

Flex Films Europa Kft.  
Statistical code: 26395038-2222-113-12  
Company registration number: 12-09-010411

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Financial statements

## ANNUAL FINANCIAL STATEMENTS FOR 2018-19

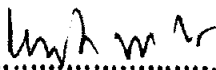
**Flex Films Europa Kft.**

**2651 Rétság (residential area), lot no. 901/2**

**Tax number: 26395038-2-12**

**Start of reporting period: 25 July 2018**  
**End of reporting period: 31 March 2019**

**Dated: Rétság, 29 April 2019**

  
.....  
**Managing Director**  
**(Representative)**

Flex Films Europa Kft.  
Statistical code: 26395038-2222-113-12  
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Financial statements

**BALANCE SHEET AND PROFIT AND LOSS  
ACCOUNT**  
**Current period: 25/07/2018 – 31/03/2019**

**Flex Films Europa Kft.**

**2651 Rétság (residential area), lot no. 901/2**

**Tax number: 26395038-2-12**

**Dated: Rétság, 29 April 2019**

.....  
**Managing Director  
(Representative)**

Balance sheet and profit and loss account 25/07/2018 – 31/03/2019



**INDEPENDENT AUDITOR'S REPORT**  
(Free translation)

**To the owner of Flex Films Europa Kft.**

**Opinion**

We have audited the accompanying financial statements of Flex Films Europa Kft. ("the Company") which comprise the balance sheet as at 31 March 2019 in which the balance sheet total is THUF 4,82,643, the profit after tax is HUF 0, the related income statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of the results of its operations for the year then ended in accordance with the provisions of Act C of 2000 on Accounting ("Accounting Act"), in force in Hungary.

**Basis for Opinion**

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA Code of Ethics) and we also comply with further ethical requirements set out in these.

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

**Other Information: the business report**

The other information comprises the business report of the Company for the year ended 31 March 2019. Management is responsible for the preparation of the business report in accordance with the provisions of the Accounting Act and other relevant regulations. Our opinion on the financial statements expressed in the "Opinion" section of our independent auditor's report does not cover the business report.

In connection with our audit of the financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the other information is materially misstated we are required to report this fact and the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility to consider whether the business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any and to express an opinion on this and on whether the business report is consistent with the financial statements.



In our opinion, the business report for the year ended 31 March 2019 of the Company is consistent with the financial statements for the year ended 31 March 2019 in all material respects, and the business report has been prepared in accordance with the provisions of the Accounting Act. As there is no other regulation prescribing further requirements for the Company's business report, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the business report therefore we have nothing to report in this respect.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis in preparation of the financial statements. Management has to apply the going concern basis of accounting unless other relevant rules prevent its application or there are facts and circumstances contradicting the going concern principle.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Budapest, 29 April 2019

Armin Krug  
Partner  
PricewaterhouseCoopers Könyvvizsgáló Kft.  
1055 Budapest, Bajcsy-Zsilinszky út 78.  
Licence Number: 001464

Zoltán Bárdy  
Statutory auditor  
Licence number: 007346

*Translation note:*

*Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version. The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than Hungary.*

**Flex Films Europa Kft.**

**PROFIT AND LOSS REPORT**

(total cost basis)

data in thousand HUF

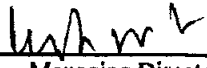
No.	Line item description	2018.07.25.	2018-19
a	b	c	d
1	1 Net domestic sales revenues		
2	2 Net export sales revenues		
3	<b>I. Net sales revenues (01+02)</b>	0	0
4	3 Change in self-manufactured inventories		
5	4 Capitalised value of self-manufactured assets		26,412
6	<b>II. Capitalised value of own performance (±03+04)</b>	0	0
7	<b>III. Other revenues</b>	0	0
8	of which: reversal of impairment loss provision		
9	5 Cost of raw materials		
10	6 Value of services used		
11	7 Value of other services		
12	8 Cost of goods sold		
13	9 Value of recharged services		
14	<b>IV. Material type expenditure (05+06+07+08+09)</b>	0	0
15	10 Wages		21,828
16	11 Other personal type payments		
17	12 Personal related contributions		4,584
18	<b>V. Personal type expenses (10+11+12)</b>	0	26,412
19	<b>VI. Depreciation</b>	0	0
20	<b>VII. Other expenses</b>	0	0
21	of which: impairment loss provision		
22	<b>A. TRADING PROFIT AND LOSS (I±II+III-IV-V-VI-VII)</b>		

Dated:

Rétság, 29th April 2019

Stamp

Flex Films Europa Kft.  
2651 Rétság, Hrsz.: 901/2  
Cégjegyzékszám: 12-09-010411  
Adószám: 26395038-2-12

  
Managing Director  
(representative)

**PROFIT AND LOSS REPORT**

(total cost basis)

data in Thousand HUF

No.		2018.07.25.	2018-19
a		c	d
23	13 Dividend received		
24	of which: received from related companies		
25	14 Gain on shares, exchange gains		
26	of which: received from related companies		
27	15 Interest received and gain on financial investments		
28	of which: received from related companies		
29	16 Other interest received		
30	of which: received from related companies		
31	17 Other revenues from financial transactions		
32	of which: valuation difference		
33	<b>VIII. Revenues from financial transactions (13+14+15+16+17)</b>		
34	18 Loss on shares, exchange losses		
35	of which: given to related companies		
36	19 Loss on financial investments		
37	of which: given to related companies		
38	20 Interest paid, payable, interest type expenses		
39	of which: given to related companies		
40	21 Impairment loss of financial investment, securities and bank deposits		
41	22 Other expenditures of financial transactions		
42	of which: valuation difference		
43	<b>IX. Expenditures of financial transactions (18+19+20+21+22)</b>		
44	<b>B. FINANCIAL PROFIT AND LOSS (VIII-IX)</b>		
45	<b>C. NET PROFIT BEFORE TAXATION (±A±B)</b>		
50	<b>X. Tax liability</b>		
51	<b>D. AFTER TAX PROFIT AND LOSS (±C-X)</b>	0	0

Dated:

Rétság, 29th April 2019

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Flex Films Europa Kft.  
 2651 Rétság, Hrsz.: 901/2  
 Cégjegyzékszám: 12-09-010411  
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Managing Director  
 (representative)

