



# Purity Flexpack Limited

PFL/2020-21/18  
21<sup>st</sup> August, 2020

To,  
The Manager  
Department of Corporate Services  
BSE Limited  
Floor 25, P. J. Towers,  
Dalal Street  
Mumbai- 400 001

**Scrip Code: 523315**

**Sub.: Annual Report 2019-20**

Dear Sir,

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed the Annual Report for the Financial Year 2019-2020 along with the Notice of the 32<sup>nd</sup> Annual General Meeting ("AGM") of the Company to be held on Saturday, 12<sup>th</sup> September, 2020 at 11.00 a.m. (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").

The Notice of the AGM and the Annual Report has also been uploaded on the website of the Company at [www.purityflexpack.com](http://www.purityflexpack.com).

Kindly take the same on record.

Thanking You,

Yours faithfully,

**For Purity Flexpack Limited**

**Authorized Person**  
**Vandana Patil**  
*Enclosed a/a*





# Purity Flexpack Limited

*Think Packaging, Think us*



**32<sup>nd</sup> Annual Report  
2020**

**Board of Directors**

Mr. Anil Patel - Chairman & Managing Director (CEO)  
 Mrs. Kokila Patel - Director  
 Mr. Kunal Patel - Whole-time Director (CFO)  
 Mr. Harshad Bhatt - Director  
 Mr. Manish Baxi - Director  
 Mr. Darshak Sheth - Director  
 Mr. Nilesh Patel - Director  
 Mr. Daxesh Patel - Director (upto 08.11.19)  
 Mr. Avant Amin - Director (from 08.11.19)

**Company Secretary & Compliance Officer**

Ms. Hemkunvarba Gohil  
 (from 20.04.19 to 11.06.20)

**Bankers**

Axis Bank Limited

**Statutory Auditors**

M/s. Modi & Joshi  
 Chartered Accountants  
 301, Sumangal Chamber,  
 Kharivav Road,  
 Jambubet, Dandia Bazar,  
 Vadodara 390 001

**Factory & Registered Office**

At: Vanseti,  
 Post: Tajpura, Near Halol,  
 Dist: Panchmahal – 389 350

**Registrar & Share Transfer Agents**

Universal Capital Securities Pvt. Ltd.  
 (erstwhile Mondkar Computers Pvt. Ltd.)  
 21, Shakil Niwas, Opp. Satya Saibaba Temple,  
 Mahakali Caves Road,  
 Andheri (East), Mumbai – 400 093

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**32<sup>nd</sup> Annual General Meeting**

Saturday, 12<sup>th</sup> September, 2020 at 11.00 a.m. (IST)  
 through Video Conferencing / Other Audio Visual Means

## **NOTICE**

**Notice** is hereby given that the **32<sup>nd</sup> Annual General Meeting** of the Shareholders of **Purity Flexpack Limited** is to be held on **Saturday, 12<sup>th</sup> September, 2020 at 11:00 a.m.** IST through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), to transact the following business:-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Harshadkumar Bhatt (DIN 00194195), who retires by rotation, and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS:**

3. **Re-appointment and revision in remuneration of Mr. Anil Patel (DIN: 00006904) as a Chairman cum Managing Director of the Company**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof), the Nomination & Remuneration Committee recommends the re-appointment of Mr. Anil Patel (DIN: 00006904) as a Managing Director of the Company for a term of three years commencing from 01<sup>st</sup> April, 2020 till 31<sup>st</sup> March, 2023 subject to approval of the shareholders in the ensuing Annual General Meeting as per the terms and conditions mutually agreed upon between the Company and Mr. Anil Patel.

**RESOLVED FURTHER THAT** the following terms and conditions to be approved considering the limit specified under Section 197 and Schedule V of the Act:

Consolidated Salary, Perquisites and Performance Bonus, etc: ₹ 7,00,000/- per month.

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

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

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

4. **Re-appointment and revision in remuneration of Mr. Kunal Patel (DIN: 00106545) as a Whole-time Director of the Company**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof), the Nomination & Remuneration Committee recommends the re-appointment of Mr. Kunal Patel (DIN: 00106545) as a Whole-time Director of the Company for a term of three years commencing from 01<sup>st</sup> April, 2020 till 31<sup>st</sup> March, 2023 subject to approval of the shareholders in the ensuing Annual General Meeting as per the terms and conditions mutually agreed upon between the Company and Mr. Kunal Patel.

**RESOLVED FURTHER THAT** the following terms and conditions to be approved considering the limit specified under Section 197 and Schedule V of the Act:

Consolidated Salary, Perquisites and Performance Bonus, etc: ₹ 5,25,000/- per month.

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

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

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

**5. Appointment of Mr. Avant A. Amin (DIN 08077852) as an Independent Director of the Company.**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 161 read with Schedule IV and such other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Mr. Avant Amin (DIN 08077852) who was appointed as an Additional Director of the Company with effect from 8<sup>th</sup> November, 2019 pursuant to Section 161 of the Companies Act 2013 and who has submitted a declaration that he is eligible for appointment and he meets the criteria of independence as provided under Section 149(6) of the Act for a period of five consecutive years i.e. upto 8<sup>th</sup> November, 2024 and that he shall not be subject to retirement by rotation.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**6. Appointment of Mrs. Vaishali Amin (DIN: 00194291) as a Director of the Company.**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Rule 8, 9 and 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the relevant Rules made thereunder (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) the consent of the Members of the Company be and are hereby accorded for the appointment of Mrs. Vaishali Amin (DIN: 00194291) as a Director of the Company, with effect from 12<sup>th</sup> September, 2020.

**RESOLVED FURTHER THAT** any of the Directors of the Company be and is hereby authorized to file Form DIR-12 with the Registrar of Companies, to make necessary entries in the Statutory Registers of the Company and to do all acts /deeds /things as may be deemed fit to give effect to this resolution."

**By Order of the Board of Directors  
For Purity Flexpack Limited**

**Anil Patel  
Chairman & Managing Director  
DIN : 00006904**

**Place: Vanseti  
Date: 19<sup>th</sup> August, 2020**

**NOTES:**

- a. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5<sup>th</sup> May, 2020 read together with circulars dated 8<sup>th</sup> April, 2020 and 13<sup>th</sup> April, 2020 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
- b. The Explanatory Statements pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business set out in the Notice is annexed hereto and forms part of the Notice.
- c. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
- d. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- e. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution / authorization letter to the Company or upload on the VC portal / e-voting portal.
- f. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 5<sup>th</sup> September, 2020 to Saturday, 12<sup>th</sup> September, 2020 (both days inclusive) for the purpose of Annual General Meeting.
- g. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 12<sup>th</sup> September, 2020.
- h. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company seven days before the meeting, through email on [compliance@purityflexpack.com](mailto:compliance@purityflexpack.com). The same will be replied by the Company suitably.
- i. In compliance with the MCA Circulars and SEBI Circular dated 12<sup>th</sup> May, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.purityflexpack.com](http://www.purityflexpack.com), websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com).
- j. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and better management of the securities. Members can write to the Company's Registrar and Share Transfer Agent in this regard.
- k. The Company has appointed Mr. Devesh R. Desai, Practising Company Secretary, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will scrutinize the electronic voting process in a fair and transparent manner. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutinizer's Report, will be placed on the website of the Company [www.purityflexpack.com](http://www.purityflexpack.com) and Registrar and Share Transfer Agent. The result will simultaneously be communicated to the stock exchange.
- l. Additional information, pursuant to Regulation 36 of the Listing Regulations, in respect of the directors seeking appointment / reappointment at the AGM, forms part of this Notice.
- m. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agent.
- n. Since the AGM will be held through VC/ OAVM, the route map, proxy form and attendance slip are not annexed hereto.

- o. In compliance with Section 108 of the Act, read with the corresponding rules, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Company has provided a facility to its members to exercise their votes electronically through the electronic voting ("e-voting") facility provided by Central Depository Services (India) Limited (CDSL), on all the resolutions set forth in this Notice.

#### **CDSL e-Voting System – For remote E-voting and E-voting during AGM**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, Circular No.17/2020 dated 13<sup>th</sup> April, 2020 and Circular No. 20/2020 dated 05<sup>th</sup> May, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. **Process for those shareholders whose email ids are not registered:**
  - a) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of AADHAR Card) by email to **Company/RTA email id**.
  - b) For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of AADHAR Card) to **Company/RTA email id**.

#### **THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins on 9<sup>th</sup> September, 2020 and ends on 11<sup>th</sup> September, 2020. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 4<sup>th</sup> September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR



Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from [Login - Myeasi](#) using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip / communicated by mail indicated in the PAN field.</li> </ul>
Date of Birth	<p>Enter the Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

#### INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.



3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz: [deveshrdesai2002@rediffmail.com](mailto:deveshrdesai2002@rediffmail.com) & [compliance@purityflexpack.com](mailto:compliance@purityflexpack.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **seven days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [compliance@purityflexpack.com](mailto:compliance@purityflexpack.com).
6. Shareholders who would like to express their views/have questions may send their questions in advance **seven days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [compliance@purityflexpack.com](mailto:compliance@purityflexpack.com). The same will be replied by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022- 23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022- 23058542/43.

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

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 3, 4, 5 & 6 of the accompanying Notice dated 19<sup>th</sup> August, 2020.

**Item No. 3**

Mr. Anil Patel had been re-appointed as a Chairman cum Managing Director of the Company on 12<sup>th</sup> February, 2020 w.e.f 1<sup>st</sup> April, 2020 for a period of 3 years. The term of office of Mr. Anil Patel as Managing Director of the Company is due to expire on 31<sup>st</sup> March, 2020. The present proposal is to seek the Shareholders' approval for the re-appointment of Mr. Anil Patel as the Managing Director in terms of the applicable provisions of the Companies Act, 2013. A brief profile of Mr. Anil Patel is provided annexed hereto the Corporate Governance Report.

The revised payment of remuneration has already been approved by the Nomination & Remuneration Committee in its meeting held on 12<sup>th</sup> February, 2020 & subsequently by the Board of Directors in its Board Meeting held on the same date. Therefore, the Board proposes to seek approval of the Shareholders of the Company, approving the payment of remuneration of ₹ 7,00,000/- per month from 1<sup>st</sup> April, 2020 as detailed here under:

Consolidated Salary, Perquisites and Performance Bonus, etc: ₹ 7,00,000/- (Rupees Seven Lakhs Only) per month.

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

- (a) Gratuity as per the rules of the Company, but not exceeding half a month's salary for each completed year of service.
  - (b) Encashment of leave at the end of tenure.
  - (c) Provision of car for use on Company's business.
  - (d) Free landline telephone / Electricity etc facility at residence along with free mobile telephone facility. Long distance personal calls to be recovered by the Company.
  - (e) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.
- Accordingly the Board recommends the passing of the special resolution as set out in the item no. 3 of the Notice.

Except for Mr. Anil Patel, Mr. Kunal Patel and Mrs. Kokila Patel, none of the other Directors and Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at item no. 3.

**Item No. 4**

Mr. Kunal Patel had been re-appointed as a Whole-time Director of the Company on 12<sup>th</sup> February, 2020 w.e.f 1<sup>st</sup> April, 2020 for a period of 3 years. The term of office of Mr. Kunal Patel as Whole-time Director of the Company is due to expire on 31<sup>st</sup> March, 2020. The present proposal is to seek the Shareholders' approval for the re-appointment of Mr. Kunal Patel as the Whole-time Director in terms of the applicable provisions of the Companies Act, 2013. A brief profile of Mr. Kunal Patel is provided annexed hereto the Corporate Governance Report.

The revised payment of remuneration has already been approved by the Nomination & Remuneration Committee in its meeting held on 12<sup>th</sup> February, 2020 & subsequently by the Board of Directors in its Board Meeting held on the same date. Therefore, the Board proposes to seek approval of the Shareholders of the Company, approving the payment of remuneration of ₹ 5,25,000/- per month from 1<sup>st</sup> April, 2020 as detailed here under:

Consolidated Salary, Perquisites and Performance Bonus, etc: ₹ 5,25,000/- (Rupees Five Lakhs Twenty Five Thousand Only) per month.

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

- (a) Gratuity as per the rules of the Company, but not exceeding half a month's salary for each completed year of service.
  - (b) Encashment of leave at the end of tenure.
  - (c) Provision of car for use on Company's business.
  - (d) Free landline telephone / Electricity etc facility at residence along with free mobile telephone facility. Long distance personal calls to be recovered by the Company.
  - (e) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.
- Accordingly the Board recommends the passing of the special resolution as set out in the item no. 4 of the Notice.

Except for Mr. Kunal Patel, Mr. Anil Patel and Mrs. Kokila Patel, none of the other Directors and Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at item no. 4.

**Item No. 5**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Mr. Avant Amin (DIN 08077852) as an Additional Director (Independent Director) of the Company, with effect from 8<sup>th</sup> November, 2019 under Section 149, 150 and 152 of the Companies Act, 2013. He shall hold office upto the date of forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term upto (5) five consecutive years.

The Company has received notice under Section 160 of the Companies Act, 2013 from Mr. Avant Amin signifying his candidature as an Independent Director of the Company. The Company has also received a declaration of independence from him. In the opinion of the Board, Mr. Avant Amin fulfils the conditions as set out in Section 149(6) and Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for being eligible for his appointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. A brief profile of Mr. Avant Amin, including nature of his expertise, is provided annexed hereto the notice.

The remuneration to Mr. Avant Amin shall be governed by the Differential Remuneration Policy of the Company. The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Avant Amin as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Avant Amin as an Independent Director for period upto 5 (five) consecutive years with effect from 8<sup>th</sup> November, 2019 for the approval by the Members of the Company.

Except Mr. Avant Amin, being an appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at item no. 5 for the approval of Members.

#### **Item No. 6**

The Board of Directors of the Company intends to appoint Mrs. Vaishali Amin (DIN: 00194291) as a Director of the Company with effect from the date of resolution, pursuant to provisions of Section 152 of the Companies Act, 2013 read with the Rule 8, 9 and 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the relevant Rules made thereunder.

The Company has received from Mrs. Vaishali Amin (DIN: 00194291), a consent in writing to act as Director in form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013.

In the opinion of the Board, Mrs. Vaishali Amin (DIN: 00194291) who is proposed to be appointed as Director of the Company with effect from 12<sup>th</sup> September, 2020, fulfils the conditions. Considering her vast experience, her presence on the Board will be of immense value for day to day business and affairs of the company. Her appointment shall be helpful in breaking the deadlock created by hostile member.

Except for Mr. Kunal Patel, Mr. Anil Patel, Mr. Ankit Amin and Mrs. Kokila Patel, none of the other Directors and Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at item no. 6.

The Board recommends the Ordinary Resolution set out at item no. 6 for the approval of Members.

#### **DETAILS OF DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE MEETING (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015):**

Name of the Director	Harshad Satishchandra Bhatt	Avant Ashit Amin
Date of Birth	25/11/1953	23/10/1987
Qualification	Bachelor of Commerce	Msc in Management with Finance
Date of Appointment	28/01/1994	08/11/2019
Expertise	Veteran Businessman	Veteran Businessman
List of other Indian Public Limited Companies in which Directorship held	Nil	Nil
Memberships/Chairmanships of Committees of other Public Companies	Nil	Nil
No. of Shares Holds in the Company	12,709 Equity Shares	Nil
Relationship between directors inter-se	None	None

**By Order of the Board of Directors  
For Purity Flexpack Limited**

**Anil Patel  
Chairman & Managing Director  
DIN : 00006904**

**Place: Vanseti  
Date: 19<sup>th</sup> August, 2020**

## Board's Report

### Dear Members,

The Board of Directors are pleased to present the Company's 32<sup>nd</sup> Annual Report and the Company's Audited Financial Statements for the Financial Year ended on 31<sup>st</sup> March, 2020.

### RESULTS OF OUR OPERATIONS

The Company's financial performance for the year ended 31<sup>st</sup> March, 2020 is summarised below:

(₹ in lakhs, except per equity share data)

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>Revenue from operations</b>	7153.72	6370.17
Other Income	7.24	9.97
<b>Total Income</b>	<b>7160.96</b>	<b>6380.14</b>
<b>Profit Before Interest, Depreciation, Exceptional Items and Tax</b>	<b>805.00</b>	<b>533.18</b>
Less: Interest	139.54	111.91
Less: Depreciation	242.92	232.48
<b>Profit Before Exceptional Items and Tax</b>	<b>422.54</b>	<b>188.79</b>
Less: Exceptional Items	Nil	Nil
<b>Profit Before Tax</b>	<b>422.54</b>	<b>188.79</b>
Less: Current Tax	108.54	39.75
Less: MAT Credit (entitlement)/utilization	37.73	(33.42)
Less: Earlier Year Income Tax	Nil	(2.38)
Less: Deferred Tax	23.82	(19.58)
<b>Profit After Tax</b>	<b>252.45</b>	<b>204.42</b>
<b>Total comprehensive income for the year attributable to the owners of the Company</b>	<b>252.45</b>	<b>204.42</b>
<b>Earnings per share (EPS)</b>		
Basic (₹)	23.52	19.04
Diluted (₹)	23.52	19.04

### COVID 19

In the last month of the Financial Year 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers globally. From a highly centralized model consisting of work spaces, the switch to work from home for employees all over the Company was carried out seamlessly. As of 31<sup>st</sup> March, 2020, work from home was enabled to close to 90 percent of the employees to work remotely and securely. This response has reinforced customer confidence in the Company and many of them have expressed their appreciation and gratitude for keeping their businesses running under most challenging conditions.

### PERFORMANCE OF THE COMPANY

The turnover including other income of the Company for the Financial Year 2019-20 amounted to ₹ 7160.96 Lakhs as against last year's ₹ 6380.14 Lakhs. The Profit before exceptional items and tax is ₹ 422.54 Lakhs as against ₹ 188.79 Lakhs of last year. Profit for the year is ₹ 252.45 Lakhs as against ₹ 204.42 Lakhs of last year.

