-
Forfeiture of Warrants	-	-	-	-	<b>997.50</b>	<b>997.50</b>
	-	-	-	-	-	-
<b>Total</b>	<b>60041.47</b>	<b>478.11</b>	<b>440.85</b>	<b>1043.79</b>	<b>4939.61</b>	<b>66943.83</b>
	<i>18253.53</i>	-	<i>1283.53</i>	<i>1121.88</i>	<i>7434.85</i>	<i>28093.79</i>
<b>Balance as on 31.03.2009</b>						
Debit	<b>13997.82</b>	<b>726.00</b>	-	-	-	<b>14723.82</b>
	<i>4688.09</i>	-	<i>3.13</i>	-	<i>8.43</i>	<i>4699.65</i>
Credit	<b>972.74</b>	-	<b>291.73</b>	-	<b>378.31</b>	<b>1642.78</b>
	<i>86.40</i>	-	-	-	<i>882.11</i>	<i>968.51</i>

Note: Previous Year figures have been given in Italic.

- 19 In accordance with the Accounting Standard-22 (AS-22), regarding 'Accounting for Taxes on Income', issued by The Institute of Chartered Accountants of India, the Cumulative Tax effects of significant timing differences, that resulted in Deferred Tax Asset & Liabilities and description of item thereof that creates these differences are as follows :

(Rs.in lacs)

	Deferred Tax Assets/ (Liability) As At 01.04.2008	Current Year (Charge)/ Credit	Deferred Tax Assets/ (Liability) As At 31.03.2009
<b>A. <u>Deferred Tax Assets</u></b>			
Unabsorbed Depreciation under the Income Tax Act,1961	2396.91	(2396.91)	-
Unabsorbed business loss under the Income Tax Act,1961	1000.19	(1,000.19)	-
Others	8056.52	(200.59)	7855.93
<b>Total (A)</b>	<b>11453.62</b>	<b>(3597.69)</b>	<b>7855.93</b>
<b>B. <u>Deferred Tax Liabilities</u></b>			
Excess of Book WDV of Fixed Assets over Tax WDV of Fixed Assets	(17021.61)	131.30	(16890.31)
<b>Total (B)</b>	<b>(17021.61)</b>	<b>131.30</b>	<b>(16890.31)</b>
<b>Net Deferred Tax (Liability) (A-B)</b>	<b>(5567.99)</b>	<b>(3466.39)</b>	<b>(9034.38)</b>



SCHEDULES

20 DISCLOSURE IN RESPECT OF INVESTMENT IN MUTUAL FUNDS

(Rs.in lacs)

Fund Name	Face Value (Rs)	Opening Balance		Investment / Purchase / Switch In		Redemption / Sale / Switch Out		Balance	
		Units In Nos	Rs. In Lacs	Units In Nos@	Rs. In Lacs	Units In Nos	Rs. In Lacs	Units In Nos	Rs. In Lacs
HDFC Cash Management Fund Treasury Advantage Plan - Wholesale Growth	10.00	572,449.17	100.00	14,202,633.21	2,700.00	14,775,082.38	2,808.58	-	-
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Dividend Monthly	10.00	10,183,600.47	1,035.70			10,355,533.79	1,055.43	-	-
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	10.00			14,041,394.03	2,000.00	14,041,394.03	2,004.32	-	-
HDFC FMP 90D June 2008 VIII (2) - Wholesale Plan Dividend	10.00			20,000,000.00	2,000.00	20,000,000.00	2,000.00	-	-
HDFC FMP 90D March 2008 VII (2) - Wholesale Plan Dividend	10.00	20,000,000.00	2,000.00			20,000,000.00	2,000.00	-	-
HSBC Floating Rate Fund - Long Term Plan - Institutional Option	10.00			41,859,262.67	5,191.80	41,917,488.26	5,213.00	-	-
HSBC Interval Fund Plan 2 - Institutional Tenure 91 Days	10.00	50,141,185.76	5,017.32			51,820,097.26	5,191.80	-	-
HSBC Liquid Plus - Institutional Monthly Dividend	10.00	5,363,019.64	542.03			5,395,835.60	545.07	-	-
ICICI Prudential Flexible Income Plan - Growth	10.00			13,705,891.59	2,200.42	13,705,891.59	2,202.01	-	-
ICICI Prudential Flexible Income Plan Dividend - Weekly	10.00	5,199,882.77	548.51			5,283,707.52	557.81	-	-
ICICI Prudential Flexible Income Plan Premium - Growth	10.00	505,963.63	75.00			505,963.63	77.62	-	-
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	10.00			39,776,381.22	5,000.00	39,776,381.22	5,007.02	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan E - Retail Dividend	10.00	30,000,000.00	3,000.00			30,000,000.00	3,000.00	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan F - Retail Dividend	10.00	5,000,000.00	500.00			5,107,750.00	512.93	-	-
IDFC Fixed Maturity Plan - Yearly Series 17 - Plan A - Growth	10.00	250,000.00	25.00			250,000.00	25.41	-	-
Kotak Floater Short Term - Monthly Dividend	10.00	10,210,823.21	1,022.91			10,321,653.65	1,037.63	-	-
Kotak Quarterly Interval Plan Series 2 - Dividend	10.00	9,996,301.37	1,000.00			9,996,301.37	1,003.38	-	-
Principal Floating Rate Fund SMP - Dividend Reinvestment Monthly	10.00	18,825,970.18	2,035.42			18,974,876.62	2,065.97	-	-
Reliance Fixed Horizon Fund VI Series 3 Institutional Dividend Payout Plan	10.00	30,000,000.00	3,000.00			30,000,000.00	3,000.00	-	-
Reliance Fixed Horizon Fund VIII Series 12 Institutional Dividend Payout Plan	10.00			30,000,000.00	3,000.00	30,634,566.27	3,077.20	-	-
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	10.00	654,262.07	100.02			658,235.74	100.63	-	-
Reliance Liquid Fund - Treasury Plan - Retail Option - Growth Plan	10.00			239,506.04	50.00	239,506.04	50.01	-	-
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Plan	10.00			32,779,892.00	7,000.00	32,779,892.00	7,001.87	-	-
Reliance Liquid Plus Fund - Institutional Option - Daily Dividend Plan	1,000.00	53,516.96	535.78			53,868.73	539.30	-	-
Reliance Money Manager Fund - Retail Option - Growth Plan	10.00			4,267.43	50.01	4,267.43	50.58	-	-
Reliance Money Manager Fund Institutional Option - Growth Plan	1,000.00			832,076.91	9,850.00	832,076.91	9,868.75	-	-
Reliance Monthly Interval Fund - Series 1 Institutional Dividend Plan	10.00	15,019,964.60	1,503.26			15,271,767.75	1,528.35	-	-
SBI - SHF - Ultra Short Term Institutional Plan - Monthly Dividend	10.00			4,923,339.49	500.12	4,946,942.66	504.60	-	-
SBI Magnum Insta Cash Fund - Cash Option	10.00			11,826,009.77	2,300.00	11,826,009.77	2,303.85	-	-
SBI Premier Liquid Fund - Institutional Weekly Dividend	10.00			4,718,138.41	500.00	4,718,138.41	500.12	-	-
<b>TOTAL</b>		<b>211,976,939.82</b>	<b>22,040.95</b>	<b>228,908,792.76</b>	<b>42,342.35</b>	<b>444,193,228.62</b>	<b>64,833.26</b>	-	-
Previous Year		-	-	(685,481,298,450.00)	(74,800.00)	(477,127,368.16)	(53,252.60)	(211,976,939.82)	(22,040.95)

Note : @ Excludes Units received on declaration of dividend and re-invested.

C O M P A N Y

**SCHEDULES**
**21 Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of the Schedule VI of the Companies Act, 1956 :-**
**A. Information in respect of class of goods manufactured and annual capacity :-**

Class of Goods	Unit	Installed Capacity*	
		Current Year	Previous Year
Printed, Laminated, Metalised, Co-Extruded, Coated, Embossed and Plain Plastic Films	MT	136560**	132600
Rotogravure Cylinder & Shims	Nos.	47000***	47000
Hologrammed Sticker Sheets	Sheets in lacs	700	700
Packaging & Converting Machines & Structure & Fabricated Items	Nos.	1570#	1570
PET Chips	MT	72000	72000
Printing Ink	MT	9600	8800
Adhesive	MT	6000	6000

Previous Year figure have been given in brackets.

\* Figures have been certified by the Management, but not verified by the Auditors, being a technical matter.

\*\* Includes capacity of 5000 MT (Previous Year Same) licenced to third party.

\*\*\* Includes capacity of 12000 Nos. (Previous Year Same) licenced to third party.

# Represent only for Packaging & Converting Machines.

**B. (i) Information in respect of production, sales & stock of goods manufactured :-**

(Rs. in lacs)

Class of Goods	Unit	Production Qty.	Gross Sales		Opening Stock		Closing Stock	
			Qty.	Value	Qty.	Value	Qty.	Value
Printed, Laminated, Metalised, Co-extruded, Coated, Embossed and Plain Plastic Films	MT	101706	100936	139621.46	718	848.12	536	962.01
		<i>95079</i>	<i>94447</i>	<i>118787.06</i>	<i>613</i>	<i>933.51</i>	<i>718</i>	<i>848.12</i>
Rotogravure Cylinder & Shims	Nos.	15737	15696	1580.64	-	-	-	-
		<i>12830</i>	<i>12707</i>	<i>1453.91</i>	-	-	-	-
Hologrammed Sticker Sheets	Sheets in lacs	618	634	3004.51	31	24.67	15	16.55
		<i>700</i>	<i>697</i>	<i>2339.20</i>	<i>28</i>	<i>46.84</i>	<i>31</i>	<i>24.67</i>
Packaging & Converting Machines	Nos.	298	294	4169.46	-	-	-	-
		<i>230</i>	<i>229</i>	<i>5947.50</i>	-	-	-	-
Printing Ink	MT	4616	4590	6995.52	66	76.71	62	79.04
		<i>3788</i>	<i>3788</i>	<i>5549.43</i>	<i>77</i>	<i>87.25</i>	<i>66</i>	<i>76.71</i>
Adhesive	MT	3365	3370	4555.22	46	53.82	38	44.25
		<i>2272</i>	<i>2258</i>	<i>3115.71</i>	<i>55</i>	<i>66.79</i>	<i>46</i>	<i>53.82</i>
Pet Chips	MT	5528	5524	3405.90	12	10.32	16	1.88
		<i>2640</i>	<i>2663</i>	<i>1608.97</i>	<i>35</i>	<i>9.72</i>	<i>12</i>	<i>10.32</i>
Others				2863.01		7.57		14.53
				<i>2528.67</i>		<i>4.34</i>		<i>7.57</i>
<b>TOTAL :</b>				166195.72		1021.21		1118.26
				<i>141330.45</i>		<i>1148.45</i>		<i>1021.21</i>

**Notes :**

- 1) Previous Year figures have been given in Italic.
- 2) The figures shown above are inclusive of job work done.
- 3) The closing stock excludes sales return, having no realisable value / transferred to WIP.
- 4) Figures reported above are exclusive of Inter-unit transactions.

**SCHEDULES**

(ii) Information in respect of goods traded :-

(Rs. in lacs)

Class of Goods		Opening Stock		Purchases		Sales		Closing Stock	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Machines	Nos.	-	-	1	4.07	1	4.60	-	-
		-	-	-	-	-	-	-	-
Machine Components	Nos.	-	-	415	0.97	415	2.11	-	-
		-	-	-	-	-	-	-	-
Misc. Items			1.87		307.79		450.50		-
			6.43		217.67		280.85		1.87
<b>TOTAL :</b>			1.87		312.83		457.21		-
			6.43		217.67		280.85		1.87

Note : Previous Year figures have been given in Italic.

C. Information in respect of raw materials consumed :-

(Rs. in lacs)

(Qty. in MT)

Description	Current Year		Previous Year	
	Qty.	Value	Qty.	Value
Plastic Films	6935	7433.02	5398	5414.47
Plastic Granules	53959	35884.41	48123	31079.91
Fibre Chemicals	55597	23324.02	56741	24151.20
Inks	272	506.64	383	658.51
Adhesives	941	1424.73	1757	2063.32
Solvents	9655	5509.93	9850	4936.50
Additive	1179	1546.32	1141	1284.63
Chemicals	3463	3177.46	1847	1570.57
Resin	1128	1862.99	943	1345.28
Pigments	935	1860.98	892	1394.66
Others		5491.13		5570.55
<b>TOTAL :</b>		88021.63		79469.60

Notes :

- 1 The above excludes Materials consumed for captive use.
- 2 The above includes material consumed during trial run of Nil (Previous Year Rs.232.19 lacs).

D. Information in respect of consumption of imported and indigenous material and percentage thereof :-

(Rs. in lacs)

Description	Current Year		Previous Year	
	Value	Percentage	Value	Percentage
<b>Raw Material</b>				
Imported	19335.21	21.97	15748.17	19.82
Indigenous	68686.42	78.03	63721.43	80.18
<b>TOTAL :</b>	88021.63	100.00	79469.60	100.00
<b>Stores, Spares, Tools, Jigs &amp; Dies Consumed</b>				
Imported *	1611.09	46.20	491.20	23.80
Indigenous	1875.90	53.80	1573.04	76.20
<b>TOTAL :</b>	3486.99	100.00	2064.24	100.00

\* Includes spares of Rs.1499.56 lacs (Previous year Rs.339.41 lacs) charged to Repair & Maintenance-Machinery.

**SCHEDULES**
**E. Other Particulars**

Description	(Rs. in lacs)	
	Current Year	Previous Year
<b>a) CIF Value of Imports</b>		
i) Raw Materials / Traded Goods	17211.38	14280.03
ii) Capital Goods	4551.15	5906.62
iii) Stores & Spares	1668.42	882.22
iv) Material-in-Transit - Raw Materials	442.11	4.46
v) Material-in-Transit - Machinery	-	2034.19
<b>b) Expenditure in Foreign Currency</b>		
i) Travelling expenses	330.86	209.01
ii) Advertisement & Publicity	39.40	36.16
iii) General expenses	18.64	12.07
iv) Commission on Sales (Net)	227.93	86.47
v) Discounting & Bank charges	70.95	90.73
vi) Entertainment Expenses	1.89	0.11
vii) Legal & Professional Charges	103.04	122.50
viii) Repair & Maint. - Others	-	2.73
ix) Claim Exports	-	159.93
x) Rent	22.03	-
xi) Interest on FCCB's	560.74	1169.77
<b>c) Earning in Foreign Exchange</b>		
i) F.O.B. value of Export of Manufactured / Traded Goods	30491.98	29761.14
ii) Design & Art work Recovery	91.08	230.42
iii) Technical Services	2019.66	2243.27
iv) Dividend	2888.18	2005.45

Notes : Signatories to Schedule 1 to 26

For and on behalf of the Board of Directors

**R.K.Jain**  
President (Corp. Finance & Accounts)

**R.P.Agrawal**  
Director

**Ashok Chaturvedi**  
Chairman & Managing Director

**Rakesh Malhotra**  
General Manager (Accounts)

**Ajay Krishna**  
Vice President (Legal) &  
Company Secretary

For **Vijay Sehgal & Co.**  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**S.V.Sehgal**  
Partner

**BALANCE SHEET ABSTRACT**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.      State Code    
 Balance Sheet Date

**II. Capital Raised during the Year (Amount in Rs. Thousands)**

Public Issue	Rights Issue	Proceeds from Share Capital / Warrants
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Warrants	Private Placement
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	Total Assets
<input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="9"/>	<input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="9"/>
<b>Sources of Funds</b>	
Paid-up Capital including Warrants	Reserves & Surplus
<input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="8"/>	<input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="8"/>
Secured Loans	Unsecured Loans
<input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="3"/>	<input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="2"/>
Deferred Tax Liability (Net)	
<input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="8"/>	
<b>Application of Funds</b>	
Net Fixed Assets (Including Capital Work-in-Progress)	Investments
<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="1"/>	<input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="6"/>
Net Current Assets	Misc. Expenditure
<input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="2"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover (Including Other Income)	Total Expenditure
<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="3"/>	<input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="3"/>
Profit before Tax	Net Profit After Tax
<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="0"/>	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/>
Earning Per Share (in Rs.)	Dividend Rate %
<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="8"/>	<input type="text" value="4"/> <input type="text" value="0"/>



**BALANCE SHEET ABSTRACT**
**V. Generic Names of Principal Products/ Services of Company (as per monetary terms)**

Item Code No. (ITC Code) :	3 9 2 0 6 2 9 0
Product Description :	P R I N T E D    A R T I C L E S    O F P L A S T I C    I N    R O L L    F O R M
Item Code No. (ITC Code) :	3 9 2 3 9 0 9 0
Product Description :	P R I N T E D    A R T I C L E S    O F P L A S T I C    I N    P O U C H    F O R M
Item Code No. (ITC Code) :	3 9 2 0 6 2 2 0
Product Description :	P O L Y E S T E R    F I L M
Item Code No. (ITC Code) :	3 9 2 0 2 0 2 0
Product Description :	B O P P    F I L M
Item Code No. (ITC Code) :	8 4 4 2 5 0 1 0
Product Description :	R O T O G R A V U R E    C Y L I N D E R
Item Code No. (ITC Code) :	4 9 1 1 9 9 9 0
Product Description :	H O L O G R A M
Item Code No. (ITC Code) :	3 9 1 5 1 9 9 0
Product Description :	P R I N T I N G    I N K S R O T O G R A V U R E S    A N D F L E X O    G R A P H I C    I N K S
Item Code No. (ITC Code) :	3 5 0 6 9 9 1 0
Product Description :	A D H E S I V E S    B A S E D O N    S Y N T H E T I C R E S I N S

STATEMENT PURSUANT TO SECTION 212

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

S. NO.	NAME OF THE SUBSIDIARY COMPANY	FINANCIAL YEAR OF THE SUBSIDIARY	EXTENT OF INTEREST OF THE HOLDING COMPANY AS ON 31ST MARCH 2009	NET AGGREGATE AMOUNT OF PROFITS/(LOSSES) OF THE SUBSIDIARY SO FAR AS IT CONCERNS THE MEMBERS OF THE HOLDING COMPANY AND IS NOT DEALT IN THE ACCOUNTS OF HOLDING COMPANY FOR THE FINANCIAL YEAR AND PREVIOUS FINANCIAL YEARS		NET AGGREGATE AMOUNT OF PROFITS/(LOSSES) OF THE SUBSIDIARY SO FAR AS IT CONCERNS THE MEMBERS OF THE HOLDING COMPANY AND IS DEALT IN THE ACCOUNTS OF HOLDING COMPANY FOR THE FINANCIAL YEAR AND PREVIOUS FINANCIAL YEARS	
				CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
1	Flex America Inc.	3/31/2009	100%	US \$ 44,405 Equivalent to Rs. 22.53 Lacs	US \$ 3,25,504 Equivalent to Rs. 165.13 Lacs	NIL	NIL
2	Flex Middle East FZE	3/31/2009	100%	US \$ 1,74,27,527 equivalent to Rs.8840.98 Lacs	US \$ 2,14,14,161 equivalent to Rs.10,863.40 Lacs	US \$ 58,46,995 equivalent to Rs.2966.18 Lacs	US \$ 59,80,874 equivalent to Rs.3034.10 Lacs
3	Flex Europe Private Limited	3/31/2009	100%	GBP (20,463) equivalent to Rs. (14.87) Lacs	GBP (20,797) equivalent to Rs. (15.12) Lacs	NIL	NIL
4	UTech Developers Limited	3/31/2009	100%	Rs.(472.80) Lacs	Rs.1332.58 Lacs	NIL	NIL
5	UFLEX Packaging Inc.	3/31/2009	100%	US \$ 9593 equivalent to Rs. 4.87 Lacs	US \$ 881 equivalent to Rs.0.45 Lacs	NIL	NIL
6	UPET Holdings Limited	3/31/2009	100%	US \$ (20,367) equivalent to Rs. (10.33) Lacs	NIL	NIL	NIL
<b>SUBSIDIARY OF UTECH DEVELOPERS LIMITED</b>							
7	UTech Retailers Limited	3/31/2009	100%	NIL	NIL	NIL	NIL
8	AKC Developers Limited @	3/31/2009	70%	Rs. 19.92 Lacs	NIL	NIL	NIL
<b>SUBSIDIARY OF UPET HOLDINGS LIMITED</b>							
9	UPET (Singapore) Pte. Limited	3/31/2009	100%	US \$ (5498) equivalent to Rs. (2.79) Lacs	NIL	NIL	NIL
<b>SUBSIDIARY OF UPET (SINGAPORE) LIMITED</b>							
10	Flex Americas S.A. de C.V. @	3/31/2009	100%	MXP (419.28) Lacs Equivalent to Rs. (1478.58) Lacs	NIL	NIL	NIL
<b>SUBSIDIARY OF FLEX MIDDLE EAST FZE</b>							
11	Flex P. Films (Egypt) S.A.E.	3/31/2009	100%	NIL	NIL	NIL	NIL

@ Represents Accumulated amount upto 31st March 2009.

Notes : 1 As the end of the Financial Year of the Subsidiaries ended 31st March, 2009 coincides with the end of the Financial Year of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable.

2 Following Rates are used for conversion of the Amount

- a 1 USD Equivalent to Rs. 50.73
- b 1 GBP Equivalent to Rs. 72.68
- c 1 MXP Equivalent to Rs.3.526

For and on behalf of the Board of Directors

**R.K.Jain**  
President (Corp. Finance & Accounts)

**R.P.Agrawal**  
Director

**Ashok Chaturvedi**  
Chairman & Managing Director

**Rakesh Malhotra**  
General Manager (Accounts)

**Ajay Krishna**  
Vice President (Legal) &  
Company Secretary

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors  
**UFLEX LIMITED**  
(Formerly known as Flex Industries Limited)

We have audited the attached Consolidated Balance Sheet of UFLEX LIMITED (here-in-after called "Company") and its subsidiaries, Flex America Inc., Flex Europe Pvt. Ltd., Uflex Packaging Inc., Flex Middle East FZE, Upet Holdings Limited, UTech Developers Limited, Flex P. Films Egypt S.A.E., Upet (Singapore) PTE Limited, Flex Americas S.A. de C.V., UTech Retailers Limited & AKC Developers Limited and Joint Venture, Qcell Limited (here-in-after collectively called "**UFLEX Group**") as at 31st March 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the UFLEX Group for the year ended on that date annexed thereto. These Financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the Subsidiaries and Joint Venture, whose financial statements reflect total assets of Rs. 147,924.71 lacs as at 31st March 2009, total revenue of Rs. 74,194.53 lacs and Cash Flows amounting to Rs. 3,203.73 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

We report that the Consolidated Financial Statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 21- "Consolidated Financial Statements" ; Accounting Standard (AS) 23- "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27- "Financial Reporting of Interests in Joint Ventures", notified by the Companies (Accounting Standards) Rules 2006.

Based on our audit and on consideration of reports of other auditors on separate Financial statements and on other financial information of the Company, its subsidiaries, its joint venture and its associate, Flex Foods Limited and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the Accounting Principles generally accepted in India:-

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the UFLEX Group as at 31st March 2009;
- b) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **VIJAY SEHGAL & CO.,**  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**CA S. V. SEHGAL**  
Partner  
Membership No. 080329

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in lacs)

	Schedule Number	As At 31.03.2009		As At 31.03.2008	
<b>I. SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
a) Share Capital	1	6497.20		6497.01	
b) Warrants	2	1790.68		2,788.18	
c) Reserves & Surplus	3	79658.83	87946.71	68234.49	77519.68
<b>Minority Interest</b>	4		878.54		-
<b>Loan Funds</b>					
a) Secured Loans	5	90684.52		82034.50	
b) Unsecured Loans	6	46260.22	136944.74	62919.04	144953.54
<b>Deferred Tax Liability (Net)</b>	7		8776.51		5549.10
<b>TOTAL :</b>		<b>234546.50</b>		<b>228022.32</b>	
<b>II. APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	8	224469.94		189231.06	
Less : Depreciation		79290.20		69883.53	
<b>Net Block</b>		<b>145179.74</b>		<b>119347.53</b>	
Capital Work-in-Progress		5924.49	151104.23	12251.90	131599.43
<b>Investments</b>	9		9737.15		29088.17
<b>Current Assets, Loans &amp; Advances</b>					
a) Inventories	10	22375.85		19406.00	
b) Sundry Debtors	11	39504.45		40696.20	
c) Cash & Bank Balances	12	11898.64		27659.60	
d) Other Current Assets	13	222.02		187.11	
e) Loans & Advances	14	50128.32		26016.77	
		124129.28		113965.68	
<b>Less : Current Liabilities &amp; Provisions</b>					
a) Current Liabilities	15	45362.81		42077.79	
b) Provisions	16	5066.22		4553.17	
		50429.03		46630.96	
<b>Net Current Assets</b>			73700.25		67334.72
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written-off or adjusted)					
Preliminary Expenses			4.87		-
<b>TOTAL :</b>		<b>234546.50</b>		<b>228022.32</b>	

**Notes :**

1. The Schedules referred to above form an integral part of the Consolidated Balance Sheet.
2. Significant Accounting Policies and Notes forming part of the Accounts as per Schedules 26 & 27 respectively are annexed and form an integral part of the Consolidated Balance Sheet.

For and on behalf of the Board of Directors

**R.K.Jain**  
President (Corp. Finance & Accounts)

**R.P.Agrawal**  
Director

**Ashok Chaturvedi**  
Chairman & Managing Director

**Rakesh Malhotra**  
General Manager (Accounts)

**Ajay Krishna**  
Vice President (Legal) &  
Company Secretary

This is the Balance Sheet referred to  
in our report of even date  
For **Vijay Sehgal & Co.**  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**S.V.Sehgal**  
Partner

## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT

## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in lacs)

	Schedule Number	For the Year Ended 31.03.2009	For the Year Ended 31.03.2008
<b>A. INCOME</b>			
Gross Sales & Job Work	17	241470.76	197780.33
Less : Inter unit Sales & Job Work		22630.36	19070.70
Less : Excise Duty		14630.43	14816.68
Net Sales & Job Work		204209.97	163892.95
Other Income	18	11760.70	9590.86
Share of Profit of Associate for the Year		395.46	333.29
Increase in Finished Goods & Work-in-Progress	19	937.65	2573.88
<b>TOTAL (A) :</b>		<b>217303.78</b>	<b>176390.98</b>
<b>B. EXPENDITURE</b>			
Material Cost	20	115281.42	101955.83
Other Manufacturing Expenses	21	26711.42	19903.83
Payments & Benefits to Employees	22	10796.64	8877.64
Administrative, Selling & Other Expenses	23	25972.34	16579.71
Interest & Financial Charges	24	10487.34	8334.32
Depreciation		10028.69	8509.54
<b>TOTAL</b>		<b>199277.85</b>	<b>164160.87</b>
Less : Expenses Allocated to Self Constructed Assets	25	679.44	466.71
<b>TOTAL (B) :</b>		<b>198598.41</b>	<b>163694.16</b>
<b>Profit before Tax and Exceptional Items (A-B)</b>		<b>18705.37</b>	<b>12696.82</b>
(Less): Provision for Taxation			
- For Income Tax		(1057.31)	(1363.37)
- For Fringe Benefit Tax		(138.20)	(172.99)
- For Wealth Tax		(16.01)	(18.87)
(Less) : Provision for Deferred Tax (Charge)		(2142.96)	(7.68)
Exceptional Items (Net of Tax)		3320.38	-
<b>Profit After Tax</b>		<b>18671.27</b>	<b>11133.91</b>
Add / (Less) : Excess / (Short) Provision for earlier years			
- For Wealth Tax		-	0.01
- For Fringe Benefit Tax		-	48.61
- For Income Tax		(20.24)	(150.64)
- For Expenses		(1.42)	(47.72)
<b>Profit for the year before Minority Interest</b>		<b>18649.61</b>	<b>10984.17</b>
(Less) : Minority Interest		(0.67)	-
<b>Amount available for Appropriations</b>		<b>18648.94</b>	<b>10984.17</b>
<b>Appropriations</b>			
Proposed Dividend		2600.26	2600.26
Proposed Dividend Distribution Tax		441.92	441.92
General Reserve		1046.00	610.00
Debenture Redemption Reserve		1984.90	163.96
<b>Balance carried to Balance Sheet</b>		<b>12575.86</b>	<b>7168.03</b>
		<b>18648.94</b>	<b>10984.17</b>
<b>A. Before Exceptional Items</b>			
a. Basic Earning Per Share (Rs.)		23.58	19.77
b. Diluted Earning Per Share (Rs.)		19.09	13.55
<b>B. After Exceptional Items</b>			
a. Basic Earning Per Share (Rs.)		28.69	19.77
b. Diluted Earning Per Share (Rs.)		23.19	13.55

**Notes :**

- The Schedules referred to above form an integral part of the Consolidated Profit & Loss Account.
- Significant Accounting Policies and Notes forming part of the Accounts as per Schedules 26 & 27 respectively are annexed and form an integral part of the Consolidated Profit & Loss Account.

For and on behalf of the Board of Directors

**R.K.Jain**  
President (Corp. Finance & Accounts)

**R.P.Agrawal**  
Director

**Ashok Chaturvedi**  
Chairman & Managing Director

**Rakesh Malhotra**  
General Manager (Accounts)

**Ajay Krishna**  
Vice President (Legal) &  
Company Secretary

This is the Consolidated Profit & Loss Account referred to in our report of even date

For **Vijay Sehgal & Co.**  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**S.V.Sehgal**  
Partner



CONSOLIDATED CASH FLOW

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs.in lacs)

	For the Year Ended		For the Year Ended	
	31.03.2009		31.03.2008	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax ,exceptional items & Minority Interest		18705.37		12696.82
<b>Adjustment for :</b>				
Depreciation / Amortisation	10039.18		8518.63	
Exchange rate fluctuations	(1691.74)		(765.56)	
Foreign Currency Translation Reserve	(5200.95)		(59.57)	
(Profit) / Loss on assets sold (Net)	226.73		422.93	
Interest & Financial Charges	10487.34		8334.32	
Interest received from Banks / others	(1045.39)		(1878.27)	
Interest received on Investments	(6.63)		-	
Dividend received on Non- Trade Investments	(612.36)		(454.96)	
Profit on sale of Investments (Net)	(377.42)		(45.55)	
Sundry Debit Balances written off (Net)	2689.13		230.61	
Expenses For Earlier Years	(1.42)		(47.72)	
Provision for diminution in the Value of Investment	69.05		69.06	
Fixed Assets written Off	0.42		3.69	
Gratuity Liability for Translation Period	-		(387.64)	
Bad & Doubtful Debts (Provision)	628.01	15203.95	49.55	13989.52
<b>Operating Profit before Working Capital changes</b>		<b>33909.32</b>		<b>26686.34</b>
<b>Adjustment for :</b>				
Trade and other receivables	(26282.34)		(20309.58)	
Inventories	(2969.85)		(3093.23)	
Trade and other payables	3798.07	(25454.12)	12584.16	(10818.65)
<b>Cash generated from operating activities</b>		<b>8455.20</b>		<b>15867.69</b>
Wealth tax	(16.01)		(18.86)	
Fringe Benefit Tax	(138.20)		(124.38)	
Dividend Paid	(2600.26)		-	
Dividend Distribution Tax	(441.92)		-	
Income Tax	(1077.55)		(1514.01)	
Exchange rate fluctuations	1691.74	(2582.20)	765.56	(891.69)
<b>Cash from operating activities before exceptional items</b>		<b>5873.00</b>		<b>14976.00</b>
Exceptional items (Net of Current Taxes)		4404.83		-
<b>Net Cash from operating activities (A)</b>		<b>10277.83</b>		<b>14976.00</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Purchase) of Fixed Assets	(30296.48)		(36551.85)	
Sale proceeds of Fixed Assets	535.84		147.14	
Inflow / (Outflow) on Investments (Net)	19659.39		(27255.50)	
Capital Reserve arising on acquisition	18.09		-	
Interest received from Banks / others	1045.39		1878.27	
Interest received on Investments	6.63		-	
Dividend received on Investments	612.36		454.96	
<b>Net Cash used in Investing Activities (B)</b>		<b>(8418.78)</b>		<b>(61326.98)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Receipt of Securities Premium Account	2.94		24553.88	
Receipts from issue of Warrants	-		1790.68	
FCCB Issue Expenses	-		(136.79)	
Preliminary Expenses	(4.87)		-	
Share Capital Received	0.19		1138.35	
Addition in Minority Interest	877.87		-	
Interest & Financial Charges	(10487.34)		(8334.32)	
Premium on Redemption of OFCD	-		(17947.13)	
Additions of Borrowings (Net)	(8008.80)		22858.93	
<b>Net Cash used in Financing Activities (C)</b>		<b>(17620.01)</b>		<b>23923.60</b>
Net (Decrease) in Cash and Cash equivalents (A+B+C)		<b>(15760.96)</b>		<b>(22427.38)</b>
Opening Cash and Cash equivalents		27659.60		50086.98
Closing Cash and Cash equivalents		11898.64		27659.60

For and on behalf of the Board of Directors

**R.K.Jain**  
President (Corp. Finance & Accounts)

**R.P.Agrawal**  
Director

**Ashok Chaturvedi**  
Chairman & Managing Director

**Rakesh Malhotra**  
General Manager (Accounts)

**Ajay Krishna**  
Vice President (Legal) &  
Company Secretary

This is the Consolidated Cash Flow Statement referred to in our report of even date

For **Vijay Sehgal & Co.**  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**S.V.Sehgal**  
Partner

## CONSOLIDATED SCHEDULE

## SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	As At 31.03.2009		As At 31.03.2008	
<b>1. SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
1,90,00,000 (Previous Year Same) Preference Shares of Rs.100/- each	19000.00		19000.00	
15,00,00,000 (Previous Year Same) Equity Shares of Rs.10/-each	15000.00		15000.00	
	<b>34000.00</b>		<b>34000.00</b>	
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>				
6,50,06,646 (Previous Year Same) Equity Shares of Rs.10/- each, fully called-up	6500.67		6500.67	
Less : Amount Unpaid	3.47	6497.20	3.66	6497.01
<b>TOTAL :</b>		<b>6497.20</b>		<b>6497.01</b>

**Note :**

6,50,06.646 (Previous Year Same) Equity Shares include 54,65,840 (Previous Year Same) Equity Shares lying with Depository, representing 27,32,920 (Previous Year Same) Global Depository Receipts (GDRs), issued through an international offering in US Dollars, outstanding as at Balance Sheet date.

(Rs. in lacs)

	As At 31.03.2009		As At 31.03.2008	
<b>2: WARRANTS</b>				
Amount received @Rs.17.50 each on 57,00,000 (Previous Year 77,00,000) Warrants	997.50		1347.50	
Less : Amount in respect of NIL (Previous Year 20,00,000) Warrants Converted into Equity Shares	-		350.00	
Less : Amount forfeited & transferred to Capital Reserve.	997.50	-	-	997.50
Amount received @Rs.20.50 each on allotment of 87,35,000 (Previous Year Same) Warrants		<b>1790.68</b>		<b>1790.68</b>
<b>TOTAL :</b>		<b>1790.68</b>		<b>2788.18</b>

**Note:**

- In terms of the Resolution passed in the Extra - Ordinary General Meeting held on 7th February 2007 the holding Company has allotted 103 Lacs Warrants at a price of Rs.175/- per warrant (inclusive of premium of Rs.165/- per warrant), which gives holders the right to convert warrant into equal number of equity shares of the holding company at any time within 18 Months from the date of allotment i.e. 20th February 2007. Further, due to failure of Warrant holders holding aggregate of 57 lacs warrants, to exercise the right to convert within 18 months from the date of allotment, application money received on these Warrants have been forfeited and transferred to Capital Reserve Account.
- In terms of the Resolution passed through Postal Ballot declared on 26th February 2008 the holding Company has allotted 87.35Lacs Warrants at a price of Rs.205/- per warrant (inclusive of premium of Rs.195/- per warrant), which gives holders the right to convert warrant into equal number of equity shares of the holding company at any time within 18 Months from the date of allotment i.e. 26th February 2008.

