21st Annual Report 2009 - 2010

UFLEX LIMITED

UFLEX LIMITED

(FORMERLY KNOWN AS FLEX INDUSTRIES LIMITED)

TWENTY FIRST ANNUAL REPORT
2009-2010

BOARD OF DIRECTORS

ASHOK CHATURVEDI
Chairman & Managing Director

RAVI KATHPALIA

R.P. AGRAWAL

M. G. GUPTA

A. KARATI
(Nominee- ICICI BANK)

P. ABRAHAM
(Nominee - UTI)- Upto 29.06.2010

JAVED YUNUS
(Nominee - IFCI)

S.K. KAUSHIK
Whole-time Director

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

AJAY KRISHNA

AUDITORS

VIJAY SEHGAL & CO.
Delhi
Statutory Auditors

JAIN SINGHAL & ASSOCIATES
New Delhi
Internal Auditors

BANKERS

CANARA BANK

BANK OF BARODA

PUNJAB NATIONAL BANK

THE JAMMU & KASHMIR BANK LTD.

ALLAHABAD BANK

STATE BANK OF INDIA

ORIENTAL BANK OF COMMERCE

CORPORATION BANK

REGISTERED OFFICE

305, Third Floor, Bhanot Corner,
Pamposh Enclave, Greater Kailash -I,
NEW DELHI - 110048
Phone Nos. : 26440917, 26440925
Fax No. : 26216922
E-mail : flexsec@vsnl.net

CORPORATE OFFICE

A-107-108, Sector-IV,
NOIDA-201 301 (U.P.)

OFFICES

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

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

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

WORKS

A-1, Sector-60, NOIDA (U.P.)

A-2, Sector-60, NOIDA (U.P.)

A-2A, Sector-60, NOIDA (U.P.)

C-5-8, Sector-57, Phase – III, NOIDA (U.P.)

D-1-2, 15-16, Sector-59, NOIDA (U.P.)

29-B, Malanpur Industrial Area,
Distt. Bhind (M.P.)

L-1, Industrial Area, Ghirongi (Malanpur),
Distt. Bhind (M.P.)

Lane No. 3, Phase-I, SIDCO Industrial
Complex , Bari Brahmana, Jammu

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of UFLEX LIMITED will be held on Saturday, the 4th day of September, 2010 at 10:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110010 for transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with Reports of Auditors and Directors thereon.
2. To declare the dividend for the year 2009-2010 on the equity shares of the Company.
3. To appoint a Director in place of Shri S.K. Kaushik, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri R.P. Agrawal, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors. (M/s. Vijay Sehgal & Co., Chartered Accountants, Delhi retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.)

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and subject to Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof) and such other approvals/sanctions as may be necessary, the Company hereby approves the revision in the remuneration of Shri S.K. Kaushik, Whole-time Director of the Company w.e.f. 1st June, 2010 on the terms and conditions including as to remuneration, minimum remuneration in case of loss or inadequate profit in any financial year as set out in the explanatory statement which shall be deemed to form part hereof.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary and/or revise the remuneration of the said Whole-time Director within the permissible limits under the provisions of the Companies Act, 1956 or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto."

By Order of the Board

AJAY KRISHNA
Vice President (Legal) &
Company Secretary

Place : NOIDA
Dated : 15th July, 2010

Regd. Office:
305, 3rd Floor, Bhanot Corner
Pamposh Enclave, Greater Kailash - I
New Delhi-110048

NOTES:

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
3. Corporate Members intending to send their authorized representative(s) are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from **28.08.2010** to **04.09.2010** (both days inclusive).
5. Members holding shares in physical form are requested to notify change in address, if any, to the Company's **Registrar and Share Transfer Agents (RTA), Beetal Financial & Computer Services Pvt. Ltd., BEETAL House, 3rd Floor, 99, Madangir, Near Dada Harsukh Dass Mandir, Behind Local Shopping Centre, New Delhi – 110062** quoting correct Folio Number(s) and in case of shares held in dematerialized form to the concerned Depository Participant.
6. In the case of joint holders, if more than one holder intend to attend the meeting, they must obtain additional admission slips from the Registered Office of the Company. In such circumstances, only one such joint holder who is higher in the order of names will be entitled to vote.
7. Members, who are holding shares in identical order of names in more than One Folio are requested to write to the Company/RTA for consolidating their holdings into One Folio.
8. Members seeking further information on the accounts are requested to write to the Company **at least one week before the date of the Annual General Meeting** giving details of the information required.
9. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting along with their copy of the Annual Report. No extra attendance slip and/or Annual Report will be provided at the venue of the Annual General Meeting.
10. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
11. Consequent upon the insertion of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Company's Registrar and Share Transfer Agents, M/s. Beetal Financial & Computer Services Pvt. Ltd.
12. The Company has paid the Annual Listing fees for the year 2010-2011 to the following Stock Exchanges, viz., Bombay Stock Exchange Limited and National Stock Exchange of India Limited on which the Company's Securities are presently listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.6

Shri S.K. Kaushik was reappointed as a Whole-time Director of the Company for a further period of three years w.e.f. 1st August, 2008.

Shri S.K. Kaushik is a Chartered Accountant and has experience of about 45 years in the field of finance, marketing, production & planning. He possesses commercial acumen of high caliber. He is associated with the group since last 11 years.

Considering his vast experience in the field of finance, marketing, production, planning & other related areas, the Board of Directors in their Meeting held on 15th July, 2010 approved the revision in the remuneration of Shri S.K. Kaushik, Whole-time Director of the Company w.e.f. 1st June, 2010 and approved his remuneration in accordance with the provisions of Section 198, 269, 309 read with Schedule

XIII of the Companies Act, 1956 on the following terms and conditions as recommended by the Remuneration Committee of Directors:

Remuneration

Salary including allowances of Rs.2,51,000/- (Rupees Two Lacs Fifty One Thousand only) per month with an annual increment of upto Rs.1,00,000/-.