### ANNUAL RETURN

The details forming part of the extract of Annual Return in Form MGT 9 is annexed as Annexure I.

As required under Section 134(3)(a) of the Act, the Annual Return is put up on the Company's website and can be accessed at <http://www.purityflexpack.com/pdf/MGT%209%20Extract%20of%20Annual%20Return%202019-20.pdf>

### DIVIDEND

In view of retain the resources and future expansion, your directors have not recommended dividend for the year ended 31<sup>st</sup> March, 2020.

### SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 6,00,00,000/- (Rupees Six Crores Only) divided into 60,00,000 Equity Shares of ₹ 10/- each.

There was no change in the capital structure of the Company during the Financial Year under review. The paid up Equity Share capital as on 31<sup>st</sup> March, 2020 was ₹ 1,07,34,000/-.

**LISTING OF SHARES**

The Company's shares are listed on BSE under Scrip Code 523315. The ISIN code of the Company is INE898O01010.

**NATURE OF BUSINESS**

There was no change in the nature of business during the Financial Year under review.

**SUBSIDIARIES, ASSOCIATES & JOINT VENTURES**

The Company does not have any Subsidiary, Associate & Joint Venture Company.

**CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set out by the Securities and Exchange Board of India ("SEBI"). The disclosures as required under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed as Annexure II of this Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

**NUMBER OF MEETINGS OF THE BOARD**

The Board met eight (8) times during the Financial Year. The meeting details are provided in the Corporate Governance Report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

**COMMITTEES OF THE BOARD**

As on 31<sup>st</sup> March, 2020, the Board had three committees viz. the Audit Committee, the Nomination And Remuneration Committee and the Stakeholders Relationship Committee. A majority of the committees consists entirely of independent directors. During the year, all recommendations made by the committees were approved by the Board.

A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Financial Statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Companies Act, 2013 (to the extent notified) and guidelines issued by SEBI. The Ind AS are prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The directors confirm that:

- i. In preparation of the annual accounts for the Financial Year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed and there are no material departures.
- ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 that period.
- iii. They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. They have prepared the annual accounts on a going concern basis.
- v. They have laid down internal financial controls, which are adequate and are operating effectively.
- vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws, and such systems are adequate and operating effectively.

**REPORTING OF FRAUDS BY AUDITORS**

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

**MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT**

There have been no material changes and commitments, which affect the financial position of the Company, that have occurred between the end of the Financial Year to which the Financial Statements relate and the date of this report.

**POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As of 31<sup>st</sup> March, 2020, the Board had eight members, two of whom are executive directors, two non-executive and non-independent directors and four

independent directors. There is one Woman director on the Board. The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under Sub-section (3) of Section 178 of the Companies Act, 2013, is available on our website, at [www.purityflexpack.com](http://www.purityflexpack.com). We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

#### **EXPLANATIONS OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There was no qualifications, reservations or adverse remarks made by the either by the Auditors or by the Practicing Company Secretary in their respective reports.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the Financial Statements provided in this Annual Report.

#### **CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars, as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure III to the Board's report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

In terms of the provisions of Regulation 34 of the Listing Regulations, the Management Discussion and Analysis is set out as Annexure IV of this Annual Report.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as Annexure V.

#### **STATE OF COMPANY'S AFFAIRS**

The Company is engaged in the business of packaging. There is no change in the business of the Company during the Financial Year ended 31<sup>st</sup> March, 2020. Further information on the business overview and outlook and state of the affairs of the Company is discussed in detail in the Management Discussion & Analysis.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Since the Company does not qualify any of the criteria as laid down in Section 135(1) of the Companies Act, 2013 with regard to Corporate Social Responsibility, provisions of Section 135 are not applicable to the Company.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Harshad Bhatt, Director of the Company, retires by rotation at the ensuing AGM. The Board of Directors on the recommendation of the Nomination and Remuneration Committee has recommended their re-appointment.

Mr. Daxesh Patel, an independent director, resigned as a member of the Board w.e.f. 8<sup>th</sup> November, 2019 to devote more time to his other business commitments. Further, Ms. Hemkunvarba Gohil was appointed as a Company Secretary & Compliance Officer w.e.f. 20<sup>th</sup> April, 2019 and resigned from the said post w.e.f. 11<sup>th</sup> June, 2020.

Mr. Avant Amin was appointed to the Board as an Additional Independent Director considering his integrity, expertise and experience w.e.f. 11<sup>th</sup> November, 2019 for a period of five (5) years subject to the approval of shareholders at the 32<sup>nd</sup> AGM. The notice convening the meeting sets out the details of his appointment.

Mr. Anil Patel – Chairman & Managing Director and Mr. Kunal Patel – Whole-time Director were appointed as Chief Executive Officer and Chief Financial Officer w.e.f. 20<sup>th</sup> April, 2019 respectively.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

The Board of Directors further confirms that the Independent Directors also meet the criteria of expertise, experience, integrity and proficiency in terms of Rule 8 of the Companies (Accounts) Amendment Rules, 2019.

#### **FORMAL ANNUAL EVALUATION**

The Company has a policy for performance evaluation of the Board, Committees and other Individual Directors (including Independent Directors) which include criteria for performance evaluation of Non-Executive Directors and Executive Directors. In accordance with the manner specified by the Nomination and Remuneration Committee, the Board carried out annual performance evaluation of the Board, its Committees and Individual Directors. The Independent Directors carried out annual performance evaluation of the Chairperson, the non-independent directors and the Board as a whole. The Chairman of the

respective Committees shared the report on evaluation with the respective Committee members. The performance of each Committee was evaluated by the Board, based on report on evaluation received from respective Committees. A consolidated report was shared with the Chairman of the Board for his review and giving feedback to each Director.

#### **RISK MANAGEMENT POLICY**

The Company has a well defined process in place to ensure appropriate identification and mitigation of risks. The Risk Management has been entrusted by the Board with the responsibility of identification and mitigation plans for ongoing operations of the Company. Elements of risks to the Company are listed in the notes to the Financial Statements.

#### **DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

#### **CODE OF CONDUCT**

The code of conduct has been put on the Company's website [www.purityflexpack.com](http://www.purityflexpack.com). The members of the board and senior management personnel have affirmed the compliance with the Code applicable to them during the year ended 31<sup>st</sup> March, 2020. The Annual Report contains declaration to this effect signed by Mr. Anil Patel – Chief Executive Officer and Mr. Kunal Patel – Chief Financial Officer of the Company.

#### **AUDITORS AND AUDITORS' REPORT**

##### **A. Statutory Auditors**

In accordance with Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. Modi & Joshi, Chartered Accountants (Firm Regn. No. 135442W) have been appointed as the Statutory Auditors to hold the office from the conclusion of the 29<sup>th</sup> AGM held on 2<sup>nd</sup> September, 2017 until the conclusion of the 33<sup>rd</sup> AGM in the Year 2022 at a remuneration as may be approved by the Board.

##### **B. Secretarial Auditors**

The Board had appointed Mr. Devesh R. Desai, Practising Company Secretary, to conduct a secretarial audit for the Financial Year 2019-20. The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2020 is attached herewith as Annexure VI. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark.

#### **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Compliance Officer in advance.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the year under review, your Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In terms of Section 177(9) of the Companies Act, 2013, Rules framed thereunder and Regulation 22 of the SEBI Listing Regulations, the Company has put in place a system through which the Directors and Employees may report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct & Ethics without fear of reprisal. The Employees and Directors may report to the Compliance Officer and have direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is placed on the website of the Company [www.purityflexpack.com](http://www.purityflexpack.com).

#### **COMPLIANCE CERTIFICATE**

The CEO and CFO have certified to the Board with regard to the Financial Statements and other matters as required under Regulation 17(8) read with Part B of Schedule II to the SEBI Listing Regulations.

#### **INSURANCE**

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

#### **ACKNOWLEDGMENTS**

The Directors gratefully acknowledge the support given by the Customers, Dealers, Distributors, Suppliers, Bankers, various departments of the Central and State Governments, Local Authorities and also the Shareholders of the Company.



The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic. The Directors appreciate and value the contribution made by every member of the Purity Flexpack Limited.

**By Order of the Board of Directors  
For Purity Flexpack Limited**

**Place: Vanseti  
Date: 29<sup>th</sup> June, 2020**

**Anil Patel  
Chairman & Managing Director  
DIN : 00006904**



(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Others(Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total(A)(1)</b>	<b>242253</b>	<b>293535</b>	<b>535788</b>	<b>49.92</b>	<b>242388</b>	<b>293400</b>	<b>535788</b>	<b>49.92</b>	<b>0.00</b>
<b>2</b>	<b>Foreign</b>									
a	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b	Other Individuals	-	-	-	-	-	-	-	-	-
c	Bodies Corporate	-	-	-	-	-	-	-	-	-
d	Banks / FI	-	-	-	-	-	-	-	-	-
e	Any Others (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>242253</b>	<b>293535</b>	<b>535788</b>	<b>49.92</b>	<b>242388</b>	<b>293400</b>	<b>535788</b>	<b>49.92</b>	<b>0.00</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>1</b>	<b>Institutions</b>	-	-	-	-	-	-	-	-	-
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-
(b)	Banks / FI	0	540	540	0.05	0	540	540	0.05	0.00
(c)	Central Govt(s)	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>540</b>	<b>540</b>	<b>0.05</b>	<b>0</b>	<b>540</b>	<b>540</b>	<b>0.05</b>	<b>0.00</b>
<b>B 2</b>	<b>Non-institutions</b>									
<b>(a)</b>	<b>Bodies Corporate</b>	280	3926	4206	0.39	973	4192	5165	0.48	0.09
(i)	Indian	-	-	-	-	-	-	-	-	-
(ii)	Overseas	-	-	-	-	-	-	-	-	-
<b>(b)</b>	<b>Individuals</b>									
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	8193	522981	531174	49.49	17108	513089	530197	49.39	-0.1
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
<b>(c)</b>	<b>Others (specify)</b>	-	-	-	-	-	-	-	-	-
(i)	Clearing Members									
(ii)	Trusts	0	1195	1195	0.11	0	1195	1195	0.11	0.00
(iii)	NRI / OCBs	-	-	-	-	-	-	-	-	-
(iv)	Foreign Nationals	-	-	-	-	-	-	-	-	-
(v)	Foreign Corporate Body	-	-	-	-	-	-	-	-	-
(vi)	LLP/Partnership Firm	100	0	100	0.01	100	0	100	0.01	0.00
(vii)	HUF	397	0	397	0.04	415	0	415	0.04	0.00
	<b>Sub-Total (B)(2)</b>	<b>8970</b>	<b>528102</b>	<b>537072</b>	<b>50.03</b>	<b>18596</b>	<b>518476</b>	<b>537072</b>	<b>50.03</b>	<b>0.00</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>8970</b>	<b>528642</b>	<b>537612</b>	<b>50.08</b>	<b>18596</b>	<b>519016</b>	<b>537612</b>	<b>50.08</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>251223</b>	<b>822177</b>	<b>1073400</b>	<b>100.00</b>	<b>260984</b>	<b>812416</b>	<b>1073400</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>251223</b>	<b>822177</b>	<b>1073400</b>	<b>100.00</b>	<b>260984</b>	<b>812416</b>	<b>1073400</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged /encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged /encumbered to total shares	
1	Mr. Anil Patel	1,61,748	15.07	-	1,61,748	15.07	-	0.00
2	Mr. Ankit Amin	3,765	0.35	-	3,765	0.35	-	0.00
3	Mr. Harshad Bhatt	12,709	1.18	-	12,709	1.18	-	0.00
4	Mrs. Kokila Patel	1,75,057	16.31	-	1,75,057	16.31	-	0.00
5	Mr. Kunal Patel	71,393	6.65	-	71,393	6.65	-	0.00
6	Mrs. Vaishali Amin	1,11,116	10.35	-	1,11,116	10.35	-	0.00

## iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial Year 2019 -20.

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	CHINUBHAI N PATEL				
	At the beginning of the year	3825	0.36	3825	0.36
	Bought during the year			615	-
	At the end of the year 31.03.20			4440	0.41
2	ABDULRASID ABDULGANI SHEKH				
	At the beginning of the year	3333	0.31	3348	0.31
	Bought during the year			15	-
	At the end of the year 31.03.20			3348	0.31
3	SEEMA SAJID CHASMAWALLA				
	At the beginning of the year	2550	0.24	2550	0.24
	At the end of the year 31.03.20			2550	0.24
4	RAJKUMAR BEHR				
	At the beginning of the year	1575	0.15	1575	0.15
	At the end of the year 31.03.20			1575	0.15
5	DEENAZ V MIRZAN				
	At the beginning of the year	1500	0.14	1500	0.14
	At the end of the year 31.03.20			1500	0.14
6	YOGESH PATEL				
	At the beginning of the year	1350	0.13	1350	0.13
	At the end of the year 31.03.20			1350	0.13
7	RITA D SHAH				
	At the beginning of the year	1305	0.12	1305	0.12
	At the end of the year 31.03.20			1305	0.12
8	GSB SHARE CUSTODIAN SERVICES LTD.				
	At the beginning of the year	1290	0.12	1290	0.12
	At the end of the year 31.03.20			1290	0.12
9	NIRUBEN MANILAL PATEL				
	At the beginning of the year	1215	0.11	1215	0.11
	At the end of the year 31.03.20			1215	0.11
10	TRILOCHANA K DOSHI				
	At the beginning of the year	1185	0.11	1185	0.11
	At the end of the year 31.03.20			1185	0.11

**v) Shareholding of Directors and Key Managerial Personnel (KMP)**

Sl. No.	Name of Directors/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	HARSHAD BHATT				
	At the beginning of the year	12,709	1.18	12,709	1.18
	At the end of the year 31.03.20			12,709	1.18
2	ANIL PATEL				
	At the beginning of the year	1,61,748	15.07	1,61,748	15.07
	At the end of the year 31.03.20			1,61,748	15.07
3	KOKILA A PATEL				
	At the beginning of the year	1,75,057	16.31	1,75,057	16.31
	At the end of the year 31.03.20			1,75,057	16.31
4	KUNAL ANIL PATEL				
	At the beginning of the year	71,393	6.65	71,393	6.65
	At the end of the year 31.03.20			71,393	6.65

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	12,32,65,787	87,62,990	0	13,20,28,777
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	12,32,65,787	87,62,990	0	13,20,28,777
<b>Change in Indebtedness during the financial year</b>				
* Addition	6,84,13,10,381	2,31,750	0	6,84,15,42,131
* Reduction	6,85,06,88,325	5,00,000	0	6,85,11,88,325
<b>Net Change</b>	-99,77,944	2,68,250	0	-96,46,194
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11,38,87,843	874,94,740	0	12,23,82,583
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	11,38,87,843	874,94,740	0	12,23,82,583

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Managing Director/WTD	
		Mr. Anil Patel Chairman & Managing Director (CEO)	Mr. Kunal Patel Whole-time Director (CFO)
1	Gross Salary	72.00	54.00
	(a) Value of Perquisites u/sec 17 (1) of the Income Tax Act, 1961	0.00	0.00
	(b) Value of Perquisites u/sec 17 (2) of the Income Tax Act, 1961	0.00	0.00

	(c) Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission	0.00	0.00
	a. as a % of profit	0.00	0.00
	b. others	0.00	0.00
5	Others	0.00	0.00
	<b>Total (A)</b>	<b>72.00</b>	<b>54.00</b>

## B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors				Total Amount
<b>Independent Directors</b>	<b>Mr. Darshak Sheth</b>	<b>Mr. Nilesh Patel</b>	<b>Mr. Manish Baxi</b>	<b>Mr. Avant Amin</b>	
Fee for attending board committee meetings	-	-	-	-	-
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (1)	-	-	-	-	-
<b>Other Non-Executive Directors</b>	<b>Mrs. Kokila Patel</b>	<b>Mr. Harshad Bhatt</b>			
Fee for attending board committee meetings	-	-	-	-	-
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (2)	-	-	-	-	-
<b>Total (B) = (1 + 2)</b>	-	-	-	-	-
Total Managerial Remuneration	-	-	-	-	-

## C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTd

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Company Secretary *Ms. Hemkunvarba Gohil
1	Gross Salary	4.11
	(a) Value of Perquisites u/sec 17 (1) of the Income Tax Act, 1961	0.00
	(b) Value of Perquisites u/sec 17 (2) of the Income Tax Act, 1961	0.00
	(c) Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	0.00
2	Stock Option	0.00
3	Sweat Equity	0.00
4	Commission	0.00
	a. as a % of profit	0.00

	b. others	0.00
5	Others	0.00
	<b>Total (A)</b>	<b>4.11</b>

\* appointed w.e.f. 20<sup>th</sup> April, 2020

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

There were no penalties, punishments or compounding of offences during the year ended 31<sup>st</sup> March, 2020.

**By Order of the Board of Directors  
For Purity Flexpack Limited**

**Place: Vanseti  
Date: 29<sup>th</sup> June, 2020**

**Anil Patel  
Chairman & Managing Director  
DIN : 00006904**



## ANNEXURE II

## REPORT ON CORPORATE GOVERNANCE

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Our Corporate Governance is a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain our stakeholders at all times.

The Company complies with the requirements regarding Corporate Governance as stipulated under Regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") where its shares are listed.

## II. BOARD OF DIRECTORS

The Board of Directors have ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board has delegated the operational conduct of the business to the Chairman and Managing Director of the Company. The Management Committee of the Company is headed by the Chairman and Managing Director and has business / functional heads as its members, which look after the management of the day-to-day affairs of the Company.