**CONSOLIDATED SCHEDULE**

(Rs. in lacs)

	Balance As At 01.04.2008	Additions During the year	Deductions During the year	Balance As At 31.03.2009
<b>3. RESERVES &amp; SURPLUS</b>				
Capital Reserve	-	1015.59*	-	1015.59
Revaluation Reserve	3.53	-	0.07	3.46
Foreign Currency Translation Reserve (arising on consolidation)	(239.76)	(5200.95)	-	(5440.71)
Debenture Redemption Reserve	4517.68	1984.90	-	6502.58
Securities Premium Account	43085.17	2.94	-	43088.11
General Reserve @	891.89	1046.07	-	1937.96
Profit & Loss Account	19975.98	12575.86	-	32551.84
<b>TOTAL :</b>	<b>68234.49</b>	<b>11424.41</b>	<b>0.07</b>	<b>79658.83</b>
Previous Year	49480.00	32586.38	13831.89	68234.49

\* Includes :

- (a) Rs. 997.50 lacs (Previous Year Nil) Warrant Application Money forfeited on 57 Lacs Warrants allotment on 20th February, 2007 due to failure of the Warrant holders to exercise the right to convert the warrants into Equity Shares within 18 months from the date of allotment.
- (b) Rs. 18.09 lacs (Previous Year Nil) in respect of Capital Reserve arising on Consolidation.
- @ Includes Rs.0.07 lacs (Previous Year Rs.0.08 lacs) representing the amount transferred from Revaluation Reserve to General Reserve being the difference between depreciation charged on enhanced value of the revalued assets and the depreciation on their historical cost at straight line method prescribed in Schedule XIV of Companies Act, 1956.

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>4. MINORITY INTEREST</b>		
<b>Share Capital</b>		
Preference Share Capital	825.00	-
Equity Share Capital	45.00	-
<b>Profit &amp; Loss Account</b>		
Balance on Acquisition	7.87	-
Add: Allocation for the Period	0.67	8.54
<b>TOTAL :</b>	<b>878.54</b>	<b>-</b>

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>5. SECURED LOANS</b>		
<b>A. ZERO RATE DEBENTURES</b>		
From Financial Institutions	11568.53	12345.45
<b>B. 18% CUMULATIVE DEBENTURES</b>		
From Financial Institution	1764.51	1730.75
<b>C. TERM LOAN</b>		
From Financial Institutions	13276.09	4991.25
From Bank	12188.65	11057.87
Add: Interest accrued & due	102.17	-
<b>D. ZERO RATE LOANS</b>		
From Financial Institutions	29234.33	33290.84
From Others	699.51	776.54
<b>E. CUMULATIVE RUPEE LOANS</b>		
From Financial Institutions	4771.90	4681.08
From Others	274.49	269.24
<b>F. WORKING CAPITAL FACILITIES</b>		
From Banks	16804.34	12891.48
<b>TOTAL :</b>	<b>90684.52</b>	<b>82034.50</b>

**CONSOLIDATED SCHEDULE**

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>6. UNSECURED LOANS</b>		
Foreign Currency Convertible Bonds	11972.28	27542.90
<b>Short Term Loans</b>		
From Banks	33210.18	35370.74
Add : Interest accrued & due	32.53	-
From Others	1045.23	5.40
<b>TOTAL :</b>	<b>46260.22</b>	<b>62919.04</b>

**7: DEFERRED TAX LIABILITY (NET)**

Opening Balance	5549.10	10181.17
Add/ (Less) : Provision of Deferred Tax charge/ (Credit) for the year	3227.41	(4632.07)
<b>TOTAL :</b>	<b>8776.51</b>	<b>5549.10</b>

**8. FIXED ASSETS**

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Value/cost As At 01.04.2008	Additions during the year	Deductions during the year	Value/cost As At 31.03.2009	Upto 31.03.2008	For the year	Deductions	As At 31.03.2009	As At 31.03.2009	As At 31.03.2008
<b>A. TANGIBLE ASSETS</b>										
Freehold Land	310.91	977.66	55.78	1232.79	-	-	-	-	1232.79	310.91
Leasehold Land	3653.39	4527.62	215.21	7965.80*	-	-	-	-	7965.80	3653.39
Building	21514.65	4050.89	-	25565.54**	5507.25	693.69	-	6200.94	19364.60	16007.40
Plant & Machineries	146400.58	24041.78	774.81	169667.55	60450.57	8126.10	500.41	68076.26	101591.29	85950.01
Electrical Installation	3695.39	1945.42	1.73	5639.08	1725.43	178.18	1.17	1902.44	3736.64	1969.96
Office Equipments	3300.92	443.12	7.71	3736.33	672.82	240.42	3.40	909.84	2826.49	2628.10
Furniture & Fixtures	4566.09	222.51	1.30	4787.30	406.62	323.02	0.31	729.33	4057.97	4159.47
Vehicles (Including Aircraft)	5374.61	224.42	335.72	5263.31	956.74	373.53	123.98	1206.29	4057.02	4417.87
<b>B. INTANGIBLE ASSETS</b>										
Software	414.52	197.72	-	612.24	164.10	101.00	-	265.10	347.14	250.42
<b>TOTAL</b>	189231.06	36631.14	1392.26	224469.94***	69883.53	10035.94@	629.27	79290.20	145179.74	119347.53
Previous Year	161184.71	29559.26	1512.91	189231.06	62313.14	8509.54	939.15	69883.53		
									5924.49 #	12251.90
									<b>151104.23</b>	<b>131599.43</b>

CAPITAL WORK-IN-PROGRESS\*\*\*

\* Includes Rs.365.42 lacs (Previous Year Rs.365.42 lacs) pending execution of Title Deed.

\*\* Includes Rs. 5.30 lacs (Previous Year Rs.5.30 lacs) acquired on ownership basis, Rs.19.85 lacs (Previous Year Rs. 19.85 lacs) pending execution of title deed.

\*\*\* Includes Pre-operative expenses, basis of which is certified by the Management.

# Includes Rs.141.77 lacs (Previous year Rs. 2058.05 lacs) in respect of Machinery in Transit.

@ Includes Rs.7.25 lacs (Previous Year Nil) treated as pre-operative expenses.

**CONSOLIDATED SCHEDULE**

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>9. INVESTMENTS</b>		
<b>1. Equity Investments in Associate</b>		
Carrying Value of Investment	443.73	443.73
Add : Share of Post acquisition Profits	1747.77	1352.31
	2191.50	1796.04
Less : Dividend received	117.40	-
	2074.10	1796.04
<b>2. Others- Fully Paid-up</b>		
(a) Quoted Equity Shares	5346.13	5250.21
(b) Unquoted Equity Shares*	2036.25	39.00
(c) Trust Securities and Mutual Funds	418.78	22071.98
	9875.26	29157.23
Less : Provision for Diminution in the Value of Investment	138.11	69.06
<b>TOTAL :</b>	<b>9737.15</b>	<b>29088.17</b>

\* Includes Rs.31.03 lacs (Previous Year Same) pledged with UTI Asset Management Co.

**10. INVENTORIES**

Stores, Packing Material & Fuel	671.31	627.26
Raw Materials	5642.97	5461.70
Work-in-Progress	4326.53	4648.73
Finished Goods*	3976.34	2716.49
Traded Goods	5392.39	5389.47
Material-in-Transit	2366.31	562.35
<b>TOTAL :</b>	<b>22375.85</b>	<b>19406.00</b>

\* Includes Rs. 378.32 Lacs (Previous Year Rs.94.59 lacs) in respect of material in transit at customs with Inter Group Companies.

**11. SUNDRY DEBTORS**

(Unsecured, Considered Good)		
A. Debts outstanding for a period exceeding six months	12496.87	9370.67
B. Other debts	27709.85	31444.53
	40206.72	40815.20
Less : Provision for Bad & Doubtful Debts	702.27	119.00
<b>TOTAL :</b>	<b>39504.45</b>	<b>40696.20</b>

**12. CASH & BANK BALANCES**

Cash in hand	85.92	100.04
Balances with Scheduled Banks:		
- On Current Accounts	3787.60	2039.32
- On Cash Credits Accounts	79.15	45.34
- On Fixed Deposits Accounts*	3056.16	4516.35
- On Recurring Deposits Accounts @	245.32	-
- On Unclaimed Dividend Accounts	45.59	-
- In Margin Money Accounts	578.72	738.31
Balances with Foreign Banks:		
- On Current Accounts	2134.30	1126.24
- On Fixed Deposits Accounts	1546.88	19003.21
Remittance in Transit	139.00	90.79
Fixed Deposits with ICICI Home Finance Co. Ltd. @	200.00	-
<b>TOTAL :</b>	<b>11898.64</b>	<b>27659.60</b>

\* Includes :

- Rs. 328.91 lacs (Previous Year Rs.841.36 lacs) pledged with Banks as margin for Letters of Credits, Guarantees and Bills Discounted.
  - Rs.2200.00 lacs (Previous Year Nil) pledged with Banks as security against overdraft limit availed.
- @ Pledged against overdraft limit availed.



**CONSOLIDATED SCHEDULE**

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>13. OTHER CURRENT ASSETS</b>		
Interest accrued on :		
- Investments	-	2.79
- Loans	38.78	30.78
- Deposits with Banks	183.24	153.54
<b>TOTAL :</b>	<b>222.02</b>	<b>187.11</b>

**14. LOANS AND ADVANCES**

(Unsecured, Considered Good)

Income Tax Paid (Net of provision)	159.31	913.84
Fringe Benefit Tax Paid (Net of Provision)	1.77	173.74
Advances recoverable in cash or in kind or for value to be received	36287.32	22263.30
Security & Other Deposits	1053.81	825.51
Balances with Excise Authorities	1263.39	1702.28
Loans to Employees and others	61.90	78.10
Loans to Bodies Corporate	11300.82	60.00
<b>TOTAL :</b>	<b>50128.32</b>	<b>26016.77</b>

**15. CURRENT LIABILITIES**

Acceptances	6954.68	9919.85
Sundry Creditors	24773.80	20601.04
Advances from Customers	6193.92	6849.98
Unclaimed Dividend	45.59	24.36
Unclaimed Matured Deposits	0.45	0.45
Unclaimed Matured Debentures	5.94	7.26
Other Liabilities	7286.99	4532.39
Interest accrued but not due on Loans	101.44	142.46
<b>TOTAL :</b>	<b>45362.81</b>	<b>42077.79</b>

**16. PROVISIONS**

Income Tax (Net of Payments)	343.64	0.55
Fringe Benefit Tax (Net of Payments)	0.90	1.27
Wealth Tax	16.01	18.87
Proposed Dividend	2600.26	2600.26
Proposed Dividend Distribution Tax	441.92	441.92
Leave Encashment	706.30	617.40
Staff Benefits	301.73	317.65
Warranty	2.56	7.40
Interest on Deferred Liabilities	652.90	547.85
<b>TOTAL :</b>	<b>5066.22</b>	<b>4553.17</b>

**CONSOLIDATED SCHEDULE**

(Rs. in lacs)

	For the Year Ended 31.03.2009		For the Year Ended 31.03.2008	
<b>17. SALES &amp; JOB WORK</b>				
Gross Sales	239509.54		194488.81	
Less : Inter Unit Sales	21395.13		17487.42	
	218114.41		177001.39	
Less : Excise Duty	14601.88	203512.53	14763.27	162238.12
Gross Job Work	1961.22		3291.52	
Less : Inter Unit Job Work	1235.23		1583.28	
	725.99		1708.24	
Less : Excise Duty	28.55	697.44	53.41	1654.83
<b>TOTAL :</b>		<b>204209.97</b>		<b>163892.95</b>

**18. OTHER INCOME**

Design & Art Work Recovery	268.87		490.40	
Less : Excise Duty Recovery	18.06	250.81	35.87	454.53
Packing, Forwarding and Insurance Recoveries		64.60		83.61
Exchange Rate Fluctuation (Net)		1691.74		765.56
Export Incentive		1411.33		1439.67
Profit on sale of Investments (Net)		377.42		45.55
Miscellaneous Income		384.20		389.35
Sales Tax Refund		2517.21		689.81
Licence Fees		1320.00		1262.26
Technical Fees		2079.01		2127.29
<b>Interest :</b>				
-from Banks		835.10		1823.70
-from Others		210.29		54.57
<b>Investment Income :</b>				
- Interest		6.63		-
- Dividend received on Non-Trade Investments		612.36		454.96
<b>TOTAL :</b>		<b>11760.70</b>		<b>9590.86</b>

**19. INCREASE IN FINISHED GOODS & WORK-IN-PROGRESS**

<b>Closing Stock :</b>				
Finished Goods	3976.34		2716.49	
Work-in-Progress	4326.53		4648.73	
		8302.87		7365.22
<b>Less : Opening Stock :</b>				
Finished Goods	2716.49		1677.07	
Work-in-Progress	4648.73		3114.27	
		7365.22		4791.34
<b>TOTAL :</b>		<b>937.65</b>		<b>2573.88</b>

**CONSOLIDATED SCHEDULE**

(Rs. in lacs)

	For the Year Ended 31.03.2009	For the Year Ended 31.03.2008
<b>20. MATERIAL COST</b>		
<b>A. Raw Material Consumed</b>		
Opening Stock	5461.70	4549.49
Add : Purchases	129565.61	104192.86
	<b>135027.31</b>	<b>108742.35</b>
Less : Inter Unit Purchases	19942.99	16685.72
	<b>115084.32</b>	<b>92056.63</b>
Less : Closing Stock	5642.97	5461.70
<b>TOTAL (A) :</b>	<b>109441.35</b>	<b>86594.93</b>
<b>B. Material Cost of Traded Goods Sold</b>		
Opening Stock	5389.47	5956.43
Add : Purchases	5842.99	14793.94
	<b>11232.46</b>	<b>20750.37</b>
Less : Closing Stock	5392.39	5389.47
<b>TOTAL (B) :</b>	<b>5840.07</b>	<b>15360.90</b>
<b>TOTAL (A) + (B) :</b>	<b>115281.42</b>	<b>101955.83</b>

**21. OTHER MANUFACTURING EXPENSES**

Power & Fuel Consumed	15206.89	11222.43
Repair & Maintenance-Machineries	3258.50	2103.76
Stores Consumed	1979.28	1656.75
Tools, Jigs & Dies	150.06	124.45
Packing Material Consumed	4451.15	3279.76
Cylinders / Processing Charges for Cylinders	1605.46	1608.55
Less : Inter Unit Charges	1077.19	528.27
	<b>1191.91</b>	<b>416.64</b>
Design & Development Charges	3.43	3.41
Excise Duty	(62.62)	(9.90)
Job Work Charges	925.05	977.03
Other Direct Expenses	260.79	119.07
R & D Charges	10.62	10.43
<b>TOTAL :</b>	<b>26711.42</b>	<b>19903.83</b>

**22. PAYMENTS & BENEFITS TO EMPLOYEES**

Salaries, Wages, Bonus, Benefits and Amenities	9761.66	8018.78
Contribution to Provident Fund and Other Funds	525.92	481.41
Employees Welfare Expenses	509.06	377.45
<b>TOTAL :</b>	<b>10796.64</b>	<b>8877.64</b>

**CONSOLIDATED SCHEDULE**

(Rs. in lacs)

	For the Year Ended 31.03.2009	For the Year Ended 31.03.2008
<b>23. ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Rent, Rates & Taxes	576.39	473.98
Insurance charges	279.34	337.61
Electricity & Water charges	228.97	233.73
Printing & Stationery	160.09	150.90
Postage, Telegram, Telephone & Fax Expenses	463.26	349.97
Vehicle Running & Maintenance Expenses	257.93	365.18
Lease Rent - Vehicles	208.96	145.47
Conveyance & Travelling Expenses	1779.09	1280.31
Repair & Maintenance :		
- Building	205.76	184.04
- Others	460.63	400.43
Legal & Professional Charges	716.58	622.64
Directors' sitting fees	13.00	14.60
General Expenses	1220.45	1099.73
Commission on Sales	1040.61	516.24
Advertisement & Publicity	1279.47	841.25
Entertainment Expenses	297.14	243.33
Sales Tax	3333.32	1076.41
Charity & Donation	6.20	19.14
Rebate & Discount	1517.00	877.64
Freight & Forwarding charges	8218.24	6190.49
Loss on Settlement of Fire Claim	-	211.76
Fixed Assets Written -off	0.42	3.69
Loss on assets sold (Net)	226.73	422.93
Bad & Doubtful Debts (Provision)	628.01	49.55
Provision for diminution in the Value of Investment	69.05	69.06
Sundry balance written-off (Net)	2689.13	230.61
Claim (Exports)	66.62	159.93
Amortisations	10.49	9.09
Share Issue Expenses	19.46	-
<b>TOTAL :</b>	<b>25972.34</b>	<b>16579.71</b>
<b>24. INTEREST &amp; FINANCIAL CHARGES</b>		
Interest		
- On Loans for Fixed Period	3046.02	3927.06
- On Other Loans / Liabilities	6097.48	3291.85
- On Deferred Liabilities	113.04	100.67
Discounting & Financial Charges	1230.80	1014.74
<b>TOTAL :</b>	<b>10487.34</b>	<b>8334.32</b>
<b>25. EXPENSES ALLOCATED TO SELF CONSTRUCTED ASSETS</b>		
Material Cost	345.54	253.09
Salary & Wages	149.45	90.62
Other Manufacturing Expenses	55.75	36.05
Administrative & Other Expenses	93.42	64.96
Interest & Financial Charges	1.82	2.05
Depreciation	33.46	19.94
<b>TOTAL :</b>	<b>679.44</b>	<b>466.71</b>

**CONSOLIDATED SCHEDULE**
**26. SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED ACCOUNTS**
**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Companies Act, 1956 and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable.

**2. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of the consolidated financial statements as laid down under the Accounting Standard (AS)-21 on "Consolidation of Financial Statements" issued by the Institute of Chartered Accountants of India on the following main lines:

- I. The financial statements of the holding company and its subsidiaries, for the financial year ending 31st March, 2009 have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, subject to regrouping & netting of certain items, which present the consolidation in a fair manner without affecting the materiality, after eliminating the intra-group transactions and also unrealized profit or losses resulting from intra-group transactions included in the carrying amount of assets.
- II. The financial statements of Joint Venture have been combined by applying proportionate consolidation method on a line-by-line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard -27 on "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.
- III. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as that of holding company's financial statements.
- IV. The excess / shortfall of cost to the holding company of its investment over its share of equity in the respective subsidiary companies and joint venture companies is recognized in the financial statements as goodwill / capital reserve respectively as per the equity method of valuation.
- V. All the figures of assets, liabilities, revenue & expenses of subsidiaries, which are stated in foreign currency in its separate financial statements, are converted into Indian Rupees as follows:
  - a. Monetary assets and all liabilities are translated at the year-end rate.
  - b. Non-monetary assets, acquired during the year, are translated at the average rate of the year. The carrying amount of non-monetary assets and any adjustment thereto is made on historical rate.
  - c. Share capital is translated at the rate prevailing at the time when the investment was made by the holding company.
  - d. All revenues and expenses are translated at the average rate of the year.
- VI. Differences arising in consolidation on account of translations are reflected in "Foreign Currency Translation Reserve (arising on Consolidation)", under "Reserve & Surplus".
- VII. Investment in the sole associate company, viz M/s Flex Foods Limited, has been accounted under the Equity Method as per Accounting Standard 23- "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.
- VIII. The principles of consolidation are consistently followed except for the changes required by statute and / or Accounting Standards.

**3. THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE RESULTS OF THE FOLLOWING ENTITIES :**

Sr. No.	Name of the Company	Country of Incorporation	Relation	Ownership Interest
1	Flex America Inc.	USA	Subsidiary	100%
2	Flex Europe Private Limited	London-UK	Subsidiary	100%
3	Uflex Packaging Inc.	USA	Subsidiary	100%
4	Flex Middle East FZE	Dubai-UAE	Subsidiary	100%
5	Flex P. Films (Egypt) S.A.E.	Egypt	Subsidiary	100%
6	UPET Holding Limited	Mauritius	Subsidiary	100%
7	UPET (Singapore) Pte. Ltd.	Singapore	Subsidiary	100%
8	Flex Americas S.A.de C.V.	Mexico	Subsidiary	100%
9	UTech Developers Limited	India	Subsidiary	100%
10	UTech Retailers Limited	India	Subsidiary	100%
11	AKC Developers Limited	India	Subsidiary	70%
12	QCELL Limited	Gambia	Joint Venture	40%
13	Flex Foods Limited	India	Associate	47.15%

**4. OTHER SIGNIFICANT ACCOUNTING POLICIES**

These are set out in the separate financial statements of UFLEX Limited and its subsidiaries.



CONSOLIDATED SCHEDULE

27. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs.in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>1 A Contingent liabilities not provided for in respect of :</b>		
i) Guarantees issued by Banks	819.37	767.59
ii) Import duty obligations on outstanding export commitment under Advance Licence / EPCG Schemes	13632.96	10925.18
iii) Letters of Credit (Unexpired) issued by Banks (Net of Margin)	10324.72	17506.73
iv) Show cause notice / demands of Excise Authorities not acknowledged by the Holding Company and are contested / appealed / replied.	4770.47	3812.52
v) Additional demands raised by the Income Tax Department, which are under rectification & appeal	155.02	118.94
vi) Additional demands raised by the Sales Tax Department, which are under rectification & appeal	413.28	566.32
vii) Indemnity issued in terms of Negotiated Settlement Scheme to ICICI Bank Ltd. for meeting shortfall arising on non-fulfillment of residual NPV loss*.	1347.10	3605.42
viii) Amount demanded by the erstwhile workers of the holding Company and are pending in Labour Court	83.03	75.09
ix) Premium on Redemption of outstanding Foreign Currency Convertible Bonds**	2398.64	5949.55

\* Resulting from purchase of 15.00 lacs shares (Previous Year 27.50 lacs shares) by promoters from ICICI Bank Ltd. under Negotiated Settlement Scheme.

\*\* The Holding Company expect that the holders of FCCBs are expected to opt for the conversion rather than redemption and in that case no premium would be payable by the Company. On this basis the amount of premium has not been provided and is shown as contingent liability. However the premium, if liable to be paid would be adjusted against the available Securities Premium Account/ charged to Profit and Loss account at the time of redemption.

<b>B</b> The share in the aggregate contingent liability of the Associate	274.50	383.23
<b>2 Capital Commitments :</b>		
a) The estimated amount of contracts remaining to be executed on capital account (Net of advances) and not provided for :	25014.50	16877.64
b) The share in the aggregate capital commitments of the Associate	1.44	43.73
c) The share in the aggregate capital commitments of the Joint Venture	1141.06	-

(Rs. in lacs)

	Current Year	Previous Year
<b>3 Managerial Remuneration :</b>		
i) Salaries including HRA	757.70	597.49
ii) Contribution to Provident Fund	52.24	48.59
iii) Commission to Chairman & Managing Director	300.00	200.00
iv) Medical re-imburement	1.07	0.51
v) Perquisite value of electricity, car, furniture & fixtures and rent free accommodation provided, evaluated as per Income Tax Rules, 1962 (Net of recovery)	7.58	2.38
vi) Sitting Fees	13.00	14.60
<b>TOTAL :</b>	<b>1131.59</b>	<b>863.57</b>

4 In the opinion of the Board and to the best of their knowledge, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the amount at which they are stated in the Balance Sheet.

**CONSOLIDATED SCHEDULE**
**5 EXCEPTIONAL ITEMS**

	(Rs.in lacs)	
	Current Year	Previous Year
Discount on Purchase of FCCB	9575.77	-
Less : Exchange Rate Fluctuation on FCCB	4704.80	-
	<b>4870.97</b>	-
Less : Provision for Income Tax	466.14	-
Less : Provision for Deferred Tax Charge	1084.45	-
	<b>3320.38</b>	-

- 6 a) Rupees have been rounded off to the nearest thousand.  
b) Previous Year figures have been recasted / regrouped, wherever considered necessary.  
c) The results for the current year are not strictly comparable with that of the previous year as the current year figures includes the results of the following companies :

Name of the Company	Nature of Relationships	% of Interest
UPET Holdings Limited	Subsidiary	100%
UPET (Singapore) Pte. Ltd.	Subsidiary	100%
Flex Americas S.A.de C.V.	Subsidiary	100%
Flex P.Films (Egypt) S.A.E.	Subsidiary	100%
UTech Retailers Limited	Subsidiary	100%
AKC Developers Limited	Subsidiary	70%
QCELL Limited	Joint Venture	40%

- 7 The name of the Holding Company stands changed from Flex Industries Limited to Uflex Limited with effect from 19th March 2007.

- 8 During the year under review, the Holding company transferred by way of slump sale its entire Distillery Undertaking to its then Wholly Owned Subsidiary i.e. UBIO CHEMICALS LTD. for a total consideration of Rs.9365.02 Lacs based on Net Assets Value of the undertaking, pursuant to the shareholders approval obtained by postal ballot results declared on 23rd September 2008. The sale consideration of Rs.9365.02 Lacs has been settled by the UBIO CHEMICALS LTD. partly by way of issue of its 4,12,00,000 Equity Shares of Rs.10/- each at Par, Fully Paid Up aggregating to Rs.4120.00 Lacs in favour of the Holding Company and the balance amount of Rs.5245.02 Lacs has been treated as Interest Bearing Secured Loan by the Holding Company to UBIO CHEMICALS LTD. repayable to the Holding Company over 20 Equal Quarterly Installments commencing June 2009 with prepayment option.

Consequent upon the transfer of Distillery undertaking to UBIO CHEMICALS LTD, the Holding Company, due to its strategic reasons, entered into share purchase Agreement on 30th March 2009 for the sale and transfer of its entire shareholding of 4,12,50,000 Equity Shares of Rs.10/- each in UBIO CHEMICALS LTD. together with the management and control of the UBIO CHEMICALS LTD. to a third party for a total consideration of Rs.4125.00 Lacs. Out of the total shareholding, 2,10,37,500 Equity Shares being 51% shareholding have already been transferred against the receipt of consideration of Rs. 2103.75 Lacs and the balance 2,02,12,500 numbers of equity shares being 49% shareholding have been agreed to be transferred within 90 days of the share purchase agreement against receipt of balance consideration. The management and control of UBIO Chemicals Ltd., have also been handed over to the third party.

**9 EARNING PER SHARE**

The following disclosure is made, as required by Accounting Standard-20 (AS-20) on "Earning Per Share", issued by The Institute of Chartered Accountants of India :-

	Current Year	Previous Year
(A) (i) Profit for the year, after Adjustments, before exceptional items (viz. Numerator) (Rs. in lacs)	15328.56	10984.17
(ii) Profit for the year, after Adjustments, after exceptional items (viz. Numerator) (Rs. in lacs)	18648.94	10984.17
(B) (i) Opening Balance of Equity Shares	65006646	51630646
Add :		
Weighted Average Factor of Equity Shares Issued	-	3938315
Weighted Average Number of Equity Shares (viz. denominator) for Basic Earning Per Share	65006646	55568961

## CONSOLIDATED SCHEDULE

	Current Year	Previous Year
(ii) Opening Balance of Equity Shares	65006646	51630646
Add :		
Weighted Average Factor of FCCB's	7247989	20061486
Weighted Average Factor of Equity Warrants	8735000	8537606
Weighted Average Factor of Equity Shares Issued	-	837603
Weighted Average Number of Equity Shares (viz. denominator) for Diluted Earning Per Share	80989635	81067341
(C) Nominal Value Per Share	Rs. 10/-	Rs. 10/-
(D) (i) <b>Before Exceptional Items</b>		
(a) Basic Earning Per Share (A(i)/B(i)) (Rs.)	23.58	19.77
(b) Diluted Earning Per Share (A(i)/B(ii)) (Rs.)	19.09	13.55
(ii) <b>After Exceptional Items</b>		
(a) Basic Earning Per Share (A(ii)/B(i)) (Rs.)	28.69	19.77
(b) Diluted Earning Per Share (A(ii)/B(ii)) (Rs.)	23.19	13.55

## ADDITIONAL DISCLOSURE FOR JOINT VENTURE

- 10 Company's share in assets, liabilities, income and expenses of the Joint Venture, as included in Consolidated Financial Statements are as under:

	(Rs. in lacs)	
	Current Year	Previous Year
Reserve & Surplus	20.81	-
<b>Fixed Assets</b>		
Gross Block	58.61	-
Less : Depreciation	2.58	-
Net Block	56.03	-
Capital Work-in-Progress	1536.29	-
<b>Current Assets, Loans and Advances</b>	1592.32	-
Inventories	2.83	-
Sundry Debtors	15.29	-
Cash & Bank Balances	44.56	-
Loans & Advances	1343.15	-
<b>Current Liabilities &amp; Provisions</b>	1405.83	-
Current Liabilities	2220.59	-
Total Income	65.85	-
Total Expenses	41.61	-

- 11 Following disclosures are made, as per Accounting Standard-18 (AS-18), regarding, "Related Party Disclosures", issued by The Institute of Chartered Accountants of India:-

- (a) List of Related Parties :

- i) **Joint Venture** : QCELL Limited
- ii) **Associate** : Flex Foods Limited
- iii) **Key Management Personnel & their relatives (also exercising significant influence over the Company)**: Mr. Ashok Chaturvedi, Chairman & Managing Director, Mr. S.K. Kaushik, Wholetime Director, Mrs. Rashmi Chaturvedi (Director of Flex Middle East FZE), Mr. Pradeep Tyle (Director of Flex Middle East FZE), Mr. R.K.Jain (Director of Flex Middle East FZE), Mr. P.L.Sirsamkar (Director of Flex Middle East FZE) and Mr. Anantshree Chaturvedi (Director of Flex Middle East FZE)
- iv) **Enterprises in which the persons referred in (iii) along with their relatives exercise significant influence**: Flex International (P) Ltd., Anshika Investments (P) Ltd., Ultimate Flexipack Ltd., A.R.Infrastructure & Projects Pvt.Ltd., Anant Overseas (P) Ltd., Apoorva Extrusion (P) Ltd., Anshikha Consultants (P) Ltd., A.R.Leasing (P) Limited, Cinflex Infotech (P) Ltd., Ultimate Enterprises (P) Ltd., AR Aerotech (P) Ltd., AR Airways (P) Ltd., Kaya Kalpa Medical Services (P) Ltd., AC Infrastructures (P) Ltd., Club One Airways (P) Ltd., Flex Industries (P) Ltd., AC Infratech (P) Ltd., RC Properties (P) Ltd., A to Z Infratech (P) Ltd. and Ultimate Infratech (P) Ltd.

**CONSOLIDATED SCHEDULE**

(b) The Company has entered into transactions with certain parties listed above during the year under consideration. Details of these transactions are as follows :

(Rs. in lacs)					
Transactions	Joint Venture	Associate	Key Management Personnel	Enterprises as referred to in 'a (iv)' above	Total
<b>i) Trade Transactions</b>					
Sale of Goods/Services (Net)	-	<b>22.73</b>	-	<b>668.41</b>	<b>691.14</b>
	-	<i>18.46</i>	-	<i>1416.65</i>	<i>1,435.11</i>
Purchase of Goods/Services (Net )	-	-	-	<b>2909.13</b>	<b>2909.13</b>
	-	-	-	<i>2898.54</i>	<i>2898.54</i>
Purchase of Fixed Assets	-	-	-	-	-
	-	-	<i>194.50</i>	-	<i>194.50</i>
Sale of Patent	-	-	<b>1.00</b>	-	<b>1.00</b>
	-	-	-	-	-
Lease Charges Received	-	-	-	<b>68.89</b>	<b>68.89</b>
	-	-	-	<i>24.13</i>	<i>24.13</i>
Rent Received	-	-	<b>30.00</b>	<b>4.08</b>	<b>34.08</b>
	-	-	<i>30.00</i>	<i>4.43</i>	<i>34.43</i>
Rent Paid	-	-	<b>180.00</b>	<b>3.60</b>	<b>183.60</b>
	-	-	<i>105.00</i>	<i>3.60</i>	<i>108.60</i>
Security Deposit Given	-	-	-	-	-
	-	-	<i>100.00</i>	<i>10.00</i>	<i>110.00</i>
Refund of Security Deposit	-	-	-	-	-
	-	-	-	<i>25.00</i>	<i>25.00</i>
Interest Paid on Loans	-	<b>0.72</b>	-	-	<b>0.72</b>
	-	<i>15.07</i>	-	<i>2.50</i>	<i>17.57</i>
Dividend Income	-	<b>117.40</b>	-	-	<b>117.40</b>
	-	-	-	-	-
Remuneration	-	-	<b>1101.35</b>	-	<b>1101.35</b>
	-	-	<i>848.97</i>	-	<i>848.97</i>
<b>ii) Non Trade Transactions</b>					
Loan Taken	-	<b>300.00</b>	-	-	<b>300.00</b>
	-	<i>400.00</i>	-	<i>1525.00</i>	<i>1925.00</i>
Repayment of Loan Taken	-	-	-	-	-
	-	<i>850.00</i>	-	<i>1525.00</i>	<i>2375.00</i>
Sale of Investment	-	-	-	<b>288.00</b>	<b>288.00</b>
	-	-	-	-	-
Forfeiture of Warrants	-	-	-	<b>997.50</b>	<b>997.50</b>
	-	-	-	-	-
Investment	734.70	-	-	-	734.70
	-	-	-	-	-
<b>Total</b>	<b>734.70</b>	<b>440.85</b>	<b>1312.35</b>	<b>4939.61</b>	<b>7427.51</b>
	-	<i>1283.53</i>	<i>1278.47</i>	<i>7434.85</i>	<i>9996.85</i>
<b>Balance as on 31.03.2009</b>					
Debit	-	-	-	-	-
	-	<i>3.13</i>	-	<i>8.43</i>	<i>11.56</i>
Credit	-	<b>291.73</b>	<b>25.87</b>	<b>378.31</b>	<b>695.91</b>
	-	-	<i>13.87</i>	<i>882.11</i>	<i>895.98</i>

Note: Previous Year figures have been given in Italic.