Perquisites

Category 'A'

Medical Reimbursement & LTC/LTA:

In addition to the aforesaid salary, Shri S.K. Kaushik shall be entitled to medical reimbursement incurred for self, wife, dependent children and dependent parents on actuals including premium for Mediclaim and LTA for self, wife, dependent children and dependent parents once in a year to and from any place in India and abroad as per scheme/ rules of the Company or as may be decided by the Chairman & Managing Director of the Company.

Category 'B'

He will also be entitled to Company's Car with driver & telephone at his residence and a Mobile Phone. Private use of Car and Private long distance call would be billed to the Whole-time Director.

OTHER TERMS

(a) The Whole-time Director shall be entitled to Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund.

(b) Payment of gratuity as per the policy of the Company.

(c) Encashment of leave at the end of the tenure.

(d) He will not be entitled to sitting fees for attending meetings of the Board or Committee(s) thereof.

(e) He will be liable to retire by rotation.

(f) The above remuneration and perquisites payable to him would be within the limits as prescribed under Schedule-XIII to the Companies Act, 1956.

(g) The aforesaid appointment may be terminated by either side giving three months notice in advance.

In the event of inadequacy or absence of profits under Section 349 and 350 of the Companies Act, 1956, if the remuneration exceeds the limit prescribed under Schedule XIII, the same shall be subject to the approval of the Central Government.

Functions

The Whole-time Director shall discharge such functions as are delegated to him by the Board of Directors and/or Chairman & Managing Director.

The Board recommends the resolution for your approval.

Except Shri S.K. Kaushik, no other Director is in anyway concerned or interested in this Resolution.

By Order of the Board

AJAY KRISHNA
Vice President (Legal) &
Company Secretary

Place : NOIDA
Dated : 15th July, 2010

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	**Shri S. K. Kaushik**	**Shri R.P. Agrawal**
Date of Birth	20.11.1939	12.07.1932
Date of Appointment	31.07.2005	19.08.1997
Experience in specific Functional areas	A professional having more than 45 years of experience particularly in the field of Finance, Marketing and Production Planning.	A highly qualified and experienced professional and has more than four decades of professional experience to his credit.
Qualification	FCA	FCA, LL.B.
Directorship in other Public Limited Companies	Flex Foods Limited	Nil
Member/Chairman of Committee of the Board of the Public Limited Companies on which he is Director	**Audit Committee** - Nil **Remuneration Committee** - Nil **Shareholders'/Investors' Grievances Committee** - UFLEX Limited - Flex Foods Limited	**Audit Committee** - UFLEX Limited **Remuneration Committee** - UFLEX Limited **Shareholders'/Investors' Grievance Committee** - UFLEX Limited (Chairman)

Details of Shareholding / other convertible instruments of Non-executive Directors of the Company
(Pursuant to Clause 49 of the Listing Agreement)

Sl. No.	**Name of Director**	**No. of Equity Shares**	**Other convertible Instruments**
1.	Shri Ravi Kathpalia	4,685	Nil
2.	Shri M. G. Gupta	8,061	Nil
3.	Shri R. P. Agrawal	29,200	Nil
4.	Shri A. Karati (Nominee – ICICI Bank)	Nil	Nil
5.	Shri Javed Yunus (Nominee – IFCI)	Nil	Nil

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting this Twenty-first Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

WORKING RESULTS

The summarized financial results for the year ended 31st March, 2010 and for the previous year ended 31st March, 2009 are as follows:

(Rs. in lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Gross Sales & Job Work	**186530.55**	189283.29
Net Turnover	**167659.53**	167183.23
Profit before Interest, Depreciation, Tax	**31857.60**	28686.47
Interest & Financial Charges	**10990.88**	9342.05
Depreciation	**9265.75**	8645.52
Profit before Tax & Extra Ordinary Items	**11600.97**	10698.90
(Less): Provision for Taxation		
-For Income Tax	**(1,971.00)**	(1,023.86)
-For Fringe Benefit Tax	**0.00**	(135.60)
-For Wealth Tax	**(16.92)**	(16.01)
(Less) : Provision for Deferred Tax (Charge)	**(1,172.00)**	(2,381.94)
Profit after Tax, but Before Extra Ordinary Items	**8441.05**	7141.49
Extra Ordinary Items (Net of Tax)	**465.12**	3320.38
Profit After Extra Ordinary Items	**8906.17**	10461.87
Add/(Less): Excess/(Short) Provision for earlier years		
-For Income Tax	**36.33**	(3.01)
-For Fringe Benefit Tax	**(59.06)**	0.00
-For Expenses	**17.99**	(0.66)
-For Diminution in the Value of Investment	**138.11**	0.00
Amount available for Appropriations	**9039.54**	10458.20

YEAR IN RETROSPECT

During the year under review, your Company achieved a net turnover of Rs.167659.53 lacs including other income & operating income of Rs.11385.34 lacs as against net turnover of Rs.167183.23 lacs including other income & operating income of Rs.15160.73 lacs of the previous financial year ended 31st March, 2009. The profit after tax but before extra-ordinary item for the year ended 31st March, 2010 at Rs.8441.05 lacs was higher than the previous financial year ended 31st March, 2009 at Rs.7141.49 lacs.

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

DIVIDEND

Your Directors are pleased to recommend a dividend @ Rs.5/- per share for the financial year ended March 31, 2010. The dividend, if approved at the forthcoming Annual General Meeting will be paid to Members whose names appear in the Register of Members as on 4th September, 2010. In respect of shares held in dematerialized form, it will be paid to those Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owner as on 4th September, 2010.

FIXED DEPOSITS

No fresh/renewal of deposits were accepted during the financial year 2009-2010. There were Rs.6,000/- unclaimed deposit as at 31st March, 2010. Reminder has been sent to one person, who did not claim repayment of his deposit.