**Composition, Directorship(s) / Committee Membership(s) / Chairmanship(s) and Shareholding as on 31<sup>st</sup> March, 2020:**

The Board of your Company has a good and diverse mix of Executive and Non-Executive Directors with majority of the Board Members comprising Independent Directors and the same is also in line with the applicable provisions of Companies Act, 2013 ('the Act') and SEBI Listing Regulations. As on date of this Report, the Board consists of eight (8) Directors comprising two executive directors and six non-executive directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

Details of the Directors, their directorships and committee chairmanship/membership held by them in other public companies (including Purity Flexpack Limited) are as under:

Name of Director	Category	Number of shares held in the Company	No. of Directorships in Listed Companies*	Committee Positions	
				Chairman**	Member**
Mr. Anil Patel (Promoter)	Executive Director, Chairman & Managing Director (CEO)	1,61,748	1	0	1
Mr. Kunal Patel (Promoter)	Executive Director, Whole-time Director (CFO)	71,393	1	0	0
Mrs. Kokila Patel (Promoter)	Non-Executive, Non-Independent	1,75,057	1	0	0
Mr. Harshad Bhatt (Promoter)	Non-Executive, Non-Independent	12,709	1	0	1
Mr. Darshak Sheth	Non-Executive, Independent	0	1	0	2
Mr. Manish Baxi	Non-Executive, Independent	0	1	0	0
Mr. Nilesh Patel	Non-Executive, Independent	0	1	2	0
Mr. Avant Amin (Appointed w.e.f. 8 <sup>th</sup> November, 2019)	Non-Executive, Independent	0	1	0	0
Mr. Daxesh Patel (Resigned w.e.f. 8 <sup>th</sup> November, 2019)	Non-Executive, Independent	0	0	0	0

\*Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

\*\*Includes only Audit Committee and Stakeholders' Relationship Committee.

### Board Meetings

During the year, eight (8) meetings of Board of Directors were held on 20<sup>th</sup> April, 2019, 30<sup>th</sup> May, 2019, 19<sup>th</sup> July, 2019, 12<sup>th</sup> August, 2019, 29<sup>th</sup> August, 2019, 05<sup>th</sup> September, 2019, 8<sup>th</sup> November, 2019 and 12<sup>th</sup> February, 2020. The details of attendance of the directors at the Board meetings and at the last Annual General Meeting is as under:

Name of Directors	No. of Board Meetings attended	Attendance at AGM held on 29th August, 2019
Mr. Anil Patel	8	Yes
Mrs. Kokila Patel	8	Yes
Mr. Kunal Patel	8	Yes
Mr. Harshad Bhatt	8	Yes
Mr. Darshak Sheth	8	Yes
Mr. Manish Baxi	8	Yes
Mr. Nilesh Patel	8	Yes
Mr. Avant Amin (Appointed w.e.f. 8 <sup>th</sup> November, 2019)	1	No
Mr. Daxesh Patel (Resigned w.e.f. 8 <sup>th</sup> November, 2019)	5	No

### Familiarization Programme

During appointment, all Independent Directors are made aware of their roles and responsibilities which are also specified in their formal letter of appointment with terms and conditions thereon. At the Board and various committee meetings, independent directors are regularly being familiarized on the business model, operations, updates, changes, policies, new policies, process implementation of the company.

Details of Familiarization Programmes for independent Directors are available on the website of the Company and can be accessed at [www.purityflexpack.com](http://www.purityflexpack.com).

### Core Skills / Expertise /Competencies available with the board

The Board comprises of qualified members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise /competencies have been identified for the effective functioning of the Company and are currently available with the Board:

Name of the Director	Area of Expertise
Mr. Anil Patel	• Leadership experience of running large enterprise
Mrs. Kokila Patel	• General Management
Mr. Kunal Patel	• Strategic Planning
Mr. Harshad Bhatt	• Liasoning
Mr. Darshak Sheth	• Advisory on technological absorption
Mr. Manish Baxi	• Finance and Accounting Experience
Mr. Nilesh Patel	• Global Business
Mr. Avant Amin	• Legal & Risk Management

### Confirmation as regards to independence of Independent Directors

Our definition of 'Independence' of Directors is derived from Section 149(6) of the Act and Regulation 16 of Listing Regulations. The Independent Directors provide an annual confirmation that they meet the criteria of independence.

Based on the confirmations / disclosures received from the Directors and on evaluation of the relationships disclosed as per the requirement of Regulation 25(9) of the Listing Regulations, the Board confirms that the Independent Directors fulfill the conditions as specified under Schedule V of the Listing Regulations and are independent of the management.

### Resignation of Independent Director

Mr. Daxesh Patel had resigned as an Independent Director due to his personal and unavoidable circumstances. As per his resignation letter received to the Company, there is no other material reason for his resignations apart from the above stated. A confirmation was received from such director and the intimation of the same was submitted to BSE vide letter no. Purity/CS/2019-2020/35 dated 8<sup>th</sup> November, 2019.

**BRIEF PROFILE OF THE DIRECTORS****Mr. Anil Patel - Chairman and Managing Director**

Mr. Anil Patel did his Diploma in Electrical Engineering from the M. S. University of Baroda, Gujarat. He is currently Chairman & Managing Director and also acting as a Chief Executive Officer of the Company. He has diverse management experience of over 40 years. During his tenure, by sheer hard work, practical wisdom, farsightedness and business acumen, he surmounted all odds – financial, operational and otherwise and put the Company into a comfortable position. He served on the Board of Sevalia Cement Works Limited for two years.

**Mr. Kunal Patel - Whole-time Director**

Mr. Kunal Patel has done his MBA in Lean Operations from Cardiff University, UK. He was inducted on the Board of our Company in 2006. He is currently acting as the Whole-time Director and Chief Financial officer. He looks after the day to day operations and oversees the marketing efforts for the Company.

**Mr. Avant Amin - Director**

Mr. Avant Amin holds a Bachelors Degree in Science (Electrical Engineering) from Purdue University, US and M.Sc. in management with finance from University of Bath, England. He had worked as Research Assistant in Purdue University and conducted experiments on phase sensitive three-wave mixing to exhibit the features of Electromagnetic fields. He is currently working as an Independent Director of the Company since November, 2019.

**III. COMMITTEES OF THE BOARD**

The Committees of the Board play an important role in the Governance and focus on specific areas and make decisions within the delegated authority. Each Committee, guided by its Terms of Reference, which provides for the Composition, Scope, Powers, Duties and Responsibilities, is explained hereunder. The Recommendation and / or Observations and Decisions are placed before the Board for information or approval. The meetings of each of these Committees are convened by the respective Chairpersons, who also apprise the Board about the summary of discussions held at their meetings. The Minutes of the Committee meetings are sent to all Directors individually for their approval / comments as per prescribed Secretarial Standards and after the minutes are duly approved, these are circulated to the Board of Directors and tabled at Board Meetings.

The Board has constituted the following mandatory Committees such as

1. Audit Committee
2. Stakeholders' Relationship Committee and
3. Nomination and Remuneration Committee

**1. Audit Committee**

The Audit Committee is constituted as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. Members of the Audit Committee possess financial/accounting expertise/exposure. Managing Director/Whole-time Director/Chief Executive Officer, Chief Financial Officer, Internal Auditors and Statutory Auditors are the permanent invitee to the Audit Committee. The Audit Committee invites executives, as it considers appropriate, representatives of Statutory Auditors and Internal Auditors to present at its meetings. The Company Secretary acts as the secretary to the Audit Committee.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 29<sup>th</sup> August, 2019.

**Composition, Meetings & Attendance**

During the year under review, the Committee met 6 (Six) times on 20<sup>th</sup> April, 2019, 30<sup>th</sup> May, 2019, 12<sup>th</sup> August, 2019, 29<sup>th</sup> August, 2019, 8<sup>th</sup> November, 2019 and 12<sup>th</sup> February, 2020.

**Names of the Committee Members along with their attendance are given below:**

Name of the Member	Designation	No. of Meetings Attended
Mr. Nilesch Patel	Chairman	6
Mr. Anil Patel	Member	6
*Mr. Darshak Sheth	Member	6
**Mr. Daxesh Patel	Member	3

\*Mr. Darshak Sheth was inducted as a Member w.e.f. 29<sup>th</sup> August, 2019.

\*\*Mr. Daxesh Patel ceased to be a Member w.e.f. 29<sup>th</sup> August, 2019.

**Terms of reference:****Powers of Audit Committee:**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Role of Audit committee, inter alia, includes the following:**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending the appointment, remuneration and terms of appointment of auditors of the company;
3. Approving payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the Financial Statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - 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, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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 monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. 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;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower Mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

**Review of Information by Audit Committee:**

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
6. statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

It may be clarified that the power, role and review of the Audit Committee includes matters specified under Regulation 27 of SEBI Listing Regulations.

**2. Nomination & Remuneration Committee**

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Companies Act, 2013. The committee comprises of non- executive directors and majority of them are independent. The Chairman of the Committee is an Independent Director.

**Composition, Meetings & Attendance**

During the year under review, the Committee met three (3) times on 20<sup>th</sup> April, 2019, 29<sup>th</sup> August, 2019 and 8<sup>th</sup> November, 2019.

**Names of the Committee Members along with their attendance are given below:**

Name of the Member	Designation	No. of Meetings Attended
Mr. Nilesh Patel	Chairman	3
Mr. Anil Patel	Member	3
*Mr. Darshak Sheth	Member	2
**Mr. Daxesh Patel	Member	1

\*Mr. Darshak Sheth was inducted as a Member w.e.f. 29<sup>th</sup> August, 2019.

\*\*Mr. Daxesh Patel ceased to be a Member w.e.f. 29<sup>th</sup> August, 2019.

**Terms of Reference:**

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. To formulate the criteria for evaluation of performance of independent directors and the board of directors;
3. To devise policy on diversity of board of directors;
4. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. To recommend to the board, all remuneration, in whatever form, payable to senior management.
7. To deal with other matters as the Board may refer to the Nomination and Remuneration Committee ("the Committee") from time to time.

**Performance Evaluation Criteria for Independent Directors**

The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration Committee. The said criteria provides certain parameters like attendance, acquaintance with business, communication inter se between board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmarks established by global peers etc., which is in compliance with applicable laws, regulations and guidelines.

### Remuneration Policy

Remuneration policy of the Company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our business model promotes customer centricity and requires employee mobility to address project needs. Annual increments are recommended by the Nomination and Remuneration Committee within the salary scale approved by the Board and Members and are effective 1st April, each year. The Company will pay remuneration to Managing Director, Whole-time Directors, Key Managerial Personnels and Senior Executives by way of salary, retirement benefits perquisites, allowances (fixed component), incentives and commission (variable component) based on the recommendation of the Committee and approval of the Board of Directors and shareholders, if applicable. The Committee shall make such recommendation to the Board of Directors as it may consider appropriate with regard to the remuneration of the Executive Directors.

### 3. Stakeholders Relationship Committee

The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with Section 178 of the Companies Act, 2013.

The Chairman of Committee i.e. Mr. Nilesh Patel is a Non-Executive Director.

### Composition, Meetings & Attendance

During the year under review, the Committee met one (1) time on 29<sup>th</sup> August, 2019.

#### Name of the Committee Members along with their attendance is given below

Name of the Member	Designation	No. of Meetings Attended
Mr. Nilesh Patel	Chairman	1
Mr. Anil Patel	Member	1
*Mr. Darshak Sheth	Member	1
**Mr. Daxesh Patel	Member	0

\*Mr. Darshak Sheth was inducted as a Member w.e.f. 29<sup>th</sup> August, 2019.

\*\*Mr. Daxesh Patel ceased to be a Member w.e.f. 29<sup>th</sup> August, 2019.

Ms. Hemkunvarba Gohil, Company Secretary of the Company had been designated as Compliance Officer (E-mail ID: compliance@purityflexpack.com) for complying with the requirements of SEBI Regulations.

### Terms of Reference

The Committee looks into the redressal of complaints of investors such as transfer of shares, non-receipt of declared dividend/notices/annual reports, etc.

### Details of Investor Complaints

The "SCORES" website of SEBI for redressing of Grievances of the investors was being visited at regular intervals by the Company Secretary and there were no pending complaints registered with SCORES for the Financial Year ended on 31<sup>st</sup> March, 2020.

### 4. Separate Independent Directors' Meetings

The Independent Directors meet at least once in a year, without the presence of Executive Directors or Management representatives.

The Independent Directors met one time during the Financial Year ended 31<sup>st</sup> March, 2020 on 12<sup>th</sup> February, 2020. The Independent Directors inter alia discuss the issues arising out of Committee Meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to these formal meetings, interactions outside the Board Meetings also take place between the Chairman and Independent Directors.

## IV. GENERAL BODY MEETINGS

### (i) Annual general Meeting

Details of last three Annual General Meetings and the summary of Special Resolutions passed therein are as under:-

Financial year ended	Date and Time	Venue	Special Resolutions passed
31 <sup>st</sup> March, 2017	2 <sup>nd</sup> September, 2017 11:00 a.m.	At Registered Office : At: Vanseti, Post: Tajpura, Near	Re-appointment of Mr. Anil Patel as a Managing Director of the Company Re-appointment of Mr. Kunal Patel as a Whole-time Director of the Company

		Halol, Dist: Panchmahals- 389 350, Gujarat, India.	Re-appointment of Mr. Daxesh Patel as an Independent Director of the Company Re-appointment of Mr. Darshak Sheth as an Independent Director of the Company Re-appointment of Mr. Manish Baxi as an Independent Director of the Company Re-appointment of Mr. Nilesh Patel as an Independent Director of the Company
31 <sup>st</sup> March, 2018	24 <sup>th</sup> September, 2018 11:00 a.m.		Revision in terms of remuneration of Mr. Kunal Patel as a Whole-time Director
31 <sup>st</sup> March, 2019	29 <sup>th</sup> August, 2019 11:00 a.m.		No special resolutions were passed at this meeting

**(ii) Postal Ballot**

During the year under review, no resolution has been passed through postal ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through postal ballot.

**V. MEANS OF COMMUNICATION**

The Board of Directors of the Company approves and takes on record the quarterly, half yearly and annual results and announces forthwith results to the Stock Exchange, where the shares are listed. The results are published normally in Financial Express in Gujarati & English language. The results are also displayed on the Company's website at [www.purityflexpack.com](http://www.purityflexpack.com).

**VI. GENERAL SHAREHOLDER INFORMATION**

**Annual General Meeting**

Saturday, 12<sup>th</sup> September, 2020 at 11.00 a.m. (IST) through Video Conferencing / Other Audio Visual Means as set out in the Notice convening the Annual General Meeting.

**Financial Year**

1<sup>st</sup> April to 31<sup>st</sup> March

**Date of Book Closure / Record Date**

As mentioned in the Notice of this AGM

**Listing on Stock Exchange**

Equity Shares

BSE Limited (BSE)

P. J. Towers, Dalal Street, Mumbai - 400 001

**Stock Code**

Scrip Code – 523315

**Payment of Listing Fees**

Annual listing fee for the Financial Year 2020-21 has been paid by the Company to BSE.

**Registrar & Share Transfer Agent**

Universal Capital Securities Pvt. Ltd.

(erstwhile Mondkar Computers Pvt. Ltd.)

21, Shakil Niwas, Opp. Satya Saibaba Temple,

Mahakali Caves Road,

Andheri (East), Mumbai – 400 093

T: +91 (22) 2820 7203-05 / 2825 7641,

F: +91 22 2820 7207

w: [www.unisec.in](http://www.unisec.in) E mail id: [ravi@unisec.in](mailto:ravi@unisec.in)



### Share Transfer System

SEBI has mandated that, effective 1<sup>st</sup> April, 2019, no share can be transferred in physical mode. Hence, the Company has stopped accepting any fresh lodgment of transfer of shares in physical form. The Company had sent communication to the shareholders encouraging them to dematerialize their holding in the Company. The communication, inter alia, contained procedure for getting the shares dematerialized. Shareholders holding shares in physical form are advised to avail the facility of dematerialization.

As required by Regulation 40 (9) of the Listing Regulations entered into by the Company with the Stock Exchanges, a certificate is obtained every six months from a Practicing Company Secretary with regard to, inter alia, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares within fifteen days of their lodgment. The certificate is also filed with BSE where the Equity Shares of the Company are listed.

### Dematerialization of shares

The Company's shares are admitted into Central Depository Services (India) Limited (CDSL) and the ISIN allotted for the Equity Shares of the Company is INE898o01010. As on 31<sup>st</sup> March, 2020, total 2,60,984 shares representing 24.31% of the Company's shares are held in demat form in the depositories.

Particulars	No. of Shares	%
Physical Segment	8,12,416	75.69
Demat Segment	2,60,984	24.31
<b>Total</b>	<b>10,73,400</b>	<b>100.00</b>

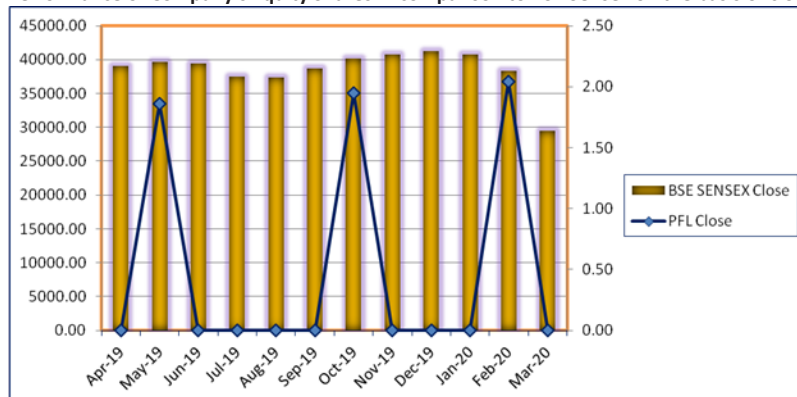
There are no outstanding GDRs / ADRs / Warrants / Convertible Instruments of the Company.