Notes: Signatories to Schedule 1 to 27

For and on behalf of the Board of Directors

**R.K.Jain**  
President (Corp. Finance & Accounts)

**R.P.Agrawal**  
Director

**Ashok Chaturvedi**  
Chairman & Managing Director

**Rakesh Malhotra**  
General Manager (Accounts)

**Ajay Krishna**  
Vice President (Legal) &  
Company Secretary

For **Vijay Sehgal & Co.**  
Chartered Accountants

Place : NOIDA  
Dated : 30<sup>th</sup> July, 2009

**S.V. Sehgal**  
Partner

**FLEX AMERICA INC.**

**J. Muller & Company**  
16 Chestnut Street  
Suffern, NY 10901  
(845) 357-2744

**INDEPENDENT AUDITORS' REPORT****To the Board of Directors and Stockholder**

Flex America, Inc.  
14300 Cornerstone Village Dr. Suite #121  
Houston, TX 77014

We have audited the accompanying balance sheets of Flex America, Inc. (a North Carolina corporation), as of March 31, 2009 and 2008, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flex America, Inc., as of March 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**John G. Muller**

May 15, 2009

## FLEX AMERICA INC.

**BALANCE SHEETS AT MARCH 31,**

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash	226,491	114.90	509,841	258.64
Accounts receivable (Note A)	2,480,300	1,258.26	3,426,626	1,738.33
Inventories (Notes A & C)	1,437,645	729.32	3,062,439	1,553.58
Prepaid expenses	16,274	8.26	18,064	9.16
Other receivables	1,333	0.68	28,102	14.26
<b>TOTAL CURRENT ASSETS</b>	<b>4,162,043</b>	<b>2,111.42</b>	<b>7,045,072</b>	<b>3,573.97</b>
<b>EQUIPMENT</b>				
Equipment and automobiles- net (Notes A & G)	33,599	17.04	34,992	17.75
<b>OTHER ASSET</b>				
Security deposits	2,147	1.09	4,518	2.29
<b>TOTAL ASSETS</b>	<b>4,197,789</b>	<b>2,129.55</b>	<b>7,084,582</b>	<b>3,594.01</b>
<b>LIABILITIES &amp; STOCKHOLDERS EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	3,696,291	1,875.13	6,150,078	3,119.93
Accrued expenses	13,589	6.89	9,000	4.57
Customer deposits	-	-	500,000	253.65
Taxes payable	18,000	9.13	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,727,880</b>	<b>1,891.15</b>	<b>6,659,078</b>	<b>3,378.15</b>
<b>STOCKHOLDER'S EQUITY</b>				
Common stock no par value 100000 shares authorized, issued and outstanding	100,000	50.73	100,000	50.73
Retained earnings	369,909	187.65	325,504	165.13
	469,909	238.38	425,504	215.86
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>4,197,789</b>	<b>2,129.53</b>	<b>7,084,582</b>	<b>3,594.01</b>

The accompanying notes are an integral part of these financial statements.

All the figures have been converted by using the rate of Rs. 50.73/ 1 US\$ as on 31/03/2009.



## FLEX AMERICA INC.

## STATEMENT OF OPERATIONS FOR THE YEARS ENDED MARCH 31,

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
<b>NET SALES</b>	<b>19,911,439</b>	<b>10,101.07</b>	16,599,448	8,420.90
Cost of Goods Sold - Schedule 1	18,899,992	9,587.97	15,805,916	8,018.34
<b>GROSS PROFIT</b>	<b>1,011,447</b>	<b>513.10</b>	793,532	402.56
<b>OPERATING EXPENSES</b>				
Wages	356,400	180.80	361,016	183.14
Advertising and promotion	21,696	11.01	18,007	9.13
Automobile expenses	4,379	2.22	2,675	1.36
Bank fees	6,330	3.21	8,384	4.25
Inspection and other fees	5,900	2.99	9,767	4.95
Demurrage	31,190	15.82	-	-
Custom clearing charges	25,560	12.97	40,598	20.60
Licenses and fees	21,089	10.70	2,440	1.24
Depreciation expense	13,339	6.77	11,497	5.83
Freight out	27,006	13.70	44,697	22.67
Insurance	46,991	23.84	46,329	23.50
Office expense	21,560	10.94	26,638	13.51
Payroll tax expense	28,928	14.68	27,841	14.12
Professional fees and consultants	57,174	29.00	23,012	11.67
Rent & warehousing (Note D)	42,781	21.70	49,506	25.11
Dues and fees	6,062	3.08	4,678	2.37
Bad debts and damaged goods	108,608	55.10	11,174	5.67
Communication expenses	64,460	32.70	39,341	19.96
Travel expense	53,529	27.16	72,377	36.72
Relocation expense	8,109	4.11	-	-
	<b>951,091</b>	<b>482.50</b>	799,977	405.80
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>60,356</b>	<b>30.60</b>	(6,445)	(3.24)
<b>OTHER INCOME</b>				
Interest income	4,789	2.43	825	0.42
Gain on sale of equipment	-	-	1,500	0.76
Other income	2,636	1.34	2,732	1.39
	<b>7,425</b>	<b>3.77</b>	5,057	2.57
<b>INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES</b>	<b>67,781</b>	<b>34.37</b>	(1,388)	(0.67)
PROVISION FOR INCOME TAXES	(23,376)	(11.86)	(4,748)	(2.41)
<b>NET INCOME (LOSS)</b>	<b>44,405</b>	<b>22.51</b>	(6,136)	(3.08)

The accompanying notes are an integral part of these financial statements.

**FLEX AMERICA INC.**
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEARS ENDED MARCH 31, 2009 AND 2008**

	Common Stock			Retained Earnings		Total	
	Shares	Amount		\$	Rs in Lacs	\$	Rs in Lacs
		\$	Rs in Lacs				
Ending Balance, March 31, 2007	100,000	100,000	50.73	331,640	168.24	431,640	218.97
Net Loss for the Year Ending March 31, 2008				(6,136)	(3.11)	(6,136)	(3.11)
Ending Balance, March 31, 2008	100,000	100,000	50.73	325,504	165.13	425,504	215.86
Net Income for the Year Ending March 31, 2009				44,405	22.52	44,405	22.52
<b>Ending Balance, March, 2009</b>	<b>100,000</b>	<b>100,000</b>	<b>50.73</b>	<b>369,909</b>	<b>187.65</b>	<b>469,909</b>	<b>238.38</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEARS ENDED MARCH 31,**

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
<b>Cash Flows from Operating Activities:</b>				
Net Income (Loss)	44,405	22.53	(6,136)	(3.11)
<b>Adjustments to Reconcile Net Assets to Net Cash Used in Operating Activities:</b>				
Depreciation	13,339	6.77	11,497	5.83
Gain on disposition of equipment	-	-	(1,500)	(0.76)
<b>Changes in Operating Assets and Liabilities:</b>				
Accounts receivable	946,326	480.07	185,063	93.88
Inventories	1,624,794	824.26	(1,745,145)	(885.31)
Prepaid expenses	1,790	0.91	(18,064)	(9.16)
Receivables - other	26,769	13.58	(25,820)	(13.10)
Accounts payable	(2,453,787)	(1,244.81)	1,521,433	771.82
Accrued expenses	4,589	2.33	(5,500)	(2.79)
Customer deposits	(500,000)	(253.65)	500,000	253.65
Taxes payable	18,000	9.13	(13,614)	(6.91)
<b>Net Cash Provided by Operating Activities:</b>	<b>(273,775)</b>	<b>(138.88)</b>	<b>402,214</b>	<b>204.04</b>
<b>Cash Flows from Investing Activities:</b>				
Security Deposit	2,371	1.20	820	0.42
Purchase of equipment	(11,946)	(6.06)	(2,073)	(1.05)
Proceeds from Disposition of Equipment	-	-	15,128	7.67
<b>Net Cash Provided by (Used In) Investing Activities</b>	<b>(9,575)</b>	<b>(4.86)</b>	<b>13,875</b>	<b>7.04</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(283,350)</b>	<b>(143.74)</b>	<b>416,089</b>	<b>211.08</b>
<b>Cash and Cash Equivalents - April 1</b>	<b>509,841</b>	<b>258.64</b>	<b>93,752</b>	<b>47.56</b>
<b>Cash and Cash Equivalents - March 31</b>	<b>226,491</b>	<b>114.90</b>	<b>509,841</b>	<b>258.64</b>
<b>Income Tax Paid During the Period</b>	<b>5,376</b>	<b>2.73</b>	<b>8,942</b>	<b>4.54</b>
<b>Interest Expense Paid During the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The accompanying notes are an integral part of these financial statements.

## FLEX AMERICA INC.

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2009 AND 2008

## NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations**

Flex America, Inc. (the Company) is a wholly owned subsidiary of UFLEX Limited, a company registered in New Delhi, India. The Company imports into the United States and sells primarily polyester BOPP, metallized and CPP films manufactured by UFLEX Limited and its subsidiaries.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

**Inventories**

Inventories consisting of merchandise for resale are valued at the lower of cost or market as determined on a first-in, first-out basis.

**Property and Equipment**

Property and equipment are valued at cost, net of depreciation. Office equipment and automobiles are depreciated on a straight-line basis over the estimated useful life of the asset.

**Trade Accounts Receivable**

Trade accounts receivable is recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends. At March 31, 2009 and 2008 no allowance has been provided for.

## NOTE B: RELATED PARTY TRANSACTIONS

The Company purchases all of its finished goods from its Parent, UFLEX Limited and its subsidiary Flex Middle East, FZE-Dubai and Flex Americas, S.A. de C.V.-Mexico. The total of goods purchased for the years ended March 31, 2009 and 2008 was \$17,145,982 and \$17,025,039, respectively. As of March 31, 2009 and 2008 the Company had accounts payable to its Parent and subsidiaries of \$3,616,683 and \$6,082,074, respectively.

## NOTE C: INVENTORIES

Inventory, is stated at lower of cost or market, and at March 31 were:

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
Finished goods in transit	722,897	366.73	1,287,947	653.38
Finished goods	714,748	362.59	1,774,492	900.20
Total Inventory	1,437,645	729.32	3,062,439	1553.58

Effective April 1, 2008, holographic/metallized gift wraps, laminated pouches, and flexible laminates business was transferred to its associated company, Uflex Packaging, Inc. All assets and liabilities of that activity were transferred to them at cost.

## NOTE D: DESCRIPTION OF LEASING ARRANGEMENTS

The Company leased an office in Cornelius, North Carolina under a non cancelable operating lease which expired on December 31, 2008. The Company relocated to Houston, Texas on January 1, 2009.

The following is a schedule of future minimum lease payments under the lease:

Year ending :	\$	Rs in Lacs
December 31, 2009	22,164	11.24
December 31, 2010	22,608	11.47
December 31, 2011	23,064	11.70
	67,836	34.41

**FLEX AMERICA INC.**
**NOTES TO FINANCIAL STATEMENTS MARCH 31, 2009 AND 2008**
**NOTE E: INCOME TAXES**

The Company records taxes using the liability method required by the Statement of Financial Accounting Standards No.109, "Accounting for Income Taxes". Under Statement 109, deferred tax assets and liabilities are recorded for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at enacted rates expected to be in effect when such amounts are realized.

**NOTE F: CONTINGENCIES**
**Litigation**

There are no legal actions pending against the Company.

**NOTE G: PROPERTY AND EQUIPMENT**

Property and equipment as of March 31 were:

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
Furniture and equipment	28,874	14.65	16,928	8.59
Automobiles	35,597	18.06	35,597	18.06
	64,471	32.71	52,525	26.65
Less accumulated depreciation	30,872	15.66	17,533	8.89
	33,599	17.05	34,992	17.76

**SUPPLEMENTARY INFORMATION FOR THE YEARS ENDED MARCH 31, 2009**
**SCHEDULE I**

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
<b>COST OF GOODS SOLD</b>		-		
Opening inventory	3,062,439	1,553.58	1,317,294	668.26
Transferred to Uflex Packaging, Inc. (Note C)	(895,890)	(454.48)	-	-
Adjusted opening inventory	2,166,549	1,099.10	1,317,294	668.26
Purchases - net of returns (Note B)	17,145,982	8,698.16	17,025,039	8,636.80
Customs duty	691,990	351.05	513,346	260.42
Harbor maintenance fee	20,689	10.50	4,731	2.40
Merchandising processing fee	33,376	16.93	7,945	4.03
Anti Dumping Duty	279,051	141.56	-	-
<b>Total Costs</b>	20,337,637	10,317.30	18,868,355	9,571.91
Less ending inventory (Note C)	1,437,645	729.32	3,062,439	1,553.58
<b>TOTAL COST OF GOODS SOLD</b>	18,899,992	9,587.98	15,805,916	8,018.33

The accompanying notes are an integral part of these financial statements.

**UFLEX PACKAGING, INC.**

**Iyer Associates**  
**Certified Public Accountants**  
315, Lowell Avenue, Hamilton  
NJ 08619

**REPORT OF INDEPENDENT AUDITORS**

To

The Board of Directors and Shareholders of Uflex Packaging, Inc.

We have audited the accompanying balance sheet of Uflex Packaging, Inc. as of March 31, 2009 and March 31, 2008 and the related statements of income, cash flows and changes in stockholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uflex Packaging, Inc. as of March 31, 2009 and March 31, 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Iyer Associates**  
Hamilton, NJ

April 27, 2009

## UFLEX PACKAGING, INC.

**BALANCE SHEETS AS OF MARCH 31, 2009 AND MARCH 31, 2008**

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
<b>ASSETS</b>				
Current assets:				
Cash	48,708	24.71	115,649	58.67
Accounts receivable	1,747,872	886.70	432,923	219.62
Inventory	2,987,126	1,515.37	650,542	330.02
Prepaid Expense	–	–	4,250	2.16
Loan	13,500	6.85	–	–
<b>Total current assets</b>	<b>4,797,206</b>	<b>2,433.63</b>	<b>1,203,364</b>	<b>610.47</b>
Fixed assets - net	40,042	20.31	10,902	5.53
Security Deposit	7,425	3.77	7,425	3.77
<b>TOTAL ASSETS</b>	<b>4,844,673</b>	<b>2,457.71</b>	<b>1,221,691</b>	<b>619.77</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>				
Current liabilities:				
Accounts payable	4,353,979	2,208.77	867,179	439.92
Accrued Expenses	25,463	12.92	4,500	2.28
Customer Advances	350,000	177.56	234,125	118.77
Loan Payable	–	–	13,627	6.91
Provision for Taxes	3,500	1.78	1,379	0.70
Other Current Liabilities	1,257	0.64	–	–
<b>Total current liabilities</b>	<b>4,734,199</b>	<b>2,401.67</b>	<b>1,120,810</b>	<b>568.58</b>
<b>Total current and long-term liabilities</b>	<b>4,734,199</b>	<b>2,401.67</b>	<b>1,120,810</b>	<b>568.58</b>
Shareholder's equity and retained earnings:				
Authorized 25,000 shares of Common Stock @10/- par value	100,000	50.73	100,000	50.73
Issued and Outstanding, 10,000 shares @10/- par value				
Retained earnings	881	0.45	–	–
Net Income	9,593	4.87	881	0.45
<b>Total shareholder's equity</b>	<b>110,474</b>	<b>56.05</b>	<b>100,881</b>	<b>51.18</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>4,844,673</b>	<b>2,457.72</b>	<b>1,221,691</b>	<b>619.76</b>

**STATEMENTS OF INCOME FOR THE YEARS ENDED MARCH 31,**

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
Net revenue	8,029,401	4,073.32	479,210	243.10
Cost of revenue	7,723,305	3,918.03	418,930	212.52
<b>Gross profit</b>	<b>306,096</b>	<b>155.29</b>	<b>60,280</b>	<b>30.58</b>
Operating expenses:				
General Administrative expenses	286,094	145.14	56,169	28.49
Depreciation & Amortization	8,143	4.13	2,725	1.38
<b>Total Operating Expenses</b>	<b>294,237</b>	<b>149.27</b>	<b>58,894</b>	<b>29.87</b>
<b>Net Operating Income</b>	<b>11,859</b>	<b>6.02</b>	<b>1,386</b>	<b>0.71</b>
Taxes	3,500	1.78	1,379	0.70
Other Income:				
Interest income	1,234	0.63	874	0.44
<b>Total Income</b>	<b>9,593</b>	<b>4.87</b>	<b>881</b>	<b>0.45</b>

(See Independent Auditors' report and notes to financial statements)

All figures have been converted by using the rate of Rs. 50.73/ 1 US\$ as on 31/03/2009.



## UFLEX PACKAGING, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2009

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
<b>Cash flows from operating activities</b>				
Net profit	9,593	4.87	881	0.45
Adjustment to reconcile net profit to net cash provided by operating activities:				
Depreciation	8,143	4.13	2,725	1.38
Changes in assets and liabilities				
(Increase) / Decrease in accounts receivable	(1,314,949)	(667.07)	(432,923)	(219.62)
(Increase) / Decrease in inventory	(2,336,584)	(1,185.35)	(650,542)	(330.02)
(Increase) / Decrease in Advances & Pre-paid	(9,250)	(4.69)	(11,675)	(5.92)
Increase / (Decrease) in accounts payable	3,486,800	1,768.85	867,179	439.92
Increase / (Decrease) in Loans & Advances	115,875	58.78	234,125	118.77
Increase / (Decrease) in other Current Liabilities	8,593	4.36	18,127	9.20
Increase / (Decrease) in Income tax provision	2,121	1.08	1,379	0.70
<b>Total adjustments</b>	<b>(39,251)</b>	<b>(19.91)</b>	<b>28,395</b>	<b>14.41</b>
<b>Net cash provided by operating activities</b>	<b>(29,658)</b>	<b>(15.04)</b>	<b>29,276</b>	<b>14.86</b>
<b>Cash flows from Financing activities:</b>				
Capital	-	-	100,000	50.73
Loan	-	-	-	-
<b>Net cash from financing Activities</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>50.73</b>
<b>Cash flows from investing activities:</b>				
Capital expenditure	(37,283)	(18.91)	(13,627)	(6.91)
<b>Net cash used in investing activities</b>	<b>(37,283)</b>	<b>(18.91)</b>	<b>(13,627)</b>	<b>(6.91)</b>
<b>Net increase / (decrease) in cash</b>	<b>(66,941)</b>	<b>(33.95)</b>	<b>115,649</b>	<b>58.68</b>
Cash and cash equivalents at the beginning of the year	115,649	58.67	-	-
Cash and cash equivalents at the end of the year	48,708	24.71	115,649	58.67

## STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AS OF MARCH 31, 2009

	Common stock						Retained earnings		Dividends		Total stockholders' equity	
	Shares	Amount		\$	Rs. in lacs	\$	Rs. in lacs	\$	Rs. in lacs	\$	Rs. in lacs	
		\$	Rs. in lacs									
Authorized 25,000 shares of Common Stock @\$10/- par value												
Issued & Outstanding, 10000 shares of Common Stock @\$10/- par value	10,000	100,000	50.73		881	0.45		-	-	100,881	51.18	
Net income, year ended March 31, 2009	-	-	-		9,593	4.87		-	-	9,593	4.87	
Balance as of March 31, 2009	10,000	100,000	50.73		10,474	5.32		-	-	110,474	56.05	

**SUPPLEMENTARY SCHEDULE**
**General and administrative expenses for the years ended March 31,**

	2009		2008	
	\$	Rs in Lacs	\$	Rs in Lacs
Audit fees	10,431	5.29	4,500	2.28
Automobile	6,529	3.31	–	–
Bank service charges	27,216	13.81	1,904	0.97
Bad debts	27,816	14.11	–	–
Custom clearing	–	–	400	0.20
Contributions	4,250	2.16	–	–
Fees	1,760	0.89	–	–
Insurance	8,751	4.44	2,480	1.26
Miscellaneous	–	–	500	0.25
Moving expense	–	–	4,465	2.27
Office supplies	3,756	1.91	2,269	1.15
Payroll	20,237	10.27	–	–
Payroll Taxes	1,453	0.74	–	–
Postage	2,692	1.37	39	0.02
Professional fees	–	–	2,570	1.30
Rent	61,632	31.27	21,051	10.68
Repairs	3,255	1.65	1,188	0.60
Telephone	18,148	9.21	1,866	0.95
Travel & Entertainment	88,168	44.73	12,937	6.56
	<b>286,094</b>	<b>145.16</b>	<b>56,169</b>	<b>28.49</b>

**NOTES TO FINANCIAL STATEMENTS**

For the Years ended March 31, 2009 and March 31, 2008

**1) Organization and Description of Business**

Uflex Packaging, Inc. was incorporated in the state of New Jersey on June 5, 2007. The Company is a wholly owned subsidiary of UFLEX Limited, a company registered in New Delhi, India. The Company imports and sells holographic/metalized gift wraps, laminated pouches, and flexible laminates manufactured by UFLEX Limited.

**2) Summary Of Significant Accounting Policies**
**Accounting Policies**

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”); consequently, revenue is recognized when services are rendered and expenses reflected when costs are incurred.

**Cash and Cash Equivalents**

The Company considers all checking accounts, sweep accounts and money market accounts to be cash and cash equivalents.

The Company’s checking and sweep accounts are located with Bank of America. The amount on hand at any one time in any of these accounts may exceed the \$250,000 federal insured limit.

The Company’s statements of financial position and results of operations are measured using the United States dollar as the functional currency.

**Accounts Receivables – Net**

Account receivable are recorded at net realizable value consisting of the carrying amount less the allowance for doubtful accounts. The provision for doubtful debts for the year was nil.

**UFLEX PACKAGING, INC.****Concentrations**

For the year ended March 31, 2009, sales to four customers amounted to \$6,627,725 (83% of net revenues). As of March 31, 2009, accounts receivable from these customers was \$1,386,836(89% of receivable)

**Inventories**

Inventories consisting of merchandise for resale are valued at cost. The value of the inventory as of March 31, 2009 was \$2,987,126 and has been certified by management.

**Revenue Recognition**

The Company recognizes revenue when products are shipped to customers

**Property and Equipment**

Property and Equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by the straight-line method. Depreciation of an asset commences when the asset is put into use. The estimated useful lives of the related assets range from 3 to 10 years. Property and equipment consists of the following :

<u>Classification</u>	<u>Estimated Life</u>
Automobile	5 years
Computer	5 years
Furniture	7 years

Depreciation of \$8,143 was provided for the year and this was calculated on a Tax Basis.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgements, probabilities and assumptions that management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based on such periodic evaluations.

**Income Taxes**

The Company has elected for income tax purposes to be taxed as a C Corporation under the provisions of Internal Revenue Code. Provision for federal and state taxes has been recorded based on the Income Tax basis.

**3. Capital Structure**

As of March 31, 2009, the Company had 25,000 Authorized shares of common stock, \$10 par value. The Company has 10,000 shares of \$10 par value common stock, issued and outstanding, all of the 10,000 shares of \$10/- par value common stock, issued and outstanding, are held by UFLEX Limited (Parent Company).

**4. Related Party Transactions**

All the purchases of inventory, made by the Company during the year were from UFLEX Limited, the parent Company. The amount payable to UFLEX Limited as of 31st March, 2009 was \$4,323,657.

**5. Lease Commitments**

The Company leases its New Jersey office under a 2 year lease agreement that started on November 1, 2007. The monthly rent under this lease is \$2,475. The Company also maintains a guest house for its officers. The rent per month under that lease agreement is \$ 2,565. The lease was renewed for a period of one year on December 30, 2008.

Future lease commitments as of March 31, 2009 are as follows :

**Operating lease**

2009-10	\$40,410
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**KSI Shah & Associates**  
**Chartered Accountants**  
Suite 1003, Khalid Al Attar Tower,  
Sh. Zayed Road, P.O. Box: 71241  
Dubai - UAE

## REPORT OF THE AUDITORS TO THE SHAREHOLDER OF FLEX MIDDLE EAST FZE

### Report on the Financial Statements

We have audited the accompanying financial statements of FLEX MIDDLE EAST FZE, which comprises the balance sheet as of 31 March 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and explanatory notes.

### Directors' Responsibilities for the Financial Statements

Directors are responsible for the preparation and fair presentations of these financial statements in accordance with International Financial Reporting Standards and the applicable implementing rules and regulations issued by the Jebel Ali Free Zone Authority. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 International Standards on Auditing. Those standards require that we comply that ethical requirements and plan and perform the audit to obtain reasonable assurance 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 risk 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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, the financial statements present fairly, in all material respects, the financial position of establishment as of 31 March 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards implementing rules and regulations issued by the Jebel Ali Free Zone Authority.

### Other matters

We also confirm that, in our opinion, proper books of account have been kept by the establishment and the financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No.9 of 1992 have occurred during the year, which would have had a material effect on the business of the concern or on its financial position.

**KSI Shah & Associates**  
Chartered Accountants  
Dubai  
18 June, 2009

## FLEX MIDDLE EAST FZE

## BALANCE SHEET 31 MARCH, 2009

	Notes	2009		2008	
		US \$	Rs in Lacs	US \$	Rs in Lacs
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	4	63,632,173	32,280.60	60,514,635	30,699.07
Investment	5	23,000	11.67	–	–
Other financial assets	6	478,231	242.61	500,963	254.14
<b>Total non current assets</b>		<b>64,133,404</b>	<b>32,534.88</b>	<b>61,015,598</b>	<b>30,953.21</b>
<b>Current assets</b>					
Inventories	7	4,876,438	2,473.82	6,422,209	3,257.99
Trade & other receivables	8	33,633,759	17,062.41	30,254,162	15,347.94
Prepayments		126,851	64.35	395,370	200.57
Cash & bank balances	9	3,880,259	1,968.46	2,409,372	1,222.27
<b>Total current assets</b>		<b>42,517,307</b>	<b>21,569.04</b>	<b>39,481,113</b>	<b>20,028.77</b>
<b>Total assets</b>		<b>106,650,711</b>	<b>54,103.92</b>	<b>100,496,711</b>	<b>50,981.98</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's funds</b>					
Capital and reserve					
Share capital	10	29,234,973	14,830.90	29,234,973	14,830.90
Share application money		64,973	32.96	64,973	32.96
Retained earnings		38,841,688	19,704.39	21,414,161	10,863.40
Proposed dividend		–	–	1,023,223	519.08
<b>Total shareholder's equity funds</b>		<b>68,141,634</b>	<b>34,568.25</b>	<b>51,737,330</b>	<b>26,246.35</b>
<b>Non current liabilities</b>	11	<b>19,270,283</b>	<b>9,775.81</b>	<b>22,640,087</b>	<b>11,485.32</b>
<b>Current liabilities</b>					
Term loan	11	4,792,797	2,431.39	–	–
Trade & other payables	12	14,242,711	7,225.33	22,113,021	11,217.94
Accounts payable	13	203,286	103.13	4,006,273	2,032.38
<b>Total current liabilities</b>		<b>19,238,794</b>	<b>9,759.84</b>	<b>26,119,294</b>	<b>13,250.32</b>
<b>Total equity and liabilities</b>		<b>106,650,711</b>	<b>54,103.91</b>	<b>100,496,711</b>	<b>50,981.98</b>

The accompanying notes 1 to 27 form an integral part of these financial statements.

Approved by the Shareholder Company on June 18, 2009 and signed on its behalf by:

**Sanjay Tiku**

Chief General Manager

**Pradeep Tyle**

Director

All the figures have been converted by using the rate of Rs. 50.73/ 1 US\$ as on 31.03.2009.

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009		2008	
		US \$	Rs in Lacs	US \$	Rs in Lacs
<b>Revenue</b>	14	<b>131,198,669</b>	<b>66,557.08</b>	<b>88,801,247</b>	<b>45,048.87</b>
<b>Expenditure</b>					
Cost of materials	15	(76,066,425)	(38,588.50)	(53,561,090)	(27,171.54)
Other manufacturing expenses	16	(15,202,250)	(7,712.10)	(9,072,311)	(4,602.38)
Payroll and related expenses		(3,164,851)	(1,605.53)	(1,907,264)	(967.56)
Administrative & selling expenses	17	(11,079,993)	(5,620.88)	(8,259,914)	(4,190.25)
Loss on sale of fixed assets		(4,483)	(2.27)	(13,961)	(7.08)
Finance cost	18	(2,406,145)	(1,220.64)	(1,424,771)	(722.79)
<b>Net profit for the year</b>		<b>23,274,522</b>	<b>11,807.16</b>	<b>14,561,936</b>	<b>7,387.27</b>

The accompanying notes 1 to 27 form an integral part of these financial statements.

## FLEX MIDDLE EAST FZE

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Share Capital		Share Application money		Retained earnings		Proposed dividend		Total	
	US \$	Rs in Lacs	US \$	Rs in Lacs	US \$	Rs in Lacs	US \$	Rs in Lacs	US \$	Rs in Lacs
As at 31 March 2007	21,311,475	10,811.31	98,470	49.95	10,701,951	5,429.10	1,172,132	594.62	33,284,028	16,884.99
Introduced during the year	7,890,001	4,002.60	-	-	-	-	-	-	7,890,001	4,002.60
Transfer	33,497	16.99	(33,497)	(16.99)	-	-	-	-	-	-
Proposed dividend	-	-	-	-	(3,849,726)	(1,952.97)	3,849,726	1,952.97	-	-
Dividend	-	-	-	-	-	-	(3,998,635)	(2,028.51)	(3,998,635)	(2,028.51)
Net profit for the year	-	-	-	-	14,561,936	7,387.27	-	-	14,561,936	7,387.27
As at 31 March 2008	29,234,973	14,830.90	64,973	32.96	21,414,161	10,863.40	1,023,223	519.08	51,737,330	26,246.35
Dividend	-	-	-	-	(5,846,995)	(2,966.18)	(1,023,223)	(519.08)	(6,870,218)	(3,485.26)
Net profit for the year	-	-	-	-	23,274,522	11,807.17	-	-	23,274,522	11,807.17
As at 31 March 2009	29,234,973	14,830.90	64,973	32.96	38,841,688	19,704.39	-	-	68,141,634	34,568.25

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	NOTES	2009		2008	
		US \$	Rs in Lacs	US \$	Rs in Lacs
<b>Cash flows from operating activities</b>					
Net profit for the year		23,274,522	11,807.17	14,561,936	7,387.27
Adjustments for:					
Depreciation		2,960,509	1,501.87	2,064,760	1,047.45
Amortization		22,732	11.53	22,753	11.54
Finance cost		2,406,145	1,220.64	1,424,771	722.79
Interest income		(7,316)	(3.71)	(19,420)	(9.85)
Loss on sale of fixed assets		4,483	2.27	13,961	7.08
Provision for staff end of service benefits (net)		50,192	25.46	8,426	4.27
<b>Operating profit before working capital changes</b>		<b>28,711,267</b>	<b>14,565.23</b>	<b>18,077,187</b>	<b>9,170.55</b>
(Increase)/Decrease in inventories		1,545,771	784.17	(5,058,741)	(2,566.30)
(Increase)/Decrease in trade & other receivables		1,944,135	986.26	(18,310,522)	(9,288.93)
(Increase)/Decrease in prepayments		268,519	136.22	(379,322)	(192.43)
Increase/(Decrease) in trade and other payables		(8,072,964)	(4,095.41)	14,502,848	7,357.29
Increase/(Decrease) in capital creditors		(3,802,987)	(1,929.26)	3,236,930	1,642.09
<b>Cash generated from (used in) operations</b>		<b>20,593,741</b>	<b>10,447.21</b>	<b>12,068,380</b>	<b>6,122.27</b>
Finance cost paid		(2,203,491)	(1,117.83)	(1,424,771)	(722.79)
<b>Net cash from/ (used in) operating activities</b>		<b>18,390,250</b>	<b>9,329.38</b>	<b>10,643,609</b>	<b>5,399.48</b>
<b>Cash flows from investing activities</b>					
Payments for purchase of property, plant & equipment		(11,409,132)	(5,787.85)	(36,358,071)	(18,444.45)
Proceeds from sale of property, plant & equipment		2,870	1.46	4,099	2.08
Payments for investment		(23,000)	(11.67)	-	-
Net placement of term deposits		(122,950)	(62.37)	(44,809)	(22.73)
Interest received		7,316	3.71	19,420	9.85
<b>Net cash from/ (used in) investing activities</b>		<b>(11,544,896)</b>	<b>(5,856.72)</b>	<b>(36,379,361)</b>	<b>(18,455.25)</b>
<b>Cash flows from financing activities</b>					
Share capital introduced		-	-	7,890,001	4,002.60
Proceeds from term loan (net)		1,372,801	696.42	22,609,505	11,469.80
Dividend paid		(6,870,218)	(3,485.26)	(3,998,635)	(2,028.51)
<b>Net cash from/(used in) financing activities</b>		<b>(5,497,417)</b>	<b>(2,788.84)</b>	<b>26,500,871</b>	<b>13,443.89</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,347,937</b>	<b>683.81</b>	<b>765,119</b>	<b>388.14</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>2,171,667</b>	<b>1,101.69</b>	<b>1,406,548</b>	<b>713.54</b>
<b>Cash and cash equivalents at end of year</b>	19	<b>3,519,604</b>	<b>1,785.50</b>	<b>2,171,667</b>	<b>1,101.68</b>

The accompanying notes 1 to 27 form an integral part of these financial statements.



## Notes to the Financial Statements For the year ended 31 March 2009

### 1 Legal status and business activity

- a) FLEX MIDDLE EAST FZE is a limited liability free zone establishment incorporated in the Jebel Ali Free Zone, Dubai, U. A. E. pursuant to law No.9 of 1992 issued by the Ruler of Dubai.
- b) The parent company is considered to be UFLEX LIMITED, India which is a public limited liability company.
- c) The establishment is engaged in manufacturing of high quality polyester, polyethylene terephthalate, plastic and metalized films and trading in these as well as printing equipment and instruments.

### 2. Basis of preparation

The financial statements have been prepared in accordance with the International Accounting Standards, and applicable requirements of U. A. E. laws. These financial statements have been prepared under the historical cost convention and have been presented in United States Dollar.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the establishment's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

These financial statements contain information about the establishment as an individual establishment and do not contain consolidated financial information of its subsidiary company. The establishment has availed itself of the exemption under IAS 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" from the requirement to prepare consolidated financial statements as it and its subsidiary are included by consolidation in the consolidated financial statements of the parent company.

### 3. Significant accounting policies

The accounting policies in dealing with items that are considered material in relation to the establishment's financial statements are as follows:

#### a) Property, plant & equipment:

Properties in the course of construction for production, administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes related expenses of acquisition/construction, professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the establishment's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straightline method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Expenditure incurred to replace a component of an item which increases future economic benefits of the related item of property, plant and equipment is capitalized and written off over its estimated useful life. All other expenditure is recognised in the income statement as the expense is incurred.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of recoverable amount. Where carrying amount exceeds the recoverable amount, property, plant & equipment are written down to their recoverable amount.

#### b) Other financial assets:

Other financial assets, representing operating lease for leased plots of land, are amortized over the lease period.

#### c) Borrowing cost:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### d) Inventories:

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

**FLEX MIDDLE EAST FZE**

Raw materials and consumables are stated at cost including direct expenses using first in first out method.

Finished goods are valued at cost of direct materials and labour plus attributable overheads based on a normal level of activities.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

**e) Accounts receivable:**

An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts.

**f) Accounts payable and accruals:**

Liabilities are recognized for amounts to be paid for goods or services received whether invoiced by the supplier or not.

**g) Staff end-of-services benefits:**

Liability for staff end of service benefits, as accrued, is provided for in the accounts as per the local labour laws prevailing in the U.A.E.

**h) Revenue:**

Sales represents net amount invoiced for goods supplied during the year, Technical services fees are recognized to the income statement at the time of rendering of technical services. Interest income is recognized as the interest accrues.

**i) Foreign currency transactions:**

Transactions in foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction.

Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the Balance Sheet date.

Gains/losses arising from the foreign currency transactions are taken to the income statement.

**j) Cash and cash equivalents:**

Cash and cash equivalents for the purpose of the cash flow statement comprise cash on hand, bank current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

**k) Financial instruments:**

Financial assets and financial liabilities are recognised when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current and non-current assets that have fixed or determinable payments and for which there is no active market which comprise trade and other receivables are stated at cost less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognised in the income statement.

Current and non-current financial liabilities, which comprise bank borrowings, trade and other payables are measured at cost or, if the impact is material, at amortised cost.