RIGHTS ISSUE

The members at their meeting held on 12th September, 2009 approved resolution under Section 81(1A) of the Companies Act, 1956 for mobilization of funds through public issue/ rights issue/private placement/QIP/GDR etc. for the purpose of investment in new projects, acquisitions, expansions, modernization, capital expenditure, direct investment in subsidiary companies/joint ventures, other corporate purposes, working capital requirements or any other corporate needs including debt repayments, which may be required in the normal business and as permitted under applicable law or regulations from time to time or as it may deem fit by the Board or Committee thereof.

Accordingly, the Board of Directors at their meeting held on 3rd August, 2010 has approved issue of equity shares on rights basis at a ratio of one equity share for every three equity shares held and raise funds aggregating to an amount not exceeding Rs. 400.00 crores subject to the necessary approvals as may be required in this behalf.

FORFEITURE OF SHARES

Pursuant to provisions of Article 50 of the Articles of Association of the Company, the Board of Directors of your Company has, by a resolution passed at the Board Meeting held on 15th July, 2010, forfeited 4073 equity shares allotted in the year 1993 & 68628 equity shares allotted in the year 1994, in respect of which shares allotment money/call money have been unpaid.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri S.K. Kaushik and Shri R.P. Agrawal, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Unit Trust of India withdrew the nomination of Shri P. Abraham as their nominee from the Board of Directors of the Company w.e.f. 29th June, 2010. Your Directors took the opportunity to place on record their appreciation for the valuable services rendered by Shri P. Abraham during his tenure as a Director of the Company.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed and that there has been no material departures.

ii) that the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

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

AUDITORS & AUDIT

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

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

SUBSIDIARY COMPANIES

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

CONSOLIDATED FINANCIAL STATEMENTS

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

CORPORATE GOVERNANCE

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

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

STATUTORY DISCLOSURES

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

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

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

PERSONNEL

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

ACKNOWLEDGEMENT

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

For & On behalf of the Board

Place : NOIDA — **ASHOK CHATURVEDI**
Dated : 3rd August, 2010 — Chairman & Managing Director

ANNEXURE 'A' TO DIRECTORS' REPORT

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

A. EMPLOYED FOR THE FULL YEAR

Sl. No.	Name	Age	Designation	Remuneration (Rs.)	Qualifications	Experience (Yrs.)	Date of Appointment	Last Employment (Position held)
01.	Shri Chaturvedi Ashok	53	Chairman & Managing Director	86474722	B.Sc.	32	01.08.88	Flex Laminaters Ltd. (Chairman & Managing Director)
02.	Shri Kaushik S K	71	Whole-time-Director	2820893	F.C.A.	45	01.08.05	Flex Foods Limited (Whole-time-Director)
03.	Shri Tyle Pradeep	49	Sr. President (Films)	17237142	B.E.(Hons) Chem., P.G.D.B.M.	27	01.08.88	Flex Laminaters Ltd. (General Manager (Operations))
04.	Shri Jain R.K.	55	President (Corp. F&A)	10485015	F.C.A.	30	01.08.88	Flex Laminaters Ltd. (Financial Controller)
05.	Shri Sirsamkar P.L.	52	President (Films)	9349794	B.E.	29	01.01.93	Polyplex Corporation Ltd. (Dy. General Manager)
06.	Shri Ray Amitava	64	President (Packaging Division)	11288846	B.A. (Hons), PGDM	45	06.06.01	India Foils Limited (Managing Director & CEO)
07.	Shri Jain Dinesh	56	Jt. President (HR)	5863845	B.Sc., LLB, LLM, DBA	31	20.07.90	Usha Shri Ram Ltd. (Factory Manager)
08.	Shri Agarwal P.K.	52	Jt. President (Cylinder Division)	5688868	M.Sc. (Chem.)	29	01.08.88	Flex Laminaters Ltd. (Manager - Production)
09.	Shri Sachdeva Anup	46	Jt. President (Export Marketing)	5313484	B.A.	24	10.11.97	Sharp Industries Ltd. (Sr. General Manager)
10.	Shri Mongia J.M.	54	Jt. President (Domestic Marketing)	5199210	B.Com	32	08.08.94	Garware Paints Ltd (Divisional Manager)
11.	Shri Tandon Ajay	54	Jt. President	5657673	B.E. (Mechanical Engineering)	32	04.12.2006	FCL Technologies & Products Limited (Exe. Vice President)
12.	Shri Singh A P	63	Jt. President	4253264	B.Pharma.	39	24.02.1996	Burroughs Welcome India Limited (Marketing In-charge)
13.	Shri Mital Vipin	65	Executive Vice-President	3472000	B.Sc., B.Tech., M.B.A.	42	04.12.2006	Flex Engineering Limited (Chief Executive)
14.	Shri Pillai J G	49	Exe. Vice President (Operations)	3791542	BE (Mech), MBA	25	18.11.1996	Lippi Systems Limited (Director)
15.	Shri Chandra Sharat	58	Exe. Vice President	3775100	M.Sc. , MBA	33	01.04.2008	Montage Enterprises Pvt. Ltd.
16.	Shri Anand Arun	58	Exe. Vice President (Marketing)	4499015	B.A.	33	02.05.96	Sharp Industries Ltd. (Director – Marketing)
17.	Shri Sharma Ravi	52	Sr. Vice President	3641430	B.E. (Mech.)	30	04.12.2006	Flex Engineering Limited (Vice President)
18.	Shri Dang S K	59	Sr. Vice President	3676935	M.Tech. (IITD)	35	04.12.2006	FCL Technologies & Products Limited (Vice President)
19.	Shri Shah P K	50	Sr. Vice President	3431506	B.Tech. (Chem.), PGDBM	30	01.12.2006	FCL Technologies & Products Limited (Vice President)
20.	Shri Raje H M	54	Vice President (Technology)	3891500	M.Chem.Engg.	30	04.12.2006	FCL Technologies & Products Limited (Vice President)
21.	Shri Krishna Ajay	54	Vice President (Legal) & Company Secretary	2730642	ACS, LLB	30	27.09.2004	Jubilant Organosys Limited (Company Secretary)
22.	Shri Sabharwal Sanjay Malik	46	Vice President	2633273	B.E.	20	17.02.2004	M/s The Printers House Ltd. (General Manager)
23.	Shri Gupta Piyush	40	Vice President (Export Marketing)	4083768	M.S. (Mech. Engineering)	19	19.04.1999	Petheco Pharmaceuticals Limited (Manager - Export & International Marketing)
24.	Shri Chandra Sujoy S	43	Asst. Vice President	2884008	B.E.	13	31.12.2002	Kristeel Shinwa Industries Limited (General Manager)
25.	Shri Goyal Arun Kumar	49	Sr. General Manager	3129184	B.E. (Hons) Mechanical	25	05.11.2008	India Glycols Limited (DGM)
26.	Shri Ramakrishnan Ravi	34	General Manager	2459160	MBA, PGDM	9	15.05.2006	M/s Bennett Coleman & Co. Ltd. (Sr. Manager)