**Flex Films Europa Kft.**

**Balance Sheet type "A" Assets**

data in thousand HUF

No.	Line item description	2018.07.25.	2019.03.31.
a	b	c	d
01.	<b>A. Non-current assets</b>	0	2,680,872
02.	<b>I. INTANGIBLE ASSETS</b>	0	0
03.	1 Capitalised amount of foundation/restructuring		
04.	2 Capitalised amount of experimental development		
05.	3 Intangible property rights		
06.	4 Intellectual property		
07.	5 Goodwill		
08.	6 Advance payments for intangible assets		
09.	7 Adjustment to intangible assets		
10.	<b>II. TANGIBLE ASSETS</b>		2,680,872
11.	1 Land and buildings and related intangible property rights		
12.	2 Technical equipment, machinery, and vehicles		
13.	3 Other equipment, fixtures and fittings, and vehicles		
14.	4 Breeding stock		
15.	5 Capital projects, refurbishments		1,377,414
16.	6 Advance payments for capital projects		1,303,458
17.	7 Adjustment to tangible assets		
18.	<b>III. NON-CURRENT FINANCIAL ASSETS</b>	0	0
19.	1 Long-term participating interests in related companies		
20.	2 Long-term loans to related companies		
21.	3 Long-term major participating interests		
22.	4 Long-term loans to undertakings with which the company is linked by virtue of major participating interests		
23.	5 Other long-term participating interests		
24.	6 Long-term loans to undertakings with which the company is linked by virtue of other participating interests		
25.	7 Other long-term loans		
26.	8 Long-term debt securities		
27.	9 Adjustment to non-current financial assets		
28.	10 Revaluation difference on non-current financial assets		

Dated: Rétság, 29th April 2019

Stamp

Flex Films Europa Kft.  
2651 Rétság, Hrsz.: 901/2  
Cégjegyzékszám: 12-09-010411  
Adószám: 26395038-2-12



Managing Director  
(representative)



Balance Sheet type "A" Assets

data in thousand HUF


No.	Line item description	2018.07.25.	2019.03.31.
a	b	c	d
29.	<b>B. Current assets</b>		<b>2,101,771</b>
30.	<b>I. INVENTORIES</b>		<b>0</b>
31.	1 Raw materials		
32.	2 Work in progress and semi-finished products		
33.	3 Young, fattened and other livestock		
34.	4 Finished products		
35.	5 Goods		
36.	6 Advance payments for inventories		
37.	<b>II. RECEIVABLES</b>		<b>41,026</b>
38.	1 Receivables from supplies of goods and services (trade receivables)		
39.	2 Receivables from related companies		
40.	3 Receivables from undertakings with which the company is linked by virtue of major participating interests		
41.	4 Receivables from undertakings with which the company is linked by virtue of other participating interests		
42.	5 Notes receivable		
43.	6 Other receivables		<b>41,026</b>
44.	7 Revaluation difference on receivables		
45.	8 Positive revaluation difference on derivative transactions		<b>0</b>
46.	<b>III. SECURITIES</b>		
47.	1 Participating interests in related companies		
48.	2 Major participating interests		
49.	3 Other participating interests		
50.	4 Own shares		
51.	5 Debt securities held for dealing		
52.	6 Revaluation difference on securities		
53.	<b>IV. CASH AT BANK AND IN HAND</b>		<b>2,060,745</b>
54.	1 Petty cash, cheques		
55.	2 Bank current accounts and deposits		<b>2,060,745</b>
56.	<b>C. Prepayments</b>	<b>0</b>	<b>0</b>
57.	1 Accrued income		
58.	2 Prepaid expenses		<b>0</b>
59.	3 Deferred expenses		
60.	<b>TOTAL ASSETS</b>	<b>0</b>	<b>4,782,643</b>

Dated:

Rétság, 29th April 2019

Stamp

Flex Films Európa Kft.  
 2651 Rétság, Hrsz.: 901/2  
 Cégjegyzékszám: 12-09-010411  
 Adószám: 26395038-2-12

  
 Managing Director  
 (representative)

**Balance Sheet type "A" Liabilities**

data in thousand HUF

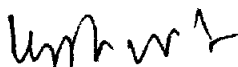
No.	Line item description	2018.07.25.	2019.03.31.
a	b	c	d
61	<b>D. Equity</b>	0	2,103,332
62	I. SHARE CAPITAL		1,598,000
63	of line 62: repurchased participating interests at face value		
64	II. CALLED UP SHARE CAPITAL NOT PAID (-)		
65	III. CAPITAL RESERVE		505,332
66	IV. RETAINED EARNINGS		
67	V. NON-DISTRIBUTABLE RESERVE		
68	VI. REVALUATION RESERVE		
69	1 Revaluation reserve of value corrections		
70	2 Fair value revaluation reserve		
71	VII. AFTER-TAX PROFIT/(LOSS)		
72	<b>E. Provisions</b>		
73	1 Provision for contingent liabilities		
74	2 Provision for future expenses		
75	3 Other provisions		
76	<b>F. Liabilities</b>	0	2,679,311
77	I. SUBORDINATED LIABILITIES		
78	1 Subordinated liabilities to related companies		
79	2 Subordinated liabilities to undertakings with which the company is linked by virtue of major participating interests		
80	3 Subordinated liabilities to undertakings with which the company is linked by virtue of other participating interests		
81	4 Subordinated liabilities to other entities		
82	II. NON-CURRENT LIABILITIES		0
83	i Long-term borrowings		
84	2 Convertible bonds and contingent convertible bonds		
85	3 Liabilities from the issue of bonds		
86	4 Loans for capital and development projects		
87	5 Other long-term loans		
88	6 Non-current liabilities to related companies		0
89	7 Non-current liabilities to undertakings with which the company is linked by virtue of major participating interests		
90	8 Non-current liabilities to undertakings with which the company is linked by virtue of other participating interests		
91	9 Other non-current liabilities		

Dated:

Rétság, 29th April 2019

Stamp

Flex Films Europa Kft.  
2651 Rétság, Hrsz.: 901/2  
Cégjegyzékszám: 12-09-010411  
Adószám: 26395038-2-12

  
Managing Director  
(representative)

**Balance Sheet type "A" Liabilities**

data in thousand HUF

No.	Line item description		2018.07.25.	2019.03.31.
a	b		c	d
92	III.	<b>CURRENT LIABILITIES</b>	0	2,679,311
93	1	Short-term borrowings		
94		of line 91: convertible bonds and contingent convertible bonds		
95	2	Short-term loans		
96	3	Advance payments received from customers		
97	4	Liabilities from supplies of goods and services (trade liabilities)		2,566
98	5	Notes payable		
99	6	Current liabilities to related companies		
100	7	Current liabilities to undertakings with which the company is linked by virtue of major participating interests		2,673,807
101	8	Current liabilities to undertakings with which the company is linked by virtue of other participating interests		
102	9	Other current liabilities		2,938
103	10	Revaluation difference on liabilities		
104	11	Negative revaluation difference on derivative transactions		
105	G.	<b>Accruals</b>	0	0
106	1	Prepaid income		
107	2	Accrued expenses		
108	3	Deferred income		
109		<b>TOTAL LIABILITIES</b>	0	4,782,643

Dated:

Rétság, 29th April 2019

Stamp

Flex Films Europa Kft.  
 2651 Rétság, Hrsz.: 901/2  
 Cégjegyzékszám: 12-09-010411  
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Managing Director  
 (representative)

Flex Films Europa Kft.