### Share Price Data

The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) for the year ended 31<sup>st</sup> March, 2020 are as under:

Month	Purity Flexpack Limited			BSE SENSEX		
	High	Low	Close	High	Low	Close
Apr-19	-	-	-	39487.45	38460.25	39031.55
May-19	1.86	1.86	1.86	40124.96	36956.1	39714.2
Jun-19	-	-	-	40312.07	38870.96	39394.64
Jul-19	-	-	-	40032.41	37128.26	37481.12
Aug-19	-	-	-	37807.55	36102.35	37332.79
Sep-19	-	-	-	39441.12	35987.8	38667.33
Oct-19	1.95	1.95	1.95	40392.22	37415.83	40129.05
Nov-19	-	-	-	41163.79	40014.23	40793.81
Dec-19	-	-	-	41809.96	40135.37	41253.74
Jan-20	-	-	-	42273.87	40476.55	40723.49
Feb-20	2.04	2.04	2.04	41709.3	38219.97	38297.29
Mar-20	-	-	-	39083.17	25638.9	29468.49

### Performance of Company's Equity Shares in comparison to BSE Sensex on the basis of closing price:



**Shareholding Pattern as on 31<sup>st</sup> March 2020**

Category	No. of Shares Held	% to paid-up Capital
Non-Resident Individuals	0	0.00
Bodies Corporate	5,265	0.49
Mutual Funds/Nationalized Banks	540	0.05
Resident Individuals	5,30,612	49.43
Directors and Relatives	5,35,788	49.92
Trust, LLP, HUF	1,195	0.11
<b>Total</b>	<b>10,73,400</b>	<b>100.00</b>

**Distribution of Shareholding as on 31<sup>st</sup> March 2020**

Share	Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Upto 500	19328	99.68	487269	45.39
501-1000	43	0.22	30585	2.85
1001-2000	7	0.04	9420	0.88
2001-3000	1	0.00	2550	0.24
3001-4000	2	0.01	7113	0.66
4001-5000	1	0.00	4440	0.41
5001-10000	1	0.00	7366	0.69
10001 &	8	0.05	524657	48.88
<b>Total</b>	<b>19391</b>	<b>100.00</b>	<b>1073400</b>	<b>100.00</b>

**Commodity price risk or foreign exchange risk and hedging activities**

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given.

**Address for correspondence**

Purity Flexpack Limited

At: Vanseti, Post: Tajpura, Baska Tajpura Rd,

Baska Halol Dist: Panchmahal 389 350

Phone: 9879508744 (Ext. 221), 9904269108

E mail: compliance@purityflexpack.com , sales@purityflexpack.com

**VII. OTHER DISCLOSURES****Details of Demat / Unclaimed Suspense Account**

The Company does not have any shares in the demat suspense account or unclaimed suspense account.

**Related Party Transactions**

There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during Financial Year 2019-20 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee.

The Company has adopted a policy for related Party transactions which has been uploaded on the Company's website at [www.purityflexpack.com](http://www.purityflexpack.com).

The Company has complied with the requisite regulations relating to capital markets. No Penalties/ strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authority on any matter related to capital market during the year.

**Details of non - compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets during the last three financial years**

The Securities and Exchange Board of India (SEBI), had imposed a penalty for non-compliance under Regulation 6(1) of Listing Regulations during the year under review. The same had been paid by the Company during the period given. Besides, the Company is in the process of seeking in principle approval from the Stock Exchange for listing of Equity Shares against issue of Bonus Shares made in 2006. The case before the Hon'ble Securities Appellate Tribunal (SAT), is ongoing.

### Whistle Blower Policy and Vigil Mechanism

The Company has a this Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company at [www.purityflexpack.com](http://www.purityflexpack.com).

### Adoption of mandatory and discretionary requirements

The Company has complied with all mandatory requirements of Regulation 34 of the Listing Regulations. The Company has adopted the following discretionary requirements of the Listing Regulations:

#### - Audit Qualification

The Company is in the regime of unmodified opinions on financial statements.

### No Disqualification Certificate from Company Secretary in Practice

Certificate from Devesh R. Desai, Practising Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI, Ministry of Corporate Affairs, or any such other Statutory Authority is attached to this Report.

### Fees paid to Auditors

The total fees paid to M/s. Modi & Joshi, Chartered Accountants, Statutory Auditors of the Company during the Financial Year 2019-20 is ₹ 0.90/- Lakhs.

### Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company is also committed to provide a work environment that ensures every woman employee is treated with dignity, respect and afforded equal treatment.

The Company has formulated a Policy on prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment.

The Company has constituted Internal Committees (IC). While maintaining the highest governance norms, the Company has appointed external independent persons who work in this area and have the requisite experience in handling such matters, as Chairpersons of each of the Committees. There were no Complaints filed during the Financial Year 2019-20.

### Compliance of Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of Listing Regulations

Sl. No.	Particulars Regulation	Regulation	Compliance Status Yes / No / N.A.	Key Compliance observed
1.	Board of Directors	17	Yes	<ul style="list-style-type: none"> <li>• Composition and Appointment of Directors</li> <li>• Meetings and quorum</li> <li>• Review of compliance reports</li> <li>• Code of Conduct</li> <li>• Minimum information to be placed before the Board</li> <li>• Compliance Certificate by Chief Executive Officer and Chief Financial Officer</li> <li>• Performance evaluation of Independent Directors</li> <li>• Recommendation of Board for each item of special business</li> </ul>
2.	Maximum Number of Directorships	17A	Yes	<ul style="list-style-type: none"> <li>• Directorships in listed entities</li> </ul>
3.	Audit Committee	18	Yes	<ul style="list-style-type: none"> <li>• Composition</li> <li>• Meetings and quorum</li> <li>• Chairperson present at Annual General Meeting</li> <li>• Role of the Committee</li> </ul>
4.	Nomination and Remuneration Committee	19	Yes	
5.	Stakeholders Relationship	20	Yes	

	Committee			
6.	Obligations with respect to Independent Directors	25	Yes	<ul style="list-style-type: none"> <li>• Maximum directorships and tenure</li> <li>• Meetings of Independent Directors</li> <li>• Cessation and appointment of Independent Directors</li> <li>• Familiarisation of Independent Directors</li> <li>• Declaration from Independent Director that he / she meets the criteria of independence</li> <li>• Directors and Officers insurance for all the Independent Directors</li> </ul>
7.	Other Corporate Governance requirements	27	Yes	<ul style="list-style-type: none"> <li>• Compliance with discretionary requirements</li> <li>• Filing of quarterly, half-yearly and yearly compliance report on Corporate Governance</li> </ul>
8.	Website	46(2)(b) to (i)	Yes	<ul style="list-style-type: none"> <li>• Terms and conditions of appointment of Independent Directors</li> <li>• Composition of various Committees of the Board of Directors</li> <li>• Code of Conduct of Board of Directors and Senior Management Personnel</li> <li>• Details of establishment of Vigil Mechanism / Whistle-blower policy</li> <li>• Policy on dealing with related party transactions</li> <li>• Policy for determining material subsidiaries</li> <li>• Details of familiarization programmes imparted to Independent Directors</li> </ul>

#### Annual Secretarial Compliance Report

Pursuant to the SEBI circular no. CIR/CFD/ CMD1/27/2019 dated February 8, 2019, the Company has to obtain an Annual Secretarial Compliance Report from Practising Company Secretary, confirming compliance of SEBI Regulations / Circulars / Guidelines issued thereunder. The same is not applicable to the Company.

#### CEO and CFO Certification

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, copy of which is attached to this Report. The CEO and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

#### Compliance Certificate of the Auditors

Certificate from Mr. Devesh R. Desai, Practising Company Secretary, confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

#### Declaration on Compliance with Code of Conduct

Declaration from Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct has been attached to this Report.

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE  
(UNDER SCHEDULE V AND REGULATION 34(3) OF SEBI) (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)  
REGULATIONS, 2015]**

**To,  
The Members of  
Purity Flexpack Limited**

1. I have reviewed the compliance of conditions of Corporate Governance by Purity Flexpack Limited (the Company) during the year ended March 31, 2020 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of the conditions of corporate governance is the responsibility of the Management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
3. On the basis of my review and according to the information and explanations given to me, the conditions of Corporate Governance as stipulated in Schedule V and Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with in all material respects by the Company.

**Devesh R. Desai**  
**Practicing Company Secretary**  
**ACS No.: 11332 CP No.: 7484**  
**UDIN Number A011332B000597577**

**Place: Vadodara**  
**Date: 20/08/2020**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS  
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

**To,  
The Members of  
Purity Flexpack Limited**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Purity Flexpack Limited having CIN L25200GJ1988PLC010514 and having Registered Office situated at Vanseti, Near Baska, Halol-389350, PMS, Gujarat (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate 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.

**Devesh R. Desai**  
**Practicing Company Secretary**  
**ACS No.: 11332 CP No.: 7484**  
**UDIN Number A011332B000597544**

**Place: Vadodara**  
**Date: 20/08/2020**

**Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Regulation 17(8) of SEBI Listing Regulations, 2015 on the Audited Financial Statement for the year ended on 31st March, 2020.**

**We, Anil B. Patel– Chief Executive Officer & Kunal A. Patel– Chief Financial Officer, in our capacity as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of the Company hereby certify that:-**

- a. We have reviewed the Financial Statements and Cash Flow Statement for the year ended on 31st March, 2020 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true & fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Statutory Auditors, Internal Auditors and Audit Committee:
  - i. that significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**For Purity Flexpack Limited**

**Anil B. Patel**  
**Chief Executive Officer**

**Place:** Vanseti  
**Date:** 29<sup>th</sup> June, 2020

**Kunal A. Patel**  
**Chief Financial Officer**

#### **DECLARATION ON CODE OF CONDUCT**

**To the Shareholders of Purity Flexpack Limited**

#### **Compliance with the Code of Conduct**

In accordance with Regulation 34(3) of SEBI Listing Regulations, 2015, we hereby confirm that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Business Ethics of the Company for the Financial Year ended 31<sup>st</sup> March, 2020.

**For Purity Flexpack Limited**

**Anil B. Patel**  
**Chief Executive Officer**

**Place:** Vanseti  
**Date:** 29<sup>th</sup> June, 2020

**Kunal A. Patel**  
**Chief Financial Officer**

## Annexure III

**Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo****[Pursuant to provisions of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014]****A. Conservation of Energy:**

- (i) The steps taken or impact on conservation of energy;  
The Company continues to meet the growing energy demand, while working towards minimising the environmental footprint of its ongoing operations, as well as future projects. The Company is continually exploring new ways to make its operations more efficient by putting technology to use for direct energy savings and increasing renewable energy sources.
- (ii) The steps taken by the company for utilizing alternate sources of energy;  
The Company had already Installed solar energy system  
Also converted electrical heating into natural gas heating system
- (iii) The capital investment on energy conservation equipments; Nil
- (iv) Details regarding Power & Fuel Consumption in respect of total Energy Consumption is as below:

<b>(a) Purchased:</b>	<b>2019-20</b>
Units (KWH)	2092928
Total Amount (Rs.)	16842584
Rate per Unit (Rs.)	8.05
<b>(b) Own Generation:</b>	
Units (KWH)	116263
Total Amount (Rs.)	-
Rate per Unit (Rs.)	-
<b>(c)Furnace Oil/LSHS/LDO/HSQ</b>	
Qty. (K.Ltr)	189204
Total Amount (Rs.)	6991067
Average Rate (Rs.)	36.95

**B. Technology Absorption: Nil**

- (i) the efforts made towards technology absorption;
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
  - (a) the details of technology imported;
  - (b) the year of import;
  - (c) whether the technology been fully absorbed;
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) the expenditure incurred on Research and Development.

**C. Foreign Exchange Earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

- (i) Foreign exchange earnings from the exports of the Company's products & services amounted to ₹ 153.47/- lakhs.
- (ii) The outflow of foreign exchange on account of import of raw materials, stores, spares, capital goods, expenses on travelling, commission on exports, and technical Service charges amounted to ₹ 1087.99/- lakhs.



## Management and Discussion Analysis Report

### Overview

Purity Flexpack Limited is engaged in the field of Flexible Packaging. Our vision is to be preferred supplier for flexible packaging to Customers across India and Overseas maximizing value for all stakeholders

This Management Discussion & Analysis Report presents the key performance highlights of the year 2019-20 pertaining to the Company's business. This review should be read in conjunction with the Integrated Report presented in the earlier sections of this Annual Report, the Company's financial statements, the schedules and notes thereto and the other information included elsewhere in this Annual Report. The Company's financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS), complying with the requirements of the Company's Act 2013 and the guidelines issued by Securities and Exchange Board of India (SEBI).

Our ultimate objective is to meet Customer's dynamic packaging needs and to achieve excellence in all concerned areas to produce cost effective flexible packaging with highest quality & standards for our esteemed Customers.

### Industry structure and developments

As one of the fastest growing segments of the packaging industry, flexible packaging combines the best qualities of Plastic, Film, Paper and Aluminum Foil to deliver a broad range of protective properties while employing a minimum of material. Flexible packaging provides convenience to the consumer while ensuring product safety. Innovative packaging solutions are developed by manufacturers to cater to the consumer's demand for convenient, easy-to-use, and lightweight packaging. Changing consumer behavior and growing processed-food industry is triggering the demand for easy and flexible packaging material. Flexible packaging has, as a result, become substantially more sophisticated with high-end graphics, high oxygen and moisture barriers, and new functionalist.

The life cycle attributes of flexible packaging demonstrate many sustainable advantages. It starts with less waste in the first place, greatly reducing landfill discards. Innovation and technology have enabled flexible packaging manufacturers to use fewer natural resources in the creation of their packaging, and improvements in production processes have reduced water and energy consumption, greenhouse gas emissions and volatile organic compounds. Even more, lighter-weight flexible packaging results in less transportation related energy and fossil fuel consumption, and environmental pollution. With its versatility, custom qualities, efficiency in conserving resources, and sustainability, flexible packaging is considered most advantageous.

### Outlook

Despite the current challenging times, we believe our businesses will benefit from strong tailwinds in the coming years. We remain engaged with our partners as we navigate through this new normal and we will continue to develop a strong pipeline of new, exciting opportunities for the Company, especially in our Specialty businesses.

In conclusion, I would like to thank our shareholders for continuing to place their trust in our Company. At the Company, we remain excited about our prospects.

### Risks & Concerns

The COVID-19 pandemic is a global humanitarian and health crisis. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, resulted in significant disruption to people and businesses. Consequently, market demand and supply chains have been affected, significantly increasing the risk of a global economic recession. The pandemic has impacted, and may further impact, all of our stakeholders – employees, clients, investors and communities we operate in. Further, due to the uncertainty surrounding this risk and the unavailability of a certified vaccine or cure to-date, we have not been able to provide investors with any revenue or profit guidance for the FY 2020-21.

### Internal Control Systems

The Company has a proper and adequate Internal Financial Control System, to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition. The Control System enables the management to focus on growth and achieve excellence in all aspects of operations. The Company has an internal audit system, which carries out independent periodic reviews. The prime objective of such audit is to evaluate the functioning and quality of internal controls and provide assurance of its adequacy and effectiveness. The scope of internal audit covers a wide variety of operational and financial matters and includes a follow-up review of corrective actions agreed for implementation.

**Financial performance with respect to operational performance**

The summarized financial results are given hereunder:

Highlights of results:

(₹ in lakhs)

Particulars	2019-20	2018-19
Total Income	7160.96	6380.14
Profit before financial cost, depreciation & Tax	805.00	533.18
Profit before Tax	422.54	188.79
Profit for the year	252.45	204.42

**Opportunities and Threats**

The Company is in the business of manufacturing of customized packaging materials. That flexible packaging is one of the rapidly growing segments of the packaging industry. It requires lower energy of producing product, offers convenience to the consumers as it is light-weight, easy to open, carry and store. Additionally, cost of production can be reduced by producing customized products. One of the important factors driving the growth of flexible packaging market is the growing inclination of consumers towards convenience products.

There is always a threat of market competition on the basis of price. Some restraining factors like change in government policies like plastic ban can obstruct the growth of the Company.

**Key Financial Ratios**

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key sector-specific financial ratios. The same has been mentioned under the table given below:

Particulars	2019-20	2018-19
Operating Profit Margin	11.25%	8.37%

**Return on Net Worth**

Particulars	2019-20	2018-19
Return on net worth	11.33%	10.37%

**Environment, Occupational Health & Safety**

Your Company is committed to conducting its operations with utmost concern towards the environment and ensuring a safe and healthy workplace for all employees. The collective endeavor of the Company's employees at all levels is directed towards sustaining and continuously improving standards of environment management, and occupational health & safety in an endeavor to meet and exceed international benchmarks.

**Developments in Human Resources /Industrial Relations**

The Company continues to lay emphasis on qualitative growth of its human resources by providing congenial and constructive work environment, in consonance with its strong belief that the real strength of its organization lies in its employees. In addition to this, formal training through external & internal faculty is also conducted from time to time in acquiring domain knowledge and imbibing the corporate quality culture. None of the Senior Management Personnel have any material, financial and/or commercial transaction, where they have personal interest that may have potential conflict with the interest of the Company at large.