B. EMPLOYED FOR PART OF THE YEAR

01.	Shri Srivastava Ashok Chandra	62	Jt. President (Export Div.)	3875872	LLB, DIP in Business . Administration	39	13.03.2006	Bharti Health Care Ltd. (CEO)
02.	Shri Dosi Dilip Kumar	54	Jt. President (Films)	861299	BE (Hons), MBA	33	12.10.2007	Ester Industries Limited (Executive Director)
03.	Shri Kapoor Devender	48	Vice President (Marketing)	2114356	BA (Hons)	27	18.10.1999	Raviraj Foils Limited Vice President (Sales & Marketing)
04.	Shri Sehgal Sunil Kumar	43	Vice President (HR)	521000	M.Sc., MBA, LLB, LLM	21	09.03.2009	Anand Group of Company Sr. VP (HR)
05.	Shri Choudhary Chiranjiv Lal	49	Vice President (Commercial)	812894	M.M.S.	26	02.01.2010	M/s Indorama Synthetics(I) Ltd., Vice President (Materials)
06.	Shri Beri Pradeep	56	Vice President (Systems)	707700	C.A.	28	01.01.2010	Jain Singhal & Associates, Full Time Working Partner
07.	Shri Joshi Dinesh	55	Sr. General Manager (Corporate - HR)	2333860	BE (Mechanical) MPM&IR	29	15.10.2007	Field Fresh Foods Pvt. Limited (Head - HR & A)

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

ANNEXURE 'B' TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

One of the major but often neglected aspects of environmental protection is the management and use of energy. There is a growing gap between supply and demand of electrical power. The use of solid fuel in the industry for thermal energy is getting increasingly inconvenient due to the deteriorating quality of Indian solid fuel. Many industries use oil of which the resources are fast depleting. Needless to say the use of fossil fuels is accompanied by severe environmental damages. Due to the liberalization measures of the Government of India the industrial sector is rapidly growing, which in turn is increasing the energy demand. In the short term, the only solution to the problem is better energy management through conservation of power, fuel and water. As industries are the major consumers of these resources, the focus is on the industrial sector to limit & minimize its demand of energy.

The main benefits of energy conservation and management are - introduction of a systematic approach to identify priorities, implement and monitor energy conservation options. Savings in operation costs (energy, water, materials, personnel etc.) and by preventive maintenance, which will increase productivity, competitiveness and profit. In the long run this will contribute to a more cost-effective and sustainable ecological development.

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

(a) Energy conservation measures taken

The below mentioned are some of the steps which have been undertaken during 2009-2010.

1) Conversion of Oil Fired Thermopack into Gas fired:

Natural Gas, touted as the clean fuel of 21st century, is fast emerging as a major energy source all over the world. Yet another fossil fuel and often found in oil fields and coal beds natural gas is estimated to contribute around 26% of global energy consumption by 2030. We have converted all the oil Fired Thermopacks into Natural gas fired thermopacks. The gas has number of advantages over the conventional fuel & is cleaner & environment friendly fuel.

This conversion has not only resulted into reducing the carbon emissions but also reduced the operational costs. By the conversion the availability of the Thermopacks has increased. This conversion will reduce the operational cost by INR150 lacs annually & CO_2 emissions has got reduced by 4000 Kgs on daily basis.

2) Gas Gensets:

We have placed the order for 2 X 8.72 MW gas based engines which are likely to get commissioned on Gas by Dec-2010, in order to shift present generation from conventional liquid fuel to gaseous fuel. This will bring down our power generation cost by INR 2.00 per unit, resulting into annual saving of about INR 2400 lacs & CO_2 emissions will be reduced by 20000 Kgs on daily basis.

3) Earning of Carbon Credits

The total potential earning of carbon credits for shifting from liquid fuel to natural gas is to the tune of approx. 50000 CER's annually. This may earn us a foreign currency to the tune of approx. USD four hundred thousand. We are in advance stage of signing the ERPA for this.

4) Waste heat recovery Vapour Absorption Machines of 1440 TR Capacity

We are installing two waste heat recovery units to feed Vapour Absorption Machine (1440 TR). This will result in stopping the two electrical chillers, resulting into annual saving of INR 216 Lacs.

5) Installation of Power Transformer exclusively for lighting load.

We have installed one Power Transformer exclusively for lighting load, resulting in annual saving of INR 6 Lacs.

6) Screw chillers have been installed in Nitrogen plant and Flexo machine which consumes less power compared to reciprocating compressors.

7) Chilling plant efficiency improved by overhauling both the 400 TR chillers.

8) One, 110 TR Screw chiller installed in place reciprocating chillers. Power consumption of screw chiller is lower.