Notes to the financial statements

Statistical code: 26395038-2222-113-12

Company registration number: 12-09-010411

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## **NOTES TO THE FINANCIAL STATEMENTS FOR 2018-19**

**Flex Films Europa Kft.**

**2651 Rétság (residential area), lot no. 901/2**

**Tax number: 26395038-2-12**

- A. General notes**
- B. Special notes**
  - I. Notes to the balance sheet**
  - II. Notes to the profit and loss account**
- C. Supplementary notes**
- D. Cash flow statement**
- E. Changes in equity**

Notes to the financial statements 25/07/2018-31/03/2019

## A. General notes

Date of foundation:	25 July 2018
Method of foundation:	without a legal predecessor
Legal form:	Limited Liability Company
Registered office:	2651 Rétság, Pusztaszántói út 26-28. (under registration)
Permanent establishments:	2651 Rétság (residential area), lot no. 1014
Website:	<a href="http://www.flexfilm.com/">http://www.flexfilm.com/</a>
Share capital:	HUF 1,598,000,000
Owners:	Flex Films Europa Sp. z o.o. PL-62300, Wrzesnia, ul. Gen. Sikorskiego 48 Poland 100%

### The Company's directors:

Ashok Kumar Chaturvedi  
IN PIN: 110030 Delhi,  
Shivpriya-3 Cedar Avenue,  
DLF Chattarpur, Delhi  
INDIA

Apoorvshree Chaturvedi  
IN PIN: 110074 Chattarpur,  
Delhi, Shivpriya-3 Cedar Avenue Lane,  
DLF Farm  
INDIA

Sundeep Saksena  
IN 121007 Haryana,  
Sector 15 Faridabad  
INDIA

Mukesh Chand Goel  
IN 110085 Delhi,  
Rose Apartment, Sector-14, Rohini  
INDIA

Chander Mohan  
IN 160045 Chandigarh,  
H No 427/02 Sector 45 A  
INDIA

Auditor: PricewaterhouseCoopers Könyvvizsgáló Kft.  
1055 Budapest,  
Bajcsy-Zsilinszky út 78.  
Company registration number: 01-09-063022  
Chamber registration number: 001464  
Zoltán Bárdy  
Auditor signing the financial statements  
Registration number: 007346  
The auditor's audit fee for 2018 was EUR 6,000.

Principal activity: 2222 Manufacture of plastic packing goods

**General description of the accounting policy:**

- Bookkeeping method: double-entry
- Type of the financial statements: annual financial statements
- Balance sheet date: 31 March
- Date of balance sheet preparation: 10 April 2019
- Selected format for the profit and loss statement: Profit and loss account – using the cost by nature method
- Balance sheet format: Balance sheet “A”

The Company keeps its books and records in accordance with the Accounting Act, and the principles laid down in its accounting policy, prepared based on the Accounting Act.

At Flex Films Europa Kft., the tasks specified in Section 150 (1) of the Accounting Act were managed and the annual financial statements were prepared by a certified public accountant.

Details of the registered natural person entitled to provide bookkeeping services:

Registration number: 179378  
Name: Eszter Erdősi  
Address: 2651 Rétság, Radnóti u. 4. fsz. 2.

During the financial year, Flex Films Europa Kft. did not carry out any business or production activities, as all its activities were aimed at carrying out tasks related to the construction of the manufacturing plant and its various units.

Flex Films Europa Kft. developed its accounting policy, as well as its policies on cash management, inventory-taking, valuation of assets and liabilities, risk management and hedging, in accordance with the Accounting Act. However, the internal cost accounting policy can only be drawn up when commencing production.

The Company laid down in its accounting policy the requirement to enforce the key accounting principles (completeness, authenticity, clarity, matching, continuity, consistency, prudence, gross settlement, item-by-item valuation, prepayments and accruals, substance over form, materiality, cost/benefit analysis), in accordance with the going concern principle.

The Company has endeavoured to formulate its accounting policy in accordance with Flex Films Europa Sp. z.oo. Poland's requirements. Flex Films Europa Sp. z.oo. Poland's ultimate parent company is Uflex Limited, India, and its immediate parent company is Flex Middle East FZE, Dubai (UAE).

For receivables outstanding as at the balance sheet date of the financial year and financially not settled until the date of balance sheet preparation (including receivables from credit institutions or financial enterprises, loans provided and advances paid, as well as credit items included among accrued income), impairment loss must be accounted according to the debtor/customer rating on the basis of information available at the date of balance sheet preparation, in the amount of the negative difference between the carrying amount and the expected recoverable amount of the receivables, if this difference is permanent and of a significant amount, i.e. it is outstanding over one year and exceeds HUF 100,000.

\*(If, based on the debtor rating, the expected recoverable amount significantly exceeds the book value, any previously recognised impairment must be reduced accordingly. As a result of reversing the impairment, the book value of the receivables may not exceed the carrying amount.)

For receivables of low value by customer or debtor, the extent of impairment loss is determined to be 50% of the amount of these receivables as at the date of their inclusion in the records.

In the event of the debtor's bankruptcy, 100% impairment must be recognised on the receivables.

If the historical (acquisition cost) or the carrying amount of purchased inventories (raw materials, goods) is significantly and permanently higher (20 % and over 12 months) than the fair market



value known at the date of balance sheet preparation, it shall be stated in the balance sheet at the fair market value, whereas if the historical (production) cost or the carrying amount of self-manufactured inventories (work in progress, semi-finished products, finished products or livestock) is significantly and permanently higher than the sales price known and assumed at the date of balance sheet preparation, it shall be stated in the balance sheet at the sales price less costs expected to arise plus expected financial support, and the inventory shall be decreased by accounting for impairment loss corresponding to the difference. For inventories of raw materials held for over a year, 100% impairment must be recognised.

In addition to the above, the historical (acquisition) cost or the book value of purchased inventories, as well as the historical (production) cost of self-produced inventories, must be shown in the balance sheet at a reduced amount if they do not meet the relevant requirements (standards, delivery terms, professional requirements, etc.), or they are not suitable for their intended purpose, have been damaged, their use or sale has become doubtful, or they have become redundant. In this case, the value of inventories must be reduced by accounting the difference as an impairment loss until the inventories are recognised in the balance sheet at the market value valid (known) at the date of balance sheet preparation or classification and consistent with the possibility of using (selling) them (at least at the price of recycled materials, or at waste amount).