**Cautionary Statement**

Statements in this Annual Report, particularly those that relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

## Annexure V

## FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis:  
There were no contracts or arrangements or transactions entered into during the year end 31<sup>st</sup> March, 2020, which were not at arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis:

a) Name of the Related Party & Nature of relationship	Anuapam Trading Co.	Precise Automation & Control Private Limited	Kalpvrux Converting Products Private Limited
b) Nature of contracts/ arrangements/transactions	Rent paid	Purchase of machinery	Purchase of fixed assets/Sales
c) Duration of the contracts/arrangements/transactions	On going	On going	On going
d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Office rent paid	Purchase of machinery	Purchase/repairing of machine
e) Date of approval by the Board	30/05/2019	30/05/2019	30/05/2019
f) Amount paid as advances, if any:	NA	NA	NA

a) Name of the Related Party & Nature of relationship	Stag Print Pvt. Ltd.	Aman Enterprises	Om Suntronics
b) Nature of contracts/ arrangements/transactions	Purchase /Repairing	Purchase	Purchase
c) Duration of the contracts/arrangements/transactions	On going	On going	On going
d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Purchase of material	Purchase of gravure inks	Repairing of machine
e) Date of approval by the Board	30/05/2019	30/05/2019	30/05/2019
f) Amount paid as advances, if any:	NA	NA	NA

## ANNEXURE- VI

## FORM NO. MR – 3

SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON MARCH 31<sup>ST</sup>, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Purity Flexpack Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Purity Flexpack Limited** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the **Purity Flexpack Limited’s** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on March 31, 2020, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings. **Not Applicable to the Company during the Audit Period**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
  - A. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - B. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - C. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - D. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. - **Not Applicable to the Company during the Audit Period;**
  - E. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. - **Not Applicable to the Company during the Audit Period;**
  - F. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - G. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. - **Not Applicable to the Company during the Audit Period; and**
  - H. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. - **Not Applicable to the Company during the Audit Period.**
  - I. The Securities and Exchange Board of India (LODR) Regulations, 2015

6. The Micro, Small and Medium Enterprises Development Act, 2006.
7. As informed to us the following other laws specifically applicable to the Company are as under:
  1. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
  2. The Factories Act, 1948
  3. The Industrial Employment (Standing Orders) Act, 1946
  4. The Minimum Wages Act, 1948
  6. The Payment of Wages Act, 1936
  7. The Negotiable Instruments Act, 1881
  8. The Payment of Gratuity Act, 1972
  9. The Workmen's Compensation Act, 1922
  10. The Contract Labour (Regulation & Abolition) Act, 1970
  11. The Industrial Dispute Act, 1947
  12. The Payment of Bonus Act, 1965
  13. The Employment Exchange Act, 1959
  14. The Apprentice Act, 1961
  15. The Equal Remuneration Act, 1976
  16. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with the **Bombay Stock Exchange**.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

**I further report that;**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Devesh R. Desai**  
**Practicing Company Secretary**  
**ACS No.: 11332 CP No.: 7484**  
**UDIN Number A011332B000561277**

**Place: Vadodara**  
**Date: 07/08/2020**

This report is to be read with my letter of even date which is annexed as **Annexure** and forms an integral part of this report.

**Annexure to Secretarial Audit Report**

**To,  
The Members,  
Purity Flexpack Limited**

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and the practices, I followed provided a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Devesh R. Desai**  
**Practicing Company Secretary**  
**ACS No.: 11332 CP No.: 7484**  
**UDIN Number A011332B000561277**

**Place: Vadodara**  
**Date: 07/08/2020**

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF PURITY FLEXPACK LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of **PURITY FLEXPACK LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Emphasis of Matter**

We draw attention to Note 39 to these annual financial results, which explains the management's assessment of going concern assumption and financial impact on account of COVID 19 pandemic situation and its assertion that based on best estimates made by it, the Company will continue as a going concern, i.e. continue its operations and will be able to discharge its liabilities and realise its assets, for the foreseeable future, despite the significant impact of COVID-19 and factors which continue to evolve and are therefore highly dependent on future circumstances.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

**Information other than the Financial Statement and Auditor's Report thereon**

The Company's Board of Directors is responsible for preparation the other information. The other information comprises the information included in Board's Report including Annexure to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon;

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Modi & Joshi**

Chartered Accountants

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error;

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 of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so;

The Board of Directors are also responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of 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 SAs 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 SAs, 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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- 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 of accounting 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 achieves fair presentation;



**Modi & Joshi**

Chartered Accountants

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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;

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards;

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and 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 it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**";
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements;

**Modi & Joshi**Chartered Accountants

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- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For, Modi & Joshi**

Chartered Accountants

Firm Registration Number : 135442W

**Mitul Modi**

Partner

Membership No.: 154342

Place: Vadodara

Date: 29<sup>th</sup> June, 2020

UDIN: 20154342AAAAAL9123

## Modi & Joshi

Chartered Accountants

### ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**Referred to in Para 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the Ind AS Financial Statements for the year ended 31<sup>st</sup> March, 2020.**

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

- I. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments;  
  
As informed to us, the company has regular programme of physical verification of its fixed assets by which the fixed assets are verified in phased manner over a period of time. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification 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 and on the basis of our examination of the records of the Company, we report that, the title deeds of immovable properties are held in the name of the Company;
- II. As per the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management and No material discrepancies were noticed on physical verification;
- III. According to the information and explanations given to us, the Company has not granted any secured or unsecured loans to Companies, Firms, Limited Liability Partnership or any other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the requirements of sub-clause (a), (b) and (c) of clause (iii) are not applicable to the Company.
- IV. In our opinion and according to the information provided to us, there are no loans to directors including entities in which they are interested in respect of which provision of section 185 are applicable and hence not commented upon. Further, in our opinion and according to information and explanation given to us, provision of section 186 in respect of loans and advances given and investment made have been complied with by the Company. There are no guarantees and securities given in respect of which provision of section 186 of the Act are applicable and hence not commented upon;
- V. In our opinion and as explained to us, the Company has not accepted any deposits during the year and therefore, the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable to the company;
- VI. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for any services rendered by the company;
- VII. According to the information and explanations given to us, in respect of statutory dues:
  - a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax (GST), Customs Duty, Cess, income tax, and any other statutory dues and there are no undisputed statutory dues outstanding as at 31st March 2020, for a period of more than six months from the date they became payable;
  - b) According to the information and explanations given to us and the records examined by us, there are following disputed dues of Income Tax, that have not been deposited on account of dispute;

Name of the statute	Nature of dues	Amounts (₹)	Period to which the amounts relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Demand of ₹ 24.94 Lacs to be reduced by the amount paid Rs. 3.74 Lacs.	April, 2013 to March, 2014	The Commissioner of Income Tax (Appeals)

**Modi & Joshi**

Chartered Accountants

- VIII. Based on our audit procedure and according to the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks, Government or dues to debenture holders;
- IX. According to the information and explanations given to us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purpose for which the loan were obtained during the year;
- X. During the course of our examination of the books of account and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the company noticed or reported during the year, nor we have been informed of any such case by the management;
- XI. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act;
- XII. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi company. Accordingly, this clause of the Order is not applicable;
- XIII. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards;
- XIV. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;
- XV. According to the information and explanation given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the directors or persons connected with him. Hence, the provisions of Section 192 of the Act are not applicable;
- XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For, Modi & Joshi**

Chartered Accountants

Firm Registration Number : 135442W

**Mitul Modi**

Partner

Membership No.: 154342

Place: Vadodara

Date: 29<sup>th</sup> June, 2020

UDIN: 20154342AAAAAL9123

**Modi & Joshi**  
Chartered Accountants**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **PURITY FLEXPACK LIMITED** (“the Company”) as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of internal financial controls with reference to financial statements of the company that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements of the company were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements of the company and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Modi & Joshi**Chartered Accountants

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**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an internal financial controls with reference to financial statements of the company and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Modi & Joshi**

Chartered Accountants

Firm Registration Number : 135442W

**Mitul Modi**

Partner

Membership No.: 154342

Place: Vadodara

Date: 29<sup>th</sup> June, 2020

UDIN: 20154342AAAAAL9123

Balance Sheet as at 31<sup>st</sup> March 2020

(₹ In Lakhs)

	Particulars	Note No	As at 31.03.2020	As at 31.03.2019
<b>I</b>	<b>ASSETS</b>			
	<b>Non-Current Assets</b>			
a)	Property, Plant & Equipment	3.1	2,899.39	2,760.34
c)	Intangible assets	3.2	2.76	3.08
d)	Financial Assets			
i)	Investments	4	58.92	74.58
ii)	Other Financial Assets	5	43.23	40.93
e)	Other Non-Current Assets	6	14.78	17.23
	<b>Total Non- Current Assets</b>		<b>3,019.07</b>	<b>2,896.17</b>
	<b>Current Assets</b>			
a)	Inventories	7	916.41	863.48
b)	Financial Assets			
i)	Trade Receivables	8	1,041.67	952.24
ii)	Cash and Cash Equivalents	9.1	18.81	20.45
iii)	Bank Balances Other than ii) above	9.2	56.56	52.82
v)	Other Financial Assets	10	1.49	1.35
c)	Other Current Assets	11	90.68	102.89
	<b>Total Current Assets</b>		<b>2,125.61</b>	<b>1,993.22</b>
	<b>TOTAL ASSETS</b>		<b>5,144.68</b>	<b>4,889.39</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
a)	Equity Share Capital	12	107.34	107.34
b)	Other Equity	13	2,121.44	1,864.09
	<b>Total Equity</b>		<b>2,228.78</b>	<b>1,971.43</b>
	<b>Liabilities</b>			
	<b>Non-Current Liabilities</b>			
a)	Financial Liabilities			
i)	Borrowings	14	569.72	626.95
c)	Deferred Tax Liabilities (Net)	15	319.01	293.31
	<b>Total Non- Current Liabilities</b>		<b>888.74</b>	<b>920.26</b>
	<b>Current Liabilities</b>			
a)	Financial Liabilities			
i)	Borrowings	16	463.76	390.69
ii)	Trade Payables	17		
-	Micro and Small Enterprises		-	-
-	Others		1,044.75	1,112.21
iii)	Other Financial Liabilities	18	355.21	401.79
b)	Other current Liabilities	19	40.82	43.44
c)	Provisions	20	122.62	49.57
	<b>Total Current Liabilities</b>		<b>2,027.17</b>	<b>1,997.70</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,144.68</b>	<b>4,889.39</b>
The accompanying notes are integral part of the Financial Statements		1-39		

As per our report of even date attached

For Modi &amp; Joshi

Chartered Accountants

Firm Registration No. 135442W

For and on behalf of the Board of Directors

Purity Flexpack Limited

CIN : L25200GJ1988PLC010514

Mitul Modi

Partner

Membership No. 154342

Anil Patel

Chairman and Managing Director

DIN: 00006904

Kunal Patel

Whole Time Director

DIN: 00106545

Place : Vadodara

Date : 29.06.2020

Place : Vanseti

Date : 29.06.2020

Statement of Profit and Loss for the Year Ended 31<sup>st</sup> March 2020

(₹ In Lakhs)

	Particulars	Note No.	For the Year ended	
			31.03.2020	31.03.2019
	<b>Revenue from Operations</b>			
	Gross Sales		7,145.02	6,357.71
	Other Operating Income		8.70	12.46
	<b>Revenue from Operations</b>	21	<b>7,153.72</b>	<b>6,370.17</b>
	<b>Other Income</b>	22	7.24	9.97
	<b>Total Income</b>		<b>7,160.96</b>	<b>6,380.14</b>
	<b>Expenses</b>			
	Cost of Materials Consumed	23	4,970.21	4,657.37
	Manufacturing Expense	24	495.08	364.45
	Changes in inventories of finished goods and work-in-progress	25	(58.40)	(28.92)
	Employee Benefit expenses	26	574.85	550.00
	Finance costs	27	139.54	111.91
	Depreciation and Amortization expenses	28	242.92	232.48
	Other expenses	29	374.22	304.05
	<b>Total Expenses</b>		<b>6,738.42</b>	<b>6,191.35</b>
	<b>Profit Before Tax</b>		<b>422.54</b>	<b>188.79</b>
	<b>Less/ (Add): Tax expenses:</b>			
	- Current Tax		108.54	39.75
	- MAT Credit (entitlement)/utilisation		37.73	(33.42)
	- Earlier Year Income Tax		-	(2.38)
	- Deferred Tax		23.82	(19.58)
	<b>Profit for the Year/Period</b>		<b>252.45</b>	<b>204.42</b>
	<b>Other Comprehensive Income</b>			
	<b>Items that will not be reclassified to Profit or Loss</b>			
	Remeasurement of Gains/(Losses) on defined benefit Plans		6.79	0.71
	Income Tax relating to items that will not be reclassified to Profit & Loss		(1.89)	(0.20)
	<b>Total (Net of Tax)</b>		4.90	0.51
	<b>Total Comprehensive Income for the Year/Period</b>		<b>257.35</b>	<b>204.93</b>
	<b>Earnings Per Equity Share</b>			
	a) Basic (₹)		23.52	19.04
	b) Diluted (₹)		23.52	19.04
The accompanying notes are integral part of the Financial Statements		1-39		

As per our report of even date attached

For Modi &amp; Joshi

Chartered Accountants

Firm Registration No. 135442W

Mitul Modi

Partner

Membership No. 154342

Place : Vadodara

Date : 29.06.2020

For and on behalf of the Board of Directors

Purity Flexpack Limited

CIN : L25200GJ1988PLC010514

Anil Patel

Chairman and Managing Director

DIN: 00006904

Place : Vanseti

Date : 29.06.2020

Kunal Patel

Whole Time Director

DIN: 00106545



Statement of Cashflow for the Year Ended 31<sup>st</sup> March 2020

( ₹ In Lakhs)

	Particulars	As at 31.03.2020	As at 31.03.2019
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit Before tax	422.54	188.79
	<b>Adjustment for:</b>		
	Depreciation and Amortization expense	242.92	232.48
	(Gain)/ Loss on sale of property, plant and equipment, net	(1.17)	2.54
	Finance costs	116.80	111.91
	Net (Gain) / Loss of Foreign Currency Fluctuation	22.73	-
	Income received from Banks/Others	(6.07)	(5.60)
	Net (gain)/loss arising on investments measured at fair value through profit and loss	10.04	(4.37)
	<b>Operating Profit before Working Capital Changes</b>	<b>807.80</b>	<b>525.75</b>
	<b>Adjustment for:</b>		
	Change in Trade receivables	(89.43)	(0.39)
	Change in Other Non current financial assets	(2.30)	(3.04)
	Change in Other current financial assets	(0.13)	2.13
	Change in Other assets	7.72	(9.75)
	Change in Inventories	(52.93)	(145.55)
	Change in Trade payables	(67.46)	100.85
	Change in Other financial liabilities	(4.50)	(22.47)
	Change in Other current liabilities and provisions	8.42	41.46
	<b>Cash generated from Operations</b>	<b>607.19</b>	<b>488.99</b>
	Less : Income tax paid/(Refund) (including TDS) (net)	70.54	29.52
	<b>Net Cash generated from Operating Activities (A)</b>	<b>536.65</b>	<b>459.47</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Investment	(15.00)	-
	Sales proceeds of Investment	20.62	-
	Purchase of Property, Plant & Equipment, Investment Property & Intangibles	(396.48)	(371.54)
	Sale proceeds of Property, Plant & Equipment	16.00	10.74
	Term deposits with maturity 3 to 12 months	(3.74)	29.65
	Interest received from Banks/ Others	6.07	5.60
	<b>Net Cash used in Investing Activities (B)</b>	<b>(372.52)</b>	<b>(325.56)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Finance cost	(116.80)	(111.91)
	Proceeds/(Repayment) of Short term Borrowings	73.07	76.14
	Proceeds of Long term Borrowings	244.85	272.00
	(Repayment) of Long term Borrowings	(366.88)	(361.36)
	<b>Net Cash used in Financing Activities (C)</b>	<b>(165.77)</b>	<b>(125.13)</b>
	<b>Net (Decrease)/ Increase in Cash &amp; Cash Equivalents (A) + (B) + (C)</b>	<b>(1.64)</b>	<b>8.79</b>
	Cash & Cash Equivalents at the beginning of the period/year	20.45	11.65
	<b>Cash &amp; Cash Equivalents at the end of the period/year</b>	<b>18.81</b>	<b>20.44</b>
The accompanying notes are integral part of the Financial Statements		1-39	

As per our report of even date attached

For Modi &amp; Joshi

Chartered Accountants

Firm Registration No. 135442W

For and on behalf of the Board of Directors

Purity Flexpack Limited

CIN : L25200GJ1988PLC010514

Mitul Modi

Partner

Membership No. 154342

Anil Patel

Chairman and Managing Director

DIN: 00006904

Kunal Patel

Whole Time Director

DIN: 00106545

Place : Vadodara

Date : 29.06.2020

Place : Vanseti

Date : 29.06.2020

Particulars		As at 31.03.2020	As at 31.03.2019
(A)	<b>Equity Share Capital</b>		
	Balance at the beginning of the year	107.34	107.34
	Change in equity share capital during the year	-	-
	Balance at the end of the year	107.34	107.34

( ₹ In Lakhs)

**(B) Other Equity**

( ₹ In Lakhs)

Particulars		Reserves & Surplus				Total
		Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
	<b>Balance as at 1st April 2018 as per Ind AS</b>	<b>48.45</b>	-	-	<b>1,610.44</b>	<b>1,659.15</b>
	Profit for the Year	-	-	-	204.42	204.42
	Re-measurements of Net Defined Benefit Plans (Net of Tax)	-	-	-	0.51	0.51
	<b>Balance as at 31st March 2019</b>	<b>48.45</b>	-	-	<b>1,815.37</b>	<b>1,864.09</b>
	<b>Balance as at 1st April 2019</b>	<b>48.45</b>	-	-	<b>1,815.37</b>	<b>1,864.09</b>
	Profit for the Year	-	-	-	252.45	252.45
	Re-measurements of Net Defined Benefit Plans (Net of Tax)	-	-	-	4.90	4.90
	<b>Balance as at 31st March 2020</b>	<b>48.45</b>	-	-	<b>2,072.72</b>	<b>2,121.44</b>

As per Our report of even date attached

**For Modi & Joshi**
**Chartered Accountants**

Firm Registration No. 135442W

**For and on behalf of the Board of Directors**
**Purity Flexpack Limited**

CIN : L25200GJ1988PLC010514

**Mitul Modi**

Partner

Membership No. 154342

**Anil Patel**

Chairman and Managing Director

DIN: 00006904

**Kunal Patel**

Whole Time Director

DIN: 00106545

Place : Vadodara

Date : 29.06.2020

Place : Vanseth

Date : 29.06.2020

₹ (in Lacs) Except per share data

Particulars	For the year ended March 31,	
	2020	2019
A <b>Net Profit after tax, as restated</b>	<b>252.45</b>	<b>204.42</b>
Share Capital	107.34	107.34
Reserves & Surplus	2,121.44	1,864.09
B <b>Net Worth</b>	<b>2,228.78</b>	<b>1,971.43</b>
C <b>Weighted average number of equity shares outstanding</b>	<b>10.73</b>	<b>10.73</b>
<b>Earnings Per Share (Equity Shares, Par Value of ₹ 10/- each) (A/C)</b>		
Basic ( ₹ )	23.52	19.04
Diluted ( ₹ )	23.52	19.04
<b>Net Asset Value Per share (B/C)</b>	<b>207.64</b>	<b>183.66</b>

The accompanying notes are integral part of the Financial Statements

As per our report of even date attached

**For Modi & Joshi****Chartered Accountants**

Firm Registration No. 135442W

**Mitul Modi**

Partner

Membership No. 154342

Place : Vadodara

Date : 29.06.2020

**For and on behalf of the Board of Directors****Purity Flexpack Limited**

CIN : L25200GJ1988PLC010514

**Anil Patel**

Chairman and Managing Director

DIN: 00006904

Place : Vanseti

Date : 29.06.2020

**Kunal Patel**

Whole Time Director

DIN: 00106545

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

### 1. CORPORATE INFORMATION

Purity Flexpack Limited ("the Company") is a limited company domiciled and incorporated in India having its registered office at Vanseti, Post: Tajpura, Near Halol, Dist: Panchmahal - 389 350. The principal activity of the Company is manufacturing of Flexible Packaging Materials.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the presentation of these standalone financial statements.