9) The unit has switched over to Natural gas fuel from furnace oil. Presently the thermic fluid heaters and boilers are converted to NG fired from F.O. fired. Apart from extremely favorable economic factors, the overall efficiency of the system has gone up by approx. 5% on account of complete combustion, no deposition on tube surfaces because of clean fuel. This has reflected in specific fuel consumed per unit of product.

10) Glycol jet ejectors have been commissioned for Line No.2 successfully in place of steam jet ejectors. This has substantially reduced the energy requirement because of the difference in latent heats of two materials.

11) A novel method was developed for crystallization of amorphous emboss able chips substantially reducing the crystallization cost and energy. The crystallization capacity was also enhanced from 1 t/d to 12 t/d.

12) Bio sourced green MEG (available from renewable resource) usage helped in conservation of natural resources.

13) Continual efforts have been done to optimize energy costs in manufacturing operations by way of optimization of machine utilization and efficient production planning. Energy conservation per MT has marginally reduced from 195 units/MT to 190 units/MT despite increase in fuel cost.

(b) Future Proposals for Energy Conservation

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

1) We are planning to install VFD on the cooling towers to reduce the power consumption.

2) We are planning for energy audits to identify the areas for improvement.

3) We are in process of identifying the areas where skylights can replace the conventional lighting during the day time.

4) We are in process of controlling the lighting with timer control.

5) One Screw Air Compressor will be installed to fulfill the requirement of compressed air and reciprocating compressor will be stopped.

6) Thermic Fluid Heaters are being converted on Natural gas thereby eliminating the exhaust toxic flue gases into atmosphere and also it will save energy due to high efficiency.

7) Natural gas will be used for power generation thereby completely eliminating usage of F.O. helping improve the environment.

8) Line three also will be made operational on glycol jet ejectors instead of steam jet ejectors.

9) A detailed study is undertaken to convert existing batch polycondensation lines to continuous polymerization technology.

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

The above measures will reduce energy consumption, improve efficiency of the plant thereby improving the economics of the plant substantially.

B. TECHNOLOGY ABSORPTION

The following efforts are being made in technology absorption:

Research & Development (R&D)

1. Specific areas in which R&D is carried out by the Company.

   The Company has carried out R&D in multiple products, processes and technologies.

2. Benefits derived as a result of the above R&D

   Products improvements in quality and quantity, conversion cost reduction, import substitution, widening the product range. The capability to develop new products boosts the morale and the culture of the organization. Further, several new products have been developed by the Company to respond to the needs of its customers both in the domestic and international markets, with concurrent commitment to improve quality and productivity.

3. Future plan of action

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

4. Expenditure on R&D

   During the year, the Company spent Rs.19.53 lacs. This is equivalent to 0.01% of the turnover.

Technology absorption, adaptation & innovation

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

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

2. Benefits derived as a result of the above efforts

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

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

(i) Twist grade film (Plain & Antistatic) F-TST for Candy wrap

(ii) Post consumer recycled film F-PCR for printing & lamination conversion

(iii) Green pet film F-GRP for decorative and gift pack

(iv) High seal strength film F-HSP for Tack seal & food trays sealing

(v) Liquid packaging film F-LLP for liquid/paste, wine packaging & large bags

(vi) Isotropic film F-IST for lidding application in dairy products

(vii) Transparent metalized film Alox pet for microwavable foods, dried meat snacks- eye catch packaging

(viii) BOPP films - Developed high barrier metalized film - for excellent moisture barrier

(ix) Peelable sealable CPP film - C-CLW for Lidding application, food/ vegetables trays-containers sealing

(x) Soft / direct embossable film - B-TGH for direct embossing

3. Imported Technology

During the year, the Company has imported technology for hologram from M/s. Sorgan Technologies Limited, Cyprus.

C. GLOBAL BUSINESS STRATEGIES

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

Currently we are exporting to our customers present in more than 100 countries across the globe. Our endeavour is to add couple of more countries during this year.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports:

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

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

2. During the period under review:

			(Rs. in lacs)
a)	Earnings in Foreign Exchange		
	i)	F.O.B. value of export of manufactured/ Traded Goods	29081.61
	ii)	Design & Art work Recovery	136.17
	iii)	Technical Services	2104.35
	iv)	Dividend	1342.23
	v)	Discount Received	17.17
	vi)	Misc. Income	0.57
b)	Expenditure		
	i)	CIF Value of Imports	18147.15
	ii)	Expenditure in Foreign Currency	1277.99

For & On behalf of the Board

Place: NOIDA **ASHOK CHATURVEDI**
Dated: 3rd August, 2010 Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD-LOOKING STATEMENTS

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

1. **Overview – Industry Structure & Developments**

Flexible Packaging

The fiscal year 2009-10 was a challenging year for the Indian economy. India witnessed a significant revival in economic activity following the moderation in fiscal 2009. The economic recovery was evident across a wide range of sectors with the momentum gaining strength in the second half of fiscal 2010. The growth in Gross Domestic Product (GDP) during the first half of fiscal 2010 was 7.0% compared to 6.0% during the second half of fiscal 2009. However, during the third quarter of fiscal 2010, GDP growth moderated to 6.0% mainly due to decline in agricultural output following below normal monsoons and moderation in services sector growth to 6.6%. Reflecting the overall improvement in the economy, the Central Statistical Organization (CSO) has placed advance estimates of GDP growth for fiscal 2010 at 7.2%.

Flexible packaging industry is the fastest growing segment of the packaging industry worldwide and growing about 5.5% to 6% annually. Asia is growing faster than North America and Western Europe and will emerge as the world's largest regional flexible packaging market by 2013. The area will account for more than one-third of total demand. China on its own will have 10% of global demand – up from 8% in 2008. Over the last five years, all regions except Western Europe experienced growth ranging from around 4% per annum in North America to 9% in South-East Asia and Oceania as well as in Eastern Europe. China and India were the most dynamic markets, growing in value terms by around 12% and 17% respectively.