\*(If the market value of the inventories permanently and significantly exceeds the book value, any previously recognised impairment must be reduced accordingly. As a result of reversing the impairment, the book value of the inventories may not exceed the historical cost.)

### **Material errors**

Errors are considered to be material if, in the year when identified by any form of audit, the total of all errors (whether negative or positive) identified for a given financial year (separately for each year) and the impacts thereof – increasing or decreasing the profit or equity – exceeds the limit set in the Accounting Policy. Errors are always considered to be material if, in the year when identified, the total of all errors (whether negative or positive) identified for the same financial year and the

impacts thereof – increasing or decreasing the profit or equity – exceeds 2% of the balance sheet total of the financial year under review, or HUF 1 million if 2% of the balance sheet total does not exceed HUF 1 million.

### **Exchange rate used**

Transactions denominated in a foreign currency are recognised at the mean exchange rate of the Hungarian National Bank valid at the date of performance. Exchange gains or exchange losses arising from the difference in the exchange rates valid at the transaction date and at the settlement date are included in the capital projects general ledger account, given that in 2018 the Company only carried out investment activities.

### **Tangible and intangible assets**

Tangible and intangible assets are recognised at the date of entry into operation. Amortisation is accounted for all assets using the straight-line method, based on gross amounts.

Intangible property rights and tangible assets of an individual acquisition cost of less than HUF 100 thousand are fully depreciated when taken into use.

#### **Depreciation rates applied:**

- land	0%
- buildings, parts of buildings	1.63%-3.34%
- technical equipment and machinery	3.34%-20%
- vehicles (production and non-production)	9.5%-20%
- other tangible assets	4.75%-20%
- other intangible assets	20%

The Company determines the residual value of an asset based on an individual decision.

## **B. Special notes**

### **I. Notes to the balance sheet**

1.) The gross opening amount, current-year increases and decreases, and the accumulated depreciation of intangible and tangible assets are shown in Appendix 1.

2.) The amount of depreciation for the current year by balance sheet item is shown in Appendix 1/a.

3.) Receivables:

Receivables include VAT receivables for HUF 41,026 thousand.

4.) Current liabilities

a) Trade liabilities include nine outstanding domestic supplier invoices for HUF 2,566 thousand.

b) Current liabilities to undertakings with which the company is linked by virtue of major participating interests

(i) HUF 36,815 thousand in three outstanding invoices issued by Flex Films Europa Sp. z o.o. in connection with the investment loan interest and the management fee, and

(ii) HUF 300 thousand of paid share capital not yet registered by the Court of Registration, and HUF 2,636,692 thousand of related capital reserve. (Official registration took place on 25 April 2019.)

c) Other current liabilities include HUF 2,894 thousand in contributions on monthly salaries, and HUF 44 thousand of company car tax.

## II. Notes to the profit and loss account

### 1.) Calculation of the corporate tax base:

Description	25/07/2018	2018-19
	Amount in thousand HUF	Amount in thousand HUF
<b>Pre-tax profit/loss</b>	-	0
<b>Tax base decreasing items</b>	-	0
<b>Tax base Increasing Items</b>	-	0
<b>Tax base</b>	-	0
<b>Taxes payable</b>	-	0

The tax authority may examine books and records at any time for up to 6 years after the tax year concerned and may impose additional taxes or penalties.

The Company's management is not aware of any circumstances that might result in a significant liability for the Company on such grounds.

### 2.)

The Company had no income or expenses related to gainful activities in 2018. All tasks were related to the preparation and implementation of the investment project.

The HUF 21,828 thousand in staff costs and the HUF 4,584 thousand in related contributions were recognised among capital projects as the capitalised value of internally generated assets in the total amount of HUF 26,412 thousand, as the employees perform their daily tasks in the interest of realising the investment project.

### C. Supplementary notes

- a) Balance sheet indicators are shown below; point aa) contains an analysis according to the current balance sheet classification. As the company carried out a significant capital increase and payment to the capital reserve in March 2019, and registration by the Court of Registration was pending at the balance sheet date, we show under point ab) below how the indicators would have developed if the capital increases and the related payments to the capital reserve had been registered by 31 March 2019.

aa)

	31/03/2019	25/07/2018	Index %
<b>Ratio of non-current assets</b>	56.05%	-	-
<b>Equity ratio</b> (equity / total liabilities)	43.98%	-	-
<b>Debt service ratio</b> ((after-tax profit/loss+depr. in the current year)/long-term debts)	-	-	-
<b>Coverage of non-current assets</b> (equity / non-current assets)	78.46%	-	-
<b>Liquidity ratio III</b> ((cash+inventories+receivables)/current liabilities)	0.78	-	-

The parent company finances the company by contributing to the company's share capital and capital reserve. As a result, the value of ongoing investment projects is steadily increasing in line with the plant construction schedule. In addition to capital items, only liabilities that have not been settled are included in total liabilities.

ab)

	31/03/2019 contingent	25/07/2018	Index %
<b>Ratio of non-current assets</b>	56.05%	-	-
<b>Equity ratio</b> (equity / total liabilities)	99.12%	-	-
<b>Debt service ratio</b> ((after-tax profit/loss+depr. in the current year)/long-term debts)	-	-	-
<b>Coverage of non-current assets</b> (equity / non-current assets)	176.82%	-	-
<b>Liquidity ratio III</b> ((cash+inventories+receivables)/current liabilities)	49.66	-	-

The parent company finances the company by contributing to the company's share capital and capital reserve. As a result, the value of ongoing investment projects is steadily increasing in line with the plant construction schedule. In addition to capital items, only liabilities that have not been settled are included in total liabilities, so the ratio of equity to total liabilities would be close to 100% if the Court of Registration had registered the capital increases by the balance sheet date. The coverage of non-current assets and the liquidity ratio show the company's significant financial strength.

b) Indicators related to the profit and loss statement are shown as follows

The company is not yet engaged in production or sales.

- c) Closing number of employees in the current year, average statistical headcount, wages and other payments to personnel by staff category

**31 March 2019**

Staff category	Closing headcount	Average statistical headcount (persons)	Wages and contributions thousand HUF	Other payments to personnel (thousand HUF)
Blue-collar	1	0.41	1,815	0
White-collar	6	2.08	24,597	0

Managing directors did not receive any remuneration, nor were any loans or advances provided to them.

The Company did not set up a supervisory board.

- d) The Company does not have any tangible assets directly used for environmental protection purposes.

- e) The Company did not generate any hazardous waste.

**D. Cash flow statement**

The cash flow statement is included in Appendix 2.

**E. Changes in equity**

Changes in equity are included in Appendix 3.