**FLEX MIDDLE EAST FZE**

	Opening Balance		Additions		Transfer/ Disposals		Closing Balance	
	US\$.	Rs. in Lacs	US\$	Rs. in Lacs	US\$	Rs. in Lacs	US\$	Rs. in Lacs
<b>4. Property, plant &amp; equipment Cost</b>								
Lease hold land @	-	-	9,771,098	4,956.88	-	-	9,771,098	4,956.88
Capital advances:								
- Machinery and equipment #	5,323,732	2,700.73	-	-	(5,323,732)	(2,700.73)	-	-
Buildings:								
- Staff accommodation *	1,278,162	648.41	-	-	-	-	1,278,162	648.41
- Factory and administrative~	7,146,505	3,625.42	6,831	3.47	-	-	7,153,336	3,628.89
Machinery & equipment	50,763,982	25,752.57	1,611,020	817.27	-	-	52,375,002	26,569.84
Furniture, fixtures & office equipment	270,672	137.31	20,183	10.24	-	-	290,855	147.55
Vehicles	149,180	75.68	-	-	(10,383)	(5.27)	138,797	70.41
<b>Total Cost</b>	<b>64,932,233</b>	<b>32,940.12</b>	<b>11,409,132</b>	<b>5,787.86</b>	<b>(5,334,115)</b>	<b>(2,706.00)</b>	<b>71,007,250</b>	<b>36,021.98</b>
<b>Depreciation</b>								
Lease hold land	-	-	-	-	-	-	-	-
Capital advances:								
- Machinery and equipment	-	-	-	-	-	-	-	-
Buildings:								
- Staff accommodation	41,668	21.14	20,834	10.57	-	-	62,502	31.71
- Factory and administrative	313,085	158.83	235,631	119.54	-	-	548,716	278.36
Machinery & equipment	3,975,533	2,016.79	2,665,547	1,352.23	-	-	6,641,080	3,369.02
Furniture, fixtures & office equipment	63,398	32.16	25,011	12.69	-	-	88,409	44.85
Vehicles	23,914	12.13	13,486	6.84	(3,030)	(1.54)	34,370	17.44
<b>Total Depreciation</b>	<b>4,417,598</b>	<b>2,241.05</b>	<b>2,960,509</b>	<b>1,501.87</b>	<b>(3,030)</b>	<b>(1.54)</b>	<b>7,375,077</b>	<b>33,741.38</b>
<b>Net book value</b>								
Lease hold land	-	-	-	-	-	-	9,771,098	4,956.88
Capital advances:								
- Machinery and equipment	5,323,732	2,700.73	-	-	-	-	-	-
Buildings:								
- Staff accommodation	1,236,494	627.27	-	-	-	-	1,215,660	616.70
- Factory and administrative	6,833,420	3,469.59	-	-	-	-	6,604,620	3,350.52
Machinery & equipment	46,788,449	23,735.78	-	-	-	-	45,733,922	23,200.82
Furniture, fixtures & office equipment	207,274	105.15	-	-	-	-	202,446	102.70
Vehicles	125,266	63.55	-	-	-	-	104,427	52.98
<b>Total Net book value</b>	<b>60,514,635</b>	<b>30,699.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,632,173</b>	<b>32,280.60</b>

@ Land measuring 21,576 sq. ft. is acquired on 50 years renewable lease in Jebel Ali Industrial area for workers accommodation.

# Transferred to an overseas legal entity in the name Flex P Films Egypt S.A. E., refer note 5 and 22

~ Constructed on leased plot of land in Jebel Ali Free Zone.

\* Constructed on leased plot of land in the emirate of Dubai (refer note 6).

**FLEX MIDDLE EAST FZE**
**5. Investment**

This represents amount paid to Flex P Films Egypt S.A.E. a wholly owned subsidiary company of the establishment towards partial statutory share capital of the company. The legal formalities for the statutory share capital are completed during the current year to end 31 March 2010. The subsidiary company is in the process of establishment of BOPP film and related products manufacturing facilities.

**6. Other financial assets**
**Operating lease**

Lease amount paid in advance

**Amortisation**

Upto 01.04.2008

For the year

Upto 31.03.2009

**Unexpired Portion of Operating Lease**

As at 31.03.2009

As at 31.03.2008

2009	
US\$	Rs in Lacs
546,448	277.21
45,485	23.07
22,732	11.53
68,217	34.60
478,231	242.61
500,963	254.14

**7 Inventories**

Raw Materials

Materials in transit

Consumables

Packing materials

Work in process

Finished goods

2009		2008	
US \$	Rs in Lacs	US \$	Rs in Lacs
2,229,271	1,130.91	4,478,187	2,271.79
558,640	283.40	236,000	119.72
2,787,911	1,414.31	4,714,187	2,391.51
41,990	21.30	88,740	45.02
100,855	51.16	38,599	19.58
737,983	374.38	943,840	478.81
1,207,699	612.67	636,843	323.07
4,876,438	2,473.82	6,422,209	3,257.99

**8 Trade and other receivables**

Trade receivables (refer note 22)<sup>^</sup>

Less : Provision for doubtful debts

Due from a related party

Advance to suppliers & others

Advance to staff

Deposits

@ ~	27,774,528	14,090.02	29,752,285	15,093.33
	-	-	(112,910)	(57.28)
	27,774,528	14,090.02	29,639,375	15,036.05
	3,462,184	1,756.37	-	-
	1,949,567	989.02	164,475	83.44
	125,192	63.51	101,577	51.53
	322,288	163.49	348,735	176.92
	33,633,759	17,062.41	30,254,162	15,347.94

<sup>^</sup>Includes US \$5,045,646(previous year US \$6,657,771) due from related parties

@0-180 days US \$26,273,854, > 180 days US \$ 1,500,674.

~ Subsequent recovery US \$ 20,290,441

**9 Cash and bank balances**

Cash on hand

Bank balances in:

Current accounts

Term deposits #

#Under lien with a bank against letters of guarantee

72,642	36.85	27,580	13.99
3,446,962	1,748.65	2,144,087	1,087.69
360,655	182.96	237,705	120.59
3,880,259	1,968.46	2,409,372	1,222.27

**10 Share Capital**

Opening balance

Introduced during the year

Closing balance #

29234973	14,830.90	21311475	10,811.31
-	-	7,923,498	4,019.59
29,234,973	14,830.90	29,234,973	14,830.90

(1 US \$ = AED 3.66) # 107 shares of AED 1 million each.

**FLEX MIDDLE EAST FZE**

	2009		2008	
	US \$	Rs in Lacs	US \$	Rs in Lacs
<b>11 Non current liabilities</b>				
<b>Term loan from banks:</b>				
Total amount outstanding	23,982,306	12,166.22	22,609,505	11,469.80
Short term portion - current liability	4,792,797	2,431.39	-	-
Long term portion	19,189,509	9,734.83	22,609,505	11,469.80
Provision for staff end-of-benefits	80774	40.98	30582	15.52
	<b>19,270,283</b>	<b>9,775.81</b>	<b>22,640,087</b>	<b>11,485.32</b>
<i>Term loan is availed from a group of commercial banks comprising Abu Dhabi Commercial Bank, United Arab Bank and Bank of Baroda sharing following securities ranking pari-passu.</i>				
<ul style="list-style-type: none"> <li>• Mortgage over plant and machinery</li> <li>• Mortgage over building</li> <li>• Assignment of insurance policies</li> </ul>				
<b>12. Trade and other payables</b>				
Trade payables	11840577	6,006.72	20383489	10,340.55
Advance from customers	342,136	173.57	69,887	35.45
Accruals & provision	2,059,998	1,045.04	1,659,645	841.94
	<b>14,242,711</b>	<b>7,225.33</b>	<b>22,113,021</b>	<b>11,217.94</b>
<b>13 Accounts payable</b>				
This represents retention amounts payable to the consultants and suppliers of machinery, consultants & contractors for construction of building.				
<b>14 Revenue</b>				
<b>Sales</b>				
Manufactured goods	117,722,231	59,720.49	80,546,940	40,861.46
Traded goods	13,128,625	6,660.15	7,880,250	3,997.65
	<b>130,850,856</b>	<b>66,380.64</b>	<b>88,427,190</b>	<b>44,859.11</b>
Technical service fees	259,480	131.63	302,471	153.44
Interest income	7,316	3.71	19,420	9.85
Other income	81,017	41.10	52,166	26.47
	<b>131,198,669</b>	<b>66,557.08</b>	<b>88,801,247</b>	<b>45,048.87</b>
<b>15 Cost of materials</b>				
Opening inventories	6,058,870	3,073.67	1,092,229	554.08
Purchases (including direct expenses)	62,260,700	31,584.85	51,047,781	25,896.54
Trading purchase	11,921,808	6,047.93	7,479,950	3,794.58
Closing inventories	(4,174,953)	(2,117.95)	(6,058,870)	(3,073.66)
	<b>76,066,425</b>	<b>38,588.50</b>	<b>53,561,090</b>	<b>27,171.54</b>
<b>16 Other manufacturing expenses</b>				
Power & fuel consumed	6,482,093	3,288.36	3,189,661	1,618.12
Machinery repairs & maintenance	407,056	206.50	277,514	140.78
Stores consumed	294,102	149.20	141,179	71.62
Job work charges	859,016	435.78	724,532	367.56
Packing materials consumed	3,693,718	1,873.82	2,427,106	1,231.27
Other manufacturing expenses	565,087	286.67	298,215	151.28
Depreciation (refer note 17)	2,901,178	1,471.77	2,014,104	1,021.75
	<b>15,202,250</b>	<b>7,712.10</b>	<b>9,072,311</b>	<b>4,602.38</b>

**FLEX MIDDLE EAST FZE**

	2009		2008	
	US \$	Rs in Lacs	US \$	Rs in Lacs
<b>17 Administrative &amp; selling expenses</b>				
Rent	405,248	205.58	677,727	343.81
Other administration expenses	1,481,882	751.76	1,444,833	732.96
Selling expenses	9,110,800	4,621.91	6,063,945	3,076.24
Amortization	22,732	11.53	22,753	11.54
Depreciation (per below)	59,331	30.10	50,656	25.70
	<b>11,079,993</b>	<b>5,620.88</b>	<b>8,259,914</b>	<b>4,190.25</b>
<b>Depreciation:</b>				
Total depreciation charge (refer note 4)	2,960,509	1,501.87	2,064,760	1,047.45
Less: Taken to other manufacturing expenses (refer note 16)	2,901,178	1,471.77	2,014,104	1,021.75
	<b>59,331</b>	<b>30.10</b>	<b>50,656</b>	<b>25.70</b>
<b>18 Finance cost</b>				
Interest on cheques and bills discounting	288,211	146.21	256,012	129.87
Interest on term loans	1,648,479	836.27	837,249	424.74
Bank charges & commission	469,455	238.16	331,510	168.18
	<b>2,406,145</b>	<b>1,220.64</b>	<b>1,424,771</b>	<b>722.79</b>
<b>19 Cash and cash equivalents</b>				
Cash on hand	72,642	36.85	27,580	13.99
Bank balance:				
In current accounts	3,446,962	1,748.65	2,144,087	1,087.69
	<b>3,519,604</b>	<b>1,785.50</b>	<b>2,171,667</b>	<b>1,101.68</b>

**20. Financial instruments: Credit, interest rate and exchange rate risk exposures**
**Credit risk**

The establishment seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The establishment has also taken export credit guarantee insurance policy.

**Interest rate risk**

The establishment's term deposits are at a fixed rate. Bank borrowings are at floating rates at levels, which are generally obtained in the UAE.

**Exchange rate risk**

Except for the following, there are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams to which the US Dollar is fixed:

	2009		2008	
	Equivalent US\$	Rs in Lacs	Equivalent US\$	Rs in Lacs
<b>Foreign currency financial assets:</b>				
Euro	8,168,973	4,144.12	9,281,300	4,708.40
Great Britain Pound	1,484,842	753.26	721,609	366.07
	<b>9,653,815</b>	<b>4,897.38</b>	<b>10,002,909</b>	<b>5,074.47</b>



**FLEX MIDDLE EAST FZE**
**21. Financial instruments : Fair values**

The fair values of the establishment's financial assets, comprising of trade & other receivables and cash & bank balances and financial liabilities, comprising of trade & other payables and accounts payable for capital expenditure approximate to their carrying values.

**22. Related party transactions**

The Establishment in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party contained in the International Accounting Standard - 24. Related parties are the entities under common ownership and/or common management control and associates.

The related parties and their outstanding balances at the balance sheet date are as under :

Name of related parties		2009		2008	
		US\$ Dr/(Cr)	Rs in Lacs	US\$ Dr/(Cr)	Rs in Lacs
Flex America Inc. - U.S.A.	-Trade account	3,506,515	1,778.86	5399305	2,739.07
UFLEX Limited. -India	-Trade account	1,539,131	780.80	1258466	638.42
Flex P Films Egypt	-Interest free funding account	3,462,184	1,756.37	--	-
Mrs. Rashmi Chaturvedi	-Remuneration	(20,000)	(10.15)	(20000)	(10.15)
Mr. Pradeep Tyle	-Remuneration	(10,000)	(5.07)	(10000)	(5.07)
Mr. R.K.Jain	-Remuneration	(5,000)	(2.54)	(5000)	(2.54)
Mr. Pramod Sirsamkar	-Remuneration	(5,000)	(2.54)	(5000)	(2.54)
Mr. Anantshree Chaturvedi	-Remuneration	(11,000)	(5.58)	--	-

The nature of significant related party transactions during the year and the amounts involved are as under:

Name of related parties		2009		2008	
		US\$ Dr/(Cr)	Rs in Lacs	US\$ Dr/(Cr)	Rs in Lacs
Flex America Inc.	- Sales at normal price	16,309,712	8,273.92	14589277	7,401.14
UFLEX Limited	- Purchase at normal price	9,412,688	4,775.06	3366145	1,707.65
UFLEX Limited	- Interest free funding account	10,794,493	5,476.05	7,880,250	3,997.65
UFLEX Limited	- Remuneration	--	--	500000	253.65
Flex Americas S.A. de C.V	- Remuneration	13,622	6.91	--	--
Mrs. Rashmi Chaturvedi	- Salary & expenses	240,000	121.75	260,238	132.02
Mr. Pradeep Tyle	- Salary & expenses	120,000	60.88	102,674	52.09
Mr. R.K. Jain	- Salary & expenses	60,000	30.44	30,000	15.22
Mr. Pramod Sirsamkar	- Salary & expenses	60,000	30.44	60,000	30.44
Mr. Anantshree Chaturvedi	- Salary & expenses	101,933	51.71	--	-

**23. Contingent liabilities**

Letters of credit	16,326,193	8,282.28	30,837,570	15,643.90
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**24. Lease commitments**

The establishment has entered into lease agreement for rent of plots of land in the Jebel Ali Free Zone, Dubai for the period from 1st February 2004 to 30th June 2028. The un-expired portion of lease rent under the agreement amounts to US \$ 6,724,287/-

**25. Capital commitments**

There are no capital commitments of significant nature as at the balance sheet date.

**26. Quantitative information**

a) Information in respect of class of goods manufactured and annual capacity :

Class of Goods	Unit	Installed capacity
Polyester Films/ Metalized Films	MT	51,600 (51,600)

Previous year figures have been given in brackets.

**FLEX MIDDLE EAST FZE**

b) Information in respect of production, sales & stock of goods manufactured:

Unit	Production		Sales		Op. stock			Cl. Stock		
	Qty (MT)	Qty(MT)	Value US \$	Rs in Lacs	Qty (MT)	Value US\$	Rs in Lacs	Qty (MT)	Value US\$	Rs in Lacs
MT	50,788	50,262	114,432,706	58,051.71	403	636,843	323.07	929	1,207,699	612.67
	(34,970)	(34,637)	(80,546,940)	(40,861.46)	(70)	(86,925)	(44.10)	(403)	(636,843)	(323.07)

Previous year figures have been given in brackets.

c) Information in respect of raw materials consumed:

Description	Current Year			Previous Year		
	Qty (MT)	Value (US \$)	Rs in Lacs	Qty (MT)	Value (US \$)	Rs in Lacs
Polyester Film	130	249,469	126.56	1,911	3,381,046	1,715.20
Polyester Chips	51,100	61,837,699	31,370.26	33,989	43,419,241	22,026.58
Chemicals	35	343,849	174.43	23	210,933	107.01
Others	--	210,871	106.97	--	198,697	100.80

d) Information in respect of Traded Goods:

Description	Current Year			Previous Year		
	Qty (MT)	Value (US \$)	Rs in Lacs	Qty (MT)	Value (US \$)	Rs in Lacs
Polyester Film Purchase	1,070	2,437,487	1,236.54	--	--	-
Polyester Film Sale	1,070	2,965,164	1,504.23	--	--	-
Polyester chips Purchase	7,824	9,484,322	4,811.40	6,042.50	7,479,950	3,794.58
Polyester chips Sale	7,824	10,303,255	5,226.84	6,042.50	7,880,250	3,997.65

Description	Current Year			Previous Year		
	Qty (Pcs)	Value (US \$)	Rs in Lacs	Qty. (MT)	Value (US \$)	Rs in Lacs
Cylinders Purchase	4,254	1,205,692	611.65	--	--	-
Cylinders Sales	4,254	1,415,040	717.85	--	--	-

**27. Comparative figures**

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF  
FLEX P. FILMS (EGYPT) S.A.E.

### Report on the Financial Statements

We have audited the accompanying financial statements of Flex P. Films (Egypt) S.A.E, which comprise the Balance Sheet as at 31st March 2009, and Statement of Cash Flows and Statement of Changes in equity for the period from 11th January 2009 (being the date of incorporation) to 31st March 2009, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

These Financial Statements are the responsibility of company's Management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 on the consolidated financial statements.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flex P. Films (Egypt) S.A.E as of March 31, 2009 and of its financial performance and its cash flows for the period from 11th January 2009 (being the date of incorporation) to March 31, 2009 in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

**BALANCE SHEET 31ST MARCH, 2009**

	Notes	2009		
		EGP	USD	Rs. In Lacs
<b>ASSETS</b>				
<b>LONG TERM ASSETS</b>				
Non Current Assets				
Capital Work in Progress	1	17,385,010	3,083,701	1,564.36
Pre-operative Expenses( Pending Allocation)	2	2,079,686	368,889	187.14
Preliminary Expenses		54,088	9,594	4.87
(To the extent not written off or adjusted)				
<b>Total Non Current Assets</b>		<b>19,518,784</b>	<b>3,462,184</b>	<b>1,756.37</b>
<b>CURRENT ASSETS</b>				
Cash & Bank Balances	3	128,442	22,783	11.56
<b>Total Current Assets</b>		<b>128,442</b>	<b>22,783</b>	<b>11.56</b>
<b>CURRENT LIABILITIES</b>				
Trade & Other Payables		19,518,784	3,462,184	1,756.37
<b>Total Current Liabilities</b>		<b>19,518,784</b>	<b>3,462,184</b>	<b>1,756.37</b>
Working Capital		(19,390,342)	(3,439,401)	(1,744.81)
<b>Total Investments</b>		<b>128,442</b>	<b>22,783</b>	<b>11.56</b>
<b>FINANCIAL AS FOLLOWS:</b>				
<b>EQUITY</b>				
Paid up Capital		128,442	23,000	11.67
Reserves		-	-	-
Foreign Currency Translation Reserve		-	(217)	0.11
<b>Total Equity</b>		<b>128,442</b>	<b>22,783</b>	<b>11.56</b>
<b>Total Equity and Liabilities</b>		<b>128,442</b>	<b>22,783</b>	<b>11.56</b>

All figures have been converted by using the rate of Rs. 50.73/ 1 US\$ as on 31/03/2009.

**Notes:**

The accompanying Notes from 1 to 4 form an integral part of these financial statements.

Approved by the Shareholders of the Company on 14th day of July 2009.

Sanjay Tiku  
General Manager

Pradeep Tyle  
Managing Director

FLEX P. FILMS (EGYPT) S.A.E.

**CASH FLOW STATEMENT FOR THE PERIOD FROM 11 JANUARY, 2009 TO 31ST MARCH, 2009**

	2009		
	EGP	USD	Rs. In Lacs
<b>Cash Flows from Operating Activities</b>			
Increase in Trade and Other Payables	19518784	3462184	1,756.37
<b>Net Cash Provided by (Used in) Operating Activities</b>	19518784	3462184	1,756.37
<b>Cash flow from Investing Activities</b>			
Increase in Capital Work in Progress	(17385010)	(3083701)	(1,564.36)
Pre- Operative Expenses	(2079686)	(368889)	(187.14)
Preliminary Expenses	(54088)	(9594)	(4.87)
<b>Net Cash Provided by (Used in) Investing Activities</b>	(19518784)	(3462184)	(1,756.37)
<b>Cash Flows from Financing Activities</b>			
Increase in Equity	128442	23000	11.67
<b>Net Cash Provided by (Used in) Investing Activities</b>	128442	23000	11.67
Net Increase in Cash & Cash Equivalents during the period	128442	23000	11.67
Foreign Currency Translation Reserve	-	(217)	(0.11)
Cash & Cash Equivalents at the Beginning of the period	-	-	-
<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>128442</b>	<b>22783</b>	<b>11.56</b>
Approved by the Shareholders of the Company on 14th day of July 2009			

**STATEMENT OF CHANGES IN EQUITY**

	Equity			Retained Earnings		Foreign Currency Translation Reserve		
	EGP	USD	Rs. in Lacs	EGP	USD	EGP	USD	Rs. in Lacs
<b>Opening Balance</b>	-	-	-	-	-	-	-	-
Addition during the period	128442	23000	11.67	-	-	-	(217)	(0.11)
<b>Balance as at 31st March 2009</b>	<b>128442</b>	<b>23000</b>	<b>11.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(217)</b>	<b>(0.11)</b>

Approved by the Shareholders of the Company on 14th day of July 2009.

**NOTES FORMING PART OF THE BALANCE SHEET**

Particulars	Amount	Amount	Amount
	EGP	USD	Rs. In Lacs
<b>1 Capital Work in Progress</b>			
Capital Advances			
Advance For Land	2,873,254	509,649	258.54
Advances for Plant & Machinery	14,511,756	2,574,052	1,305.82
	<b>17,385,010</b>	<b>3,083,701</b>	<b>1,564.36</b>
<b>2 Pre-operative Expenses (Pending Allocation)</b>			
Travelling Expenses	1,438,298	255,121	129.42
Exchange Rate Fluctuation	641,388	113,767	57.71
	<b>2,079,686</b>	<b>368,888</b>	<b>187.13</b>
<b>3 Cash &amp; Bank Balances</b>			
Cash in Hand	-	-	-
Bank Balances in Current Account	128,442	22,783	11.56
	<b>128,442</b>	<b>22,783</b>	<b>11.56</b>
<b>4 Current Liabilities</b>			
Trade & Other Payables	-	-	-
Due to Holding Company	19,518,784	3,462,183	1,756.37
	<b>19,518,784</b>	<b>3,462,183</b>	<b>1,756.37</b>

## Notes to the Financial Statements For the year ended March 31, 2009

### 1. Legal Status and business activity

- a) Flex P. Films (Egypt) S.A.E was established as an Egyptian Joint Stock Company on 11th January 2009 subject to the provisions of the Companies Law No. 159 of 1981 and the regulations thereof.
- b) The parent company is Flex Middle East FZE which is a free zone establishment with limited liability incorporated in the Dubai, UAE.
- c) The establishment is at inception stage and will be engaged in the Manufacturing and Marketing of high quality BOPP, BOPET, Plastic and Metalized films.

### 2. Basis of preparation

- a) The Financial Statements are prepared in accordance with the historical cost basis. The financial statements have been prepared in accordance with the International Accounting Standards and applicable requirements of Egyptian Laws and regulations. The Financial Statements prepared as per Egyptian Pound has been translated into United States Dollar (USD) based on the exchange rate prevailing on the closing date of the Financial Statements except for Capital Stock which has been denominated into historical cost and difference being reported under the head foreign currency translation Reserve and reported under the head "Reserve & Surplus".
- b) The preparation of the financial statements according to the Egyptian Accounting Standards require that the management use estimates and assumptions that affect the values of the assets and liabilities and the revenues and expenses during the financial periods and years.

### 3. Significant Accounting Policies

The accounting policies in dealing with items that are considered material in relation to the establishment's financial statements are as follows :

#### a) Foreign Currency Transactions

Monetary Assets and Liabilities denominated in the Foreign Currency are converted into Egyptian Pound at the rate prevailing on the date of the transaction. Unsettled Monetary Transaction at the year end has been translated at the year end rate and resulting profit/(loss) are being adjusted under the head Exchange Rate Fluctuation Account. Non-Monetary Assets and Liabilities are reported at their historical cost.

#### b) Cash & Cash Equivalents:

Cash and cash equivalent for the purpose of the Cash Flow Statement comprise cash on hand, Current Accounts, Deposits free of encumbrances with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investments.

### 4. Cash and Cash equivalent:

This represents balance with a bank in current account.

### 5. Income Statement:

The establishment has not carried out any commercial activity during the period under review, the entire expenses incurred are carried forward as startup and project development cost under the Capital Work in Progress.

### 6. Financial Instruments: Credit, interest rate and exchange rate risk exposures

#### Credit Risk

Financial assets, which potentially expose the Company to concentrations of credit risk comprise principally of bank accounts. The company is maintaining bank account with high credit rating financial institution.

#### Interest Rate Risk

In the absence of bank borrowings, there is no interest rate risk.

#### Exchange Rate Risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars.

### 7. Contingent Liabilities:

There were no liabilities of contingent nature as at the balance sheet date.

### 8. Capital Commitment:

Particulars	Amount (USD Millions)
Estimated amount of Unexecuted Capital Contracts (Net of Advances)	25.87

### 9. Comparative Figures:

This being first year of establishment, there are no comparative figures.



## FLEX EUROPE PRIVATE LIMITED

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2009**

The Directors have pleasure in submitting to the members, the Annual Report together with the Audited Financial Statements of the company, for the year ended 31st March 2009.

**DIRECTORS**

The Directors of the company during the year and their beneficial interest in the shares of the company were as follows:-

		Ordinary Shares of £1 Each			
		2009		2008	
		£	Rs in Lacs	£	Rs in Lacs
Mr A K Chaturvedi	(Appointed on 03-09-2008)	0	0	0	0
Mr A Sachdeva	(Appointed on 03-09-2008)	0	0	0	0
Mr A C Srivastava		0	0	0	0
Mr A Prasad		0	0	0	0

**PRINCIPAL ACTIVITIES**

The principal activities of the company during the year were those of the marketing of packaging products for the confectionery and related trade.

**REVIEW OF ACTIVITIES**

The Directors are satisfied with the results for the current year. The Directors believe that the turnover will continue into 2010 and are expecting a positive result for that year.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the Directors are required to:-

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Report has been prepared in accordance with the Special Provisions of Part VII of the Companies Act 1985 relating to small companies.

21st May 2009

By Order of the Board  
A C Srivastava  
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLEX EUROPE PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH 2009**

We have audited the financial statements of Flex Europe Private Limited, for the year ended 31st March 2009, set out on pages 8 to 12.

**Respective Responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Directors' Report and as described on pages 4 and 5, the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding Directors' remuneration and transaction with the company is not disclosed.

**Basis of Audit Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of

**FLEX EUROPE PRIVATE LIMITED**

the significant estimates and judgements made by the Director in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2009 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985 relating to small companies.

30 POLAND STREET  
LONDON W1F 8QS

**PARKER LLOYD**  
REGISTERED AUDITORS  
21st May 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	2009		2008	
	£	Rs in Lacs	£	Rs in Lacs
TURNOVER (Notes 1 & 2)	20,000	14.54	0	0.00
COST OF SALES	0	0.00	0	0.00
GROSS PROFIT	20,000	14.54	0	0.00
OTHER INCOME	663	0.48	1,118	0.81
	20,663	15.02	1,118	0.81
<b>ADMINISTRATION EXPENSES</b>	41,126	29.89	5,564	4.04
OPERATING LOSS (Note 3)	-20,463	(14.87)	-4,446	(3.23)
TAXATION (Note 4)	0	0.00	0	0.00
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>-20,463</b>	<b>(14.87)</b>	<b>-4,446</b>	<b>(3.23)</b>

Note: All figures have been converted by using rate of Rs. 72.68/ 1 GBP as on 31/03/2009.

The Notes on pages 10 to 12 form an integral part of these Accounts.

**BALANCE SHEET AS AT 31ST MARCH 2009**

	2009		2008	
	£	(Rs in Lacs)	£	(Rs in Lacs)
<b>FIXED ASSETS</b>	-	-	-	-
<b>CURRENT ASSETS</b>				
Debtors (Note 5)	44,275	32.18	24,399	17.73
Cash at Bank	21,001	15.26	36,616	26.61
	65,276	47.44	61,015	44.34
<b>CREDITORS: AMOUNTS FALLING</b>				
<b>DUE WITHIN ONE YEAR</b> (Note 6)	6,536	4.75	6,812	4.95
<b>NET CURRENT ASSETS</b>	58,740	42.69	54,203	39.39
<b>CREDITORS: AMOUNTS FALLING</b>				
<b>DUE AFTER MORE THAN ONE YEAR</b>	-	-	-	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	58,740	42.69	54,203	39.39
<b>CAPITAL AND RESERVES</b>				
CALLED UP SHARE CAPITAL (Note 8)	100,000	72.68	75,000	54.51
RESERVES (Note 9)	(41,260)	(29.99)	(20,797)	(15.12)
	58,740	42.69	54,203	39.39

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 21st May 2009.

**A C SRIVASTAVA**  
Director

The Notes on pages 10 to 12 form an integral part of these Accounts.

## FLEX EUROPE PRIVATE LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

## COMPLIANCE WITH ACCOUNTING STANDARDS

The accounts have been prepared in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2007).

**NOTE 1****ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied within the same accounts.

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention.

**Stock**

Stock is valued at the lower of cost and net realisable value.

**Turnover**

Turnover derived from ordinary activities represents net invoiced sales of goods, excluding Value Added Tax.

**Deferred Taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the Directors, there is a reasonable probability that the liability will not arise in the foreseeable future.

**NOTE 2****TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

**NOTE 3****OPERATING LOSS**

The operating loss is stated after charging:-

Directors' remuneration

The directors received no remuneration from the company in either year.

2009		2008	
£	Rs in Lacs	£	Rs in Lacs
0	0	0	0

**NOTE 4****TAXATION**

No liability to Corporation Tax arose on ordinary activities shown in the accounts due to the availability of taxable losses.

**NOTE 5****DEBTORS**

Prepayments and Other Debtors

2009		2008	
£	Rs in Lacs	£	Rs in Lacs
44,275	32.18	24,399	17.73

**NOTE 6****CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Accruals and Other Creditors

2009		2008	
£	Rs in Lacs	£	Rs in Lacs
6,536	4.75	6,812	4.95

**FLEX EUROPE PRIVATE LIMITED**
**NOTE 7**
**PARENT COMPANY**

The parent company is Uflex Limited, a company incorporated in India.

**NOTE 8**
**CALLED UP SHARE CAPITAL**

	2009		2008	
	£	Rs in Lacs	£	Rs in Lacs
<b>Authorised</b>				
100,000 Ordinary Shares of £1 Each	100,000	72.68	100,000	72.68
<b>Issued and Fully Paid</b>				
100,000 Ordinary Share of £1 Each	100,000	72.68	75,000	54.51

On 8th September 2008, the company issued a further 25,000 £1 ordinary shares at par, ranking pari passu in all respect with the existing shares in the capital of the company.

**NOTE 9**
**RESERVES**

	2009		2008	
	£	Rs in Lacs	£	Rs in Lacs
Balance brought forward	-20,797	(15.12)	-16,351	(11.89)
Loss for the year	-20,463	(14.87)	-4,446	(3.23)
Balance carried forward	-41,260	(29.99)	-20,797	(15.12)

**UPET HOLDINGS LIMITED****DIRECTORS' REPORT**

The Directors submit herewith their First Annual Report together with the financial statements for the period from 10 April, 2008 (date of incorporation) to 31 March 2009.

**PRINCIPAL ACTIVITY**

The principal activity of the company is investment holding.

**RESULTS AND DIVIDENDS**

The results for the period are shown in the income statement on page 7. The directors do not propose the payment of a dividend for the period under review.

**STATUS**

The company was incorporated in the Republic of Mauritius on 10 April, 2008 under the Companies Act 2001 and was granted a Global Business Licence under the Financial Services Act 2007.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs and of the results of the company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**BY ORDER OF THE BOARD**

Secretary  
International Management (Mauritius) Ltd  
25 JUNE, 2009

**REPORT FROM THE SECRETARY TO THE MEMBERS OF UPET HOLDINGS LIMITED**

We certify that, to the best of our knowledge and belief, the company has filed with the Registrar of Companies, all such returns as are required of UPET Holdings Limited under section 166(d) of the Companies Act 2001 for the period from 10 April, 2008 (date of incorporation) to 31 March, 2009.

for International Management (Mauritius) Ltd

CORPORATE SECRETARY  
Date: 25 June, 2009

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of UPET Holdings Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on the Financial Statements

We have audited the financial statements of UPET Holdings Limited (the "Company") on pages 5 to 16 which comprise the balance sheet at March 31, 2009, the income statement, statement of changes in equity and cash flow statement for the period from April 10, 2008 to March 31, 2009, and a summary of significant accounting policies and other explanatory notes.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgement, 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 auditors consider 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 accounting estimates made by the Directors, 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, the financial statements on pages 6 to 17 give a true and fair view of the financial position of the Company at 31 March 2009 and of its financial performance and its cash flows for the period from April 10, 2008 to March 31, 2009 in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

### Report on Other Legal and Regulatory Requirements

#### Companies Act 2001

We have no relationship with, or interests in, the Company other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

DOS ASSOCIATES  
Public Accountants and Licensed auditor

Per Osman Badat FCA  
Signing Partner

Port Louis,  
Mauritius  
This 25 June 2009

## UPET HOLDINGS LIMITED

## BALANCE SHEET AS AT 31 MARCH 2009

	Notes	31 March, 2009	
		USD	Rs in Lacs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in Subsidiary	5	30,200,073	15,320.50
<b>Current assets</b>			
Trade and other receivable	6	10,339	5.24
Cash at bank		169,722	86.10
		<u>180,061</u>	<u>91.34</u>
<b>Total assets</b>		<u>30,380,134</u>	<u>15,411.84</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and retained earnings</b>			
Share capital	7	30,400,001	15,421.92
Revenue deficit		(20,367)	(10.33)
<b>Shareholder's interest</b>		<u>30,379,634</u>	<u>15,411.59</u>
<b>Current liabilities</b>			
Trade and other payable	8	500	0.25
<b>Total equity and liabilities</b>		<u>30,380,134</u>	<u>15,411.84</u>

Approved by the Board of Directors on 25 June, 2009

The notes on pages 10 to 17 form an integral part of these financial statements.

All the figures have been converted by using the rate of Rs. 50.73/ 1 US\$ as on 31.03.2009.