At a compound annual growth rate of 17 percent, the flexible packaging market is one of the most dynamic and fastest growing in the Country. As the advantage of flexible packaging of lesser storage space, easy handling, cost effectiveness with better aesthetic factors becomes increasingly appreciated, traditional rigid packaging will take a backseat. Flexible packaging scores better over traditional packaging for such reasons.

Flexible packaging also offers the advantage of packing smaller quantities compared to traditional packaging and hence, middle class consumers, who comprise of a major section of the Indian society, have the choice of purchasing just the required products.

The flexible packaging market has excellent growth potential in the food and processed food, personal care, FMCG and retail sector. The demand for smaller packaging and increasing consumerism due to higher purchasing power has been a boon for the flexible packaging market. However, there is a certain lack of quality consciousness among some end users and they tend to gravitate towards low-grade products, thereby restricting the growth of flexible packaging materials.

With the introduction of innovative and new products, Indian Flexible Packaging Industry will lead to faster growth at a rate of around 25% annually. With the advent of newer plastic films, other novel materials and new technologies, the industry will be looking at better quality of the products and thereby, increased sales volumes. In fact, the market is expected to treble its output in the next few years owing to the greater demand from the food and processed food and retail segments.

Packaging Raw Materials – Poly Condensation (PET Chips)

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

The yarn grade chips market in India is going through a dull and difficult phase. Though, there has been demand for yarn grade chips, the falling price and margins and competition from countries like China and Indonesia have made it quite unprofitable. The market for bottle chips in India is very competitive with exceptionally low margins. The Company has therefore, strategically decided to mainly concentrate on production of film grade polyester chips and also decided to maintain a balance in product mix of commodity and speciality chips for speciality films.

Packaging Raw Materials – Inks & Adhesives

Printing ink is colouring material in the form of a fluid or paste which is used for printing on a substrate and then dried. Depending on the process and end use, inks are classified into letterpress, lithographic, flexographic, rotogravure and others. Although most of the raw materials used in ink manufacture are available in India, but certain speciality items are imported. The growth of the printing ink sector has been very rapid**.** The market leaders in printing ink manufacture are USA, Europe and Japan. The demand for printing inks is expected to show an annual growth of more than 2-3%in Western Europe, North America and Japan. The world market trend points towards enviro-friendly inks. Majority of the countries are concentrating on water based and UV-cured inks**.** The very few small scale industries are capable of incorporating technological advancements in the manufacturing process. The requirements of printing inks of the future should have features like high gloss, instant setting, high speed, quick drying, etc. Development work towards modification of resins, structural vehicles, water based inks, enviro-friendly inks etc. needs to be undertaken vigorously. Quality control is an area which needs special attention. The R&D of printing ink encompasses several fields which includes chemistry, production technology and product range. The majority of the large units have in-house R&D facilities. There is scope for improving the future of the printing ink industry through proper efforts in research and development.

The growth rate for Lamination Adhesive in terms of volume is approximately 15% per annum.

Packaging Machinery

The Indian capital industry has to play key role in achieving the industrial growth.

Indian Capital Goods sector is characterized by a wide range of products (almost all major capital goods are domestically manufactured) – a legacy of import-substitution policy.

Most Indian manufacturers define quality of capital goods largely by performance parameters and dimensional accuracy and not in terms of aesthetics of finished goods. Most Indian capital goods are functionally at par with equipment made elsewhere in the world, but they rank poorly as far as finish is concerned. This has adversely impacted the competitiveness of the Indian capital goods in a discriminating and sophisticated export market.

2. **Business Review**

Plastic Film Business

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

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

The CPP film is highly dynamic and versatile with high gloss, greater transparency, better heat salability, good twisting property and better tear strength. These factors provide its application in food wraps, anti wraps, anti fog, garment bags, deep freeze applications etc.

The Company's BOPET film is one of the initial products of the Company. It has not only succeeded in retaining its market share but also continues to expand its markets in today's dynamic & rapidly changing packaging scenario. Biaxially oriented PET film (BOPET) is used successfully in a wide range of applications, due to its excellent combination of optical, physical, mechanical, thermal, and chemical properties, as well as its unique versatility. BOPET Films, produced in state-of-the-art ISO 9001-2000 certified plants in different range of microns, the films have the capacity to sustain the high fidelity graphics and meet the requirements of both rotogravure as well as flexographic printing standards besides having properties of BOPET film like optically brilliant, clear appearance, unequalled mechanical strength and toughness, excellent dielectric properties good flatness and coefficient of friction (COF), tear-resistant and puncture-resistant characteristics wide range of thickness as thin as 1 micron up to 350 micron, excellent dimensional stability over a wide range of temperatures, good resistance to most common solvents, moisture, oil, and grease, excellent barrier against a wide range of gases.

The Company has the facility to produce polyester chips of film grade, yarn grade and bottle grade. The film grade chips are used as raw material for the manufacturing of polyester films whereas yarn grade chips are used for the manufacturing of polyester yarn and bottle grade chips for production of PET bottles. The Company has made use of its state-of-the-art batch processing manufacturing facilities, by conveniently switching over to produce different grades of chips based on the demand and orders in hand. The Company manufactures a wide range of polyester chips suitable for various applications. Through continuous R&D efforts, the Company developed different speciality polyester chips, which has been well accepted in the Indian market as well as International Market. Presently the Chip unit also caters to 100% requirement of the Speciality Chips at Flex Middle East, Dubai and Flex Americas, Mexico

The plastic film business of the Company is a major contributor to the revenue. The Company has been selling its plastic film largely in the domestic market or using for captive purpose. While this business is subject to greater competition, but the Company has yet been able to maintain sustainable profits from this business.

Flexible Packaging Business

The main products of this business are laminates made with various combinations of Polyester, BOPP, poly, metalized & hologram films and others and supplied in roll form and in various preformed pouches, manufacture of rotogravure cylinders for various types of rotogravure printing, Anilox/Coating, Rollers for flexo printing and Shims for holographic embossing and holograms and printing ink and adhesives and packaging & processing machines. This business involves customization according to the needs of customer. The company provides complete solutions to the packaging needs of customers and has, among others, mainly all leading FMCG manufacturers as its clients. The Company is the market leader in this sector and a dominant player in India.