Rétság, 29 April 2019



Managing Director

(Representative)



No.	Description	Intangible property rights	Goodwill	Intellectual property	Capitalized value of experimental development	Capitalized value of formation/research during	Intangible assets total
1	Accumulated opening balance 26th July 2018	0	0	0	0	0	0
2	Purchase in current year						0
3	Other increase in current year						0
4	Sales in current year						0
5	Scrapping in current year						0
6	Other decrease in current year						0
7	Gross value 31st March 2019	0	0	0	0	0	0
8	Accumulated opening depreciation 26th July 2018	0	0	0	0	0	0
9	Depreciation in current year						0
10	Depreciation above planned in current year						0
11	Amortization decrease resulted from current year sales						0
12	Amortization decrease resulted from current year scrapping						0
13	Other type of amortization decrease						0
14	Closing accumulated depreciation	0	0	0	0	0	0
15	Closing net value on 31st March 2019	0	0	0	0	0	0

No.	Description	Land and buildings and related intangible property rights	Technical equipments, machines, vehicles	Other equipments, fixtures and fittings, vehicles	Capital projects, refurbishments	Fixed assets total
1	Accumulated gross opening balance 26th July 2018	0	0	0	0	0
2	Purchase in current year					0
3	Other increase in current year					0
4	Sales in current year					0
5	Scrapping in current year					0
6	Other decrease in current year					0
7	Gross value 31st March 2019	0	0	0	0	0
8	Accumulated opening depreciation 26th July 2018	0	0	0	0	0
9	Depreciation in current year					0
10	Other increase of depreciation in current year					0
11	Depreciation above planned in current year					0
12	Amortization decrease resulted from current year sales					0
13	Amortization decrease resulted from current year scrapping					0
14	Other type of amortization decrease					0
15	Closing accumulated depreciation	0	0	0	0	0
16	Closing net value on 31st March 2019	0	0	0	0	0

Resdg. 29th April 2019

Managing Director  
(representative) *[Signature]*

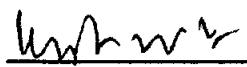
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## Attachment number 2. CASH-FLOW STATEMENT

No.		Item description	2018.07.25.	2019.03.31.
a		b	c	d
1	I.	Operation cash flow (1-13. lines)		1,293
2	1a.	Profit before tax +		
3		out of: financially received operational type incentives		
4	1b.	Corrections in profit before tax +		
5	1	Corrected profit before tax (1a+1b) +		
6	2	Depreciation accounted +		
7	3	Value loss and it's reversal accounted +	0	0
8	4	Difference between formation and utilization of provisions ±	0	0
9	5	Non-current assets sold ±	0	0
10	6	Change in accounts payable ±		39,381
11	7	Change in other short-term liabilities ±		2,938
12	8	Change in accrued expenses ±		
13	9	Change in trade accounts receivables ±	0	0
14	10	Change in current assets (except for trade accounts receivables and liquid assets) ±		-41,026
15	11	Change in prepaid expenses ±	0	
16	12	Corporate tax paid (on profit) -	0	0
17	13	Dividend, shares paid -	0	0
18	II.	Change in cash used in investing activities (14-18. lines)		-2,680,872
19	14	Purchase of invested assets -		-2,680,872
20	15	Sales of invested assets +	0	
21	16	Repayment, cancelling, return of long term provided loans and bank deposits +		
22	17	Long term loans provided and bank deposits -		
23	18	Received shares, dividends +	0	0
24	III.	Change in cash provided by financing activities (19-27. lines)	0	4,740,324
25	19	Share issue, capital increase +		2,103,332
26	20	Bond issue +	0	0
27	21	Borrowings +	0	0
28	22	Cash received +	0	0
29	23	Share withdrawal -	0	0
30	24	Bond redemption -	0	0
31	25	Repayment of borrowings -	0	0
32	26	Cash transferred -	0	0
33	27	Not yet registered but received capital increase +	0	2,636,992
34	IV.	Change in liquid assets (±I±II±III. lines) ±	0	2,060,745
35	28	Revaluation of currency assets +	0	0
36	V.	Change in liquid assets by Balance Sheet (IV+27 lines) +	0	2,060,745

Dated: Rétság, 29th April 2019

Stamp


  
 Managing Director  
 (representative)

Flex Films Europa Kft.  
 2651 Rétság, Hrsz.: 901/2  
 Cégjegyzékszám: 12-09-010411  
 Adószám: 26395038-2-12

Attachment number 3.


Change of Equity 2018-19

[data in Thousand HUF]

Flex Films Europa Kft.	25/07/2018	Distributions of profit	Capital increase	Activity	31/03/2019
I. SHARE CAPITAL	0		1,598,000		1,598,000
repurchased participating interest at face value	0				-
II. CALLED UP SHARE CAPITAL NOT PAID	0				-
III. CAPITAL RESERVE	0		505,332		505,332
IV. RETAINED EARNINGS	0				0
V. NON-DISTRIBUTABLE RESERVE	0				0
VI. VALUATION RESERVE	0				-
AFTER TAX PROFIT AND LOSS (E-XIII.)	0				0
Equity before paying dividends	0				2,103,332
Approved shares, dividends	-				-
D. Equity	0	-	0		2,103,332

Flex Films Europa Kft.  
 2651 Rétság, Hrsz.: 901/2  
 Cégjegyzékszám: 12-09-010411  
 Adószám: 26395038-2-12

Rétság, 29th April 2019

  
 Managing Director  
 (representative)

Stamp

Attachment number 4.

Dangerous waste balance sheet 2018-19

[data in kg]

EMC code	Waste description	Opening 2018 (25th July 2018)	Increase	Decrease	Closing 2018 (31st March 2019)
-		0	0	0	0

Rétság, 29th April 2019

Flex Films Europa Kft.  
2651 Rétság, Hrsz.: 901/2  
Cégjegyzékszám: 12-09-010411  
Adószám: 26395038-2-12

Stamp



Managing Director  
(representative)

Attachment number 1/a.

Details of current year depreciation Year 2018-19

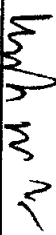
[data in Thousand HUF]

Description	Planned depreciation				Other depreciation	Depreciation total
	Straight-line method	Double-declining-balance method	Units of production method	One sum method		
Intangible property rights					0	0
Goodwill					-	-
Intellectual property					-	-
Capitalized value of experimental development					-	-
Capitalized value of formation, restructuring					0	0
Intangible property total	0	-	-	0	0	0
Land and buildings and related intangible property rights					0	0
Technical equipments, machineries, vehicles					0	0
Other equipments, fixtures and fittings, vehicles					0	0
Capital projects, refurbishments					0	0
Fixed assets total	0	-	-	0	0	0
Intangible properties + Fixed assets total	0	-	-	0	0	0

Rétság, 29th April 2019

Flex Films Europa Kft.  
 2651 Rétság, Hrsz.: 901/2  
 Cégjegyzékszám: 12-09-010411  
 Adószám: 26395038-2-12

Stamp

  
 Managing Director  
 (representative)

Flex Films Europa Kft.  
Statistical code: 26395038-2222-113-12  
Company registration number: 12-09-010411

Business Report

Statistical code: 26395038-2222-113-12

Company reg. no.: 12-09-010411

Postal address: 2651 Rétság, Pusztaszántói út 26-28.