#### A. COMPLIANCE WITH IND AS

This Financial Statements comply in all material respects with Indian Accounting Standard ('Ind AS') as notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (Act) read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the Financial Statement.

##### i. Historical cost convention:

The Financial Statements have been prepared on a historical cost basis, except for the following:

- a) Certain financial assets and liabilities (including derivative instruments) that are measured at fair value
- b) Defined benefit plans: plan assets measured at fair value

##### ii. Rounding off Amounts:

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

#### B. SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of financial statements in conformity with Ind AS requires the management to make estimates, assumptions and exercise judgment in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the end of the financial statements and reported amounts of income and expense during the year.

The management believes that these estimates are prudent and reasonable and are based on management's best knowledge of current events and actions. Actual results could differ from these estimates and difference between actual results and estimates are recognised in the period in which results are known or materialised.

##### (i) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

##### Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

##### Liability for sales return

In making judgment for liability for sales return, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and in particular, whether the Company had transferred to the buyer the significant risk and rewards of ownership of the goods. Following the detailed quantification of the Company's liability towards sales return, the management is

satisfied that significant risk and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate liability for sales return. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25<sup>th</sup> of March 2020 announced by the Indian government, to stem the spread of COVID-19. Due to this, the operation of the Company's got temporarily disrupted.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financial assets, inventory, receivables, property plant and equipment, Intangibles etc., as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as our current contract terms, financial strength of partners, investment profile, and future volume estimates from the business etc.

Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Changes in significant accounting policies

The Company has applied Ind AS 116 Leases using the modified retrospective approach (for all leases other than short-term leases and leases of low-value assets) i.e. by recognising the cumulative effect of initially applying Ind AS 116 as an adjustment to the opening balance of equity as at 1 April, 2019. Due to transition method chosen by the Company in applying this standard, comparative information throughout these financial statements has not been restated and continues to be reported under Ind AS 17.

Ind AS 116 introduces a single, on-balance sheet lease accounting model for leases. A lessee recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities.

Useful lives of property, plant and equipment ('PPE') and intangible assets

Management reviews the estimated useful lives and residual value of PPE and Intangibles at the end of each reporting period. Factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and may have an impact on the profit of the future years.

**(ii) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants

The principal accounting policies are set out below.

### 2.1. Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative catch up transition method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The effect on adoption of Ind AS 115 was not significant.

Revenue from contracts with customers

The company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is recognised in the Statement of Profit and Loss to the extent that it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably. Revenue is presented gross of excise duties, wherever applicable. However, sales tax/ value added tax (VAT)/Goods & Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the Company on behalf of the Government. Accordingly, these are excluded from revenue.

#### Sale of Goods and Services

Revenue is recognised when the customer obtains control of the goods. The customer obtains control of goods at the different point in time based on the delivery terms. Accordingly, company satisfies its performance obligation at the time of dispatch of goods from the factory/stockyard/storage area/port as the case may be and accordingly revenue is recognised. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, rate differences including currency fluctuation and volume rebates.

The determination of transaction price, its allocation to promised goods and allocation of discount or variable compensation (if any) is done based on the contract with the customers.

#### Interest Income

Interest income from debt instruments is recognised using the effective interest rate method and shown under interest income in statement of profit and loss. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

#### Dividend Income

Dividend income from investment is recognised when the right to receive payment is established, which is generally when shareholders approve the dividend.

**2.2. Foreign Exchange Transactions**

The functional currency of the Company is Indian Rupees which represents the currency of the primary economic environment in which it operates.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies at the year-end are restated at closing rates. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain/ (loss).

Foreign exchange gain/(loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Exchange difference arising in respect of long term foreign currency monetary items that relates to acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and are depreciated over the remaining useful life of an asset.

**2.3. Borrowing Costs**

Borrowing costs specifically identified to the acquisition or construction or production of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

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

**2.4. Employee Benefits**

Employee benefits include provident fund, gratuity and leave encashment.

**Post-employment benefit plans****Defined contribution Plans(Provident Fund)**

Employee benefit under defined contribution plan comprising of provident fund is recognized based on the amount of obligation of the Company to contribute to the plan. The contribution is paid to Regional Provident Fund Commissioner, which is expensed during the year.

**Defined benefit Plans(Gratuity)**

The Company's gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan 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 obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the prevailing market yields on government bond as at the balance sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

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

**2.5. Earnings Per Share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per

share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Antidilutive options are not considered in computing dilutive earning per share.

## 2.6. Cash Flow Statement

Cash flows are reported using the indirect method, where by profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

## 2.7. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### Current and deferred tax for the year

Current and deferred tax expense are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax expense are also recognised in other comprehensive income or directly in equity respectively.

### Minimum alternate tax (MAT)

MAT paid in a year is charged to the Statement of profit and loss as current tax. MAT credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, which is the period for which MAT credit is allowed to be carried forward. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## 2.8. Property, plant and equipment

Buildings held for use in the production or supply of goods, or for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Property, plant and equipment (other than buildings) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

### Capital work-in-progress

Property, Plant and Equipment (PPE) in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. The cost of an asset comprises its purchase price or its construction cost (net of applicable tax credits) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Parts



of an item of PPE having different useful lives and material value and subsequent expenditure on PPE arising on account of capital improvement or other factors are accounted for as separate components.

Depreciation of these PPE commences when the assets are ready for their intended use.

#### Depreciation

Depreciation is provided on the cost of PPE less their residual values, using the straight line method over the useful life of PPE as specified in Schedule II to the Companies Act, 2013 except in case of certain items of PPE where useful life has been considered based on technical assessment. Estimated useful lives of the assets are as follows:

Sr. No.	Particulars	Useful lives (in years)
1.	Buildings	30-60
2.	Roads and Culverts	3
3.	Plant and Machinery	15
4.	Office equipment	5
5.	Computer and Server	3-6
6.	Furniture and fixtures	10
7.	Vehicles	8-10
8.	Electrification	10
9.	Solar Plant	15
10.	Laboratory Equipment	10

Depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### **2.9. Intangible Assets**

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization or depletion. All costs, including finance cost till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.

The useful life is assessed as either finite or indefinite. Intangible with finite lives are amortised on straight line basis over the useful lives of the assets and assessed for impairment. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Intangible assets with infinite lives are amortized on a straight line basis over the estimated useful economic life. All intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets is recognized in statement of profit and loss.

#### **2.10. Impairment of PPE**

At the end of each reporting period, the Company reviews the carrying amounts of its PPE and intangible assets of a cash generating unit to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss.

An assessment is made at the end of each reporting period to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of Impairment loss are recognized in the statement of profit and loss.

## 2.11. Inventories

Inventories are valued at lower of cost or net realizable value. Cost of inventories comprises of purchase cost and other costs incurred in bringing inventories to their present location and condition. The cost has been determined as under:

Raw material	On First in First out (FIFO) basis.
Finished products	At Raw material and Conversion cost
Stock-in-process	At Raw material and Proportionate Conversion cost.
Stores and spares (other than those capitalised as property, plant and equipment) and other trading goods	On cost basis.

## 2.12. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent assets are disclosed in the financial statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefits is remote.

## 2.13. Financial instruments

### A. FINANCIAL ASSETS

#### INITIAL RECOGNITION

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

#### SUBSEQUENT MEASUREMENT

Financial assets are classified into the following specified categories:

- Financial assets carried at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit and loss (FVTPL)

**EQUITY INSTRUMENTS**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

**DEBT INSTRUMENTS****MEASURED AT AMORTISED COST**

Financial Assets that are held for collection of contractual cash flow where those cash flows represent solely payment of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the Effective Interest Rate (EIR) method. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

**MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through Other Comprehensive Income (FVTOCI).

Fair value movements are recognised in the OCI. Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss.

On de-recognition, cumulative gain | (loss) previously recognised in OCI is reclassified from the equity to other income in the Statement of Profit and Loss.

**MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

A financial asset not classified as either amortised cost or FVOCI, is classified as Fair Value through profit or loss (FVTPL). Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as other income in the Statement of Profit and Loss.

**IMPAIRMENT OF FINANCIAL ASSET**

The company assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and lease receivable only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected life time losses to be recognised from initial recognition of such receivables.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument.

**DE-RECOGNITION OF FINANCIAL ASSETS**

A financial asset is de-recognised only when the Company, has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control

of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **B. FINANCIAL LIABILITIES**

### **INITIAL RECOGNITION AND MEASUREMENT**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include loans and borrowings, trade and other payables

### **SUBSEQUENT MEASUREMENT**

Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities at fair value through profit or loss include derivatives. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the Criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own Credit risks are recognised in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

### **LOANS AND BORROWINGS**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

### **DE-RECOGNITION**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **OFF-SETTING FINANCIAL INSTRUMENTS**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **2.14. Segment reporting**

Operating segments are identified and reported taking into account the different risk and returns, the organization structure and the internal reporting systems.

#### **2.15. Current & non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

#### **2.16. Lease**

Policy applicable before April 1, 2019 Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**A. Operating Lease:**

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognised in the year in which the benefits accrue) provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**B. Finance Lease:**

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Policy applicable after April 1, 2019

The Company has adopted Ind AS 116 effective from April 1 2019 using modified retrospective approach. For the purpose of preparation of Financial Information, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended March 31 2020.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether:

- The contract involves the use of an identified asset
- The Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- The Company has the right to direct the use of the asset.

As a lessee, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method.

The Company has used number of practical expedients when applying Ind AS 116: - Short-term leases, leases of low-value assets and single discount rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease

payments associated with these leases as an expense on a straight line basis over the lease term. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

**2.17. Government Grants**

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation charge. Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

**2.18. Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Note 3.1: Property, Plant &amp; Equipment

(₹ In Lakhs)

Particulars	Property, Plant & Equipments													Total
	Freehold Land	Factory Building	Road	Administrative Building	Plant & Machinery	Solar Plant	Electrification	Office Equipment	Fire Fighting Equipment	Furniture & Fixture	Vehicles	Laboratory Equipment	Computer	
<b>Gross Carrying Value</b>														
As at 1st April, 2018	4.32	334.01	24.87	164.64	2,842.47	146.86	55.67	21.85	0.22	46.07	208.10	1.72	12.88	3,863.68
Additions during the year	-	88.66	-	-	268.67	-	0.78	1.01	-	-	30.53	-	1.32	390.97
Other adjustments	-	-	-	-	(4.24)	-	-	-	-	-	23.11	-	-	(4.24)
Disposal during the year	-	-	-	31.14	6.64	-	-	-	-	-	-	-	-	60.89
As at 31st March 2019	4.32	422.67	24.87	133.50	3,100.26	146.86	56.45	22.86	0.22	46.07	215.51	1.72	14.20	4,189.52
As at 1st April, 2019	4.32	422.67	24.87	133.50	3,100.26	146.86	56.45	22.86	0.22	46.07	215.51	1.72	14.20	4,189.52
Additions during the year	-	83.12	-	-	279.04	-	13.09	4.75	-	-	-	-	1.02	381.03
Other adjustments	-	-	-	-	15.45	-	-	-	-	-	34.24	-	-	15.45
Disposal during the year	-	-	-	-	58.70	-	-	-	-	-	-	-	-	92.94
As at 31st March 2020	4.32	505.79	24.87	133.50	3,336.05	146.86	69.55	27.61	0.22	46.07	181.27	1.72	15.22	4,493.06
<b>Depreciation</b>														
As at 1st April, 2018	-	127.61	16.03	17.11	888.21	38.99	34.29	10.45	0.22	23.22	58.85	1.60	9.44	1,226.04
Provided for the year	-	10.67	7.60	2.45	166.15	9.34	2.49	3.98	-	3.04	25.03	0.04	1.40	232.19
Disposal during the year	-	-	-	12.58	4.79	-	-	-	-	-	11.68	-	-	29.05
As at 31st March 2019	-	138.28	23.63	6.99	1,049.58	48.33	36.78	14.43	0.22	26.26	72.20	1.64	10.84	1,429.18
As at 1st April, 2019	-	138.28	23.63	6.99	1,049.58	48.33	36.78	14.43	0.22	26.26	72.20	1.64	10.84	1,429.18
Provided for the year	-	13.34	-	2.12	185.20	9.36	2.61	4.66	-	2.97	20.82	-	1.52	242.60
Disposal during the year	-	-	-	-	55.76	-	-	-	-	-	22.34	-	-	78.10
As at 31st March 2020	-	151.62	23.63	9.11	1,179.02	57.70	39.39	19.09	0.22	29.22	70.68	1.64	12.36	1,593.68
<b>Net Carrying Value</b>														
As at 31st March 2019	4.32	284.39	1.24	126.51	2,050.68	98.53	19.67	8.43	-	19.82	143.31	0.08	3.36	2,760.34
As at 31st March 2020	4.32	354.18	1.24	124.39	2,157.04	89.16	30.15	8.52	-	16.85	110.59	0.08	2.86	2,899.39

Note :

A) There is no borrowing cost capitalized during the year. (Previous Year ₹ 5.32 Lakhs)

B) Other adjustment include Exchange rate difference (Gain) capitalised during current year ₹ 15.450 Lakhs (Previous Year ₹ 13.16 Lakhs) ).

**Note 3.2: Intangible Assets**

(₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Computer Software & Licenses		
Opening Balances	3.08	-
Add Purchase During the Year	-	3.38
	3.08	3.38
Less Amortization for the Year	0.32	0.29
<b>Total</b>	<b>2.76</b>	<b>3.08</b>

**Note 4: Non-Current Financial Investments**

(₹ In Lakhs)

Particulars	Face Value	As at 31.03.2020	As at 31.03.2019
<u>Unquoted fully paid up Equity Shares (Measured at FVTOCI)</u>			
1 Stag Print Private Limited {1300 Equity Shares of ₹. 10 each fully paid}	10	1.30	1.30
<u>Investment in Mutual Fund (Measured at FVTPL)</u>			
1 Birla Sun Life Balanced '95 Fund (Growth)		4.43	5.88
2 Franklin India Balanced Fund (Growth Plan)		9.74	12.05
3 HDFC Balanced Fund (Growth Option)		9.97	12.78
4 HDFC Equity Savings Fund		10.53	11.75
5 Aditya Birla MNC Fund		-	4.94
6 Aditya Birla Sunlife Fratline Equity		-	5.13
7 Franklin India Highgrowth Co fund		3.54	5.02
8 IDFC Balance Fund		-	10.56
9 Mirae Assets India Equity Fund		2.06	2.70
10 Sundaram Rural India Fund		1.89	2.48
11 ICICI Pru All Seasons Bond Fund		7.71	-
12 Axis Dynamic Bond Fund		7.76	-
<b>Total</b>		<b>58.92</b>	<b>74.58</b>

4.1 Aggregate Cost of Investment in Mutual Funds	60.00	65.00
4.2 Aggregate Market Value of Investment in Mutual Funds	57.62	73.28
4.3 Aggregate Cost of Unquoted Investments	1.30	1.30



**Note 5: Non-Current Other Financial Assets**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(Unsecured, Considered Good) Security Deposits	43.23	40.93
<b>Total</b>	<b>43.23</b>	<b>40.93</b>

There are no loans given to Related Parties.

**Note 6: Other Non- Current Assets**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Deposit/ Advances with Tax Authorities	3.74	3.74
Other Receivables	11.04	13.49
<b>Total</b>	<b>14.78</b>	<b>17.23</b>

**Note 7: Inventories \***

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(Valued at lower of Cost and Net realisable value)</b>		
Raw Materials	494.69	474.16
Work-in-progress	194.38	199.57
Finished goods	83.22	19.64
Stores	131.42	156.16
Packing Materials	12.70	13.96
<b>Total</b>	<b>916.41</b>	<b>863.48</b>

\*Hypothecated with Banks for Working Capital Facility.