## INCOME STATEMENT

FOR THE PERIOD FROM 10 APRIL, 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

	Notes	Period from 10 April, 2008 to 31 March, 2009	
		USD	Rs in Lacs
<b>INCOME</b>			
Interest income	2(f)	685	0.35
Foreign exchange gain		178	0.09
		<u>863</u>	<u>0.44</u>
<b>EXPENSES</b>			
Licence fees		1,800	0.91
Management fees		4,000	2.03
Professional fees		12,755	6.47
Accountancy fees		2,000	1.01
Bank charges		345	0.18
Audit fees			
Disbursements		330	0.17
		<u>21,230</u>	<u>10.77</u>
<b>LOSS FOR THE PERIOD BEFORE TAXATION</b>		<u>(20,367)</u>	<u>(10.33)</u>
Taxation	4	-	-
<b>NET LOSS FOR THE PERIOD</b>		<u>(20,367)</u>	<u>(10.33)</u>

The notes on pages 10 to 17 form an integral part of these financial statements.



**UPET HOLDINGS LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE PERIOD FROM 10 APRIL, 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009**

	Share Capital		Revenue deficit		Total	
	USD	Rs. in Lacs	USD	Rs. in Lacs	USD	Rs. in Lacs
At 10 April 2008	1	-	-	-	1	-
Issue of shares during the period	30,400,000	15,421.92	-	-	30,400,000	15,421.92
Loss for the period	-	-	(20,367)	(10.33)	(20,367)	(10.33)
At 31 March 2009	30,400,001	15,421.92	(20,367)	(10.33)	30,379,634	15,411.59

The notes on pages 10 to 17 form an integral part of these financial statements.

**CASH FLOW STATEMENT**
**FOR THE PERIOD FROM 10 APRIL, 2008 (DATE OF INCORPORATION) TO 31 MARCH, 2009**

	31 March, 2009	
	USD	Rs in Lacs
<b>OPERATING ACTIVITIES</b>		
Operating loss	(20,367)	(10.33)
Adjustments for:		
Interest income	(685)	(0.35)
Increase in trade and other receivables	(10,339)	(5.24)
Increase in trade and other payables	500	0.25
Cash absorbed in operations	(30,891)	(15.67)
Interest received	685	0.35
<b>Net cash used in operating activities</b>	<b>(30,206)</b>	<b>(15.32)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(30,200,073)	(15,320.50)
<b>Net cash used in investing activities</b>	<b>(30,200,073)</b>	<b>(15,320.50)</b>
<b>FINANCING ACTIVITIES</b>		
Issue of shares	30,400,001	15,421.92
Proceeds from borrowings	-	-
<b>Net cash flow from financing activities</b>	<b>30,400,001</b>	<b>15,421.92</b>
Net increase in cash and cash equivalents	169,722	86.10
Cash and cash equivalents at the beginning of the period	-	-
	169,722	86.10
Cash and cash equivalents at the end of the period	169,722	86.10

The notes on pages 10 to 17 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009****1 LEGAL STATUS AND PRINCIPAL ACTIVITY**

The Company was incorporated in Mauritius under the Companies Act 2001 on 10 April 2008 as a private company limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The address of the Company's registered office is Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius.

The principal activity of the Company is investment holding.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**(b) Basis of accounting**

The financial statements are prepared under the historical cost convention as modified by the fair valuation of available for sale investments.

**(c) Basis of preparation**

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of its shareholder. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

**(d) Loans and receivables**

Loan receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired as well as through the amortisation process.

**(e) Impairment of non-financial assets**

The carrying amount of assets are assessed at each balance sheet date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's net selling price and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to the income statement.

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired

**(f) Assets carried at amortised cost**

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd.)****(g) Investment in subsidiaries**

Subsidiaries, are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

Investment in subsidiary is shown at cost. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the income statement. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

**(h) Consolidated financial statements**

The Company owns 100% of the issued share capital of UPET (Singapore) Pte Ltd, a company incorporated in Singapore and has taken advantage of paragraph 10 of International Accounting Standard IAS 27, Consolidated and Separate Financial Statements, which dispenses it from the need to present consolidated financial statements, as its holding company UFLEX LIMITED, a company incorporated in India, prepares consolidated financial statements in accordance with Indian GAAP.

**(i) Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the financial instruments. Financial instruments are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, they are measured as set out below:

**(i) Trade and other payables**

Trade and other payables are stated at their nominal value.

**(ii) Trade and other receivables**

Trade and other receivables originated by the company are stated at cost less provision for doubtful debts. An estimate of doubtful debts is made based on a review of all outstanding amounts at balance sheet date.

**(j) Derecognition of financial assets and liabilities****Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd.)****(k) Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions

**(l) Revenue recognition**

All revenues are accounted for in the Income Statement.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the accrual basis unless collectibility is in doubt.

**(m) Expense recognition**

All expenses are accounted for in the Income statement on the accrual

**(n) Foreign currency translation****(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements of the Company are presented in United State Dollar ("USD"), which is also the functional currency of the Company.

**(ii) Transactions and balances**

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

**(o) Impairment of assets**

At each balance sheet date, the carrying amounts of assets are assessed to determine whether there is any indication of impairment. If such indication exists, the Company estimates the recoverable amount of the asset, being the higher of the asset's net selling price and its value in use. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense in the Income Statement.

**(p) Changes in accounting policy and disclosures**

The accounting policies adopted are consistent with those of the previous financial year except as follows:-

The Company has adopted the following new and amended IFRs and IFRIC interpretations as of 1 January

IFRIC 11 IFRS 2 - Company and Treasury Share Transactions

IFRIC 12 - Service Concession Arrangements

IFRIC 14 IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The adoption of IFRIC 11, IFRS 2, IFRIC 12 and IFRIC 14 IAS 19 has had no material impact with accounting policies of the Company and the methods of computation in the Company's financial statements.

**(q) Standards issued but not yet effective**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2009 or later periods.

IFRS 1 (Amendment) 'First time adoption of IFRS'; and IAS 27 'Consolidated and separate financial statements' (effective from January 01, 2009).

IFRS 2 (Amendment), 'Share-based payment' (effective from January 01, 2009).

IFRS 3 (Revised), 'Business combinations' (effective from July 01, 2009).

IFRS 8, 'Operating segments' (effective from January 01, 2009).

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 01, 2009).

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd.)**

IAS 23 (Amendment), 'Borrowing costs' (effective from January 01, 2009).

IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from July 01, 2009).

IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective from January 01, 2009)

IFRIC 15, 'Agreements for construction of real estates' (effective from January 01, 2009).

IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from October 01, 2008).

Improvements to IFRS

IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from July 01, 2009).

IAS 23 (Amendment), 'Borrowing costs' (effective from January 01, 2009).

IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures') (effective from January 01, 2009).

IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from January 01, 2009).

IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7) (effective from January 01, 2009).

IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from January 01, 2009).

IAS 41 (Amendment), 'Agriculture' (effective from January 01, 2009).

**CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION**

**3. UNCERTAINTY**

Critical accounting judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2, the directors have made the following judgements that have the most significant effect on the amounts recognized in the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. As described in note 2, the directors have considered those factors described therein and have determined that the functional currency of the Company is the United State Dollar.

**4 TAXATION**

The Company being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritian tax chargeable on its foreign source income. As at 31 March 2009, the Company had tax losses which are available for offset against future taxable profits. Capital gains of the Company are exempt from tax in Mauritius.

**5 INVESTMENT IN SUBSIDIARY**

**Unquoted**

At start  
Addition during the year  
At 31 March

31 March 2009	
Total	
USD	Rs. In Lacs
–	–
30,200,073	15,320.50
30,200,073	15,320.50

Details of investment is as follows:

UPET (Singapore) Pte Ltd

Country of incorporation	Value of investments	% Holding
Singapore	30,200,073	100%

UPET HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd.)

6 TRADE AND OTHER RECEIVABLES

Prepayments  
Loan receivables

31 March, 2009	
USD	Rs. In Lacs
8,295	4.21
2,044	1.04
10,339	5.25

7 STATED CAPITAL

Issued & fully paid  
30,400,001 Ordinary shares of USD 1.00 each

31 March, 2009	
USD	Rs. In Lacs
30,400,001	15,421.92

8 TRADE AND OTHER PAYABLES

Audit fees  
Other creditors

31 March, 2009	
USD	Rs. In Lacs
-	-
500	0.25
500	0.25

The amounts due are unsecured, interest free and repayable on demand.

9 FINANCIAL INSTRUMENTS

(a) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Company's financial assets and liabilities include investments, cash and cash equivalents, convertible notes and payables. The carrying amounts of these assets and liabilities approximate their fair values.

(b) Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2009 USD	Financial liabilities 2009 USD
United States dollars	169,722	500

(c) Financial risk

The Company's activities expose it to the various types of risks which are associated with the financial instruments and market in which it invests. The following is a summary of the main risks:

(i) Currency risk

The Company invests in stocks denominated in United States dollars (USD). The risk that the exchange rate of the USD fluctuates will have no impact as the reported values of the Company's investments are denominated in USD.

(ii) Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet

(iii) Interest rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing and as a result the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd.)****(iv) Market risk**

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

**(v) Concentration of risk**

The Company holds investments in India, which involve certain consideration and risks not typically associated with investments in other developed countries. Future economic and political developments in India could affect the values of the investments.

**10 CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**11 COMPARATIVES**

There are no comparatives as these are the first financial statements prepared by the Company since its incorporation in the Republic of Mauritius on 10 April 2008.

**12 HOLDING COMPANY**

The directors consider UFLEX Limited, a company incorporated in India as the holding company.

**13 FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in United States dollar ("USD"), which is the functional and presentation currency of the Company.



UPET (SINGAPORE) PTE LTD *(Incorporated in the Republic of Singapore)*

## DIRECTORS' REPORT

For the Financial period from 30 May, 2008 (date of incorporation) to 31 March, 2009.

The Directors present their report to the members together with the audited financial statements of the company for the financial period from 30 May, 2008 (date of incorporation) to 31 March, 2009.

### Directors:

The directors of the Company in office at the date of this report are:-

JAIN RAVINDER KUMAR  
DINESH PANDEY  
AJAY KRISHNA

### Arrangements to enable directors to acquire shares or debentures:

Neither at the end of nor at any time during the financial period was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures of the company or any other body corporate.

### Directors' Interest in Shares or Debentures:

None of the directors, who held office at the end of the financial period, had, according to the register of the directors' shareholdings required to be kept under section 164 of the Companies Act, hold an interest or deemed to have an interest in shares of the company.

### Directors' contractual benefits:

During the period, no director has received or become entitled to receive a benefit by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest other than those disclosed in the financial statements.

### Options granted :

During the period, there were no options to take up unissued shares of the Company.

### Options exercised:

During the period, no shares have been issued by virtue of the exercise of options granted.

### Impendent Auditors:

The Auditors, M/s MGI N Rajan Associates have expressed their willingness to accept re-appointment.

On behalf of the board of directors,

JAIN RAVINDER KUMAR                      AJAY KRISHNA

Dated: 4<sup>th</sup> July, 2009

## STATEMENT BY DIRECTORS

For the Financial Period from 30 May, 2008 (date of incorporation) to 31 March, 2009.

In the opinion of the directors, the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement together with the notes thereon, are drawn up in accordance with and comply with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2009 and of the results of the business, changes in equity and cash flows of the company for the financial period from 30 May, 2008 (date of incorporation) to 31 March, 2009; and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

JAIN RAVINDER KUMAR

AJAY KRISHNA

Dated: 4<sup>th</sup> July, 2009

**MGI N Rajan Associates**

10, Jalan Besar # 10-12  
Sim Lim Tower  
Singapore - 208787

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF UPET (SINGAPORE) PTE LTD  
(Incorporated in Singapore)**

We have audited the accompanying financial statements of UPET (SINGAPORE) PTE LTD set out on pages 6 to 16, which comprise the balance sheet of the Company as at 31 March, 2009, the income statement, statement of changes in equity and cash flow statement of the Company for the period from 30 May, 2008 (date of incorporation) to 31 March, 2009, and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- b) selecting and applying appropriate accounting policies; and
- c) making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March, 2009 and the results, changes in equity and cash flows of the company for the financial period from 30 May, 2008 to 31 March, 2009; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**MGI N Rajan Associates**  
Public Accountants and Certified Public Accountants

Singapore  
Dated : 4<sup>th</sup> July, 2009

UPET (SINGAPORE) PTE LTD *(Incorporated in the Republic of Singapore)*

**BALANCE SHEET AS AT 31 MARCH 2009**

		US\$	Rs in Lacs
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Subsidiary	5	30,047,847	15,243.27
<b>Current Assets</b>			
Cash and cash equivalents	6	151,193	76.70
		<u>151,193</u>	<u>76.70</u>
<b>Total assets</b>		<b>30,199,040</b>	<b>15,319.97</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Amount owing to holding company	7	2,044	1.04
Accrued liabilities		2,421	1.23
<b>Total current liabilities</b>		<u>4,465</u>	<u>2.27</u>
<b>Capital and reserves</b>			
Issued capital	8	30,200,073	15,320.50
(loss) for the period		(5,498)	(2.79)
<b>Total equity</b>		<u>30,194,575</u>	<u>15,317.71</u>
<b>Total equity and liabilities</b>		<b>30,199,040</b>	<b>15,319.98</b>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

All figures have been converted by using the rate of Rs. 50.73/ 1 US\$ as on 31/03/2009

**INCOME STATEMENT FOR THE PERIOD FROM 30 MAY 2008 TO 31 MARCH 2009**

	NOTE	US\$	Rs. In Lacs
Revenue		-	-
Less: expenses			
Administrative & other operating expenses		5,498	2.79
(Loss) before tax	3	(5,498)	(2.79)
Tax Expense	4	-	-
(Loss) for the period after taxation		<u>(5,498)</u>	<u>(2.79)</u>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 30 MAY 2008 TO 31 MARCH 2009**

	Issued Capital		Accumulated (losses)		Total	
	US\$	Rs. in lacs	US\$	Rs. in lacs	US\$	Rs. in lacs
At the date of incorporation	73	0.04	-	-	73	0.04
Issuance of shares	30,200,000	15,320.46	-	-	30,200,000	15,320.46
(Loss) for the period	-	-	(5,498)	(2.79)	(5,498)	(2.79)
<b>Balance as at 31.03.2008</b>	<b>30,200,073</b>	<b>15,320.50</b>	<b>(5,498)</b>	<b>(2.79)</b>	<b>30,194,575</b>	<b>15,317.71</b>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

**CASH FLOW STATEMENT FOR THE PERIOD 30 MAY 2008 TO 31 MARCH 2009**

	US\$	Rs in lacs
<b>Cash flows from operating activities</b>		
(Loss) for the period before tax	(5,498)	(2.79)
<b>Operating profit / (loss) before reinvestment of capital</b>	<b>(5,498)</b>	<b>(2.79)</b>
Amount owing to holding company	2,044	1.04
Accrued liabilities	2,421	1.23
<b>Cash generated from / (used in) operations</b>	<b>(1,033)</b>	<b>(0.52)</b>
Tax paid	-	-
<b>Cash flows from / (used in) operating activities</b>	<b>(1,033)</b>	<b>(0.52)</b>
<b>Cash flows from Investing activities</b>		
Investment in subsidiary	(30,047,847)	(15,243.27)
	<b>(30,047,847)</b>	<b>(15,243.27)</b>
<b>Cash flows from financing activities</b>		
Issue of shares	30,200,073	15,320.50
	<b>30,200,073</b>	<b>15,320.50</b>
Net Increase/(decrease) in cash & cash equivalents	151,193	76.71
Cash & cash equivalents at the beginning of the period	-	-
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>151,193</b>	<b>76.71</b>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 30 MAY 2008 (date of incorporation) TO 31 MARCH 2009

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1 GENERAL INFORMATION

The financial statements of the company for the period 30 May, 2008 to 31 March, 2009 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The company was incorporated on 30 May, 2008 as a limited liability company and domiciled in the Republic of Singapore.

The principal activity of the company is that of holding investments.

The company's registered office & principal place of business address are located at 10 Jalan Besar, # 10-12 Sim Lim Tower, Singapore 208787 and No. 24 Raffles Place, #25-02A Clifford Centre, Singapore 048621 respectively.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgments in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The company has assessed that there are no estimates or judgments used that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 2.2 Subsidiaries

Subsidiaries are entities over which the company has power to govern the financial and economic policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Investments in the subsidiaries are stated in the financial statements of the Company at cost less impairments losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

The subsidiaries' results have not been consolidated as the company is itself a wholly owned subsidiary of another company UPET HOLDINGS LIMITED, MAURITIUS and the ultimate holding company UFLEX LIMITED, INDIA which publishes the consolidated financial statements and the registered address 305, Bhanot Cornor, Pamposh Enclave, Greater Kailash - I, New Delhi - 110 048, India.

#### 2.3 Impairment of Non Financial Assets

The carrying amount of investment in subsidiary is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if and only if there has been a change in the estimate used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

#### 2.4 Financial assets

##### Loans and receivables

Loans and receivable include "cash and cash equivalents" and amount due from subsidiary in the balance sheet.

These financial assets are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non current assets.

The company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognizes an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

## 2.5 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised costs, using the effective interest method.

## 2.6 Revenue recognition

Revenue from dividend is recognised upon declaration and approval.

Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective rate over the period of maturity, when its determined such income will accrue to the company.

## 2.7 Income taxes

The current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability and affects neither accounting nor taxable profit nor loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date, and are recognised as income or expense in the income statement, except to the extent that the tax arises from a transaction which is recognised directly in equity.

## 2.8 Functional currency

Items included in the financial statements of the company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company ("the functional currency"). The financial statements of the company are presented in United States Dollars, which is also the functional currency of the company.

### Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into United States Dollars at rates of exchange closely approximating those ruling at balance sheet date. Exchange differences arising from such transactions are recorded in the income statement in the period in which they arise.

However, where a foreign currency transaction is to be settled at a contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

## 2.9 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortized cost approximate their carrying value.

## 2.10 Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents represent cash on hand.

## 2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has reliably estimated.

## 2.12 Share capital

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

## 3. PROFIT BEFORE TAX

<b>This is arrived after charging;</b>	<b>US\$</b>
Preliminary expenses	2,044

## 4. TAXATION

No provision for tax is made in the current period, as there was no income for the period.

## 5. SUBSIDIARY

	<b>US\$</b>
Unquoted shares at cost	30,047,847

**UPET (SINGAPORE) PTE LTD** *(Incorporated in the Republic of Singapore)*

Detail of the subsidiary is as follows:

Company	Principal Activities	Country of Incorporation	Effective Percentage of equity held
Flex Americas S.A. de C.V.	Manufacture and sale of Polyester Films, BOPP films, PET Films, CPP Films.	Mexico	% 100

Subsidiary is not audited by MGI N. Rajan Associates.

**6. CASH & CASH EQUIVALENTS**

	US\$
Cash at banks	151,120
Cash on hand	73
	151,193

**7. HOLDING COMPANY**

The company's immediate & ultimate holding company is UPET HOLDINGS LIMITED, MAURITIUS and UFLEX LIMITED, INDIA respectively. The amount due to holding company refers to immediate holding company and the amount owing represents non trading advances, unsecured, interest free and no fixed repayment terms.

**8. SHARE CAPITAL**

	Number of shares	US\$
<b>Issued &amp; fully paid up ordinary shares</b>		
At the date of incorporation	100	73
Issued during the period	30,200,000	30,200,000
At the end of the period	30,200,100	30,200,073

**9. FINANCIAL RISK MANAGEMENT**

The company does not have any written financial risk management policies and guidelines. The company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange. The company's exposure to financial risks associated with financial instruments held in the ordinary course of business include:

**a) Price risk**

**i) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is exposed to currency risk to the extent of its foreign investment.

**ii) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

**iii) Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

**b) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company has no significant concentrations of credit risk.

Cash is held with financial institutions of good standing/ established financial institutions/ reputable financial institutions.

**c) Liquidity risk**

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The payables are matures in the next 12 months period.

**10. COMPARATIVE FIGURES**

This being the first set of accounts there are no comparative figures.

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**FLEX AMERICAS S.A. DE C.V.**

To the Shareholders of  
**FLEX AMERICAS S.A. DE C.V.**

We have audited the accompanying balance sheet of FLEX AMERICAS S.A. DE C.V. as of March 31, 2009 and 2008, and the related statements of income and changes in shareholders' equity for the years then ended, and cash flows and changes in financial position statements for the years ended as of March 31, 2009 and 2008, respectively. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FLEX AMERICAS S.A. DE C.V. as of March 31, 2009 and 2008, and the results of their operations and changes in their shareholders' equity for the years then ended, and cash flows and the changes in their financial position for the years ended as of March 31, 2009 and 2008, respectively, in accordance with Mexican financial reporting standards.

TAMPICO, TAMAULIPAS, A 16 DE JUNIO DE 2009.

C.P.A. VICTOR MANUEL GUTIERREZ SALDIVAR  
VICTOR M. GUTIERREZ SALDIVAR Y ASOCIADOS.

## FLEX AMERICAS S.A. DE C.V.

## BALANCE SHEET AS AT 31ST MARCH 2009

	Notes	As At 31st March 2009		As At 31st March 2008	
		(Amount in MXP)	(Amount Rs in Lacs)	(Amount in MXP)	(Amount Rs in Lacs)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	3	534,106,031.59	18,853.96	1,193,573.40	42.14
		<u>534,106,031.59</u>	<u>18,853.96</u>	<u>1,193,573.40</u>	<u>42.14</u>
<b>Current assets</b>					
Inventories	4	80,340,181.67	2,836.02	-	-
Trade & other receivables	5	37,263,262.28	1,315.39	746,732.94	26.36
Prepayments		-	-	-	-
Cash & bank balances	6	44,658,029.23	1,576.43	4,046,087.44	142.83
Total current assets		<u>162,261,473.18</u>	<u>5,727.84</u>	<u>4,792,820.38</u>	<u>169.19</u>
<b>Total assets</b>		<u>696,367,504.77</u>	<u>24,581.80</u>	<u>5,986,393.78</u>	<u>211.33</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserve</b>					
Shareholder's funds					
Share capital	7	323,474,087.31	11,418.64	500,000.00	17.65
Share application money		-	-	-	-
Retained earnings		(41,928,015.83)	(1,480.05)	(525,171.41)	(18.54)
Proposed dividend		-	-	-	-
Total shareholder's funds		<u>281,546,071.48</u>	<u>9,938.59</u>	<u>(25,171.41)</u>	<u>(0.89)</u>
<b>Non current liabilities</b>	8	<u>246,379,463.42</u>	<u>8,697.20</u>	-	-
<b>Current liabilities</b>					
Trade & other payables	9	67,976,947.34	2,399.59	5,920,886.27	209.01
Accounts payable-capital expenditure	10	100,465,022.53	3,546.42	90,678.92	3.20
<b>Total current liabilities</b>		<u>168,441,969.87</u>	<u>5,946.01</u>	<u>6,011,565.19</u>	<u>212.21</u>
<b>Total equity and liabilities</b>		<u>696,367,504.77</u>	<u>24,581.80</u>	<u>5,986,393.78</u>	<u>211.32</u>

The accompanying notes 1 to 25 form an integral part of these financial statements.

Approved by the Shareholder Company on 15th June 2009 and signed on its behalf by:

All the figures have been converted by using the rate of @ MXP 3.53/ Rs. as on 31/03/2009.

**PRADEEP TYLE**  
Director

**P.L. SIRSAMKAR**  
Director

## FLEX AMERICAS S.A. DE C.V.

**Income Statement For the Year Ended 31st March 2009**

	Notes	For the Year Ended 31st March 2009		For the period Ended 31st March 2008	
		(Amount in MXP)	(Amount Rs in Lacs)	(Amount in MXP)	(Amount Rs in Lacs)
<b>A. Revenue</b>					
Sales	11(a)	3,028,232.99	106.90	0.00	0.00
Other Income	11(b)	20,507,836.00	723.93	23.00	0.00
Increase / (Decrease) in Stock of Finished Goods / Wrok in Progress	12	16,245,791.29	573.48		
<b>Total (A)</b>		<b>39,781,860.28</b>	<b>1,404.31</b>	23.00	0.00
<b>B. Expenditure</b>					
Cost of materials	13	15,207,990.94	536.84	0.00	0.00
Other manufacturing expenses	14	1,452,185.90	51.27	11,810.42	0.42
Payments & benefits to employees		111,455.36	3.93	8,304.92	0.29
Administrative & selling expenses	15	26,342,537.43	929.89	504,828.75	17.82
Loss on sale of fixed assets		0.00	0.00	0.00	0.00
Finance cost	16	38,070,535.07	1,343.89	250.32	0.01
<b>Total (B)</b>		<b>81,184,704.70</b>	<b>2,865.82</b>	525,194.41	18.54
Net (Loss) / Profit for the year before Taxation (A-B)		(41,402,844.42)	(1,461.51)	(525,171.41)	(18.54)
(Add): Provision for Taxation:					
- Current Income Tax		-	-	-	-
Net (Loss)/ Profit for the Year after Taxation		(41,402,844.42)	(1,461.51)	(525,171.41)	(18.54)

The accompanying notes 1 to 25 form an integral part of these financial statements.

Approved by the Shareholder Company on 15th June 2009 and signed on its behalf by:

PRADEEP TYLE  
Director

P.L. SIRSAMKAR  
Director

## FLEX AMERICAS S.A. DE C.V.

## Cash Flow Statement for the year ended 31 March 2009

Notes	For the Year Ended 31st March 2009				For the Period Ended 31st March 2008			
	(Amount in MXP)		(Amount Rs in Lacs)		(Amount in MXP)		(Amount Rs in Lacs)	
A	Cash flows from operating activities							
	(41,402,844.42)		(1,461.51)		(525,171.41)		(18.54)	
	Adjustments for:							
	204,704.34		7.22		15,899.22		0.56	
	(19,670,177.03)		(694.36)		-		-	
	38,070,535.07		1,343.89		250.32		0.01	
	(837,658.97)		(29.57)		(23.00)		-	
	-	17,767,403.41	-	627.18	-	16,126.54	-	0.57
	(23,635,441.01)		(834.33)		(509,044.87)		-	
	(80,340,181.67)		(2,836.02)		-		-	
	(36,516,529.34)		(1,289.03)		(746,732.94)		(26.36)	
	-		-		-		-	
	62,056,061.07		2,190.58		5,920,886.27		209.01	
	100,374,343.61	45,573,693.67	3,543.21	1,608.74	90,678.92	5,264,832.25	3.20	185.85
	21,938,252.66		774.41		4,755,787.38		-	
	-		-		-		-	
	19,670,177.03	19,670,177.03	694.36	694.36	-	-	-	-
	41,608,429.69		1,468.77		4,755,787.38		167.88	
B	Cash flows from investing activities							
	(533,117,162.53)		(18,819.04)		(1,209,472.62)		(42.69)	
	837,658.97		29.57		23.00		-	
	(532,279,503.56)		(18,789.47)		(1,209,449.62)		(42.69)	
C	Cash flows from financing activities							
	322,974,087.31		11,400.99		500,000.00		17.65	
	246,379,463.42		8,697.20		-		-	
	(38,070,535.07)		(1,343.89)		(250.32)		(0.01)	
	531,283,015.66		18,754.30		499,749.68		17.64	
	40,611,941.79		1,433.60		4,046,087.44		142.83	
	4,046,087.44		142.83		-		-	
17	44,658,029.23		1,576.43		4,046,087.44		142.83	

The accompanying notes 1 to 25 form an integral part of these financial statements.

Approved by the Shareholder Company on 15th June 2009 and signed on its behalf by:

PRADEEP TYLE  
Director

P.L. SIRSAMKAR  
Director

## FLEX AMERICAS S.A. DE C.V.

**Statement of Changes in Equity for the year ended 31 March 2009**

	Share capital		Application money		Retained earnings		Proposed dividend		Total	
	(Amount in MXP)	(Amount Rs. in Lacs)	(Amount in MXP)	(Amount Rs. in Lacs)	(Amount in MXP)	(Amount Rs. in Lacs)	(Amount in MXP)	(Amount Rs. in Lacs)	(Amount in MXP)	(Amount Rs. in Lacs)
As at 31 March 2008	500,000.00	17.65	-	-	-	-	-	-	500,000.00	17.65
Proposed dividend	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	(525,171.41)	(18.54)	-	-	(525,171.41)	(18.54)
<b>As at 31 March 2008</b>	<b>500,000.00</b>	<b>17.65</b>	<b>-</b>	<b>-</b>	<b>(525,171.41)</b>	<b>(18.54)</b>	<b>-</b>	<b>-</b>	<b>(25,171.41)</b>	<b>(0.89)</b>
Fund introduced/ (withdrawn)	322,974,087.31	11,400.99	-	-	-	-	-	-	322,974,087.31	11,400.99
Proposed dividend	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	(41,402,844.42)	(1,461.51)	-	-	(41,402,844.42)	(1,461.51)
<b>As at 31 March 2009</b>	<b>323,474,087.31</b>	<b>11,418.64</b>	<b>-</b>	<b>-</b>	<b>(41,928,015.83)</b>	<b>(1,480.05)</b>	<b>-</b>	<b>-</b>	<b>281,546,071.48</b>	<b>9,938.59</b>

The accompanying notes 1 to 25 form an integral part of these financial statements.

Approved by the Shareholder Company on 15th June 2009 and signed on its behalf by:

PRADEEP TYLE  
Director

P.L. SIRSAMKAR  
Director

## FLEX AMERICAS S.A. DE C.V.

## Notes to the Financial Statements for the year ended 31 March 2009

	Opening Balance		Additions		Transfer/Disposals		Closing Balance	
	(Amount in MXP)	(Amount Rs. in Lacs)	(Amount in MXP)	(Amount Rs. in Lacs)	(Amount in MXP)	(Amount Rs. in Lacs)	(Amount in MXP)	(Amount Rs. in Lacs)
<b>3 Property, plant &amp; equipment Cost</b>								
Capital work in progress and advances:								
Buildings	593,972.50	20.97	168,112,349.14	5,934.37	-	-	168,706,321.64	5,955.34
Machinery and equipment	51,201.00	1.81	336,158,920.88	11,866.41	-	-	336,210,121.88	11,868.22
Land	-	-	27,190,620.00	959.83	-	-	27,190,620.00	959.83
Buildings:								
Staff accommodation	-	-	-	-	-	-	-	-
Factory and administrative	-	-	-	-	-	-	-	-
Machinery & equipment	-	-	754,058.94	26.62	-	-	754,058.94	26.62
Furniture, fixtures & office equipment	255,328.69	9.01	543,300.52	19.18	-	-	798,629.21	28.19
Vehicles	308,970.43	10.91	357,913.05	12.63	-	-	666,883.48	23.54
<b>Total Cost</b>	<b>1,209,472.62</b>	<b>42.70</b>	<b>533,117,162.53</b>	<b>18,819.04</b>	<b>-</b>	<b>-</b>	<b>534,326,635.15</b>	<b>18,861.74</b>
Depreciation								
Capital work in progress and advances:								
Buildings	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-
Buildings:								
Staff accommodation	-	-	-	-	-	-	-	-
Factory and administrative	-	-	-	-	-	-	-	-
Machinery & equipment	-	-	3,459.70	0.12	-	-	3,459.70	0.12
Furniture, fixtures & office equipment	6,935.46	0.24	71,806.38	2.53	-	-	78,741.84	2.77
Vehicles	8,963.76	0.32	129,438.26	4.57	-	-	138,402.02	4.89
<b>Total Depreciation</b>	<b>15,899.22</b>	<b>0.56</b>	<b>204,704.34</b>	<b>7.22</b>	<b>-</b>	<b>-</b>	<b>220,603.56</b>	<b>7.78</b>
Net book value								
Capital work in progress and advances:								
Buildings	593,972.50	20.97					168,706,321.64	5,955.34
Machinery and equipment	51,201.00	1.81					336,210,121.88	11,868.22
Land	-	-					27,190,620.00	959.83
Buildings:								
Staff accommodation	-	-					-	-
Factory and administrative	-	-					-	-
Machinery & equipment	-	-					750,599.24	26.50
Furniture, fixtures & office equipment	248,393.23	8.77					719,887.37	25.42
Vehicles	300,006.67	10.59					528,481.46	18.65
<b>Total Net book value</b>	<b>1,193,573.40</b>	<b>42.14</b>					<b>534,106,031.59</b>	<b>18,853.96</b>

## FLEX AMERICAS S.A. DE C.V.

## Notes to the Financial Statements for the year ended 31 March 2009

	As At 31st March 2009		As At 31st March 2008	
	(Amount in MXP)	(Amount Rs in Lacs)	(Amount in MXP)	(Amount Rs in Lacs)
<b>4 Inventories</b>				
Raw materials	14,769,896.81	521.38	-	-
Materials in transit	48,696,586.09	1,718.99	-	-
Consumables	627,907.48	22.17	-	-
Work in process	9,320,146.87	329.00	-	-
Finished goods	6,925,644.42	244.48	-	-
<b>Total</b>	<b>80,340,181.67</b>	<b>2,836.02</b>	-	-
<b>5 Trade and other receivables</b>				
Trade receivables (refer note 19 & 20) ^@	2,937,977.41	103.71	-	-
Less: Provision for doubtful debts	-	-	-	-
	<b>2,937,977.41</b>	<b>103.71</b>	-	-
Advance to suppliers	-	-	-	-
Advances to staff	-	-	-	-
Other Current Assets	32,913,130.87	1,161.83	726,397.28	25.64
Security Deposits	1,412,154.00	49.85	20,335.66	0.72
<b>Total</b>	<b>37,263,262.28</b>	<b>1,315.39</b>	<b>746,732.94</b>	<b>26.36</b>
^ includes MXP 2,926,932.83 (previous year NIL) due from related party.				
@ 0-180 days MXP 2,937,977.41, > 180 days NIL.				
<b>6 Cash and bank balances</b>				
Cash on hand	17,088.39	0.60	8,112.50	0.29
Bank balances in:				
Current accounts	776,194.06	27.40	4,037,974.94	142.54
Fixed Deposit Account	43,864,746.78	1,548.43	-	-
<b>Total</b>	<b>44,658,029.23</b>	<b>1,576.43</b>	<b>4,046,087.44</b>	<b>142.83</b>
<b>7 Share capital</b>				
Opening balance	500,000.00	17.65	-	-
Introduced during the year	322,974,087.31	11,400.99	500,000.00	17.65
Closing balance #	<b>323,474,087.31</b>	<b>11,418.64</b>	<b>500,000.00</b>	<b>17.65</b>
# 323459 shares of US \$ 1000/- each (previous year 500 shares of US \$ 1000/- each).				
<b>8 Non current liabilities</b>				
Term loan (refer note 23)	246,379,463.42	8,697.20	-	-
Provision for staff end-of-benefits	-	-	-	-
Capital creditors-retentions (refer note 11)	-	-	-	-
<b>Total</b>	<b>246,379,463.42</b>	<b>8,697.20</b>	-	-



## FLEX AMERICAS S.A. DE C.V.

## Notes to the Financial Statements for the year ended 31 March 2009

	As At 31st March 2009		As At 31st March 2008	
	(Amount in MXP)	(Amount Rs in Lacs)	(Amount in MXP)	(Amount Rs in Lacs)
<b>9 Trade and other payables</b>				
Trade payables (refer note 19 & 20) @#	67,854,429.71	2,395.26	-	-
Advance from customers	73,299.55	2.59	-	-
Other Liabilities	49,218.08	1.74	5,920,886.27	209.01
<b>Total</b>	<b>67,976,947.34</b>	<b>2,399.59</b>	<b>5,920,886.27</b>	<b>209.01</b>
@ Includes MXP 19492058.45(previous year MXP 5,861,483.75) payable to related parties.				
<b>10 Accounts payable-capital expenditure</b>				
This represents amount payables to the consultants and suppliers of machinery, consultants & contractors for construction of building in progress per below:				
Capital creditors-Retentions:				
Total amount outstanding	100,465,022.53	3,546.42	90,678.92	3.20
<b>Total</b>	<b>100,465,022.53</b>	<b>3,546.42</b>	<b>90,678.92</b>	<b>3.20</b>

	For the Year Ended 31st March 2009		For the Year Ended 31st March 2008	
	(Amount in MXP)	(Amount Rs in Lacs)	(Amount in MXP)	(Amount Rs in Lacs)
<b>11 Revenue</b>				
<b>a. Sales</b>				
Manufactured Goods	3,028,232.99	106.90	-	-
Trading sales	-	-	-	-
	<b>3,028,232.99</b>	<b>106.90</b>	<b>-</b>	<b>-</b>
<b>b. Other Income</b>				
Exchange Rate Fluctuation	19,670,177.03	694.36	-	-
Interest Received From Banks	837,658.97	29.57	23.00	-
	<b>20,507,836.00</b>	<b>723.93</b>	<b>23.00</b>	<b>-</b>
<b>12 Increase / Decrease in Finished Goods &amp; Work-in-Progress</b>				
<b>Closing Stock</b>				
Finished Goods	6,925,644.42	244.48	-	-
Work in Progress	9,320,146.87	329.00	-	-
	<b>16,245,791.29</b>	<b>573.48</b>	<b>-</b>	<b>-</b>
Less: Opening Stock				
Finished Goods	-	-	-	-
Work in Progress	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase / Decrease in Finished Goods &amp; Work-in-Progress</b>	<b>16,245,791.29</b>	<b>573.48</b>	<b>-</b>	<b>-</b>

## FLEX AMERICAS S.A. DE C.V.

## Notes to the Financial Statements for the year ended 31 March 2009

	For the Year Ended 31st March 2009		For the Year Ended 31st March 2008	
	(Amount in MXP)	(Amount Rs in Lacs)	(Amount in MXP)	(Amount Rs in Lacs)
<b>13 Cost of material</b>				
Opening stock	-	-	-	-
Purchases	29,977,887.75	1,058.22	-	-
Closing stock	14,769,896.81	521.38	-	-
<b>Cost of Material Consumed</b>	<b>15,207,990.94</b>	<b>536.84</b>	-	-
<b>14 Other manufacturing expenses</b>				
Power & fuel consumed	1,054,274.04	37.22	11,810.42	0.42
Stores consumed	151,014.68	5.33	-	-
Packing materials consumed	246,897.18	8.72	-	-
<b>Total</b>	<b>1,452,185.90</b>	<b>51.27</b>	<b>11,810.42</b>	<b>0.42</b>
<b>15 Administrative &amp; selling expenses</b>				
Rent	434,897.44	15.35	92,000.00	3.25
Other administration expenses	25,593,468.76	903.45	396,929.53	14.01
Selling expenses	109,466.89	3.86	-	-
Amortisation	-	-	-	-
Depreciation (per below)	204,704.34	7.23	15,899.22	0.56
<b>Total</b>	<b>26,342,537.43</b>	<b>929.89</b>	<b>504,828.75</b>	<b>17.82</b>
<b>16 Finance cost</b>				
Interest on term loan	2,897,142.66	102.27	-	-
Bank charges & commission	35,173,392.41	1,241.62	250.32	0.01
<b>Total</b>	<b>38,070,535.07</b>	<b>1,343.89</b>	<b>250.32</b>	<b>0.01</b>
<b>17 Cash and cash equivalents</b>				
Cash on hand	17,088.39	0.60	8,112.50	0.29
Bank balance:				
In current accounts	776,194.06	27.40	4,037,974.94	142.54
In Fixed Deposit Account	43,864,746.78	1,548.43	-	-
<b>Total</b>	<b>44,658,029.23</b>	<b>1,576.43</b>	<b>4,046,087.44</b>	<b>142.83</b>

**Notes to the Financial Statements for the year ended 31 March 2009****18 Financial instruments: Credit, interest rate and exchange rate risk exposures****Credit risk**

The establishment seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

**Interest rate risk**

The Company has taken a loan from banks designated in Euro / USD. The Facilities in Euro are linked with the Ebour and in USD are linked with the Lbour. The Company is at risk to the extent of the fluctuation in the Libour/ Euribor

**Exchange rate risk**

The Company is at the Exchange risk to the extent of the outstanding exposure in the Foreign Currency. The details of the outstanding foreign currency exposure as on the balance sheet date is as under:

	2009		2008	
	Equivalent MXP	Equivalent Rs. In Lacs	Equivalent MXP	Equivalent Rs. In Lacs
Foreign currency financial assets:				
USD	2,926,932.83	103.32	-	-
Foreign Currency Financial Liabilities:				
USD	19,492,058.45	688.07	5,366,483.75	189.44
Euro	295,683,225.77	10,437.62	-	-

**19 Financial instruments: Fair values**

The fair values of the establishment's financial assets, comprising of trade & other receivables and cash & bank balances and financial liabilities, comprising of trade & other payables and accounts payable for capital expenditure approximate to their carrying values

**20 Related party transactions**

The Company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party contained in the International Accounting Standard - 24. Related parties are the entities under common ownership and/or common management control and associates.