The Company has successfully developed several new packaging solutions for various applications suitable for Food Industry, the Bakery and Confectionery Industry, Beverage Industry and the Personal Care Products Industry. The Company's strategy for product innovation together with cost leadership and enhancing quality with better service has led to significant growth in sales and making it a major supplier of packaging materials for various multinational corporations in the FMCG sector.

The value added flexible packaging business of the Company has been progressively gaining larger share in the total revenue of the Company and growing at a faster pace both in the domestic and international market. Having attained its dominant position in the domestic market, the Company is emerging as a growing player in the international market by giving a tough competition to giant peers group. The Company is expecting to make its strong presence in the international market in coming years having acquired customers like P&G, Nestle, Unilever etc. on a global scale. This segment contributes large share both in the top line and bottom line which is expected to be progressively increased in the coming years.

Printing Cylinder - The main activities of the Cylinder business is to produce Rotogravure Cylinders for various types of rotogravure printing, Anilox/Coating Rollers for flexo printing and Shims for holographic embossing. The printing Cylinder business of the Company is one of the largest in India. These cylinders are made for captive consumption as well as for domestic and international sales. Printing Cylinder is at the core of the Rotogravure Flexible printing and the Company has capabilities to provide complete solution starting from Artwork/Mock up stage to producing final printing cylinders.

The Company has world class and state-of-art complete expertise and facilities integrated with best software to produce good quality cylinders. The quality of the cylinders is well accepted in India as well as in the export market. Efforts are being made to grow customer base both in the overseas as well as domestic market.

Hologram produced by the Company has been well accepted both by the Government and Private Organization across the Country. The Company through aggressive marketing has been able to get substantial orders from different states. Hologram being low cost with better margin, add to the bottom line significantly.

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

Other Business

The Company has the manufacturing facilities of packaging and processing machines. The ongoing process of innovation and introduction of machines through its in-house R&D facilities, having unique features and facilities for packaging products of different varieties, enables the Company to manufacture both tailor made machines as well as machines of specific design to suit the needs and requirements of various customers both in India and abroad

3. Financial and Operational Performance – Overview

The summarized financial results are given hereunder:

Summary of results:

(Rs. in Lacs)

	2009-10		2008-09	
	Consolidated	Standalone	Consolidated	Standalone
Net Sales including Other Income & Operating Income	241899.21	167659.53	216366.13	167183.23
EBITDA	47107.77	31857.60	39221.40	28686.47
Profit Before tax & Exceptional Item	21819.55	11600.97	18705.37	10698.90
Profit After Tax but Before Extra Ordinary Item	19357.67	8441.05	21991.65	7141.49
Profit After Extra Ordinary Item	18892.55	8906.17	18671.27	10461.87
Profit available for Appropriation	19018.12	9039.54	18648.94	10458.20

The Company has reaffirmed its conviction in the sustained growth potential of its various business by reporting a healthy financial performance for the year 2009-2010, despite the perilous impact of a global slowdown. Both the main business i.e. plastic film business and packaging business improved their bottom line even in the face of highly competitive circumstances.

4. Innovation

In today's globalization, the Company has to compete against the world's best companies in the packaging industry. In order to successfully carve a niche of our own, we need to develop a vital competitive edge in a high technology and application oriented business. One of the best ways of achieving this is by sustained innovation and development of new products and applications ahead of competition. The Company has developed many innovative new products in the last couple of years, some of the major innovations are as under:

Green PET Films - In line with the global demand of sustainability and our own focus on "green" products, we have developed our Green PET range of films, which are made from PTA produced by the oxidation of paraxylene and Green MEG that is manufactured from ethanol produced from agro-based sources. This replaces conventional inputs that are produced from petroleum-based feedstock. PET film contains 30% of

MEG, which in this case is totally based on renewable agro inputs. These films are approved by the USFDA and also meet all EU guidelines for food compliance and food contact. These films have the same properties as traditional films made from petro-based PET resins.

rPET Films - This is another range of "green" films. They contain up to 30% post consumer recyclate PET (rPET) resins that are obtained by a tertiary chemical glycosis process. Post-consumer PET waste that would otherwise be consigned to land-fills is thus recycled into high-quality films. These films are, again, USFDA and EU compliant for safe food contact. They are available in all thicknesses and widths and exhibit properties that are as good as films made from 100% virgin PET resins.

Direct Embossable PET Film - This film is coextruded with a special surface layer that can be embossed directly without any off-line coating, an expensive process. The embossing can be carried out at lower temperatures (lower energy costs) and leaves deep and sharp impressions. The surface can be metalized with excellent metal adhesion and is ideal for holographic applications and is available in the 13 to 50 micron thickness range.

Antistatic Twistable PET Film - This USFDA and EU food compliant film has been developed for highly exacting twist wrapping applications. It is available as a high-transparency or metalized film with zero memory and retains twist perfectly.

Special Heat-sealable PET Film - A special range of films (12 to 50 microns), one side of which is printable and the other side seals to itself, APET and CPET over a wide sealing temperature range with high seal strength. The film has superior oxygen and aroma barrier and is approved for direct food contact.

Liquid Packaging PET Film – The film is barrier metalized (optical density of 2.3) on a surface specially modified for high metal bond strength and enhanced laminate adhesion strength. The film is UV resistant and is approved for food contact. It is especially suitable for packaging of liquids and for industrial bulk packaging.

High Clarity PET Films - These have extremely low haze values.

Low Slip PET Films - Their surface COF is tailored to facilitate stackability of bags using in the outer layer.

White PET Films - Extrusion Coatable BOPP Films which are suitable for direct extrusion coating and extrusion lamination operations without priming.