**Note 8: Current Financial Trade Receivables \***

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Recivables Considered Good - Secured	-	-
Recivables Considered Good - Unsecured	1,041.67	952.24
Recivables which have significant increase in credit risk	-	-
Recivables - Credit impaired	-	-
<b>Total</b>	<b>1,041.67</b>	<b>952.24</b>
Less: Allowance for bad & doubtful debts	-	-
<b>Total</b>	<b>1,041.67</b>	<b>952.24</b>
<b>Outstanding from Related Parties</b>		
Considered Good	1.96	15.21
Considered Doubtful	-	-
	<b>1.96</b>	<b>15.21</b>
<b>Movements in Allowance for Bad &amp; Doubtful debts:</b>		
Opening balance	-	-
(+) Provision made during the year	-	-
(-) Amount utilised from the provision	-	-
Closing Balance	-	-

\*Hypothecated with Banks for Working Capital Limit

\*Receivables from related party refer Note: 35

**Note 9: Cash & Bank Balances**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>9.1 Cash &amp; Cash Equivalents</b>		
- Balance with Banks:	12.06	13.34
- Cash on hand	6.75	7.11
<b>Sub-Total (A)</b>	<b>18.81</b>	<b>20.45</b>
<b>9.2 Other Bank Balances</b>		
- Fixed Deposit Accounts (With original maturity greater than 3 months but less than 12 months)*	56.56	52.82
<b>Sub-Total (B)</b>	<b>56.56</b>	<b>52.82</b>
<b>Total (A+B)</b>	<b>75.36</b>	<b>73.26</b>

\*Pledged with bank as margin for Letter of Credit.

**Note 10: Other Financial Assets**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Other Receivables		
- From Others	1.49	1.35
<b>Total</b>	<b>1.49</b>	<b>1.35</b>

**Note 11: Other Current Assets**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Balance with revenue authorities	64.68	35.39
Mat Credit	2.66	40.40
Prepaid Expense	23.33	27.10
<b>Total</b>	<b>90.68</b>	<b>102.89</b>

**Note 12: Share Capital**

(₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Authorised Capital</b>		
6,000,000 Equity Shares of ₹ 10/- each	600.00	600.00
<b>Issued, Subscribed &amp; Fully Paid-up Capital</b>		
10,73,400 Equity Shares of ₹ 10/- each fully paid up	107.34	107.34
<b>Total Share Capital</b>	<b>107.34</b>	<b>107.34</b>

There is no increase in Authorised Capital.

**a) Reconciliation of the number of Equity shares**

(No of share in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(A) Equity Share Capital</b>		
Balance at the beginning of the year	10.73	10.73
Changes during the year	-	-
Balance at the end of the year	10.73	10.73

**b) Rights, Preferences & Restrictions of each class of shares**

The Company has only one class of equity shares which enjoys the same rights in respect of voting, payment of dividend and repayment of capital. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**c) Particulars of shares issued/allotted as fully paid-up by way of consideration other than cash**

The Company has not issued/allotted any shares as fully paid-up by way of consideration other than cash.

**d) Particulars of shares reserved for options and contracts/commitments for sale of shares/ disinvestment**

The Company has not reserved any shares for issue of options and contracts/commitments for sale of shares/ disinvestment.

**e) Particulars of calls unpaid**

There is no calls unpaid, hence disclosure is not applicable.

**f) Subdivision of Shares**

There is no subdivision of shares during this period, hence such disclosure is not applicable.

**g) Shares Forfeited**

There is no forfeiture of shares, hence such disclosure is not applicable.

**h) Details of Equity Shareholders holding more than 5% shares in the company:**

(No of share in Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
	% of Holding	No of Shares	% of Holding	No of Shares
1 Anil Patel	15.07%	1.62	15.07%	1.62
2 Kokila Patel	16.31%	1.75	16.31%	1.75
3 Vaishali Amin	10.35%	1.11	10.35%	1.11
4 Kunal Patel	6.65%	0.71	6.65%	0.71

## Note 13: Other Equity

(₹ In Lakhs)

Particulars	Reserves & Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
<b>Balance as at 1st April 2018</b>	<b>48.45</b>	<b>-</b>	<b>0.26</b>	<b>1,610.44</b>	<b>1,659.15</b>
Profit for the Year	-	-	-	204.42	204.42
Re-measurements of Net Defined Benefit Plans (Net of Tax)	-	-	-	0.51	0.51
<b>Balance as at 31st March 2019</b>	<b>48.45</b>	<b>-</b>	<b>0.26</b>	<b>1,815.37</b>	<b>1,864.09</b>
<b>Balance as at 1st April 2019</b>	<b>48.45</b>	<b>-</b>	<b>0.26</b>	<b>1,815.37</b>	<b>1,864.09</b>
Profit for the Year	-	-	-	252.45	252.45
Re-measurements of Net Defined Benefit Plans (Net of Tax)	-	-	-	4.90	4.90
<b>Balance as at 31st March 2020</b>	<b>48.45</b>	<b>-</b>	<b>0.26</b>	<b>2,072.72</b>	<b>2,121.44</b>

**A) Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

**B) Re-measurements of Net Defined Benefit Plans:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

**C) Capital Reserve:** The Company recognised profit or loss on sale, issue, purchase or cancellation of the Company's own equity instruments to capital reserve. Capital reserve may be used by the Company only for some specific purpose.

**D) General Reserve:** The General reserve is used from time to time to transfer profit from retained earning for appropriation purpose.

**E) Revaluation Reserve:** This Reserve represent the Gain arises out of revaluation carried out on the Immovable Property. This reserve has been created by valuing Immovable Property at its Market Value.

**Note 14: Non-Current Financial Borrowings**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Secured</b>		
<b>Term Loans:</b>		
- From Banks	887.97	987.27
<b>Total</b>	<b>887.97</b>	<b>987.27</b>
Less: Current portion	318.24	360.32
<b>Total</b>	<b>569.72</b>	<b>626.95</b>

**14.1**

	Name of Institution/ Bank/ Others	As at 31.03.2020	As at 31.03.2019
<b>1</b>	<b>HDFC Bank</b>		
	Term Loan I	-	0.71
	Term Loan II	12.62	19.36
<b>2</b>	<b>Axis Bank</b>		
	Term Loan I	-	7.58
	Term Loan II	-	10.46
	Term Loan III	17.00	120.12
	Term Loan IV	107.37	164.57
	Term Loan V - USD (Foreign Currency Loan)	300.58	383.97
	Term Loan VI	25.43	45.59
	Term Loan VII	5.19	7.98
	Term Loan VIII	174.94	226.93
	Term Loan IX	244.85	-
	<b>Total Borrowings</b>	<b>887.97</b>	<b>987.27</b>
	<b>Non-Current Portion</b>	<b>569.72</b>	<b>626.95</b>
	<b>Current Portion</b>	<b>318.24</b>	<b>360.32</b>

- Term Loan - HDFC Term Loan I Nil (PY ₹ 0.71 lacs) secured by way of Hypothecation of Car. The Loan is repayable in equal monthly instalments each of ₹ 0.24 lacs along with Interest @ 9.65% P.a.
- Term Loan - HDFC Term Loan II Rs. 12.62 lacs (PY ₹ 19.36 lacs ) secured by way of Hypothecation of Car. The Loan is repayable in equal monthly instalments each of ₹ 0.24 lacs along with Interest @ 9.65% P.a.
- Term Loan - Axis Bank Term Loan I Nil (PY ₹ 7.58 lacs) secured by way of Hypothecation of Machinery , Electric Installation , Furniture , Office equipment etc. of the Company. The Loan is repayable in equal monthly instalments each of ₹ 1.50 lacs, Interest @ 2.75% above Base Rate (i.e. 10.45%) p.a.
- Term Loan - Axis Bank Term Loan II Nil (PY ₹ 10.46 Lacs) secured by way of Hypothecation of Machinery , Electric Installation , Furniture , office equipment etc. The Loan is repayable in equal monthly instalments each of ₹ 1.66 lacs, Interest @ 2.75% above Base Rate (i.e. 10.45%) p.a.
- Term Loan - Axis Bank Term Loan III ₹ 17.00 lacs (PY Rs. 120.12 lacs) secured by way of Hypothecation of Machinery, Electric Installation, Furniture, office equipemnt etc. of the Company. The Loan is repayable in equal monthly instalments each of ₹ 8.50 lacs after the moratorium period of 6 months, Interest @ 2.75% above Base Rate (i.e. 10.45%) p.a.
- Term Loan - Axis Term Loan IV ₹ 107.37 Lacs (PY Rs. 164.57 Lacs) secured by way of Hypothecation Of Machinery , Electric Installation, Furniture , Office equipemnt etc. of the Company. The Loan is repayable in equal monthly instalments each of ₹ 4.65 lacs along with Interest @ 9.90 % P.a.

7. Term Loan - Axis Loan V ₹ 300.58 Lacs (PY Rs. 383.97 Lacs) secured by way of Hypothecation of Machinery , Electric Installation, Furniture , Office equipment etc. of the Company. The Loan is repayable in equal monthly instalments each of 14203 USD along with Interest @ 6.21% P.a.
8. Term Loan - Axis Term Loan VI ₹ 25.43 lacs (PY Rs. 45.59 lacs ) secured by way of Hypothecation of Car. The Loan is repayable in equal monthly instalments each of ₹ 1.93 lacs along with Interest @ 8.51% P.a.
9. Term Loan - Axis Term Loan VII ₹ 5.19 lacs (PY Rs. 7.98 lacs ) secured by way of Hypothecation of Tempo Traveller. The Loan is repayable in equal monthly instalments each of ₹ 0.27 lacs along with Interest @ 8.25% P.a.
10. Term Loan - Axis term Loan VIII ₹ 174.94 lacs (PY Rs. 226.92 lacs ) secured by way of Hypothecation of Plant & Machinery. The Loan is repayable in equal monthly instalments each of ₹ 4.17 lacs and Interest is to be paid separately @ 9.60% P.a. (1 year MCLR + 1.25%)
11. Term Loan - Axis Term Loan IX ₹ 244.85 lacs (PY Nil ) secured by way of Hypothecation of Plant & Machinery. The Loan is repayable in equal monthly instalments each of ₹ 3.15 lacs (10 months) initially, then after @ ₹ 4.00 lacs (10 months), then after @ ₹ 4.75 lacs (10 months), then after ₹ 5.00 lacs (12 months) and last trench @ ₹ 5.50 lacs (12 months) and Interest is to be paid separately @ 9.60% P.a. (1 year MCLR + 1.25%)

All the facilities (Funded & Non-funded) are further secured by personal guarantee of the Directors of the Company.

**Note 15: Deferred Tax Liabilities (Net)**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred Tax Liability		
On account of PPE	315.94	289.56
On account of gratuity	3.07	3.75
<b>Net Deferred Tax Liability/ (Asset)</b>	<b>319.01</b>	<b>293.31</b>

**Note 16: Current Financial Borrowings**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Secured</b>		
- Working Capital Loans		
Axis Bank	250.91	245.39
- Balance with the Bank-Axis Bank	128.08	57.67
<b>Unsecured loan repayable on demand</b>		
- From Directors	84.77	87.63
<b>Total</b>	<b>463.76</b>	<b>390.69</b>
Rate of interest on working capital loans-Axis Bank	9.15%	9.70%
Working capital loans are secured by Hypothecation of entire raw materials, stock-in-process, stores & spares, packing materials, finished goods and Book-debts of the Company, both present & future.		
Unsecured Loan From Directors are repayable on demand.		

**Note 17: Current Financial Trade Payables**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
- Total Outstanding Dues of micro and small enterprises	-	-
- Total Outstanding Dues of creditors other than micro and small enterprises	1,044.75	1,112.21
<b>Total</b>	<b>1,044.75</b>	<b>1,112.21</b>

The details of amounts outstanding to Micro, Small and Medium Enterprises as identified by the management, under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are as under:

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payment under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

This information has been determined to the extent such parties have been identified based on information available with the Company.

**Note 18: Other Current Financial Liabilities**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Current Maturities of Long term Borrowings	318.24	360.32
Creditors for Capital Goods	6.85	14.60
Salary & Wages Payable	30.12	26.87
<b>Total</b>	<b>355.21</b>	<b>401.79</b>

**Note 19: Other Current Liabilities**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Advance Received from Customers	32.37	20.90
Statutory dues	8.46	22.54
<b>Total</b>	<b>40.82</b>	<b>43.44</b>

**Note 20: Provisions**

( ₹ In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Other Provision	14.07	9.82
Provision for Income tax	108.54	39.75
<b>Total</b>	<b>122.62</b>	<b>49.57</b>

**Note 21: Revenue From Operations**

( ₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
<b>REVENUE FROM SALE OF PRODUCTS</b>		
Sale of Goods	7,145.02	6,357.71
	7,145.02	6,357.71
<b>OTHER OPERATING INCOME</b>		
Job Work	1.59	4.80
Export Benefit Received	7.10	2.86
Export rate variation	-	4.81
	8.70	12.46
<b>Total</b>	<b>7,153.72</b>	<b>6,370.17</b>

**Note 22: Other Income**

( ₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
<b>Profit on sale of Investments (Net):</b>		
Profit on sale of Property, Plant & Equipment (Net)	1.17	-
<b>Interest:</b>		
From Bank	-	5.60
From Others	6.07	-
<b>Other Non-Operating Income:</b>		
Fair value gain on financial instruments through profit or loss	-	4.37
<b>Total</b>	<b>7.24</b>	<b>9.97</b>

**Note 23: Cost of Materials Consumed**

( ₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
<b>Raw Materials Consumed</b>		
Raw Material Consumed (Imported)	751.85	617.72
Raw Material Consumed (Indigenous)	4,147.58	3,970.97
	4,899.44	4,588.69
<b>Packing Material Consumed</b>		
	70.78	68.69
<b>Total Cost of Materials Consumed</b>	<b>4,970.21</b>	<b>4,657.37</b>

**Percentage of imported and indigenous raw materials consumption**

Particulars	For the year ended	
	31.03.2020	31.03.2019
Imported	15.35%	13.46%
Indigenous	84.65%	86.54%

**Note 24: Manufacturing Expense**

( ₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
Freight & Carriage	74.39	45.39
Power, Fuel & Water Charges	238.34	209.64
Consumable Stores & Dies Consumed	122.04	66.70
Repairs & Maintenance	42.19	26.28
Factory Expenses	7.06	6.83
Security Expenses	11.06	9.60
<b>Total</b>	<b>495.08</b>	<b>364.45</b>



**Note 25: Changes in inventories of finished goods, work-in-progress and Stock-in-Trade** (₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
<b>Opening Stock</b>		
Finished goods	19.64	19.57
Work-in-progress	199.57	170.72
<b>Sub- Total (A)</b>	<b>219.20</b>	<b>190.28</b>
<b>Less: Closing Stock</b>		
Finished goods	83.22	19.64
Work-in-progress	194.38	199.57
<b>Sub- Total (B)</b>	<b>277.60</b>	<b>219.20</b>
<b>Net (A-B)</b>	<b>(58.40)</b>	<b>(28.92)</b>

**Note 26: Employee Benefit expenses** (₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
Salaries, Wages, Bonus, Benefits and Amenities	389.39	379.96
Director Remuneration	126.00	120.00
Contribution to PF & Other Funds	35.09	33.97
Gratuity	16.13	9.75
Employee Welfare Expenses	8.24	6.32
<b>Total</b>	<b>574.85</b>	<b>550.00</b>

**Note 27: Finance Costs** (₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
Interest		
- On Bank Loans	123.62	105.20
- On Other Loans	15.92	12.03
Less: Interest Capitalised	-	(5.32)
<b>Total</b>	<b>139.54</b>	<b>111.91</b>

**Note 28: Depreciation and Amortization** (₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
Property Plant & Equipment	242.60	232.19
Other Intangible Assets	0.32	0.29
<b>Total</b>	<b>242.92</b>	<b>232.48</b>

**Note 29: Other expenses**

( ₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
<b>- Other Expense</b>		
Rent, Rates & Taxes	4.02	6.26
Postage & Telephone Expense	5.45	7.94
Printing & Stationery Expense	2.70	1.90
Office Expenses	1.67	1.71
Insurance Expense	39.76	24.90
Repairs and Maintenance Expense ( Other )	6.91	10.85
Travelling Expense	30.48	27.36
Conveyance Expense	11.65	13.11
Auditors' Remuneration	1.25	1.25
Legal Expense & Professional Fees	27.60	26.48
Carriage Outward & Export Expense	74.66	64.36
Advertisement Expense	3.64	0.80
Commission on Sales	95.94	85.07
Computer Expense	1.81	1.44
Entertainment Expense	19.20	9.37
Professional Tax	0.02	0.02
Licence Fees / ECGC / Filing Fees	4.63	3.41
General Miscellaneous Expenses	25.90	9.38
Donations	0.30	0.33
Loss on Sale of Assets	-	2.54
Bank Commission & Charges	6.59	5.56
Fair value gain on financial instruments through profit or loss	10.04	-
<b>Total</b>	<b>374.22</b>	<b>304.05</b>

**Note 30: Commitments and Contingent Liabilities**

( ₹ In Lakhs)

Particulars	As at	
	31.03.2020	31.03.2019
<b>Contingent Liability</b>		
Income Tax liability being disputed	24.94	24.94
(Against which amount paid as on 31.03.2020 ₹ .3.74 lacs, PY ₹ .3.74 Lacs)		
Letter of Credit issued for purchase of Raw Materials	-	34.52
Claims against the Company, not acknowledged as debt (on account of pending law suits)	Not Determined	Not Determined

**Note 31: Income Tax Expense**

( ₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
<b>Current Tax</b>		
Current tax on profits for the year after MAT credit (entitlement)/utilisation	146.27	3.95
<b>Total current tax expense</b>	<b>146.27</b>	<b>3.95</b>
<b>Deferred Tax on OCI</b>		
Deferred Tax on OCI	1.89	0.20
<b>Deferred tax</b>		
Deferred tax adjustments	23.82	(19.58)
<b>Income tax expense</b>	<b>171.98</b>	<b>(15.44)</b>

**Note 32: Payment to Auditors**

( ₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
Statutory Audit Fees	0.90	0.90
Tax Audit Fees	0.35	0.35
<b>Total</b>	<b>1.25</b>	<b>1.25</b>

**Note 33: Defined Benefit Plan****Defined contribution plans**

The Company is contributing towards Provident Fund of employees. Under the scheme, the Company is contributing a specified percentage of the salary to the fund and is depositing to the Recognized provident fund.