The related parties and their outstanding balances at the balance sheet date are as under:

Name of related parties	2009		2008	
	MXP Dr/(Cr)	Rs. in Lacs Dr/(Cr)	MXP Dr/(Cr)	Rs. in Lacs Dr/(Cr)
Flex America Inc.	2,926,932.83	103.32	-	-
UFLEX Limited.	(19,350,162.75)	(683.06)	495,000.00	17.47
Flex Middle East FZE	(141,895.70)	(5.01)	(5,861,483.75)	(206.91)

The nature of significant related party transactions during the year and the amounts involved are as under:

	2009		2008	
	MXP	Rs. in Lacs	MXP	Rs. in Lacs
Flex America- Sales at Normal price	2,926,932.83	103.32	8,825,588.00	311.54
UFLEX Limited - Purchases at normal price	12,956,270.62	457.36	5,704,742.00	201.38
UFLEX Limited - Sales at normal price	-	-	2,950,250.00	104.14
UFLEX Limited - Technical supervision services fees	-	-	750,000.00	26.48
Upet (Singapore) Pte. Ltd.	322,959,000.00	11,400.45	-	-
UFLEX Limited - Expenses Reimbursement	6,462,436.48	228.12	-	-
UFLEX Limited - Capital introduced	-	-	500,000.00	17.65
Flex Middle East-Security Deposit	-	-	5,861,483.75	206.91

**FLEX AMERICAS S.A. DE C.V.**
**Notes to the Financial Statements for the year ended 31 March 2009**
**21 Contingent liabilities**

	2009		2008	
	MXP	Rs. in Lacs	MXP	Rs. in Lacs
Letters of credit	-	-	-	-

**22 Capital commitments**

The estimated amount of contracts including under letters of credit remaining to be executed on capital account (net of advances) and not provided for MXP - NIL

**23 Bank facilities**

- The Company has been sanctioned the Term Loan facility of Euro 39.00 Million from the KFW IpeX - Bank GmbH. Out of the same the company has utilised Euro 12.98 Million till 31st March 2009. The same is secured by way of hypothecation of Specific Plant & Equipments and pari pasu mortgage of Land & Building of the Company and are guaranteed by UFLEX LIMITED, the Parent company .
- The Company has been sanctioned the Term Loan facility of USD 20.00 Million from the State Bank of India, New York . Out of the same the company has not utilised any amount till 31st March 2009. The same is secured by way of hypothecation of Specific Plant & Equipments and pari pasu mortgage of Land & Building of the Company and are guaranteed by UFLEX LIMITED, the Parent company .
- The Company has been sanctioned the Working Capital Facilities of USD 23.20 Million from the State Bank of India, New York . Out of the same the company has not utilised any amount till 31st March 2009. The same is secured by way of hypothecation of current assets of the Company and are guaranteed by UFLEX LIMITED, the Parent company .

**24 Quantitative information**

- a) Information in respect of class of goods manufactured and annual capacity:

Class of Goods	Unit	
Polyester Films/Metalized Films	MT	26400

Previous year figures have been given in brackets.

- b) Information in respect of production, sales & stock of goods manufactured:

Unit	Production		Sales		Op. Stock		Cl. Stock	
	Qty (MT)	Qty (MT)	Value (MXP)	Qty (MT)	Value (MXP)	Qty (MT)	Value (MXP)	
MT	525	106	3,028,232.99	-	-	419	6,925,644.42	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	

Previous year figures have been given in brackets.

- c) Information in respect of raw materials consumed:

Description	Current Year		Previous Year	
	Qty (MT)	Value (MXP)	Qty (MT)	Value (MXP)
Polyester Chips	1,153	29,684,072.73	-	-
Others	-	293,815.02	-	-

**25 Comparative figures**

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

## U TECH DEVELOPERS LIMITED

## DIRECTORS' REPORT

## To the Members,

Your Directors are pleased to present the 3rd Annual Report alongwith the Audited Accounts of the Company for the financial year ended 31st March, 2009.

## FINANCIAL RESULTS

The financial results for the year ended 31st March, 2009 and for the previous year ended 31st March, 2008 are as follows:

	(Rs. In Lacs)	
	Year ended 31.03.2009	Year ended 31.03.2008
Sales & Operational Income	–	6826.92
Other Income	25.22	46.34
Profit/(Loss) before Interest, Financial Charges & Depreciation	(149.36)	1952.34
Interest & Financial Charges	535.90	156.02
Depreciation	3.06	2.06
Profit/(Loss) before Tax	(688.32)	1794.26

## YEAR IN RETROSPECT

With the encouraging economic policy for infrastructure segment, the real estate sector had experienced growth momentum in the last few years. However, due to the global financial crisis and the consequent slow down, the reality sector was badly hit during the financial year 2008-2009. Despite successive stimulus packages by government like loan incentives, duty cuts in the iron, steel and cement sectors etc., the reality sector has not yet picked up fully.

In view of the above, during the year ended 31st March, 2009, your Company has not earned any revenue as against Rs.6826.92 lacs earned during the previous financial year. The Company ended the financial year with a loss after tax of Rs.688.32 lacs as against the profit of Rs.1794.26 lacs during previous year.

Your Directors hope for better performance during the current financial year.

## JOINT VENTURE

With an endeavor to diversify its business activity, the Company has formed a Joint Venture(JV) Company namely QCELL LIMITED alongwith other JV partners having 40% share in the said Joint Venture Company for setting up a GSM telecommunication and other value added business including internet services in The Gambia. Your Board of Directors expects to generate profit from the second year of its operations.

In order to tap the major projects in India, the Company has decided to join hands with other partners under joint venture arrangements.

## DIVIDEND

Due to loss during the year under review, your Directors regret their inability to recommend any dividend.

## FIXED DEPOSIT

During the period under review, the Company did not accept any fixed deposit.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr Ravi Kathpalia, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

None of the Directors of the Company is disqualified as per provisions of Section 274(1)(g) of the Companies Act, 1956. The Directors have made necessary disclosures as required under various provisions of the Companies Act, 1956.

## AUDITORS

The Auditors of the Company M/s. Chaturvedi and Partners, Chartered Accountants, New Delhi retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limit under section 224(1B) of the Companies Act, 1956.

**U TECH DEVELOPERS LIMITED**

The observation of the Auditors and relevant notes to the Accounts of the Company are self-explanatory and therefore, do not call for any further comments.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the Section 217(2AA) of the Companies Act, 1956 and subject to the disclosure in the Annual Accounts, we state as under :

1. that in the preparation of the Annual Accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed and that there has been no material departure.
2. that the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the period under review.
3. that the Directors have taken proper and sufficient care for the maintenance of the 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.
4. that the Directors have prepared the Annual Accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES**

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure 'A' forming part of this Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 is given in Annexure 'B' forming part of this Report.

**PERSONNEL**

Relations with the Employees remain cordial and harmonious throughout the year, thereby strengthening the commitment of the Employees at all level to the growth of the Company.

**ACKNOWLEDGMENT**

The Directors acknowledge with gratitude the cooperation extended by various Government Agencies, Banks and other stakeholders during the period under review. The Board also takes this opportunity to express its deep gratitude for the continuous support and wholehearted cooperation given by the employees of the Company working at various levels.

**For and on behalf of the Board**

**Ashok Chaturvedi**  
Chairman

Place : New Delhi  
Dated : 15th June, 2009

## U TECH DEVELOPERS LIMITED

## ANNEXURE 'A' TO DIRECTORS' REPORT

Information as per Section 217(2A)(B)(1) read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report.

## A. EMPLOYED FOR PART OF THE YEAR

Sl. No.	Name	Age	Designation	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Appointment	Last Employment (Position held)
1.	Shri Agarwal Gopal Krishna	52	Vice President & Company Secretary	6,58,321	FCA, FCS, ICWA	29	01.11.2008	UFLEX Limited (Vice President)

1. Remuneration includes Salary, Bonus, Contribution to Provident Fund and all other perquisites taxable or non-taxable.
2. The appointment is contractual.
3. Information about qualification and last employment is based on particulars furnished by the concerned employee.
4. The above employee does not hold by himself or alongwith his spouse and dependent children 2% or more of equity shares of the Company.
5. The above employee is not a relative of any Director of the Company

## ANNEXURE 'B' TO DIRECTORS' REPORT

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Pursuant to Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

## 1. CONSERVATION OF ENERGY

## a) Energy Conservation measures taken:

The Company has constantly been emphasizing at optimization of energy consumption in every possible area. Various avenues are being explored at periodic intervals and after careful analysis and planning measures are being initiated to minimize the consumption of energy. During the period under review, the following measures were initiated/ adopted to conserve and optimize utilization of energy.

- i. Creating awareness amongst all of its staff members to make maximum use of natural lights and sensibly use electrical appliances like fans, air conditioners etc.
- ii. Reviewing on a periodic basis all the measures initiated/ adopted for conservation of energy.
- iii. Frequent cleaning of all lighting equipment like bulbs, tubes etc.

## b) Additional Investment and proposal, if any, being implemented for reduction of energy:

No investment was made during the period under review.

## c) Impact of the measures at (a) &amp;(b) above for reduction of energy consumption and consequent impact on the production of goods:

Negligible

## d) Total consumption and energy consumption per unit of production as per form 'A' of the annexure to the rules in respect of industries specified in the schedule thereto:

Not Applicable.

## 2 (A) RESEARCH AND DEVELOPMENT

Since no research and development activities have been carried out by the Company during the period under review, the Company has not incurred any expenditure.

## (B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has not imported any technology during the period.

## (C) FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. in Lacs)

- |                                  |     |
|----------------------------------|-----|
| (a) Earnings in Foreign Exchange | Nil |
| (b) Expenditure                  | Nil |

For and on behalf of the Board

Place : New Delhi  
Dated: 15th June, 2009

Ashok Chaturvedi  
Chairman



## AUDITORS' REPORT

To the Members of  
**U TECH DEVELOPERS LIMITED**

1. We have audited the attached Balance Sheet of **U TECH DEVELOPERS LIMITED**, as at March 31, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - ii. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **CHATURVEDI & PARTNERS**  
Chartered Accountants

Place : New Delhi  
Dated : 15th June, 2009

**R N CHATURVEDI**  
Partner  
Membership No. 092087

## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. Fixed assets have been physically verified by the management during the year pursuant to a Programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- ii. a. The inventory comprising of properties under construction has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory. No discrepancies were noticed on physical verification.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses 4 (iii) (a) to 4 (iii) (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed of any continuing failure to correct major weaknesses in internal control system of the Company.
- v. In our opinion and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as defined under the provisions of section 58 and 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules made thereunder.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- ix. a. According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including income-tax and cess and any other statutory dues applicable to it and there are no undisputed amounts payable in respect of these dues which have remained outstanding as at March 31, 2009 for a period of more than six months from the date they became payable. We were informed that the operations of the Company during the year did not give rise to any liability for Investor Education Protection Fund, Wealth Tax, sales tax, service tax, Customs Duty, Excise Duty and Employees State Insurance dues.
- b. According to information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess or any other statutory dues which have not been deposited on account of any dispute.
- x. The Company has been registered for a period less than five years and hence the provisions of clause 4 (x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company
- xi. In our opinion and according to the information and explanations given to us, the Company has not taken any loans from any of the financial institutions or banks and has not issued any debentures.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

## U TECH DEVELOPERS LIMITED

- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The Company has not raised any term loans during the year. Accordingly, the provisions of clause 4 (xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on a short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares during the year. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xix. The Company has not issued any debentures during the year. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xx. The Company has not raised money through public issue of shares. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **CHATURVEDI & PARTNERS**  
Chartered Accountants

Place : New Delhi  
Dated : 15th June, 2009

**R N CHATURVEDI**  
Partner  
Membership No. 092087

## U TECH DEVELOPERS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	Schedule No	As At 31-Mar-09 (Rupees)	As At 31-Mar-08 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital			
a) Share Capital	1	1,000,000,000	1,000,000,000
b) Reserve & Surplus	2	85,978,071	133,257,901
<b>Unsecured Loan</b>	3	<b>1,160,733,780</b>	372,500,000
<b>TOTAL</b>		<b>2,246,711,851</b>	<b>1,505,757,901</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	2,363,627	1,535,069
Less: Depreciation		511,616	205,689
<b>Net Block</b>		<b>1,852,011</b>	1,329,380
<b>Investments</b>	5	<b>276,969,990</b>	-
<b>Deferred Tax Assets (Net)</b>		<b>25,352,000</b>	1,889,000
<b>Current Assets, Loans &amp; Advances</b>			
a) Stock In Trade	6	538,760,000	538,760,000
b) Sundry Debtors	7	262,654,807	265,154,807
c) Cash & Bank Balances	8	11,818,840	12,207,821
d) Other Current Assets	9	315,517	26,875
e) Loans & Advances	10	1,788,824,018	1,310,414,111
		<b>2,602,373,182</b>	2,126,563,614
<b>Less: Current Liabilities &amp; Provisions</b>			
a) Current Liabilities	11	659,082,317	623,183,212
b) Provisions	12	753,015	840,881
		<b>659,835,332</b>	624,024,093
<b>Net Current Assets</b>		<b>1,942,537,850</b>	1,502,539,521
<b>TOTAL</b>		<b>2,246,711,851</b>	<b>1,505,757,901</b>

Notes: 1. The Schedules referred to above form an integral part of the Balance Sheet.

2. Significant Accounting Policies and Notes forming part of the Accounts as per Schedule 18 are annexed and form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors

As per our report of even date attached  
For **CHATURVEDI & PARTNERS**  
Chartered Accountants

**ASHOK CHATURVEDI**  
(Director)

**RASHMI CHATURVEDI**  
(Director)

**R N CHATURVEDI**  
Partner  
Membership No. 092087

**BASANT KUMAR**  
(Company Secretary)

Place : New Delhi

Dated : 15<sup>th</sup> June, 2009

**U TECH DEVELOPERS LIMITED**
**PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

PARTICULARS	Schedule No	For the year ended 31-Mar-09 (Rupees)	For the year ended 31-Mar-08 (Rupees)
<b>INCOME</b>			
Sales & operational income		–	682,692,307
Other Income	13	2,521,767	4,633,736
Increase/(Decrease) in stock	14	–	(56,240,000)
<b>Total (A)</b>		<b>2,521,767</b>	<b>631,086,043</b>
<b>EXPENDITURE</b>			
Purchases		–	413,797,500
Payments & Benefits to Employees	15	13,002,590	10,526,556
Administrative, Selling & Other Expenses	16	4,455,340	11,528,086
Interest & Financial Charges	17	53,590,353	15,602,455
Depreciation		305,927	205,689
<b>Total (B)</b>		<b>71,354,210</b>	<b>451,660,286</b>
<b>Profit /(Loss) for the year before taxation (A-B)</b>		<b>(68,832,443)</b>	<b>179,425,757</b>
Provision for Taxation			
a. Current Tax		–	60,193,000
b. Deferred Tax (charge)		(23,463,000)	768,000
c. Fringe Benefit Tax		112,000	211,000
Less: Short/(Excess) provision of earlier year			
a. For Income Tax		1,722,737	799,551
b. For Fringe Benefit Tax		75,650	115
<b>PROFIT AFTER TAXATION CARRIED TO BALANCE SHEET</b>		<b>(47,279,830)</b>	<b>117,454,091</b>
<b>Basic Earning Per Shares (Rs.)</b>		<b>(0.47)</b>	<b>1.17</b>
<b>Diluted Earning Per Share (Rs.)</b>		<b>(0.47)</b>	<b>1.17</b>

Notes: 1. The Schedules referred to above form an integral part of the Profit & Loss Account.

2. Significant Accounting Policies and Notes forming part of the Accounts as per Schedule 18 are annexed and form an integral part of the Profit & Loss Account.

**For and on behalf of the Board of Directors**

As per our report of even date attached  
**For CHATURVEDI & PARTNERS**  
 Chartered Accountants

**ASHOK CHATURVEDI**  
 (Director)

**RASHMI CHATURVEDI**  
 (Director)

**R N CHATURVEDI**  
 Partner  
 Membership No. 092087

**BASANT KUMAR**  
 (Company Secretary)

Place : New Delhi

Dated : 15<sup>th</sup> June, 2009

U TECH DEVELOPERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	For the year ended 31-Mar-09 (Rupees)		For the year ended 31-Mar-08 (Rupees)	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit /(Loss) before tax	(68,832,443)		179,425,757	
Adjustment for:				
Depreciation	305,927		205,689	
Interest & Financial Charges	53,590,353		15,602,455	
Interest received from banks/ others	(2,521,767)		51,374,513	
			(4,633,736)	
<b>Operating Profit before Working Capital Charges</b>	<b>(17,457,930)</b>		<b>190,600,165</b>	
Adjustment for:				
Trade and other receivables	(476,198,549)		(1,120,306,870)	
Inventories	-		56,240,000	
Trade and other payables	35,811,239		(440,387,310)	
			315,996,017	
<b>Cash generated from Operating Activities</b>	<b>(457,845,240)</b>		<b>(557,470,688)</b>	
Income Tax	(1,722,737)		(60,992,551)	
Fringe Benefit Tax	(187,650)		(1,910,387)	
			(211,115)	
<b>Net Cash from Operating Activities (A)</b>	<b>(459,755,627)</b>		<b>(618,674,354)</b>	
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Purchase) of fixed assets	(2,094,778)		(1,535,069)	
Sale Proceeds of Fixed Assets	1,266,220		-	
(Out flow) on Investments	(276,969,990)		-	
Interest received from banks / others	2,521,767		4,633,736	
<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>(275,276,781)</b>		<b>3,098,667</b>	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Share Capital	-		-	
Additions of Borrowing (net)	788,233,780		372,500,000	
Interest & financial Charges	(53,590,353)		(15,602,455)	
<b>Net Cash used in Financing Activities (C)</b>	<b>734,643,427</b>		<b>356,897,545</b>	
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(388,981)		(258,678,142)	
Opening Cash and Cash equivalents	12,207,821		270,885,963	
Closing Cash and Cash equivalents	11,818,840		12,207,821	

**Note:** Cash and Cash Equivalents represent Cash and Bank balance.

For and on behalf of the Board of Directors

As per our report of even date attached  
For **CHATURVEDI & PARTNERS**  
Chartered Accountants

**ASHOK CHATURVEDI**  
(Director)

**RASHMI CHATURVEDI**  
(Director)

**R N CHATURVEDI**  
Partner  
Membership No. 092087

**BASANT KUMAR**  
(Company Secretary)

Place : New Delhi

Dated : 15<sup>th</sup> June, 2009

**U TECH DEVELOPERS LIMITED**

	As At 31-Mar-09 (Rupees)	As At 31-Mar-08 (Rupees)
<b>SCHEDULE : 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
150000000 Equity Shares (Previous year -same) of Rs 10/-each	1,500,000,000	1,500,000,000
	1,500,000,000	1,500,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
100,000,000 Equity Shares (Previous year -same) of Rs 10/-each, fully paid up in cash	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000

**SCHEDULE : 2  
RESERVE AND SURPLUS**

PARTICULARS	Balance as at 01.04.2008	Additions During the year	Deductions during the year	Balance as at 31.03.2009
Profit & Loss A/c	133,257,901	(47,279,830)	-	85,978,071
<b>TOTAL</b>	<b>133,257,901</b>	<b>(47,279,830)</b>	<b>-</b>	<b>85,978,071</b>
Previous Year	(15,803,810)	(117,454,091)	(-)	(133,257,901)

	As At 31-Mar-09 (Rupees)	As At 31-Mar-08 (Rupees)
<b>SCHEDULE : 3</b>		
<b>UNSECURED LOAN</b>		
From Holding Company	1,160,733,780	372,500,000
	1,160,733,780	372,500,000

**SCHEDULE : 4  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.08	Additions during the year	Deletion during the year	As at 31.03.09	Upto 01.04.08	For the year	Upto 31.03.09	As at 31.03.09	As at 31.03.08
Land	-	1,266,220	1,266,220	-	-	-	-	-	-
Computers	1,427,904	487,136	-	1,915,040	192,452	265,338	457,790	1,457,250	1,235,452
Office Equipments	43,289	54,788	-	98,077	1,336	4,103	5,439	92,638	41,953
Intangible Assets	63,876	286,634	-	350,510	11,901	36,486	48,387	302,123	51,975
<b>TOTAL</b>	<b>1,535,069</b>	<b>2,094,778</b>	<b>1,266,220</b>	<b>2,363,627</b>	<b>205,689</b>	<b>305,927</b>	<b>511,616</b>	<b>1,852,011</b>	<b>1,329,380</b>
Previous Year	(-)	(1,535,069)	(-)	(1,535,069)	(-)	(205,689)	(205,689)	(1,329,380)	(-)



**U TECH DEVELOPERS LIMITED**
**SCHEDULE : 5**
**INVESTMENTS**
**LONG TERM INVESTMENTS**

Particulars	Description	Face Value	Numbers	As At 31-Mar-09 (Rupees)	As At 31-Mar-08 (Rupees)
<b>UNQUOTED</b>					
<b>FULLY PAID UP</b>					
<b>IN SUBSIDIARIES</b>					
AKC Developers Ltd.	Equity	Rs.10/-	1049999	10,499,990	-
AKC Developers Ltd.	Preference	Rs.100/-	1925000	192,500,000	-
Utech Retailers Ltd.	Equity	Rs.10/-	50000	500,000	-
<b>INVESTMENT IN JOINT-VENTURE</b>					
Qcell Limited (Pending for Allotment)				73,470,000	-
				<b>276,969,990</b>	<b>-</b>

**SCHEDULE : 6**
**STOCK IN TRADE**

Traded Goods				538,760,000	538,760,000
				<b>538,760,000</b>	<b>538,760,000</b>

**SCHEDULE : 7**
**SUNDRY DEBTORS**

Debtors outstanding for a period exceeding 6 month				262,654,807	-
Others				-	265,154,807
				<b>262,654,807</b>	<b>265,154,807</b>

**SCHEDULE : 8**
**CASH & BANK BALANCES**

Cash In Hand				109,595	35,519
Balance with Scheduled Bank					
In current Account				11,709,245	12,172,302
				<b>11,818,840</b>	<b>12,207,821</b>

**SCHEDULE : 9**
**OTHER CURRENT ASSETS**

Pre paid expenses				48,878	26,875
Interest accrued but not due				266,639	-
				<b>315,517</b>	<b>26,875</b>

**SCHEDULE : 10**
**LOANS & ADVANCES**

Income Tax (Net of Provision)				15,562,455	16,772,257
Advance against Property				1,681,505,000	1,283,980,000
Loan to a subsidiary*				11,573,679	-
Other Advances				80,182,884	9,661,854
				<b>1,788,824,018</b>	<b>1,310,414,111</b>

\*(Maximum balance outstanding during the year Rs.1,15,73,679/- (Previous year Nil)

**SCHEDULE : 11**
**CURRENT LIABILITIES**

Advances				380,000,000	350,000,000
Sundry Creditors					
Trade Creditors				269,380,000	269,380,000
Creditors for Expenses				76,226	284,286
Expenses Payable				120,440	-
Duty & Taxes					
TDS Payable				9,505,651	3,518,926
				<b>659,082,317</b>	<b>623,183,212</b>

**U TECH DEVELOPERS LIMITED**

	As At 31-Mar-09 (Rupees)	As At 31-Mar-08 (Rupees)
<b>SCHEDULE : 12</b>		
<b>PROVISIONS</b>		
For Fringe Benefit Tax	23,000	127,000
Employees' Benefits	730,015	713,881
	<b>753,015</b>	<b>840,881</b>
	<b>For the year ended 31-Mar-09 (Rupees)</b>	<b>For the year ended 31-Mar-08 (Rupees)</b>
<b>SCHEDULE : 13</b>		
<b>OTHER INCOME</b>		
Interest on Fixed Deposits with Banks [TDS Rs.4,82,316/- Previous year Rs 9,63,372/-]	2,224,509	4,633,736
Interest on others [TDS Rs.30,619/- Previous year Nil-]	297,258	-
	<b>2,521,767</b>	<b>4,633,736</b>
<b>SCHEDULE : 14</b>		
<b>INCREASE/(DECREASE) IN STOCK TRADED GOODS</b>		
Closing Stock	538,760,000	538,760,000
Less: Opening Stock	538,760,000	595,000,000
	<b>-</b>	<b>(56,240,000)</b>
<b>SCHEDULE : 15</b>		
<b>EMPLOYEES REMUNERATION &amp; OTHER BENEFITS</b>		
Salaries & Allowances	12,912,545	10,494,616
Staff Welfare Expenses	90,045	31,940
	<b>13,002,590</b>	<b>10,526,556</b>
<b>SCHEDULE : 16</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Office Rent	674,160	-
Electricity Expenses	191,124	-
Exchange Fluctuation	1,540	-
Fees & Taxes	-	3,160
Legal & Professional Charges	415,689	6,860
Consultancy Charges	243,007	-
Printing & Stationary	236,445	264,773
Telephone, Postage & Telegraph	365,522	343,950
Travelling & Conveyance	1,366,045	9,841,561
Miscellaneous Expenses	91,141	28,622
Vehicle Running & Maintenance	454,477	511,395
Filing Fees	3,724	6,391
Office Maintenance	7,750	17,732
Business Promotion	9,696	-
Recruitment & Training Expenses	205,866	256,551
Repairs & Maintenance (others)	51,078	57,019
Tender Expenses	89,386	73,546
Processing Fees	-	55,500
Books & Periodical	4,570	16,082
Auditor Remuneration	44,120	44,944
	<b>4,455,340</b>	<b>11,528,086</b>
<b>SCHEDULE : 17</b>		
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
Interest Paid	53,082,192	15,573,096
Bank Charges	508,161	29,359
	<b>53,590,353</b>	<b>15,602,455</b>

**SCHEDULE 18****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. Significant Accounting Policies****1. CLASSIFICATION OF EXPENDITURE / INCOME**

Except otherwise indicated:

- i) All expenditure and income are accounted for under the natural heads of account.
- ii) All expenditure and income are accounted for on accrual basis.

**2. ESTIMATES OF COST**

The preparation of the financial statements in conformity with GAAP requires the Company to make estimates and assumption that affect the balance of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the period of account. Examples of such estimates include accounting for balance cost to complete ongoing projects, income taxes and future obligation under employee retirement benefit plans. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated, Actual results could differ from those estimates.

**3. VALUATION****i) FIXED ASSETS**

Fixed Assets are normally accounted for on cost basis including the cost of installation, pre-operative expenses, identifiable trial run expenses where incurred/ eligible adjustment on account of foreign exchange fluctuations and impairment losses. Pre-operative expenses and identifiable trial run expenses incurred by the company up to the date eligible assets are put to use in proportion to their cost. The cost of fixed assets is adjusted for revaluation, if any, done in any year as decided by the management so as to show the fixed assets at their current value.

**ii) INVENTORIES**

Inventories are valued at lower of cost and net realisable value. In respect of work-in-progress, comprising of developing long term properties and assets, the qualifying assets are valued at direct cost of construction including borrowing and other costs incidental thereto incurred up to the state of keeping those qualifying assets ready for sale in compliance with Accounting Standard-16.

**4. FOREIGN CURRENCY TRANSACTIONS**

- a) Foreign currency monetary items remaining unsettled at the year end are translated at year end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the values were determined.
- b) Exchange differences on outstanding loans / payables / liabilities are adjusted as income / expense through the Exchange Fluctuation Account in the year they arise.
- c) Difference between the forward and exchange rate on the date of transactions are adjusted over the period of the contract as an income / expense through the Exchange Fluctuation Account.
- d) Profit or loss on cancellation of forward contracts are adjusted as income / expense through Exchange Fluctuation Account in the year they arise.

**5. DEPRECIATION**

- i) Normal depreciation on all fixed assets, except land and extra shift depreciation on specific plant & machineries for the period of extra shift worked, are provided from the date of put to use on straight line method at the rates prescribed in Schedule-XIV to the Companies Act, 1956.
- ii) No depreciation is provided on leasehold land.
- iii) Depreciation on additions / deletions to fixed assets is provided on pro-rata basis from / to the date of additions/ deletions.
- iv) In case the financial year consists of the period less / more than the normal period of 12 months, depreciation on fixed assets existing at the beginning of the financial year as well as those acquired during the said period are provided for the period covered on pro-rata basis.

## U TECH DEVELOPERS LIMITED

- v) In respect of assets acquired on amalgamation, depreciation is provided on the net value to the company at the time of amalgamation.
- vi) Depreciation on additions / deletions to the fixed assets due to foreign exchange fluctuations is provided on pro-rata basis from the date of additions / deletions.

### 6. REVENUE RECOGNITION

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership and the sale consideration is determined through agreement of sale or registration of sale deed as per Accounting Standard- 9, Revenue Recognition. However, in case where the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in Accounting Standard-7 (revised 2002), Construction Contracts.

### 7. INVESTMENTS

Long term investments are valued at their cost including brokerage, fees and duty. However, if there is decline in value of investment, other than temporary, the carrying amount of investment is reduced recognizing the decline in value of each investment.

### 8. EMPLOYEE BENEFITS

- i) Gratuity is provided as per the provisions of payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- ii) Leave encashment is provided on the basis of leave entitlement of employees remaining unutilised at the end of the year.

### 9. BORROWING COST

Borrowing cost attributable to the acquisition or construction of qualifying /eligible assets are capitalised as part of the cost of such assets. A qualifying /eligible asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense and are charged to revenue in the year in which they are incurred.

### 10. EARNING PER SHARE

In accordance with the Accounting Standard-20 (AS-20) "Earning Per Share" issued by The Institute of Chartered Accountants of India, Basic & Diluted Earning Per Share is computed using the weighted average number of Shares outstanding during the period.

### 11. DEFERRED TAX ASSETS / LIABILITIES

Deferred tax assets & liabilities are measured using the current tax rates. When there is unabsorbed depreciation or carry forward of losses, Deferred tax assets are recognised only to the extent that there is virtual certainty of realisation of deferred tax assets. Other deferred tax assets are recognised to the extent, there is reasonable certainty of realisation of deferred tax assets. Such deferred tax assets & other unrecognised deferred tax assets are re-assessed at each Balance Sheet date and the carrying value of the same are adjusted recognising the change in the value of each such deferred tax assets.

### 12. IMPAIRMENT

Management periodically assesses using external and internal sources whether there is an indication that assets of concerned cash generating unit may be impaired. Impairment loss, if any, is provided as per Accounting Standard (AS-28) on Impairment of Assets.