**BUSINESS REPORT**  
**for the 2018-19 financial statements**

**Flex Films Europa Kft.**

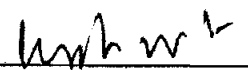
**2651 Rétság (residential area), lot no. 901/2**  
**Tax number: 26395038-2-12**

Start of reporting period: 25 July 2018  
End of reporting period: 31 March 2019

Dated: Rétság, 29 April 2019

Stamp

Flex Films Europa Kft.  
2651 Rétság, Hrsz.: 901/2  
Cégjegyzékszám: 12-09-010411  
Adószám: 26395038-2-12

  
Managing Director  
(Representative)

## **Description of the company's permanent establishments:**

Flex Films Europa Kft.'s registered address and permanent establishment are located in the Industrial Park near main road no. 2, and on Pusztaszántói út, in Rétság, 55 km north of Budapest. On Pusztaszántói út, the company operates its head office in its own premises, and the construction of the company's manufacturing plant is under way on lot no. 1014, in the Industrial Park.

Rétság has a population of 2,300, it is easily accessible, and constitutes a priority area from an employment policy perspective. In addition to Flex Films Europa Kft., six other companies currently operate in the industrial park. The company has no other permanent establishments.

### **I. Significant events occurring after the balance sheet date, expected developments, and key information**

- A) Flex Films Europa Sp. z o.o., Flex Films Europa Kft.'s parent company, is located in Poland, while the ultimate parent company, Uflex Ltd., is located in India. Uflex Ltd. is India's largest manufacturer of plastic packaging materials.

Flex Films Europa Kft.'s main objective for 2018–2020 is the construction and commissioning of the planned manufacturing plant and its auxiliary buildings.

Government Decree No. 205/2018 (XI. 9.) has attached particular importance to Flex Films Europa Kft.'s investment project to construct the plastic wrap manufacturing plant and its auxiliary buildings, and to carry out the related infrastructure development.

According to the Ministry of Finance's written notice, the company's request for the development tax incentive was registered on 23 November 2018. The total eligible project expenditure is HUF 22,491,700 thousand in current prices, or HUF 22,085,458 thousand in discounted value, and the maximum tax allowance is HUF 9,639,300 thousand in current prices, or HUF 9,537,739 thousand in discounted value.

B) Flex Films Europa Kft. has no quality policy due to lack of production.

### **III. Human resources**

The company's organisational chart is included in Appendix 1.

The HR Policy is included in Annex 2.

### **IV. Research and development activities**

Flex Films Europa Kft. does not pursue any research and development activities.

### **V. Environmental protection at Flex Films Europa Kft.**

Due to lack of production, the company's operation has no environmental impact.

The Environmental Policy is included in Appendix 3.

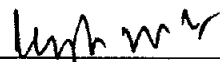
### **VI. Financial instruments**

The company does not manage any financial instruments for investment or dealing purposes. The Risk Management and Hedging Policy is included in Appendix 4.

Rétság, 29 April 2019

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Flex Films Europa Kft.  
2651 Rétság, Hrsz.: 901/2  
Cégjegyzékszám: 12-09-010411  
Adószám: 26395038-2-12

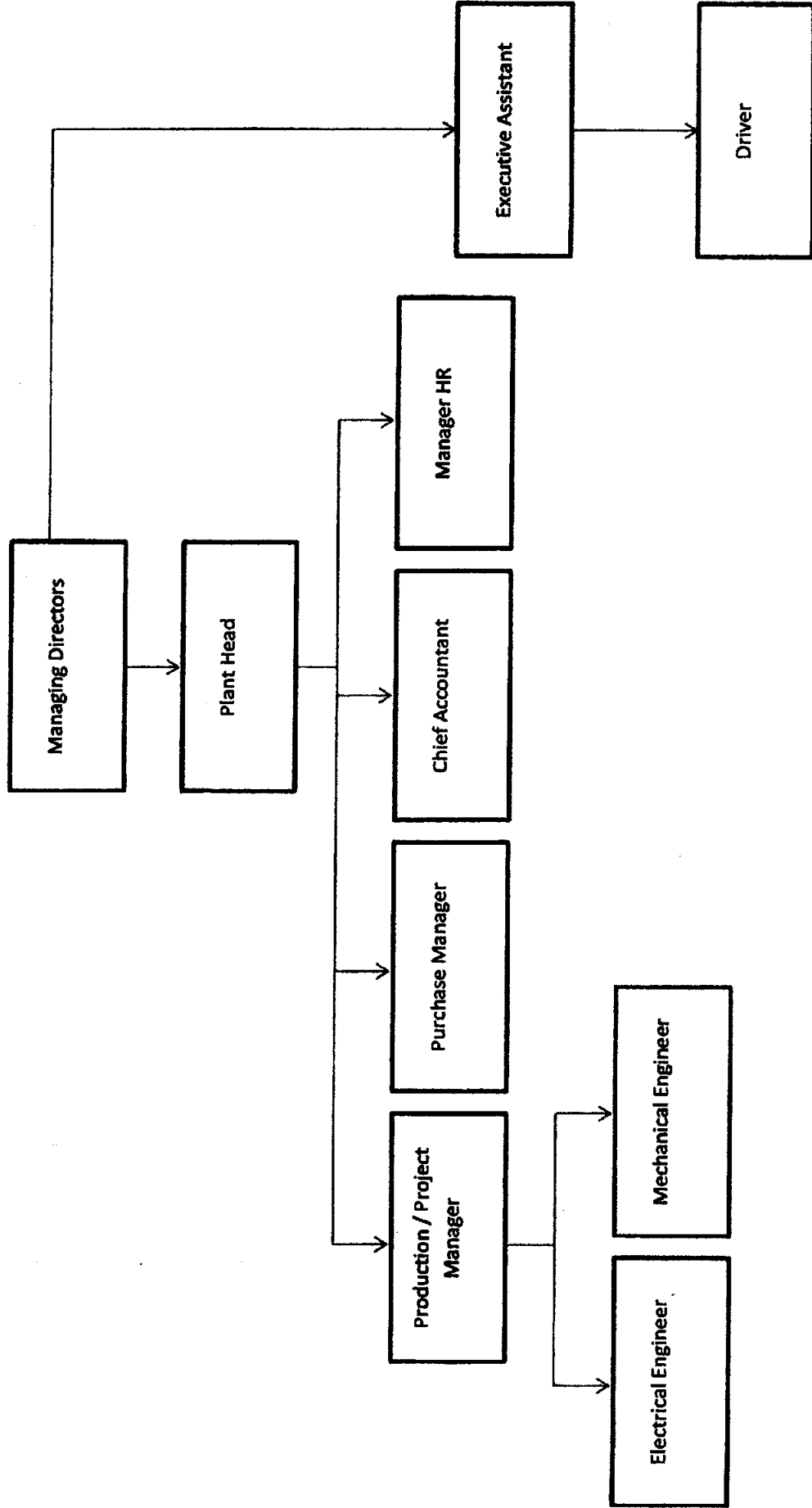



Managing Director  
(Representative)