**Defined benefit plans**

The Company is contributing towards Gratuity Fund of employees. Under the scheme, the Company pays premium to the Life Insurance Corporation (LIC) of India based on their actuarial calculation and the liability is calculated and accounted accordingly.

**Defined Benefit Plan: Gratuity (Funded)**

( ₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
<b>I - Expenses recognized in the Statement of Profit and Loss:</b>		
Current Service Cost	10.20	4.09
Interest Cost	5.93	5.66
<b>Expenses recognized during the year</b>	<b>16.13</b>	<b>9.75</b>
<b>II - Expenses recognized in other comprehensive income (OCI)</b>		
Actuarial (gain)/losses on obligation for the period	0.04	5.49
Return on Plan Assets, Excluding Interest Income	(6.83)	(6.20)
Change in Asset Ceiling	-	-
<b>Net (Income)/Expenses For the Period Recognised in OCI</b>	<b>(6.79)</b>	<b>(0.71)</b>
<b>III - Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:</b>		
As at the beginning of the Year	72.03	68.44
Current service cost	10.20	4.09
Interest Cost	5.93	5.66
Benefit paid from the fund	(1.63)	(11.65)
Actuarial losses/(gains)	0.04	5.49
<b>As at the end of the year</b>	<b>86.57</b>	<b>72.03</b>
<b>IV - Movement in net liability recognized in Balance Sheet</b>		
As at the beginning of the Year - (liability)/Asset	(13.49)	(13.50)
Expenses recognized during the year in Statement of Profit and Loss	16.13	9.75
Expenses recognized during the year in OCI	(6.79)	(0.71)
Contributions made	(6.89)	(9.03)
<b>As at the end of the year</b>	<b>(11.04)</b>	<b>(13.49)</b>
<b>V - Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof:</b>		
As at the beginning of the Year	85.52	81.94
Contributions made	6.89	9.03
Benefit paid from the fund	(1.63)	(11.65)
Return on Plan Assets, Excluding Interest Income	6.83	6.20
<b>As at the end of the year</b>	<b>97.61</b>	<b>85.52</b>

<b>VI - Net (Liability) recognized in the balance sheet</b>		
Present Value of Benefit Obligations at the end of the period	<b>(86.57)</b>	<b>(72.03)</b>
Fair Value of Plan Assets at the end of the period	97.61	85.52
<b>Net (Liability)/Asset recognized in the Balance Sheet</b>	<b>11.04</b>	<b>13.49</b>
<b>VII- Return on Plan Assets</b>		
Expected return on plan assets	6.83	6.20
Actuarial (loss)/gain	(0.04)	(5.49)
<b>Actuarial return on plan assets</b>	<b>6.79</b>	<b>0.71</b>
<b>VIII - The major categories of plan assets as a percentage of total plan assets</b>		
Insurer Managed Funds	100%	100%
<b>IX - Principal actuarial assumptions</b>		
Discount rate	7.50%	7.50%
Expected Rate of Return on Plan Assets	7.50%	7.50%
Annual increase in salary cost	7.00%	7.00%

Employee benefit plan typically expose the company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

#### Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.

#### Interest Risk

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

#### Longevity Risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

#### Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### Note 34: Operating Segments

The Company is engaged in the business of manufacturing Flexible Packaging Material, has only one reportable segment in accordance with Ind AS 108 "Operating Segment".

The Company has two geographical segments based upon location of its customers - within and outside India:

#### a) Revenue

( ₹ In Lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
With in India	6,991.55	6,190.06
Outside India (Direct Export)	153.47	167.65
<b>Total</b>	<b>7,145.02</b>	<b>6,357.71</b>

Segment revenue reported above represents revenue generated from external customers from sale of products.

**Note 35: Related Party Disclosures**

Nature of Relationship	Name of Related Party
Key Management Personnel	Anil Bhanubhai Patel Kunal Anilkumar Patel
Promoters/Relative of Key Management Personnel / Non Executive Director	Kokila Anilkumar Patel ( Promoter) Vaishali Amin ( Promoter) Harshadkumar Satishchandra Bhatt ( Promoter) Daxesh Babubhai Patel ( till 08.11.2019 ) Darshakkumar Sureshchandra Sheth Nileshbhai Natverbhai Patel Avant A. Amin ( w.e.f. 08.11.2019) Manish Akhilray Baxi
Enterprises under common control of Directors/Relatives	Stag Print Private Limited Anupam Trading Co Aman Enterprises Om Suntronics Converting Equipments Kalpvrux Converting Products Private Limited Precise Automation & Control Private Limited

( ₹ In Lakhs)

Name of the related party and nature of transactions and Outstanding balance	For the year ended	
	31.03.2020	31.03.2019
<b>ANIL PATEL</b>		
Remuneration	72.00	72.00
Unsecured loan paid	-	-
Interest on unsecured loan	2.14	2.14
Closing balance of unsecured loan	42.66	40.52
<b>KUNAL PATEL</b>		
Remuneration	54.00	54.00
Unsecured loan received	-	-
Unsecured loan paid	5.00	5.00
Closing balance of unsecured loan	35.00	40.00
<b>VAISHALI AMIN</b>		
Remuneration	7.37	6.75
<b>ANUPAM TRADING CO</b>		
Rent Paid	1.50	1.50
<b>KALPVRUX CONVERTING PRODUCT PRIVATE LIMITED</b>		
Purchase / Repairing	0.57	0.54
Purchase of Fixed Assets	47.79	16.82
Sales	0.21	1.57
Amount Paid	46.31	23.81
Closing balance	0.26	(1.57)
<b>PRECISE AUTOMATION AND CONTROL PRIVATE LIMITED</b>		
Purchase / Repairing	-	0.13
Purchase of Fixed Assets	5.82	5.25
Amount Paid	5.82	5.38
<b>STAG PRINT PRIVATE LIMITED</b>		
Purchase / Expenses	4.91	18.37
Amount Paid	9.35	12.07
Closing balance	1.96	15.21

<b>AMAN ENTERPRISES</b>		
Purchase / Repairing	503.41	517.32
Amount Paid	512.69	676.57
Closing balance	160.54	20.00
<b>OM SUNTRONIC CONVERTING EQUIPMENTS</b>		
Purchase / Repairing	1.71	0.39
Purchase of Fixed Assets	-	4.25
Amount Paid	0.11	7.36
Closing balance	1.61	-

The accompanying notes are integral part of the Financial Statements

As per our report of even date attached

**For Modi & Joshi**

**Chartered Accountants**

Firm Registration No. 135442W

**Mitul Modi**

Partner

Membership No. 154342

Place : Vadodara

Date : 29.06.2020

**For and on behalf of the Board of Directors**

**Purity Flexpack Limited**

CIN : L25200GJ1988PLC010514

**Anil Patel**

Chairman and Managing Director

DIN: 00006904

Place : Vanseti

Date : 29.06.2020

**Kunal Patel**

Whole Time Director

DIN: 00106545

**Note 36: Financial Instruments****Note 36.1: Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual planning and budgeting and its plan for working capital and long-term borrowings. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The Capital Structure of the Company consists both debt and equity.

(₹ In Lakhs)

GEARING RATIO	31.03.2020	31.03.2019
Gross Debt (Long term and short term borrowings including current maturities)	1,351.73	1,377.96
Less: Cash and bank balances	75.36	73.26
Net Debt (A)	1,276.37	1,304.69
Total Equity (B)	2,228.78	1,971.43
<b>Net Debt to equity Ratio (A/B)</b>	<b>0.57</b>	<b>0.66</b>

**Note 36.2: Financial Risks Management**

In the course of business, amongst others, the Company is exposed to several financial risks such as Credit Risk, Liquidity Risk, Interest Rate Risk, Exchange Risk and Commodity Price Risk.

These risks may be caused by the internal and external factors resulting into impairment of the assets of the Company causing adverse influence on the achievement of Company's strategies, operational and financial objectives, earning capacity and financial position.

The Company has formulated an appropriate policy and established a risk management framework which encompass the following process:

- identify the major financial risks which may cause financial losses to the company
- assess the probability of occurrence and severity of financial losses
- mitigate and control them by formulation of appropriate policies, strategies, structures, systems and procedures
- Monitor and review periodically the adherence, adequacy and efficacy of the financial risk management system

The Company enterprise risk management system is monitored and reviewed at all levels of management, Internal Auditors, Audit Committee and the Board of Directors from time to time.

In the event of crisis caused due to external factors such as caused by recent pandemic "COVID-19", the management assesses the recoverability of its assets, maturity of its liabilities to factor it in cash flow forecast to ensure there is enough liquidity in these situations through internal and external source of funds. These forecast and assumptions are reviewed by board of directors.

**(A) COMMODITY PRICE RISK**

The main raw materials which company procures are global commodities and their prices are to a great extent linked to the movement of crude prices directly or indirectly. The pricing policy of the Company's final product is structured in such a way that any change in price of raw materials is passed on to the customers in the final product however, with a time lag which mitigates the raw material price risk.

With regard to the finished products, the Company has been operating in a global competitive environment which continues to keep downward pressure on the prices and the volumes of the products.

In order to combat this situation, the Company formulated manifold plans and strategies to develop new customers & focus on new innovative products. In addition, it has also been focusing on improvement in product quality and productivity. With these measures, Company counters the competition and consequently commodity price risk.

### (1) Foreign Currency Risk

The company is exposed to the foreign currency risk from transactions. Transactional exposures are arising from the transactions entered into foreign currency. Management keeps a close watch of the maturity of the financial assets in foreign currency and payment obligations of the financial liabilities.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods are as follows:

#### As on 31st March, 2020

Currency	Liabilities		Assets		Net overall exposure on the currency
	Gross Exposure	Net liability exposure on the currency	Gross Exposure	Net asset exposure on the currency	
USD	14.13	14.13	2.23	2.23	(11.90)

#### As on 31st March, 2019

Currency	Liabilities		Assets		Net overall exposure on the currency
	Gross Exposure	Net liability exposure on the currency	Gross Exposure	Net asset exposure on the currency	
USD	6.55	6.55	0.16	0.16	(6.40)

### (2) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Further, the Company's investments in deposits is with banks and electricity authorities and therefore do not expose the Company to significant interest rates risk. The Company's variable rate borrowing is subject to interest rate risk. However, the management considers the impact of fair value interest rate risk on variable rate borrowings to be immaterial.

### (B) CREDIT RISK

Credit Risk refers to the risks that arise on default by the counterparty on its contractual obligation resulting into financial loss to the company. The company may carry this Risk on Trade and other receivables, liquid assets and some of the non current financial assets. In case of Trade receivables, the company has framed appropriate policy for extending credits period & limit to each customer based on their profile, financial position and their external rating etc. The collections of trade dues are strictly monitored. In case of Export customers, even credit guarantee insurance is also obtained for each and every customer.

The credit risk on cash & cash equivalent, investment in fixed deposits, liquid funds and deposits are insignificant as counterparties are banks or mutual funds with high credit ratings assigned by the trading agencies of international repute.



**(C) LIQUIDITY RISK**

Liquidity Risk arises when the company is unable to meet its short term financial obligations as and when they fall due.

The company maintains adequate liquidity in the system so as to meet its all financial liabilities timely. In addition to this, the company's overall financial position is very strong so as to meet any eventuality of liquidity tightness.

Contractual maturities of financial liabilities are given as under:

(₹ In Lakhs)

Particulars	As at	Total	Due within 12 months from Balance Sheet Date	Due beyond 12 months of Balance Sheet Date
<b>Borrowings</b>				
	31.03.2020	1,351.73	782.00	569.72
	31.03.2019	1,377.96	751.00	626.95
<b>Trade Payables</b>				
	31.03.2020	1,044.75	1,044.75	-
	31.03.2019	1,112.21	1,112.21	-
<b>Other Financial Liability</b>				
	31.03.2020	355.21	355.21	-
	31.03.2019	401.79	401.79	-

**Note 37: Fair Value Measurements**

The carrying value of instruments by categories are as follows:

(₹ In Lakhs)

Particulars	As at	Amortised Cost	Financial Assets/Liabilities at fair value through Profit or Loss	Financial Assets/Liabilities at fair value through OCI	Total Carrying Value
<b>Assets</b>					
<b>Financial Assets</b>					
i) Investments	31.03.2020	-	57.62	1.30	58.92
	31.03.2019	-	73.28	1.30	74.58
ii) Other Financial Assets (Non-Current and Current)	31.03.2020	44.71	-	-	44.71
	31.03.2019	42.28	-	-	42.28
iii) Trade Receivables	31.03.2020	1,041.67	-	-	1,041.67
	31.03.2019	952.24	-	-	952.24
iv) Cash and cash Equivalents	31.03.2020	18.81	-	-	18.81
	31.03.2019	20.45	-	-	20.45
v) Other Bank balance	31.03.2020	56.56	-	-	56.56
	31.03.2019	52.82	-	-	52.82
<b>Total</b>	<b>31.03.2020</b>	<b>1,161.74</b>	<b>57.62</b>	<b>1.30</b>	<b>1,220.66</b>
	<b>31.03.2019</b>	<b>1,067.78</b>	<b>73.28</b>	<b>1.30</b>	<b>1,142.36</b>
<b>Liabilities</b>					
<b>Financial Liabilities</b>					
i) Borrowings (Non-Current and Current)	31.03.2020	1,033.49	-	-	1,033.49
	31.03.2019	1,017.64	-	-	1,017.64
ii) Trade Payables	31.03.2020	1,044.75	-	-	1,044.75
	31.03.2019	1,112.21	-	-	1,112.21
iii) Other Financial Liabilities	31.03.2020	355.21	-	-	355.21
	31.03.2019	401.79	-	-	401.79
<b>Total</b>	<b>31.03.2020</b>	<b>2,433.45</b>	<b>-</b>	<b>-</b>	<b>2,433.45</b>
	<b>31.03.2019</b>	<b>2,531.64</b>	<b>-</b>	<b>-</b>	<b>2,531.64</b>

**Fair Value hierarchy disclosures:**

**Level 1** - Financial Instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETF's and mutual funds that have quoted prices. The fair value of all equity instruments (including bonds) which are traded in stock exchanges is valued using the closing prices as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2** - Financial Instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This is the case of unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The management has carried out analysis of financial assets and liabilities for all the reporting periods and has concluded that there are no financial assets and liabilities to be considered at fair value and disclosed under Level 1, Level 2 or Level 3 and all the financial assets and liabilities are at its carrying value which is equal to the fair value measured at amortised cost.

The carrying amounts of trade receivables, cash and cash equivalent, bank balances, current loans, current other financial assets, trade payables, current borrowings and other current financial liabilities are considered to be the same as their fair values, due to their short term nature.

The carrying amounts of non current financial loans are considered to be the same as their fair value as it consist of security deposit with Government Organisations such as Electricity companies, which are interest bearing and are close to the fair value. Also, it consist of loans given to employees which are also interest bearing and are close the fair value.

The carrying amount of non current other financial assets are considered to be the same as their value as it consist of interest bearing fixed deposits having maturity of more than 12 months and are close to the fair value.

**Note 38 :**

The figures of previous year have been re-arranged and regrouped wherever necessary to make them comparable with those of the current year and according to requirements of the schedule III of the Companies Act, 2013.

The balance sheet has been prepared in absolute numbers and then converted into Lakhs to meet the presentation requirement as per Companies Act, accordingly the variance on account of decimals rounding-off may exist.

The financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 29th June, 2020. The financial statements as approved by the Board of Directors are subject to final approval by its Shareholders.

**Note 39 : Disclosure pursuant COVID-19**

The Company has considered internal and external sources of information, economic forecast and industry report till the date of approval of the financial results in determining the impact of COVID-19 pandemic on various aspects of its business operations and financial statements. The novel corona virus (COVID-19) outbreak has disrupted the social, economic and financial structure in the country from the end of February 2020. The Country faced a national lockdown from March 25, 2020 to May 31, 2020. The Company has considered the possible effects that may result from the pandemic related to COVID-19 on the carrying amounts of receivables, property, plant & equipment on the basis of evaluation at current indicators of future economic condition. The Company expects to recover the carrying amount of such assets and does not anticipate any impairment to these financial and non-financial assets.

However, the impact on assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company is monitoring the situation closely any material changes to future economic condition and take actions as are appropriate based on future economic conditions.

As per our report of even date attached

**For Modi & Joshi**

**Chartered Accountants**

Firm Registration No. 135442W

**Mitul Modi**

Partner

Membership No. 154342

Place : Vadodara

Date : 29.06.2020

**For and on behalf of the Board of Directors**

**Purity Flexpack Limited**

CIN : L25200GJ1988PLC010514

**Anil Patel**

Chairman and Managing Director

DIN: 00006904

Place : Vanseti

Date : 29.06.2020

**Kunal Patel**

Whole Time Director

DIN: 00106545



# **Purity Flexpack Limited**

Factory & Registered Office

At: Vanseti, Post: Tajpura, Near Halol, Dist: Panchmahal 389 350