### 13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with the Accounting Standard AS- 29 issued by Institute of Chartered Accountants of India a) provisions are made for the present obligations where amount can be estimated reliably, and b) contingent liabilities are disclosed for possible obligations arising out of uncertain events not wholly in control of the company. Contingent assets are neither recognised nor disclosed in the financial statements.

### 14. INTANGIBLE ASSETS

Customised or separately purchased software is classified as intangible assets at their cost and amortised over a period of five years from date of put to use.

### 15. CLAIMS BY / AGAINST THE COMPANY

Claims by / against the Company arising on any account are provided in the accounts on receipts / acceptances.

**U TECH DEVELOPERS LIMITED**

**B. NOTES TO ACCOUNTS**

- There are no dues to micro, small and medium enterprises as at March 31, 2009.
- The following table sets out the status of the gratuity and leave encashment and the amounts recognised in the Company's financial statements as at 31st March,2009.

Particulars	Gratuity (Non-Funded) As on 31st March,2009 (Rupees)	Leave Encashment (Non-Funded) As on 31 <sup>st</sup> March,2009 (Rupees)
Liability at the beginning of the year	124620	282805
Current Year Provision	183001	(96115)
Liability at the end of the year	307621	186690

- Payments to auditors (on accrual basis)

Particulars	Year Ended March 31, 2009 (Rupees)	Year ended March 31, 2008 (Rupees)
a) Statutory Audit fees	44,120	28,090
b) Tax Audit Fee	-	16,854
<b>Total</b>	<b>44,120</b>	<b>44,944</b>

- In accordance with Accounting Standard (AS 22) "Accounting for Taxes on Income" issued by the ICAI, the company has accounted for Deferred Taxes during the year.

Following are the major components of deferred tax assets/ (liabilities) :

Particulars	Deferred Tax Asset/Liabilities As at 01-04-2008	Current year (Charges)/Credit	Deferred Tax Asset/Liabilities As at 31-03-2009
<b>A. Deferred Tax Assets</b>			
Unabsorbed Depreciation as per Income tax Act	-	211,000	211,000
Carry Forward Business Losses as per Income tax Act	-	23,907,000	23,907,000
Others	2,099,000	(548,000)	1,551,000
<b>Total (A)</b>	<b>2,099,000</b>	<b>23,570,000</b>	<b>25,669,000</b>
<b>B. Deferred Tax Liabilities</b>			
Excess of Book WDV of Fixed Asset Over Income Tax WDV of Fixed Assets	210,000	107,000	317,000
Others	-	-	-
<b>Total (B)</b>	<b>210,000</b>	<b>107,000</b>	<b>317,000</b>
<b>Net Deferred Tax Assets/Liabilities (A-B)</b>	<b>1,889,000</b>	<b>23,463,000</b>	<b>25,352,000</b>

- Earnings per Share (EPS)

Particulars	Year Ended March 31, 2009	Year ended March 31, 2008
Net (Loss)/ Profit for the year	(47,248,830)	117,453,438
Weighted average number of Equity Shares of Rupees 10 each outstanding during the year	100,000,000	100,000,000
Basic and Diluted Earnings Per Share (in Rupees)	(.47)	1.17

- Related Party Disclosures**

List of Related Parties and Relationship

**i. Holding Company**

UFlex Limited

**U TECH DEVELOPERS LIMITED**
**ii. Subsidiaries**

- a) U Tech Retailers Ltd
- b) AKC Developers Limited

**iii. Subsidiaries of Holding Company**

- a) Flex America Inc
- b) Flex Middle East FZE
- c) Flex Europe Pvt Ltd
- d) UBIO Chemicals Ltd (up to 29-03.2009)
- e) Flex Americas S.A.de C.V., Mexico
- f) Uflex Packaging Inc., USA
- g) UPET Holdings Ltd., Mauritius
- h) UPET (Singapore) Pte. Ltd.

**iv. Associate of Holding Company**

Flex Foods Limited

**v. Joint Venture Company**

Qcell Limited

**vi. Individual owning indirect interest in voting power of the company**

Mr. Ashok Chaturvedi

**vii. Key Management Personnel**

Mr. S.K.Sharma

**viii. Enterprises in which the persons referred in (vi) Alongwith their relative exercise significant influence:**

Ultimate Flexipack Ltd, Cinflex Infotech Pvt. Ltd., Club One Airways Pvt. Ltd, Flex Industries Pvt. Ltd. AC Infratech Pvt. Ltd, RC Properties Pvt. Ltd., A to Z Infratech Pvt. Ltd., Ultimate Infratech Pvt.Ltd., Flex International Pvt Ltd , Anshika Investments Pvt Ltd, Anant Overseas Pvt Ltd, Apoorva Extrusion Pvt Ltd, Anshika Consultants Pvt Ltd, A R Leasing Pvt Ltd, Ultimate Enterprises Pvt Ltd, Kaya Kalpa Medical Services Pvt Ltd, A R Airways Pvt. Ltd, A R Infrastructures & Projects Pvt Ltd, AR Aerotech Pvt Ltd, AC infrastructures Pvt. Ltd

The Company has entered into transactions with certain parties listed above during the year under consideration.

(In Rupees)

Transactions	Holding Company	Subsidiaries	Joint Venture	Enterprises referred to in (viii) above
<b>i) Trade Transactions</b>				
Lease rent paid	674,160	-	-	-
Advance	-	-	-	57,500,000
<b>Total</b>	<b>674,160</b>	-	-	<b>57,500,000</b>
<b>ii) Non trade transaction</b>				
Loan taken	919,500,000	-	-	-
Amount Re-paid for loan taken	131,266,220	-	-	-
Interest Paid on Loan	53,082,192	-	-	-
Loan given	-	11,573,679	-	-
Investments	203,499,990	500,000	73,470,000	-
<b>Total</b>	<b>1,307,348,402</b>	<b>12,073,679</b>	<b>73,470,000</b>	-
Balance as on 31.03.2009				
Debit	-	11,573,679	73,470,000	57,500,000
Credit	1,160,733,780	-	-	-

**7. Managerial Remuneration:**

(In Rupees)

	Current Year	Previous Year
i) Salaries Including HRA	1,701,000	1,526,232
ii) Medical Reimbursement	15,000	15,000
iii) Exgratia	8,400	8,400
iii) Perquisite value of electricity, car & rent free accommodation provided, evaluated as per Income Tax Rules,1962(net of recovery)	-	4,685
<b>Total</b>	<b>1,724,400</b>	<b>1,554,317</b>

## U TECH DEVELOPERS LIMITED

8. Information pursuant to paragraph 3, 4C and 4D of Part II of schedule VI of the Companies Act, 1956:-

(A) Quantitative details of purchase, sales and opening and closing stock of flats:-

(In Rupees)

Opening Stock		Purchase		Sales		Closing Stock	
Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
89	53,87,60,000	-	-	-	-	89	53,87,60,000
89	53,87,60,000	-	-	-	-	89	53,87,60,000

(B) No other information pursuant to paragraph 3, 4C and 4D of Part II of schedule VI of the Companies Act, 1956.

Signatures to Schedule 1 to 18 form an integral part of accounts.

For CHATURVEDI & PARTNERS

Chartered Accountants

R N CHATURVEDI

Partner

Membership No.092087

ASHOK CHATURVEDI

(Director)

RASHMI CHATURVEDI

(Director)

BASANT KUMAR

(Company Secretary)

Place : New Delhi

Dated : 15<sup>th</sup> June, 2009

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### 1 Registration Details

Registration No.	U45200DL2006PLC156675	State Code	55
Balance Sheet Date	31-Mar-09		

### 2 Capital raised during the year

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

### 3 Position of Mobilisation & Deployment of Funds

Total Liabilities	2,246,712	Total Assets	2,246,712
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#### Sources of Funds

Paid-up capital	1,000,000	Reserve & Surplus	85,978
Unsecured Loan	1,160,734		

#### Application of Funds

Net Fixed Assets	1,852	Investments	276,970
Net Current Assets	1,942,538	Deferred Tax Assets	25,352

### 4 Performance of the company

Turnover (incl. Other Income)	2,522	Dividend rate	Nil
Profit / (Loss) before Taxes	(68,832)	Profit / (Loss) after taxes	(47,280)
Earning per share in Rs.	(0.47)	Total Expenditure	71,354

### 5 Generic Names of three principal products/services of company

Not Applicable

ASHOK CHATURVEDI

(Director)

RASHMI CHATURVEDI

(Director)

Place : New Delhi

Date : 15<sup>th</sup> June, 2009

BASANT KUMAR

(Company Secretary)



## DIRECTORS' REPORT

### To the Members,

Your Directors are pleased to present the First Annual Report alongwith the Audited Accounts of the Company for the financial year ended 31st March, 2009.

### PERFORMANCE

The company was incorporated on 2nd June, 2008. Since incorporation, it has neither started any business nor earned any income upto the period ended 31st March, 2009.

### DIVIDEND

Due to no earnings during the period under review, your Directors regret their inability to recommend any dividend.

### SHARE CAPITAL

Presently, the paid up capital of the Company is Rs 500,000/-, divided into 50,000 equity shares of Rs.10/- each.

### FIXED DEPOSIT

During the period under review, the Company did not accept any fixed deposit.

### DIRECTORS

Shri Ashok Chaturvedi, Shri Ravi Kathpalia and Smt. Rashmi Chaturvedi were appointed as first Directors of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Ashok Chaturvedi, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

None of the Directors of the Company is disqualified as per provision of Section 274(1)(g) of the Companies Act, 1956. The Directors have made necessary disclosures as required under various provisions of the Companies Act, 1956.

### AUDITORS

The Auditors of the Company M/s. Jain Singhal & Associates, Chartered Accountants, New Delhi, who were appointed as the first Auditors of the Company, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limit under section 224(1B) of the Companies Act, 1956.

The observation of the Auditors and relevant notes to the Accounts of the Company are self-explanatory and therefore, do not call for any further comments.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the Section 217(2AA) of the Companies Act, 1956 and subject to the disclosure in the Annual Accounts, we state as under:

1. that in the preparation of the Annual Accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed and that there has been no material departure.
2. that the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of expenses during construction period of the Company for the period under review.
3. that the Directors have taken proper and sufficient care for the maintenance of the 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.
4. that the Directors have prepared the Annual Accounts on a going concern basis.

### PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be furnished pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The company has yet to start business. Thus particulars to be furnished u/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of Directors), Rules, 1988 is not required to be reported.

During the period, the Company has neither earned nor used any foreign exchange.

For and on behalf of the Board

Place : New Delhi

Dated : 12<sup>th</sup> June, 2009

**ASHOK CHATURVEDI**

Chairman

## AUDITORS' REPORT

To,  
The Members of  
**UTech Retailers Ltd.**  
New Delhi

- 1 We have audited the attached Balance Sheet of M/s UTech Retailers Ltd., as at 31st March, 2009 and also the Statement of Expenses during the construction period and Cash Flow Statement for the period from 2nd June, 2008 (being the date of Incorporation) to 31st March, 2009. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 and (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matter specified in paragraph 4 and 5 of the said Order.
- 4 We report that: -
  - i. 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.
  - ii. In our opinion, proper books of account, as required by the law, have been kept by the company, so far as it appears from our examination of those books.
  - iii. The Balance Sheet, Statement of Expenses during the construction period and Cash Flow Statement dealt with by this report is in agreement with the books of account.
  - iv. In our opinion, the Balance Sheet, Statement of Expenses during the construction period and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of written representation received from Directors as on 31st March, 2009, we report that none of the Director is disqualified as on 31st March, 2009 from being appointed as a Director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with accounting policies and notes thereon, gives the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:-
    - a. In the case of Balance Sheet, of the State of Company's affairs as at 31st March, 2009,
    - b. In the case of Statement of Expenses during the construction period, of the expenses for the period ended 31st March, 2009; and
    - c. In the case of Cash Flow Statement, of the cash flow for the period ended on that date.

For **JAIN SINGHAL & ASSOCIATES**  
Chartered Accountants

Place : New Delhi  
Dated : 12<sup>th</sup> June, 2009

**PRADEEP BERI**  
Partner  
Membership No. 82392

## UTECH RETAILERS LTD

**ANNEXURE TO THE AUDITORS' REPORT OF UTECH RETAILERS LIMITED  
FOR THE PERIOD ENDED 31ST MARCH 2009****I FIXED ASSETS**

- There are no fixed assets with the company. Therefore, the provisions of clause 4 (i) have not been commented upon.

**II INVENTORY**

- There is no inventory with the company. Therefore, the provisions of clause 4 (ii) have not been commented upon.

**III** The Company has not taken/granted any loan, secured or unsecured from/to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956. Therefore the provision of clause 4 (iii) (b) (c) (d) (f) (g) of company (Auditor's Report) Order, 2003 is not applicable to the company

**IV** Since the company does not have any Fixed Assets/Inventory, and is not selling /providing any goods and services, requirement of any comment on internal control relating to such assets, goods and services does not arise.

**V a)** According to the information and explanations given to us we are of the opinion that there are no contract or arrangements referred to in section 301 of the Companies Act 1956.

**b)** As the company has not entered any transaction, no comments have been given in respect of clause 4 (v) of the Companies (Auditor's Report) Order, 2003.

**VI** The Company has not accepted any deposits, during the period, from the public, the provisions of clause 4 (vi) is not applicable.

**VII** As the company is not listed and also its capital and reserves does not exceed Rs. 50 lakhs, the provision of clause 4 (vii) is not applicable.

**VIII** As explained to us, the provisions of section 209 (1)(d) for the maintenance of cost records are not applicable.

**IX a)** The company is regular in depositing with appropriate authority undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and material dues applicable to it.

**b)** According to the information and explanations given to us and records of the Company amount to be deposited on account of any dispute under the Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess is nil.

**X** The Company has not commenced revenue generation and all the expenses are debited to pre-operative expenses pending capitalization, therefore question of erosion of net worth does not arise.

**XI** In our opinion and according to the information and explanations given to us, the company has not taken any loan from Banks or Financial Institutions. Also Company has not issued any Debentures.

**XII** The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence the maintenance of adequate documents and records is not applicable.

**XIII** The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable.

**XIV** The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable.

**XV** According to information and explanations provided to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.

**XVI** The Company has not raised term loans during the period; hence the provision of clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable.

**XVII** According to the information and explanations given to us and based on overall examination of the Balance sheet of the Company, we report that no funds have been raised on Short-term basis, hence the provision of clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 is not applicable.

**XVIII** According to information and explanations given to us, and on the basis of overall examination of balance sheet, no preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act is made by the company during the period.

**XIX** The Company has not issued any debentures during the period; hence the provision of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable.

**XX** During the period the company has not raised any money by way of public issues.

**XXI** According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period.

For **JAIN SINGHAL & ASSOCIATES**  
Chartered Accountants

Place : New Delhi  
Dated : 12<sup>th</sup> June, 2009

**PRADEEP BERI**  
Partner  
Membership No. 82392

## UTECH RETAILERS LTD

## BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	Schedule No	As At 31-Mar-09 (Rupees)
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital		
a) Share Capital	1	500,000
		500,000
UNSECURED LOAN		
		11,573,679
<b>TOTAL</b>		<b>12,073,679</b>
<b>APPLICATION OF FUNDS</b>		
<b>Pre-Operative Expenses</b>		
<b>Current Assets, Loans &amp; Advances</b>		
a) Cash & Bank Balances	2	40,877
		40,877
<b>Less: Current Liabilities &amp; Provisions</b>		
a) Current Liabilities	3	6,618
		6,618
<b>Net Current Assets</b>		<b>34,259</b>
<b>TOTAL</b>		<b>12,073,679</b>

Notes: 1. The Schedules referred to above form an integral part of the Balance Sheet.  
2. Significant Accounting Policies and Notes forming part of the Accounts as per Schedule 4 are annexed and form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors

As per our report of even date attached  
For **JAIN SINGHAL & ASSOCIATES**  
Chartered Accountants

**ASHOK CHATURVEDI**  
(Director)

**RASHMI CHATURVEDI**  
(Director)

**PRADEEP BERI**  
Partner  
Membership No.82392

Place : New Delhi  
Dated : 12<sup>th</sup> June, 2009

**STATEMENT OF EXPENSES DURING CONSTRUCTION PERIOD  
FROM THE DATE OF INCORPORATION I.E. 02-06-2008 TO 31-03-2009**

PARTICULARS	For the period ended 31-Mar-09 (Rupees)
Preliminary Expenses	456,091
Filing Fee	567
Printing & Stationery	2,195
Bank Charges	270
Auditor Remuneration	6,618
Professional Charges	11,573,679
<b>Total</b>	<b>12,039,420</b>

For and on behalf of the Board of Directors

As per our report of even date attached  
For **JAIN SINGHAL & ASSOCIATES**  
Chartered Accountants

**ASHOK CHATURVEDI**  
(Director)

**RASHMI CHATURVEDI**  
(Director)

**PRADEEP BERI**  
Partner  
Membership No.82392

Place : New Delhi  
Dated : 12<sup>th</sup> June, 2009

**UTECH RETAILERS LTD**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

PARTICULARS	For the period ended 31-Mar-09 (Rupees)	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit /(Loss) before tax		-
Adjustment for:		
Depreciation	-	
Interest & Financial Charges	-	
Interest received from banks / others	-	-
<b>Operating Profit before Working Capital Charges</b>		-
Adjustment for:		
Trade and other receivables	-	
Inventories	-	
Trade and other payables	6,618	<b>6,618</b>
<b>Cash generated from Operating Activities</b>		<b>6,618</b>
Income Tax	-	
Fringe Benefit Tax	-	-
<b>Net Cash from Operating Activities (A)</b>		<b>6,618</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase) of fixed assets	-	
Preliminary Expenses	(456,091)	
Pre-Operative Expenses	(11,583,679)	
Sale Proceeds of Fixed Assets	-	
(Out flow) on Investments (net)	-	
Interest received from banks / others	-	
<b>Net Cash from / (used in) Investing Activities (B)</b>		<b>(12,039,770)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Capital	500,000	
Additions of Borrowing (net)	11,573,679	
Interest & financial Charges	-	
<b>Net Cash used in Financing Activities (C)</b>		<b>12,073,679</b>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		<b>40,527</b>
Opening Cash and Cash equivalents		-
Closing Cash and Cash equivalents		<b>40,527</b>
Note: Cash and Cash Equivalents represent Cash and Bank balance.		

For and on behalf of the Board of Directors

 ASHOK CHATURVEDI  
(Director)

 RASHMI CHATURVEDI  
(Director)

 As per our report of even date attached  
For JAIN SINGHAL & ASSOCIATES  
Chartered Accountants

 PRADEEP BERI  
Partner  
Membership No.82392

 Place : New Delhi  
Dated : 12<sup>th</sup> June, 2009

## UTECH RETAILERS LTD

	As At 31-Mar-09 (Rupees)
<b>SCHEDULE : 1</b>	
<b>SHARE CAPITAL</b>	
<b>AUTHORISED</b>	
(50,00,000 Equity Shares of Rs.10/- Each)	50,000,000
	<b>50,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>	
(50,000 Equity Shares of Rs 10/- each, fully paid up in cash)	500,000
	<b>500,000</b>
<b>SCHEDULE : 2</b>	
<b>CASH &amp; BANK BALANCES</b>	
Cash In Hand	6,948
Balance with Scheduled Bank In current Account	33,929
	<b>40,877</b>
<b>SCHEDULE : 3</b>	
<b>CURRENT LIABILITIES</b>	
Sundry Creditors	
Auditor remuneration payable	6,618
	<b>6,618</b>

**SCHEDULE 4****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****Company overview**

The Company, UTech Retailers Limited, is incorporated to carry on trade or retail business through retails formats.

These financial statements have been prepared for the period June 2, 2008 (the date of Incorporation of the company) to March 31, 2009. These being the first accounts, period comparatives are not applicable.

**A. Significant Accounting Policies****1. CLASSIFICATION OF EXPENDITURE / INCOME**

Except otherwise indicated:

- i) All expenditure and income are accounted for under the natural heads of account.
- ii) All expenditure and income are accounted for on accrual basis.

**2. ESTIMATES OF COST**

The preparation of the financial statements in conformity with GAAP requires the Company to make estimates and assumption that affect the balance of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the period of account. Examples of such estimates include accounting for balance cost to complete ongoing projects, income taxes and future obligation under employee retirement benefit plans. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated, Actual results could differ from those estimates.

**3. VALUATION****i) FIXED ASSETS**

Fixed Assets are normally accounted for on cost basis including the cost of installation, pre-operative expenses, identifiable trial run expenses where incurred/ eligible adjustment on account of foreign exchange fluctuations and impairment losses. Pre-operative expenses and identifiable trial run expenses incurred by the company up to the date eligible assets are put to use in proportion to their cost. The cost of fixed assets is adjusted for revaluation, if any, done in any year as decided by the management so as to show the fixed assets at their current value.

## UTECH RETAILERS LTD

### ii) INVENTORIES

Inventories are valued at lower of cost and net realisable value. In respect of work-in-progress, comprising of developing long term properties and assets, the qualifying assets are valued at direct cost of construction including borrowing and other costs incidental thereto incurred up to the state of keeping those qualifying assets ready for sale in compliance with Accounting Standard-16.

### 4. FOREIGN CURRENCY TRANSACTIONS

- a) Foreign currency monetary items remaining unsettled at the year end are translated at year end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the values were determined.
- b) Exchange differences on outstanding loans / payables / liabilities are adjusted as income / expense through the Exchange Fluctuation Account in the year they arise.
- c) Difference between the forward and exchange rate on the date of transactions are adjusted over the period of the contract as an income / expense through the Exchange Fluctuation Account.
- d) Profit or loss on cancellation of forward contracts are adjusted as income / expense through Exchange Fluctuation Account in the year they arise.

### 5. DEPRECIATION

- i) Normal depreciation on all fixed assets, except land and extra shift depreciation on specific plant & machineries for the period of extra shift worked, are provided from the date of put to use on straight line method at the rates prescribed in Schedule-XIV to the Companies Act, 1956.
- ii) No depreciation is provided on leasehold land.
- iii) Depreciation on additions / deletions to fixed assets is provided on pro-rata basis from / to the date of additions / deletions.
- iv) In case the financial year consists of the period less / more than the normal period of 12 months, depreciation on fixed assets existing at the beginning of the financial year as well as those acquired during the said period are provided for the period covered on pro-rata basis.
- v) In respect of assets acquired on amalgamation, depreciation is provided on the net value to the company at the time of amalgamation.
- vi) Depreciation on additions / deletions to the fixed assets due to foreign exchange fluctuations is provided on pro-rata basis from the date of additions / deletions.

### 6. REVENUE RECOGNITION

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership and the sale consideration is determined through agreement of sale or registration of sale deed as per Accounting Standard - 9, Revenue Recognition. However, in case where the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in Accounting Standard -7 (revised 2002), Construction Contracts.

### 7. INVESTMENTS

Long term investments are valued at their cost including brokerage, fees and duty. However, if there is decline in value of investment, other than temporary, the carrying amount of investment is reduced recognizing the decline in value of each investment.

### 8. EMPLOYEE BENEFITS

- i) Gratuity is provided as per the provisions of payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- ii) Leave encashment is provided on the basis of leave entitlement of employees remaining unutilised at the end of the year.

### 9. BORROWING COST

Borrowing cost attributable to the acquisition or construction of qualifying /eligible assets are capitalised as part of the cost of such assets. A qualifying /eligible asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense and are charged to revenue in the year in which they are incurred.

### 10. EARNING PER SHARE

In accordance with the Accounting Standard-20 (AS-20) "Earning Per Share" issued by The Institute of Chartered Accountants of India, Basic & Diluted Earning Per Share is computed using the weighted average number of Shares outstanding during the period.



## UTECH RETAILERS LTD

### 11. DEFERRED TAX ASSETS / LIABILITIES

Deferred tax assets & liabilities are measured using the current tax rates. When there is unabsorbed depreciation or carry forward of losses, Deferred tax assets are recognised only to the extent that there is virtual certainty of realisation of deferred tax assets. Other deferred tax assets are recognised to the extent, there is reasonable certainty of realisation of deferred tax assets. Such deferred tax assets & other unrecognised deferred tax assets are re-assessed at each Balance Sheet date and the carrying value of the same are adjusted recognising the change in the value of each such deferred tax assets.

### 12. IMPAIRMENT

Management periodically assesses using external and internal sources whether there is an indication that assets of concerned cash generating unit may be impaired. Impairment loss, if any, is provided as per Accounting Standard (AS-28) on Impairment of Assets.

### 13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with the Accounting Standard AS – 29 issued by Institute of Chartered Accountants of India a) provisions are made for the present obligations where amount can be estimated reliably, and b) contingent liabilities are disclosed for possible obligations arising out of uncertain events not wholly in control of the company. Contingent assets are neither recognised nor disclosed in the financial statements.

### 14. INTANGIBLE ASSETS

Customised or separately purchased software is classified as intangible assets at their cost and amortised over a period of five years from date of put to use.

### 15. CLAIMS BY / AGAINST THE COMPANY

Claims by / against the Company arising on any account are provided in the accounts on receipts / acceptances.

## B. NOTES TO ACCOUNTS

1. There are no dues to micro, small and medium enterprises as at March 31, 2009.

2. Payments to auditors (on accrual basis)

Particulars	Period ended March 31, 2009 (Rupees)
Statutory Audit fees	6,618
<b>Total</b>	<b>6,618</b>

### 3. Related Party Disclosures

List of Related Parties and Relationship

i. Holding of Holding Company

UFLEX Limited

ii. Holding Company

UTech Developers Limited

iii. Fellow Subsidiaries of Holding Company

a) Flex America Inc.

b) Flex Middle East FZE

c) Flex Europe Pvt Ltd

d) UBIO Chemicals Ltd ( up to 29-03-2009)

e) Flex Americas S.A. de C.V. Mexico

f) Uflex Packaging Inc. USA

g) UPET Holdings Ltd. Mauritius

h) UPET (Singapore) Pte. Ltd.

i) AKC Developers Limited

iv. Associate of Holding Company

a) Flex Foods Limited

v. Individual owning indirect interest in voting power of the company

Shri Ashok Chaturvedi

vi. Enterprises in which the persons referred in (v) Along with their relative exercise significant influence:

Ultimate Flexipack Ltd, Cinflex Infotech Pvt Ltd., Club One Airways Pvt Ltd, Flex Industries Pvt.Ltd.,AC Infratech Pvt.Ltd.,RC Properties Pvt.Ltd., A to Z Infratech Pvt. Ltd., Ultimate Infratech Pvt.Ltd., Flex International Pvt Ltd , Anshika Investments Pvt Ltd, Anant Overseas Pvt Ltd , Apoorva Extrusion Pvt Ltd, Anshika Consultants Pvt Ltd, A R Leasing Pvt Ltd , Ultimate Enterprises Pvt Ltd , Kaya kalpa Medical Services Pvt Ltd, A.R. Airways Pvt Ltd., A.R. Infrastructures & Projects Pvt Ltd , AR Aerotech Pvt Ltd, AC infrastructures Pvt Ltd.

**UTECH RETAILERS LTD**

The Company has entered into transactions with certain parties listed above during the year under consideration.

(Amount In Rupees)

Transactions	Holding Company	Fellow Subsidiaries	Enterprises referred to in (iv) above
i) Non Trade Transactions			
Loan Taken	1,15,73,679	–	–
<b>Total</b>	<b>1,15,73,679</b>	<b>–</b>	<b>–</b>
<b>Balance as on 31.03.2009</b>			
Debit	–	–	–
Credit	1,15,73,679	–	–

4. Information pursuant to paragraph 3, 4C and 4D of Part II of schedule VI of the Companies Act, 1956 are not applicable. Signatures to Schedule 1 to 4 form an integral part of accounts.

**For JAIN SINGHAL & ASSOCIATES**

Chartered Accountants

**PRADEEP BERI**  
Partner  
Membership No.82392

**ASHOK CHATURVEDI**  
(Director)

**RASHMI CHATURVEDI**  
(Director)

Place : New Delhi  
Dated : 12th June, 2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1 Registration Details</b>			
Registration No.	U52590DL2008PLC178948	State Code	55
Balance Sheet Date	31-Mar-09		
<b>2 Capital raised during the year</b>			(Rs. in thousand)
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Issue	500
<b>3 Position of Mobilisation &amp; Deployment of Funds</b>			(Rs. in thousand)
Total Liabilities	12,080	Total Assets	12,080
<b>Sources of Funds</b>			
Paid-up capital	500	Reserve & Surplus	Nil
Unsecured Loan	11,574	Share Application Money	Nil
<b>Application of Funds</b>			
Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	34	Deferred Tax Assets	Nil
		Pre-Operative Expenses	12039
<b>4 Performance of the company</b>			
Turnover (incl. Other Income)	Nil	Dividend rate	Nil
Profit / (Loss) before Taxes	Nil	Profit / (Loss) after taxes	Nil
Earning per share in Rs.	Nil	Total Expenditure	12,039
<b>5 Generic Names of three principal products/services of company</b>	N.A.		

**ASHOK CHATURVEDI**  
Director

**RASHMI CHATURVEDI**  
Director

Place : New Delhi  
Date : 12th June, 2009

## AKC DEVELOPERS LIMITED

## DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting this 3rd Annual Report alongwith the Audited Accounts of the Company for the financial year ended 31st March, 2009.

## FINANCIAL RESULTS

The financial results for the year ended 31st March, 2009 and for the previous year ended 31st March,2008 are as follows:

	(Rs. In Lacs)	
	Year ended 31.03.2009	Year ended 31.03.2008
Sales & Operational Income	395.20	–
Other Income	49.84	–
Profit/(Loss) before Interest, Financial Charges & Depreciation	61.69	(0.49)
Interest & Financial Charges	12.67	0.02
Depreciation	0.57	–
Profit/(Loss) before Tax	48.45	(0.47)
Net profit/(Loss)	30.01	(0.34)

## REVIEW OF OPERATIONS

During the year ended March 31, 2009 the Company has earned a gross income of Rs.445.04 lacs including other income of Rs.49.84 lacs and ended the financial year with a profit before tax of Rs.48.45 lacs. After considering the provision of taxes, the net profit was Rs.30.01 lacs in comparison to previous year loss of Rs.0.34 lacs.

## NEW PROJECTS

During the year, the Company has successfully ventured into Integrated Municipal Solid Waste Processing Projects under Joint Venture. The Company has been awarded MSW projects under Public Private Partnership (PPP) Scheme for processing of total 1100 TPD of MSW at three sites i.e. Gwalior (300 TPD) Faridabad (500 TPD) & Bareilly (300 TPD). The said projects shall involve a total capital outlay of Rs. 106.31 crores. These environment friendly urban infrastructure service projects have unique features of segregating the solid waste into different streams and making value added products like compost & refused drive fuel etc.

The implementation of the processing of MSW at Gwalior is near completion and trial run is expected to commence shortly. It is expected that the project shall commence operations during December, 2009. The implementation of processing of MSW at Faridabad is also in progress. The possession of land has been taken and site development is in progress. The orders for main equipments have been placed and same have started arriving at site. It is expected that the project shall commence operations by January 2010. In Bareilly also, concession agreement with Municipal Corporation has been executed and other activities will also be starting soon.

The Company has also been awarded and received letter of acceptance to process MSW processing project of 600 TPD at Amritsar.

## SHARE CAPITAL

During the year the Company has increased its authorized share capital to Rs.30 crores divided into 20 lacs equity shares of Rs.10/- each and 28 lacs redeemable preference shares of Rs.100/- each. The present issued and subscribed capital is Rs.29 crores divided into 15 lacs equity shares of Rs.10/- each and 27.5 lacs redeemable preference shares of Rs.100/- each.

## DIVIDEND

Your Directors are not in a position to recommend any dividend due to paucity of sufficient income during the year.

## FIXED DEPOSIT

During the year under review, the Company did not accept any fixed deposit.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Vipin Mital, Director of the Company retires by rotation and being eligible, offers himself for reappointment.

During the year under review Mr. Nazim Mohamed Ashraf Furniturewala and Mr. Vipin Agarwal were appointed as Additional Directors of the Company with effect from 16.08.2008 & 10.07.2009 respectively.

Further, Mr. Nadeem Mohamed Ashraf Furniturewala and Mr. R.K. Jain resigned from the Directorship of the Company with effect from 16.08.2008 & 10.07.2009 respectively.

**AKC DEVELOPERS LIMITED**

Your Directors welcome Mr. Nazim Mohamed Ashraf Furniturewala and Mr. Vipin Agarwal on the Board of the Company and also take this opportunity to place on record their appreciation for the valuable services rendered by Mr. Nadeem Mohamed Ashraf Furniturewala and Mr. R.K. Jain during their tenure as Directors of the Company.

Mr. Nazim Mohamed Ashraf Furniturewala and Mr. Vipin Agarwal hold office upto the forthcoming Annual General Meeting. Your Directors recommend their appointment as Directors on the Board of the Company.

None of the Directors of your Company is disqualified as per provision of Section 274 (1)(g) of the Companies Act, 1956.

Major Narender Pal was appointed as "Manager" under Companies Act, 1956 with effect from 04.07.2009.

**AUDITORS**

The Auditors of the Company, M/s Jain Singhal & Associates, Chartered Accountants, New Delhi Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

The observation of the Auditors and the relevant notes on the accounts are self-explanatory and therefore, do not call for any further comments.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956 and subject to disclosures in the Annual Accounts, we state as under :-

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed and that there have been no material departures.
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the year under review.
- iii) that the Directors have taken proper and sufficient care 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.
- iv) that the Directors have prepared the annual accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES**

There are no employees whose particulars are required to be furnished pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'A' forming part of this Report.

**PERSONNEL**

Relations with the Employees remain cordial and harmonious throughout the year, thereby strengthening the commitment of the Employees at all level to the growth of the Company.

**ACKNOWLEDGEMENT**

The Directors acknowledge with gratitude the cooperation extended by various Government Agencies, Banks and other stakeholders during the period under review. The Board also takes this opportunity to express its deep gratitude for the continuous support and wholehearted cooperation given by the employees of the Company working at various levels.

**For and on behalf of the Board**

Place : NOIDA  
Dated : 14th July, 2009

**Vipin Mital**  
Chairman

**ANNEXURE 'A' TO DIRECTORS' REPORT**

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Pursuant to Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

**1. CONSERVATION OF ENERGY****a) Energy Conservation measures taken:**

The Company has constantly been emphasizing at optimization of energy consumption in every possible area. Various avenues are being explored at periodic intervals and after careful analysis and planning measures are being initiated to minimize the consumption of energy. During the period under review, the following measures were initiated/ adopted to conserve and optimize utilization of energy.

- i. Creating awareness amongst all of its staff members to make maximum use of natural lights and sensibly use electrical appliances like fans, air conditioners etc.
- ii. Reviewing on a periodic basis all the measures initiated/ adopted for conservation of energy.
- iii. Frequent cleaning of all lighting equipment like bulbs, tubes etc.

**b) Additional Investment and proposal, if any, being implemented for reduction of energy :**

No investment was made during the period under review.

**c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the production of goods:**

Negligible

**d) Total consumption and energy consumption per unit of production as per Form 'A' of the Annexure to the rules in respect of industries specified in the schedule thereto:**

Not Applicable.

**2 (A) RESEARCH AND DEVELOPMENT**

Since no research and development activities have been carried out by the Company during the period under review, the Company has not incurred any expenditure.

**(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

The Company has not imported any technology during the period.