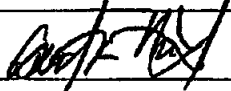
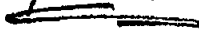
Flex Films Europa Kft., Hungary

Attachment number 1 – Chart of Organization




	Document title	Document version	01
	General Human Resource Policy	Date of issue	24. 08. 2018.
		Effective date	03. 08. 2018.
		Page/Pages	1/3

## General Human Resource Policy

	Name and Surname	Position	Date	Signature
Elaborated:	Anikó Csontos	Executive Assistant	24. 08. 2018.	
Approved:	Sundeep Saksena	Business Head	24. 08. 2018.	

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	Document title	Document version	01
	General Human Resource Policy	Date of issue	24. 08. 2018.
		Effective date	02. 08. 2018.
		Page/Pages	2/3

**Flex Films Europa Kft. was established on 2<sup>nd</sup> of August, 2018 as the subsidiary of the Polish Flex Films Europa Sp. Z o.o company, thereby the member of the Indian Uflex Limited. Our company takes a great effort to our new employees' integration and the introduction of the company's global business policy and operational know-how's.**

### **1. HR goals**

To be the part of the UFlex Limited group means a cultural variegation, integrity and acceptance. Therefore, applying the principle of equal treatment, our company supports the application of people with disabilities and wishes to recruit their employees uninfluenced of age, gender and origin.

Flex Films Europa Kft. looks at it's hometown with great appreciation, therefore:

- handle the local resident's application with preference;
- wishes to support the city of Rétság in the future through social activities;
- prefer to procure with local entrepreneurs.

Flex Films Europa Kft. has established an HR introduction policy to reduce insecurity among new employees in order to integrate, so the new employee get to be introduced to direct colleagues and company executives with the help of a senior employee.

The new employee will receive a set of policies describing the company fundamentals and the business core of the company, as well as job description that determine the work and training.


Our Managers and Professionals are going to receive a 1,5; 3,5 (in some cases even more) days training at our Polish parent establishment in Wrzesnia, the training duration is depending on the position.

The performance cannot remain unrewarded, therefore Flex Films Europa Kft. is willing to set up a reward chart based on the annual personal performance evaluation and traceable success rate.

### **2. CMD's vision**

Mr. Ashok Kumar Chaturvedi, establisher and CMD of our company sets the vision of the company as the followings:

"The values of an organization are the basic pillars that guide, shape and influence its behavior and actions. The world perceives and responds to an organization based on the way it goes about conducting its business.

	Document title	Document version	01
	General Human Resource Policy	Date of issue	24. 08. 2018.
		Effective date	02. 08. 2018.
		Page/Pages	3/3

In that sense values as such determine how the organization conducts itself internally as well as responds to external stakeholders.

We at Uflex, since our inception, have worked with a set of values that have transcended the barriers of time and continue to inspire us. While we have always imbibed these values, we have never articulated them in a structured manner.

In this backdrop it gives me immense pleasure to share with you the following set of values which I expect will govern all our actions:

- Trust and Respect
- Customer value creation
- Global perspective
- Innovation
- Speed in all directions
- Socio-environmental sustainability

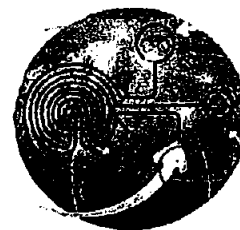
#### TRUST AND RESPECT



#### CUSTOMER VALUE CREATION



#### GLOBAL PERSPECTIVE



#### INNOVATION




#### SPEED IN ALL DIRECTIONS



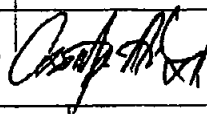
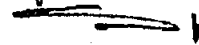
#### SOCIO-ENVIRONMENTAL SUSTAINABILITY




This six values are inextricably linked to our core business goal of exceeding customer expectations and being global citizens. ...”

	Document title	Document version	01
	Environmental, Health & Safety Policy	Date of issue	23. 08. 2018.
		Effective from	02. 08. 2018.
		Page/Pages	1/2

# Environmental, Health & Safety Policy

	Name and Surname	Position	Date	Signature
Elaborated:	Anikó Csontos	Executive Assistant	24. 08. 2018.	
Approved:	Sundeep Saksena	Business Head	24. 08. 2018.	


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	Document title	Document version	01
	Environmental, Health & Safety Policy	Date of issue	23. 08. 2018.
		Effective from	02. 08. 2018.
		Page/Pages	2/2



We are committed to strive towards full engagement of our employees, partners, contractors, suppliers and clients to ensure safe working conditions and safe behavior as well as take care of their health and protect the environment in which we operate.


FLEX FILMS EUROPA KFT. shall ensure that the following are provided for and implemented;

- Suitable and adequate resources,
- Preliminary and regular periodic trainings to ensure upgradation of EHS knowledge and skills of our employees,
- Regular periodic medical check-ups of our employees,
- Identification of hazards, assessment and elimination or control of EHS risks associated with our activities,
- Measurements of workplace environment,
- Implementation of detailed operating manuals of machines and devices,
- Execution of work posts trainings of our employees,
- Regular periodic reviews of EHS conditions at workplaces,
- Compliance with applicable legal regulations and other requirements related to EHS,
- Deployment of established EHS Standards and tools,
- Deployment of zero accident behavior awareness focusing on high risk activities such as the following:
  - Working at height
  - Lifting operations
  - Especially high dangerous works
  - Machine and device works
  - Pedestrian and vehicle movement
- Making EHS Communications relevant, consistent and clear,
- Supervision and monitoring of changes in Hungarian EHS regulations,
- Continuous improvement of EHS Performance through measurable objective and targets,
- Sharing the best practices,
- Periodic review of this policy that it remains relevant, and communicating it to all concerned.