**(C) FOREIGN EXCHANGE EARNING AND OUTGO**

**(Rs. in Lacs)**

(a) Earnings in Foreign Exchange	Nil
(b) Expenditure	Nil

**For and on behalf of the Board**

Place : NOIDA  
Dated : 14th July, 2009

**Vipin Mital**  
**Chairman**

## AKC DEVELOPERS LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS

To,  
The Members of  
**AKC Developers Limited**  
New Delhi

1. We have audited the attached Balance Sheet of M/s AKC Developers Limited as at 31st March 2009 and the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and (Amendment) Order, 2004 issued by the Central Government of India in term of sub-section (4A) of Section 227 of Companies Act, 1956, we enclose in the annexure a statement on the matter specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph (3) above, we report that:
  - i. 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;
  - ii. In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in term of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with Significant Accounting Policies and Notes thereon, gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
    - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
    - b. In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
    - c. In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For Jain Singhal & Associates  
Chartered Accountants

Place : NOIDA  
Dated : 14th July, 2009

**Pradeep Beri**  
M. No: 82392  
Partner

## ANNEXURE TO THE AUDITOR'S REPORT OF AKC DEVELOPERS LIMITED FOR THE YEAR ENDED 31ST MARCH 2009

(Referred to in paragraph (3) of our Report of even date)

### 1. FIXED ASSETS

- i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information;
- ii. As explained to us, the fixed assets have been physically verified by the management at the year end, which in our opinion is reasonable, no discrepancy has been noticed on such physical verification;
- iii. In our opinion, substantial part of fixed assets has not been disposed off during the year, which could affect the going concern status of the Company.

### 2. INVENTORY

- i. As explained to us, the management at the year end has physically verified the inventory. In our opinion, the frequency of such physical verification is reasonable;
  - ii. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate, in relation to the size of the Company and the nature of its business;
  - iii. The Company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed on physical verification of inventory as compared to the book records.
3.
    - i. The Company has not granted any loan, secured or unsecured to company, firm or other party covered in the register maintained under section 301 of the Companies Act, 1956;
    - ii. The provision of clause 4(iii)(b) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company, hence not commented upon;
    - iii. The provision of clause 4(iii)(c) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company, hence not commented upon;
    - iv. The provision of clause 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company, hence not commented upon;
    - v. The Company has not taken any loan, secured or unsecured from company, firm or other party covered in the register maintained under section 301 of the Companies Act, 1956;
    - vi. The provision of clause 4(iii)(f) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company, hence not commented upon;
    - vii. The provision of clause 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company, hence not commented upon;
  4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
  5. In our opinion and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956.
  6. The Company has not accepted any deposits from the public, under the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provision of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public and the rules framed there under, where applicable.
  7. According to the information and explanations given to us we are of the opinion that, the Company has an adequate internal audit system commensurate with the size and nature of its business.
  8. As explained to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
  9.
    - i. According to the information and explanation given to us the company generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, and other statutory dues wherever applicable



## AKC DEVELOPERS LIMITED

to it and there are no undisputed amounts payable in respect of these dues which have been remained outstanding as at 31st March, 2009 for a period of more than six months from the date they become payable. We were informed that the operations of the company during the year did not give rise to any liability for Investor Education & Protection Fund, Service Tax, Custom Duty, Excise Duty, Wealth Tax, Cess and Employee State Insurance.

- ii. According to the information and explanations given to us, no dispute regarding Income Tax, Provident Fund and any other statutory dues is pending. Therefore, clause 4(ix)(b) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
10. The Company has been registered for a period of less than five years and hence the provision of clause 4(ix)(b) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
11. In our opinion and according to the information and explanations given to us, the company has taken term loans from bank and first installment is due in September, 2010. The Company has not issued any debentures during the year.
12. The Company has not granted any loan or advance secured by pledge of share, debenture and other security.
13. The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
15. According to information and explanations provided to us, the Company has not given any guarantee during the year for any loan taken by others from any bank or financial institution.
16. The company has applied the Term Loans for the purpose for which the loans were obtained.
17. According to the information and explanations given to us, we report that the company has not raised the funds on short-term basis and accordingly no comment has been made in respect of matters specified under Clause (xvii) of Para 4 of Companies (Auditor's Report) order, 2003.
18. The Company has made preferential allotment/allotment of Equity shares and Preference shares at par to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which such shares have been issued is not prejudicial to the interest of the company.
19. The Company has not issued any debentures during the financial year; hence the provision of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
20. During the financial year the Company has not raised any money by way of public issues; hence the provision of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
21. To the best of our knowledge & belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Jain Singhal & Associates**  
Chartered Accountants

Place : NOIDA  
Dated : 14th July, 2009

**Pradeep Beri**  
M. No: 82392  
Partner

AKC DEVELOPERS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule Number	As at 31.03.09 (Rupees)	As at 31.03.08 (Rupees)
<b>I. SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
a) Share Capital	1	290,000,000	600,000
b) Share Application Money		– 290,000,000	2,200,000
c) Reserve and surplus	2	2,845,205	–
<b>Loan Funds</b>			
Secured Loans	3	181,346,664	–
<b>TOTAL :</b>		<b>474,191,869</b>	<b>2,800,000</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	3,152,388	–
Less : Depreciation		152,519	–
<b>Net Block</b>		<b>2,999,869</b>	–
Capital Work In Progress		192,808,084	195,807,953
Deferred Tax Assets (Net)	5	435,353	–
<b>Investments</b>	6	<b>37,833,176</b>	–
<b>Current Assets, Loans &amp; Advances</b>			
a) Inventories	7	495,720	–
b) Sundry Debtors	8	19,637,456	–
c) Cash & Bank Balances	9	40,848,136	205,445
d) Other Current Assets	10	2,690,816	–
e) Loans & Advances	11	197,003,823	2,180,000
		260,675,951	2,385,445
<b>Less: Current Liabilities &amp; Provisions</b>			
a) Current Liabilities	12	20,081,108	128,438
b) Provisions	13	479,456	–
		20,560,564	128,438
<b>Net Current Assets</b>		<b>240,115,387</b>	<b>2,257,007</b>
<b>Profit &amp; Loss A/c</b>		<b>–</b>	<b>156,164</b>
<b>TOTAL :</b>		<b>474,191,869</b>	<b>2,800,000</b>

Notes : 1 The schedules referred to above form an integral part of the Balance Sheet.

2 Significant Accounting Policies and Notes forming part of the Accounts as per schedule 21 and 22 respectively are annexed and form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors

**Vipin Mital**  
Director

**Vipin Agarwal**  
Director

As per our report of even date attached  
**For Jain Singhal & Associates**  
Chartered Accountants

**S.K. Arora**  
Asst. General Manager (F&A)

**Pankaj Gupta**  
Company Secretary

**Pradeep Beri**  
Partner  
M. No.: 82392

Place : NOIDA  
Dated : 14th July, 2009

**AKC DEVELOPERS LIMITED**
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule Number	For the year Ended 31.03.09 (Rupees)	For the year Ended 31.03.08 (Rupees)
<b>A. INCOME:</b>			
Contracts Receipts	14	39,520,034	–
Other Income	15	4,983,570	–
Increase in Finished Goods & Work in Progress	16	300,000	–
<b>TOTAL (A)</b>		<b>44,803,604</b>	<b>–</b>
<b>B. EXPENDITURE:</b>			
Material Cost	17	4,746,415	–
Other Contract Expenses	18	30,716,135	–
Administrative & Other Expenses	19	3,171,393	46,164
Interest & Financial Charges	20	1,267,141	1,609
Depreciation	4	57,080	–
<b>TOTAL (B)</b>		<b>39,958,164</b>	<b>47,773</b>
<b>Profit Before Tax (A-B)</b>		<b>4,845,440</b>	<b>(47,773)</b>
Less : - Provision for Taxation			
- Provision for Current Tax		(2,104,058)	–
- For Fringe Benefit Tax		(148,000)	–
Add : - Provision for Deferred Tax (Charge)/ credit		407,987	13,344
<b>Profit After Tax</b>		<b>3,001,369</b>	<b>(34,429)</b>
Add (Less) : Balance brought forward from previous year		(156,164)	(121,735)
<b>Balance carried to Balance Sheet</b>		<b>2,845,205</b>	<b>(156,164)</b>
Basic & Diluted Earning Per Share (Rs.)		<b>8.06</b>	<b>(2.60)</b>

Notes : 1. The schedules referred to above form an integral part of the Profit & Loss account.

2. Significant Accounting Policies and Notes forming part of the Accounts as per schedule 21 and 22 respectively are annexed and form an integral part of the Profit & Loss Account.

For and on behalf of the Board of Directors

**Vipin Mital**  
Director

**Vipin Agarwal**  
Director

As per our report of even date attached  
**For Jain Singhal & Associates**  
Chartered Accountants

**S.K. Arora**  
Asst. General Manager (F&A)

**Pankaj Gupta**  
Company Secretary

**Pradeep Beri**  
Partner  
M. No.: 82392

Place : NOIDA  
Dated : 14th July, 2009

AKC DEVELOPERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rupees)

	For the Year Ended 31.03.2009		For the Year Ended 31.03.2008	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax & exceptional items		4,845,440		(47,773)
<b>Adjustment for:</b>				
Depreciation		152,519		-
Interest & Financial Charges		1,267,141	1,419,660	1,609
		6,265,100		(46,164)
<b>Operating Profit before working Capital changes</b>				
<b>Adjustment for:</b>				
Trade and other receivables		(217,152,095)		(2,180,000)
Inventories		(495,720)		-
Trade and Other payables		20,432,126	(197,215,689)	122,820
<b>Cash generated from operating activities</b>		<b>(190,950,589)</b>		<b>(2,103,344)</b>
Fringe Benefit Tax		(148,000)		-
Income Tax		(2,104,058)	(2,252,058)	-
<b>Net Cash from operating activities (A)</b>		<b>(193,202,647)</b>		<b>(2,103,344)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Purchase ) of Fixed Assets		(3,152,388)		-
Capital work-in-progress		(192,448,621)		(359,463)
(Outflow) on Investments (Net)		(37,833,176)		-
<b>Net Cash used in Investing Activities (B)</b>		<b>(233,434,185)</b>		<b>(359,463)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Share Capital Received		287,200,000		2,200,000
Interest & Financial Charges		(1,267,141)		(1,609)
Additions of Borrowings (Net)		181,346,664		-
<b>Net Cash used in Financing Activities (C)</b>		<b>467,279,523</b>		<b>2,198,391</b>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		40,642,691		(264,416)
Opening Cash and Cash equivalents		205,445		469,861
Closing Cash and Cash equivalents		40,848,136		205,445

For and on behalf of the Board of Directors

Vipin Mital  
Director

Vipin Agarwal  
Director

As per our report of even date attached  
**For Jain Singhal & Associates**  
Chartered Accountants

S.K. Arora  
Asst. General Manager (F&A)

Pankaj Gupta  
Company Secretary

Pradeep Beri  
Partner  
M. No.: 82392

Place : NOIDA  
Dated : 14th July, 2009

**AKC DEVELOPERS LIMITED**
**SCHEDULES**

	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>1 SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
28,00,000 (Previous Year Nil) Preference Shares of Rs.100/- each	<b>280,000,000</b>	-
20,00,000 (Previous Year 500,000) Equity Shares of Rs, 10/- each	<b>20,000,000</b>	5,000,000
	<b>300,000,000</b>	5,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
<b>(A) Preference Shares #</b>		
27,50,000(Previous Year Nil) 5% Redeemable, Non Cumulative Preference Shares of Rs.100/- each fully paid -up	<b>275,000,000</b>	-
<b>(B) Equity Shares</b>		
15,00,000( Previous Year 60,000) Equity Shares of Rs, 10/- each fully paid -up	<b>15,000,000</b>	600,000
	<b>290,000,000</b>	600,000
<b>TOTAL (A+B)</b>	<b>290,000,000</b>	600,000
# Preference Shares are redeemable on the expiry of 11 Years from the date of Issue i.e. 15th January 2009 at a Premium of 10%. However, the same could be redeemed at the option of the Company after the expiry of 5 years at a premium of 5% in one or more tranches before the final maturity.		
<b>2 RESERVE &amp; SURPLUS</b>		
Profit/(Loss) brought from Previous Year	(156,164)	-
Add:- Transfer from P & L A/c	3,001,369	-
	<b>2,845,205</b>	-
<b>3 SECURED LOANS</b>		
<b>TERM LOANS</b>		
From a Bank	181,346,664	-
<b>TOTAL:</b>	<b>181,346,664</b>	-

**Notes:** Term Loans from a Bank are secured by way of (a) First Hypothecation charge over the Specific Fixed Assets of the Company situated at Gwalior (M.P), Faridabad (Haryana) and Bareilly (U.P) (b) Second Hypothecation charge over the Current Assets of the Company and (c) Equitable mortgage over the leasehold land of the Company along with Superstructures constructed / to be constructed thereon, which is yet to be Created.

**4 FIXED ASSETS**

(Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK			
	Value/ cost As at 01.04.2008	Additions during the year	On Sales/ adjustment	Value/ Cost As at 31.03.2009	Upto 31.03.2008	For the year	On Sales/ adjustment	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Plant & Machinery	-	1,856,363	-	1,856,363	-	49,283	-	49,283	1,807,080	-
Office Equipments	-	49,429	-	49,429	-	568	-	568	48,861	-
Furniture & Fixures	-	40,784	-	40,784	-	1,074	-	1,074	39,710	-
Vehicles	-	759,142	-	759,142	-	61,054	-	61,054	698,088	-
Computer	-	446,670	-	446,670	-	40,540	-	40,540	406,130	-
<b>TOTAL</b>	-	<b>3,152,388</b>	-	<b>3,152,388</b>	-	<b>152,519 @</b>	-	<b>152,519</b>	<b>2,999,869</b>	-
Previous Year	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)		
									<b>192,808,084</b>	359,463
									<b>195,807,953</b>	359,463

\*\*\* Includes Pre-operative expenses, basis of which is certified by the Management.

@ Includes Rs. 95,439/- (Previous year Rs. Nil) transferred to Preoperative Expenses.

**AKC DEVELOPERS LIMITED**

	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>5 DEFERRED TAX ASSETS</b>		
Opening Balance	27,366	14,022
Add: Provision of Deferred Tax Credit / (Charge) for the year	407,987	13,344
<b>TOTAL:</b>	<b>435,353</b>	<b>27,366</b>
<b>6 INVESTMENTS</b>		
SHORT TERM INVESTMENTS		
Investment in mutual Funds**	37,833,176	-
<b>TOTAL:</b>	<b>37,833,176</b>	<b>-</b>
** Refer Note No:- 13 of Schedule: -22		
<b>7 INVENTORIES</b>		
Stores & Consumables	195,720	-
Work-in-Progress	300,000	-
<b>TOTAL:</b>	<b>495,720</b>	<b>-</b>
<b>8 SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
A. Debts outstanding for a period exceeding six months	-	-
B. Other debts	19,637,456	-
<b>TOTAL:</b>	<b>19,637,456</b>	<b>-</b>
<b>9 CASH &amp; BANK BALANCES</b>		
Cash in Hand	10,012	8,203
Balances with Scheduled Banks :		
- On Current Accounts	253,634	197,242
- On Escrow Account	24,440	-
- On Fixed Deposit Accounts @	35,225,000	-
- On Margin Money Accounts	5,335,050	-
<b>TOTAL:</b>	<b>40,848,136</b>	<b>205,445</b>
@ Pledged with Banks as margin against Guarantees		
<b>10 OTHER CURRENT ASSETS</b>		
- Interest Accrued but not due on Fixed Deposit	2,690,816	-
<b>TOTAL:</b>	<b>2,690,816</b>	<b>-</b>
<b>11 LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	193,331,821	-
Security & Other Deposits	3,672,002	2,180,000
<b>TOTAL:</b>	<b>197,003,823</b>	<b>2,180,000</b>
<b>12 CURRENT LIABILITIES</b>		
Sundry Creditors	7,155,178	-
Advance from Customers	12,070,429	-
Other Liabilities	855,501	128,438
<b>TOTAL:</b>	<b>20,081,108</b>	<b>128,438</b>
<b>13 PROVISIONS</b>		
Income Tax (Net of provision)	459	-
Fringe Benefits Tax (Net of Provision)	67,000	-
Gratuity Payable	109,972	-
Leave Encashment	104,110	-
Staff Benefits	197,915	-
<b>TOTAL:</b>	<b>479,456</b>	<b>-</b>

**AKC DEVELOPERS LIMITED**

	For the year ended 31.03.2009 (Rupees)	For the year ended 31.03.2008 (Rupees)
<b>14 CONTRACT RECEIPTS</b>		
Receipts against Construction & Other Activities	39,108,859	–
Receipt against Bio-Remediation Work	411,175	–
<b>TOTAL:</b>	<b>39,520,034</b>	<b>–</b>
<b>15 OTHER INCOME</b>		
Dividend	432,758	–
Interest from Banks	4,550,812	–
[TDS Rs. 9.35 lacs (Previous Year Nil)]		
<b>TOTAL:</b>	<b>4,983,570</b>	<b>–</b>
<b>16 INCREASE IN FINISHED GOODS &amp; WORK IN PROGRESS</b>		
Closing Stock :		
Work-in-Progress	300,000	–
Less: Opening Stock		
Work-in-progress	–	–
<b>TOTAL:</b>	<b>300,000</b>	<b>–</b>
<b>17 MATERIAL COST</b>		
Opening Stock	–	–
Add: Purchases	4,942,135	–
Less: Closing Stock	195,720	–
<b>TOTAL:</b>	<b>4,746,415</b>	<b>–</b>
<b>18 OTHER CONTRACT EXPENSES</b>		
Job Work Charges	28,275,526	–
Power & Fuel Consumed	1,792,786	–
Stores Consumed	267,100	–
Rates & Taxes	380,723	–
<b>TOTAL:</b>	<b>30,716,135</b>	<b>–</b>
<b>19 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Man Power Expenses (Project Management Consultant)	679,539	–
Security Expenses	441,320	–
Repair & Maintenance	103,853	–
Preliminary Expenses	1,946,681	–
<b>TOTAL:</b>	<b>3,171,393</b>	<b>–</b>
<b>20 INTEREST &amp; FINANCIAL CHARGES</b>		
Interest & Bank Charges	1,267,141	1,609
<b>TOTAL:</b>	<b>1,267,141</b>	<b>1,609</b>

For and on behalf of the Board of Directors

**Vipin Mital**  
Director

**Vipin Agarwal**  
Director

As per our report of even date attached  
**For Jain Singhal & Associates**  
Chartered Accountants

**S.K. Arora**  
Asst. General Manager (F&A)

**Pankaj Gupta**  
Company Secretary

**Pradeep Beri**  
Partner  
M. No.: 82392

Place : NOIDA  
Dated : 14th July, 2009



**21) SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

The Financial Statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and in compliance with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under Sub-Section (I) (a) of Section 642 and the relevant provisions of the Companies Act, 1956 ("the Act")

**2. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported accounts of revenues and expenses for the years presented. Actual results could differ from these estimates.

**3. VALUATION****i) Fixed Assets**

Fixed Assets are normally accounted for on cost basis (net of CENVAT credits, if applicable) including the cost of installation, pre-operative expenses, identifiable trial run expenses where incurred, eligible adjustment on account of foreign exchange fluctuations and impairment losses. Pre-operative expenses and identifiable trial run expenses incurred by the company up to the date eligible assets are put to use for commercial production are allocated to them in proportion to their cost. The cost of fixed assets is adjusted for revaluation, if any, done in any year as decided by the management so as to show the fixed assets at their current value.

**ii) Finished Goods**

Finished goods are valued at lower of cost, based on weighted average method, arrived after including depreciation on plant & machinery, electrical installation and factory building, repair & maintenance on factory building, specific manufacturing expenses including excise duty and specific payments & benefits to employees or net realisable value.

**iii) Work-in-Progress**

Work-in-Progress are valued at lower of cost, based on weighted average method, arrived after including depreciation on plant & machinery, electrical installation and factory building, repair & maintenance on factory building, specific manufacturing expenses and specific payments & benefits to employees or net realisable value.

**iv) Raw Materials**

Raw Materials are valued at lower of cost, based on first-in-first-out method arrived at after including freight inward and other expenditure directly attributable to acquisition or net realisable value.

v) Stores, fuel and packing materials are valued at lower of cost, based on first-in-first-out method or net realisable value.

4. Cost of spares, tools, jigs & dies are charged to revenue.

**5. LEASES**

Lease rentals paid on operating leases are charged to revenue.

**6. DEPRECIATION**

i) Normal depreciation on all fixed assets, except land and extra shift depreciation on specific plant & machineries for the period of extra shift worked, are provided from the date of put to use for commercial production on straight line method at the rates prescribed in Schedule-XIV to the Companies Act, 1956.

ii) No depreciation is provided on leasehold land.

iii) Depreciation on additions / deletions to fixed assets is provided on *pro-rata* basis from/ to the date of additions/ deletions.

iv) In case the financial year consists of the period less / more than the normal period of 12 months, depreciation on fixed assets existing at the beginning of the financial year as well as those acquired during the said period are provided for the period covered on *pro-rata* basis.

v) Depreciation on additions / deletions to the fixed assets due to eligible foreign exchange fluctuations is provided on *pro-rata* basis from the date of additions / deletions.

## AKC DEVELOPERS LIMITED

### 7. REVENUE RECOGNITION

#### A) TURNOVER

- i) Gross sales are inclusive of excise duty/cess recoveries and sales tax, if applicable.
- ii) Sales returns / rate difference are adjusted from the sales of the year in which the returns take place / rate difference accepted.
- iii) Gross job work is inclusive of excise duty/cess recoveries.

#### B) CONTRACTS

Income from construction contracts is recognised by reference to the stage of completion of the contract activity at the reporting date of the financial statements.

#### C) PURCHASES

- i) Purchases are net of CENVAT credits and materials consumed during trial run.
- ii) Purchases returns / rebates are adjusted from the purchases of the year in which the returns take place / rebates allowed.

#### D) EXPENDITURE/INCOME

Except otherwise indicated:

- i) All expenditure and income are accounted for under the natural heads of account.
- ii) All expenditure and income are accounted for on accrual basis.

### 8. INVESTMENTS

- i) Long term investments are valued at their cost including brokerage, fees and duty. However, if there is decline in value of investment, other than temporary, the carrying amount of investment is reduced recognizing the decline in value of each investment.
- ii) Short term investments are valued at cost or market price, whichever is lower.

### 9. EMPLOYEE BENEFITS

- i) Gratuity is provided as per the provisions of Gratuity Act 1972 with vesting period of 5 years of service.
- ii) Leave encashment is provided on the basis of leave entitlement of employee remaining unutilised at the end of the year.
- iii) Short term employee benefits are charged to Profit & Loss Account at the undiscounted amount in the year in which the related service is rendered.

### 10. CLAIMS BY / AGAINST THE COMPANY

Claims by / against the Company arising on any account are Provided in the accounts on receipts / acceptances.

### 11. BORROWING COST

Borrowing cost attributable to the acquisition or construction of qualifying /eligible assets till the date of put to use for commercial production are capitalised as part of the cost of such assets. A qualifying /eligible asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense and are charged to revenue in the year in which they are incurred.

### 12. EARNING PER SHARE

In accordance with the Accounting Standard-20 (AS-20) "Earning Per Share" issued by The Institute of Chartered Accountants of India, Basic & Diluted Earning Per Share is computed using the weighted average number of Shares outstanding during the period.

### 13. TAXES ON INCOME

Income tax comprises current tax, deferred tax, and fringe benefit tax. Current tax and fringe benefit tax is the amount of tax payable as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax assets and liabilities are measured using the current tax rates. When there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty of realisation of deferred tax assets. Other deferred tax assets are recognised to the extent, there is reasonable certainty of realisation of deferred tax assets. Such deferred tax assets & other unrecognised deferred

**AKC DEVELOPERS LIMITED**

tax assets are re-assessed at each Balance Sheet data and the carrying value of the same are adjusted recognising the change in the value of each such deferred tax assets.

**14. RESEARCH & DEVELOPMENT**

- i) All revenue expenditure on research & development activities are accounted for under their natural heads of revenue expenses accounts.
- ii) All capital expenditure related to research & development activities are accounted for under their natural heads of fixed assets accounts.

**15. IMPAIRMENT OF ASSETS**

Management periodically assesses using external and internal sources whether there is an indication that assets of concerned cash generating unit may be impaired. Impairment loss, if any, is provided as per Accounting Standard (AS-28) on Impairment of Assets.

**16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

In accordance with the Accounting Standard AS – 29 issued by Institute of Chartered Accountants of India a) provisions are made for the present obligations where amount can be estimated reliably, and b) contingent liabilities are disclosed for possible obligations arising out of uncertain events not wholly in control of the company. Contingent assets are neither recognised nor disclosed in the financial statements.

**17. INTANGIBLE ASSETS**

Customised or separately purchased software is classified as intangible assets at their cost and amortised over a period of five years from date of put to use.

**22) NOTES FORMING PART OF THE ACCOUNTS**

(Rupees in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>1. Contingent liabilities not provided for in respect of :</b>		
– Guarantees issued by Banks (Net of margin)	213.40	-
<b>2. Capital Commitments :</b>		
The estimated amount of contracts remaining to be executed on capital account (Net of advances) and not provided for :	4,179.39	-
<b>3. Auditors Remuneration, as included in Schedule '19' is as under:-</b>		
	Current Year (Rs.)	Previous Year (Rs.)
a) Audit Fees	8,500	6,742
b) Tax audit fees	5,000	-
c) Report & Certification Work	5,618	-
d) Out of pocket expenses	843	-
<b>TOTAL:</b>	<b>@ 19,961</b>	6,742

@ Included in Capital work in progress

- 4. In the opinion of the Board and to the best of their knowledge, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the amount at which they are stated in the Balance Sheet.
- 5. During the year the Company has incurred a sum of Rs. 1,946,681 on account of increase in Authorised Share Capital and the same has been written off during the year itself.
- 6. Necessary disclosures required under Micro, Small & Medium Enterprises Development Act, 2006, can only be considered once the relevant information to identify the suppliers who are covered under the said Act are received from such parties.
- 7. a) Paise have been rounded off to the nearest Rupees.  
b) Previous Year figures have been recasted / regrouped, wherever considered necessary.
- 8. The name of the Company stands changed from AKC Developers Private Limited to AKC Developers Limited w.e.f. from 24th July 2008.

**AKC DEVELOPERS LIMITED**
**9. EARNING PER SHARE**

The following disclosure is made, as required by Accounting Standard-20 (AS-20) on "Earning Per Share", issued by The Institute of Chartered Accountants of India :-

	Current Year (Rs.)	Previous Year (Rs.)
(A) Net Profit as per Profit & Loss Account available for equity share holders	2,845,205	(156,164)
(B) Weighted Average Number of Equity Shares (viz. denominator) for Basic Earning Per Share	372,500	60,000
(C) Nominal Value Per Share	Rs. 10/-	Rs. 10/-
(D) Basic and Diluted Earning Per Share	7.64	(2.60)

**10. SEGMENT DISCLOSURE:**

Based on the Business Synergies, risks & returns, there is only one reportable segment in terms of the Accounting Standard (AS)-17 "Segment Reporting"

11. Following disclosures are made, as per Accounting Standard-18 (AS-18), regarding, "Related Party Disclosures", issued by The Institute of Chartered Accountants of India:-

**i) List of Related Parties:**
**A. Holding Company**

UTech Developers Ltd. (70 % Share holding )

**B. Fellow Subsidiaries**

UTech Retailers Ltd.

**C. Ultimate Holding Company**

UFLEX Limited

**D. Subsidiaries & Step Subsidiaries of Ultimate Holding Company**

Flex America Inc., USA, Flex Middle East FZE., UAE , Flex Europe Pvt. Ltd., UK, Uflex Packaging Inc., USA , UPET Holdings Ltd., Mauritius, UPET (Singapore) Pte. Ltd., Singapore , FLEX Americas S.A. de C.V., Mexico, Flex P. Films (Egypt) S.A.E., UBIO Chemicals Ltd. (Up to 29.03.2009).

**E. Enterprise for which Reporting Enterprises is an Associate**

Hanjer Biotech Energies Pvt. Ltd.

F. The Company has entered into transactions with certain parties listed above during the year under consideration, details of these transactions are as follows:

(Rs. in Lacs)

Transaction	Parties referred to (i)(A) above	Parties referred to (i)(B) above	Parties referred to (i)(C) above	Parties referred to (i)(D) above	Parties referred to (i)(E) above
i) Trade Transactions	-	-	-	-	-
Rent paid	-	-	0.05	-	-
ii) Non Trade Transactions					
Allotment of Shares:-					
a. Preference	1925	-	-	-	550
b. Equity	105	-	-	-	30
Share Application Received & Refunded	204	-	-	-	-
<b>Total</b>	<b>2234</b>	<b>-</b>	<b>0.05</b>	<b>-</b>	<b>580</b>
<b>Credit Balance as on 31/03/2009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.73</b>

**AKC DEVELOPERS LIMITED**

12. In accordance with the Accounting Standard-22 (AS-22), regarding 'Accounting for Taxes on Income', issued by The Institute of Chartered Accountants of India, the Cumulative Tax effects of significant timing differences that resulted in Deferred Tax Assets.

(Rupees)

	Deferred Tax Assets/(Liability) As At 01.04.2008	Current Year (Charge)/Credit	Deferred Tax Assets/(Liability) As At 31.03.2009
<b>A. Deferred Tax Assets</b>			
Unabsorbed business loss under the Income Tax Act,1961	21,858	(21,858)	Nil
Others	5,508	527,912	533,420
<b>Total (A)</b>	<b>27,366</b>	<b>506,054</b>	<b>533,420</b>
<b>B. Deferred Tax Liabilities</b>			
Excess of Book WDV of Fixed Assets over Tax WDV of Fixed Assets	-	(98,067)	(98,067)
<b>Total (B)</b>	<b>-</b>	<b>(98,067)</b>	<b>(98,067)</b>
<b>Net Deferred Tax Assets (Liability) (A-B)</b>	<b>27,366</b>	<b>407,987</b>	<b>435,353</b>

13. DISCLOSURE IN RESPECT OF INVESTMENT IN MUTUAL FUNDS

(Rupees)

Fund Name	Face Value (Rs)	Investment/ Purchase/ Switch In		Redemption/Sale / Switch Out		Balance	
		Units in Nos @	Amount	Units in Nos @	Amount	Units in Nos @	Amount
HDFC Cash Management Fund	10	1,903,279	19,092,744	1,903,279	19,092,744	-	-
Reliance Liquid Fund TP Retail Option	10	164,463	2,506,838	164,463	2,506,838	-	-
Reliance Liquid Fund TP Institution Option	10	3,173,608	48,515,577	3,173,608	48,515,577	-	-
Reliance Money Manager Fund	1000	48,778	48,833,176	10,988	11,000,000	37,790	37,833,176
<b>GRAND TOTAL</b>		<b>5,290,128</b>	<b>118,948,335</b>	<b>5,252,338</b>	<b>81,115,159</b>	<b>37,790</b>	<b>37,833,176</b>

Notes: Signatories to Schedule 1 to 22

For and on behalf of the Board of Directors

**Vipin Mital**  
Director

**Vipin Agarwal**  
Director

As per our report of even date attached  
**For Jain Singhal & Associates**  
Chartered Accountants

**S.K. Arora**  
Asst. General Manager (F&A)

**Pankaj Gupta**  
Company Secretary

**Pradeep Beri**  
Partner  
M. No.: 82392

Place : NOIDA  
Dated : 14th July, 2009

## AKC DEVELOPERS LIMITED

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1 Registration Details</b>				
Registration No.	U70109DL2006PLC149316	State Code		55
Balance Sheet Date	31-Mar-2009			
<b>2 Capital raised during the year</b>				(Rs. in thousand)
Public Issue	Nil	Rights Issue		Nil
Bonus Issue	Nil	Private Issue		289,400
<b>3 Position of Mobilisation &amp; Deployment of Funds</b>				(Rs. in thousand)
Total Liabilities	494,752	Total Assets		494,752
<b>Sources of Funds</b>				
Paid-up capital	290,000	Reserve & Surplus		2,845
Unsecured Loan	181,347			
<b>Application of Funds</b>				
Net Fixed Assets	3,000	Capital W.I.P.		192,808
Investments	37,833	Deferred Tax Assets		435
Net Current Assets	240,116			
<b>4 Performance of the Company</b>				(Rs. in thousand)
Turnover (incl. Other Income)	44,504	Dividend rate		Nil
Profit / (Loss) before Taxes	4,845	Profit / (Loss) after taxes		3,001
Earning per share in Rs.	8.06	Total Expenditure		39,958
<b>5 Generic Names of three principal products/services of Company</b>	Not Applicable			



# COMPLETE FLEXIBLE PACKAGING SOLUTIONS UNDER ONE ROOF

## BOPET / BOPET / CPP / METALLIZED FILMS

- Corona Treated Films
- Chemically Primed Films
- Other Barrier Coated Films

## POLYESTER CHIPS

- Film grade
- Yarn grade
- Bottle grade

## FLEXIBLE LAMINATES

- High fidelity images with eye catching graphics
- Printed on computer controlled state-of-the art machines
- Different material combinations to suit a wide range of barrier property requirements
- (BOPET/BOPET/MPET/VMOPP/BON/OPP/AL/FOIL/PAPER/LDPE/LLDPE/m-LLDPE/HDPE/ACID CO-POLYMER/IONOMER/SARAN COATING) etc.
- Holographic laminates

## ZIP-POUCH

- Fresh-n-Loc Slider Bags
- Press-n-Loc Zipper Bags
- Fresh-n-Juicy Fruit/Vegetable carry bags
- Fresh-n-Pure Metallized Bags
- Press-n-Hot Chicken carry bags

## HOLOGRAPHY

- Holograms, Holographic Film/Pouches/Strip/Scratch
- Holographic Demetallized Film/Wads/Shrink Sleeves
- Holographic Paper Label/Foil

## The One Stop Edge helps Uflex offer

- Frontline, research-based solutions requiring innovations at all levels of production
- Maximum flexibility and innovation in product development and design
- Customer specific fine-tuning of each input to meet individual demands
- Minimal lead time for large and varied product development orders
- Contiguously located plants for fast and sequenced multiple operations
- Complete process consultancy

## INKS & ADHESIVES

- Rotogravure & Flexographic Printing Inks
- Laminating Adhesives • Pressure Sensitive Adhesives
- Holographic Coatings • Release Coatings
- Ultra-Violet Coatings • Speciality Chemicals

## LAMINATED POUCHES

- Preform Stand-up/Center/Three side Sealed Pillow Pouches, Gusseted pouches (Range 4 gms to 20 Kgs.)
- Reclosable Zipper & Slider Zipper Pouches (For Powders & Granules)
- Reclosable Pouches with tamper proof Cap (For Liquids)
- Carry Bags, Gift & Promotional Bags

## METALLIZED / HOLOGRAPHIC GIFT WRAPS

- Gift Wraps
- Stationery Zip pouches

## ROTOGRAVURE CYLINDERS

## PACKAGING & CONVERTING MACHINES

- Form-Fill-Seal Machines - Single Track, Multi-track, Collar type
- Wrapping Machines - Flow-wrap/Over-wrap/Biscuit wrapping
- High-speed Candy Wrapping Machines
- Special Purpose Machines - Pick-Fill & Seal machine
- Pouch Making Machines - Stand-up/Center Seal/Zipper pouches
- Rotogravure Printing Machines • Lamination Machines
- Slitting Machines • Holographic Machines
- Inspection / Doctoring Machines