	Document title	Document version	01
	Credit Risk Management and Credit Policy	Date of issue	27.09.2018.
		Effective from	03.08.2018.
		Page/Pages	1/5

# Credit Risk Management and Credit Policy

	Name and Surname	Position	Date	Signature
Elaborated:	Eszter Erdősi	Chief Accountant	27.09. 2018.	
Approved:	Sundeep Saksena	Business Head	27.09. 2018.	
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	Document title	Document version	01
	Credit Risk Management and Credit Policy	Date of issue	27.09.2018.
		Effective from	03.08.2018.
		Page/Pages	2/5

### **Credit Risk Management and Credit Policy:**

Credit Risk Management is a crucial part of any Business Management which involves supplying the goods to the customers on credit. The risk involved in supplying goods on credit is much higher than lending the funds by banks as no security is provided by the customers to the vendors and no regular monitoring on the financial data of the customers is made by the vendor. If the Accounts Receivables are not properly managed to ensure timely collection of funds and are not properly protected from the losses due to credit risks, the financial health of the business may be seriously impacted due to protracted default, insolvency or bankruptcy of the customers.

Credit Policy is an important tool of Credit Risk Management. The objective of the Credit Policy is to understand the financial health of the customers before starting business with them, monitor their financial health, ensure timely collection of funds and protect the business from credit risks.

### **Credit Policy and Procedures:**


The company will have credit insurance cover for Credit Limit sanctioned to each customer, except otherwise provided herein, other than the customers who are doing business against Advance Payment, Letter of Credit or Bank Guarantees, in the following manner:

#### **A. Group Customers with satisfactory Credit Worthiness:**

As the Credit Insurance Cover is not available against the commercial disputes, the Marketing Head, CFO and the Business Head can decide unanimously not to take Insurance cover for Group Customers like Amcor and Constantia. However Credit Insurance Cover would be required in the following cases for Group Customers or any one or more companies which are part of Group Customer:

1. If the Group Credit Worthiness is not satisfactory.
2. If any Company of the Group Customer is frequently delaying the payments.
3. If any Company of the Group Customer is situated in a country having high credit risk like Africa, Russia and other CIS countries.
4. Credit Limit will be fixed and procedure followed in the same manner as mentioned under the head "Other Customers" here-in-below.



	Document title	Document version	01
	Credit Risk Management and Credit Policy	Date of issue	27.09.2018.
		Effective from	03.08.2018.
		Page/Pages	3/5

**B. Companies part of Uflex Group:**


No Credit Limit is required to be fixed for the companies with the Uflex Group unless there is Instruction from the Corporate Office to fix the limit for any particular company or companies.

**C. Other Customers**


- i) Credit Limit should be fixed for all other Customers and Credit Insurance cover has to be obtained for each company/firm of a Business Group of the customer separately from a reputed Credit Insurance Company (CIC). It is clarified that If we are dealing with holding and subsidiaries companies of the same business group, credit Insurance cover for each holding and each subsidiary has to be obtained separately.
- ii) In order to apply for the Credit insurance, Sales Department would provide the necessary information to the CFO in the prescribed format.
- iii) In the event Credit Insurance Cover is not provided by CIC for any customer, an internal credit limit for a particular order (s) or for a particular period will be fixed which will be approved by the Business Head on the recommendation of the Marketing Head and CFO. In order to set up uninsured Credit Limit the request would be made in the prescribed format.
- iv) The amount of Credit Limit required would depend upon the past and potential business with the customers and payment terms.

**Other Procedures and Guidelines to be followed:**

1. In the Sales Contract the name of the customer, its VAT Registration Number, Registration Number (If any) should be exactly same in which Credit Insurance Cover is obtained or internal Credit Limit is fixed- **Responsibility – Concerned Sales Person**
2. Credit Limit (both insured as well as internal, if any) would be automatically cancelled if any overdue amount exceeds 60 days. Doing further business with the customers whose overdue outstanding exceeded 60 days any time during last 12 months would require Business Head's approval only at the recommendation of CFO.

	Document title	Document version	01
	Credit Risk Management and Credit Policy	Date of issue	27.09.2018.
		Effective from	03.08.2018.
		Page/Pages	4/5

3. Retention of Title on goods would transfer to the buyer after payment. A Clause to this effect must be part of each Sales Contract.
4. CFO would ensure that all terms and conditions of Credit Insurance Policy are complied with.
5. After overdue outstanding has exceeded 45 days, a communication in writing should go to the customer from the concerned Sales Person that the Company is handing over the matter for recovery to the Credit Insurance Company/our Legal Department and all cost involved in recovery will be debited to them, unless there are valid reasons for not doing so. Approval from CFO must be obtained in writing for not sending such communication.
6. A daily outstanding report would be circulated amongst all Sales Persons/Executives giving age Analysis and Critical Outstanding by the Accounts Dept.
7. Any amount overdue for more than 10 days would be considered as Critical Outstanding.
8. Although no further dispatches should be made to the customer whose overdue outstanding is more than 10 days, the Business Head can authorize the dispatches on a very selective basis keeping in view the past record of the customer and the amount of business involved provided the overdue outstanding is not exceeding 30 days.
9. If the overdue outstanding is more than 30 days, neither further dispatch can be made nor can any new order be accepted without written approval from the Business Head. Production Dept. should be advised to put the production on hold until the overdue outstanding more than 30 days is cleared.
10. If the overdue outstanding is more than 55 days, collection demand notice would be sent by the CFO to CIC. (Please check your Credit Insurance Policy if it requires collection demand notice for overdue outstanding for a period less than 60 days, if yes, please send the collection demand notice to CIC as per the term of the policy). If the overdue outstanding exceeds 60 days, neither further dispatch can be made nor can any new order be accepted.
11. As insurance premium is paid to obtain credit insurance, it should be taken into account while calculating the ex-work price. CFO would inform every year at the time of renewal of credit insurance policy the percentage of Credit Insurance Premium for various Zones.
12. There should not be any duplicate accounts in ERP System for the same customer-Responsibility –Concerned Sales Person

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13. An email should be issued by the Business Head for minimum ex-work price in the last week of every month which would be applicable for the succeeding month. **Minimum ex-work prices may be different for different lot sizes, if necessary.** Acceptance of orders below minimum sales price would require the approval from the Business Head.
14. Before accepting any Sales Order a calculation of ex-work price would be made by respective sales person. Primarily, Freight (both local and ocean), Custom Clearance Charges, Custom Agent Fee, Credit Insurance Premium, Transit/Marine Insurance Premium, Bank charges if the documents are routed through Bank, should be deducted from Sale Price to arrive at ex-works price. This calculation sheet should be attached with each Sales order for further examination/Audit. Interest cost for the credit period may also be deducted if it is significant.
15. No Cash Discount should be allowed to the Customers without approval from CFO and the Business Head.
16. Deviation and exceptions to the Policy should be reported by the Internal Auditors to the Board of Directors periodically.