Retortable CPP Films – These films are suitable for direct contact with products in retort packaging applications.

Another innovation is that all our fabric is made using water-jet cooling as against the traditional oil-jet cooling which imparts a taint to the fabric that makes it unsuitable for food contact.

In the field of value added flexible packaging business, the Company has made some of the major innovations as under:

- Bag with Slider Zipper and Diaphragm
- WPP Bag for Pet foods
- 3D Bags
- Spot Hologram Pouches/Bags

The above innovations in the field of flexible packaging products offer better value to customers in providing better barrier properties, functional properties, its form and handling and protection from spurious and duplication.

The Company plans to launch at least 2 – 3 new products every year which will enhance the value to the customers in their usage.

5. Expansion projects

As reported in the previous year's MDA, the Company's following expansion plans are in progress and the status of the same are narrated below:

Polyester film project at Mexico

To meet the growing demands of its products and for better market reach and services to its overseas customers more particularly in American continent, the Company's plan for setting-up two lines of PET film in phases with capacity of 26400 MT each, aggregating to total capacity of 52800 MT, and involving total estimated capital outlay of US$ 109 million, is in progress. While the 1st phase of the project with 26400 TPA polyester film capacity has been completed and commenced production from July 2009, the steps for implementation of second phase have been initiated and the same is expected to be completed by June 2011.

PP and Pet Film Project at Egypt

Flex Middle East FZE, Dubai through its 100% subsidiary namely Flex P Films (Egypt) SAE is setting up PP & PET film project in Egypt to produce 35000 TPA of BOPP film in 1st phase & 30000 TPA of PET film & 12000 TPA of CPP film in 2nd phase aggregating to 77000 TPA with a total capital outlay of US$ 135 million.

Land admeasuring about 69000 sq. mtr. has been acquired in Engineering Esquire, 6th of October City, Egypt. The site is fully developed and about 120 kms from nearest port, Alexandra. Civil construction work for 1st phase has been completed. Equipments have been installed. Keeping in view the progress of implementation of project, the 1st phase is expected to be completed by end of July, 2010 and 2nd phase is proposed to be completed by December, 2011.

Gambia Project

"QCell Ltd." 40% owned JV Company of UTech Developers Ltd. (wholly owned subsidiary of UFLEX Limited) is setting up a 3G GSM Telecom Mobile Network with capacity of 100,000 subscribers in The Gambia. Trial run has been completed and more than 125000 SIM Cards sold. Commercial launch has also been done.

In order to maintain the pace of growth in future, besides above, the Company is also exploring various other options and opportunities for acquisition/new projects/ expansions in its core business in India and abroad.

6. **Opportunities & Threats**

Opportunities

Flexible packaging has been one of the fastest-growing sectors of the packaging market over the past decade. Properties of flexible packaging can be easily tailored to meet demanding specifications for a wide range of products. Over the years, the flexible packaging market has developed from simple paper wrapping and bags to very sophisticated multilayer and multi-material packaging for barrier protection and greater shelf-life. Flexible packaging films can be made of single-web substrates such as flexible plastics (PE, PP, Polyester or PA) or can be coated, laminated or co-extruded with other materials to enhance their physical properties in various ways. Flexible packaging is gaining wider acceptance because of the protection it offers against environmental threats like moisture, heat and chemical reaction. The convenience factor in terms of handling the product and the cost benefits can be counted as the extra privileges. The expansion of the Indian flexible packaging market has accelerated due to:

- A growing middle class of over 400 million.
- The conversion of the more traditional rigid packaging into flexible forms.
- Liberalization of the Indian economy since 1991.
- Globalization and the influx of multinational companies.
- Modern plants and equipment available to the flexible packaging industry.

Flexible packaging industry is the fastest growing segment of the packaging industry. Despite growing competition, the Company is expected to grow its sales and overall profits in future from its BOPP films, PET films and flexible packaging materials due to its excellent product quality, low cost of production, ability to offer competitive process, wide range of product portfolio, aggressive marketing strategy, strong global sales and distribution network, innovative product structures for better suitability to its customers in domestic and international market.

The Company's exposure to the plastic film business has increased due to commissioning of first line of polyester film project with 26400 TPA polyester film capacity at Mexico and the capacity will further increase after commissioning of second line of PET film with a capacity of 26400 TPA and commissioning of 35000 TPA of BOPP film, 30000 TPA PET film & 12000 TPA of CPP film in Flex P Film, Egypt. The expansion will have considerable increase on the profitability of the Company.

Emphasis is given to R&D to develop o/w film grade chips with radically new approach enabling the usage of cheaper raw material to improve the yield and economics. To meet the increased demand of inks & adhesives, the Company has increased its capacities for both inks & adhesives. Efforts are being made to increase export volumes of inks & adhesives.

In cylinder business, the Company had commissioned a state-of-the-art Du Pont Thermal (Cyrel fast) as well as Digital Solvent Flexographic plate processing workflow along with 4 beam Flexolaser Imager & Agfa Apogee software capable of up to 5080dpi resolution output & suitable for Microtext application as well, with an installed capacity of 6000 nos. of Plates per annum.

The Company's Repro setup comprises of Artpro from Adobe systems and Deskpack from Esko Artworks. The Company also offer the option of digital imaging with GMG colour calibrated software outputting an actual size print almost 98% close to the original. The Company has the facility to do mock ups & digital proofing on actual substrate with Kodak Approval system. Kodak Approval provides the greatest possible confidence in predicting color and appearance of the final printed piece, including both traditional flat sheets as well as finished, 3-dimensional packages. This offers sizable advantages to advance the quality, productivity & most importantly the profitability of your organization due to the combination of direct digital imaging and Cyrel fast thermal processing.

The Company has been taking steps to improve upon its competencies to design, develop and manufacture sophisticated machines, which are comparable with machines made by any developed country in terms of its technical capabilities, aesthetics, functional parameters & pricing and reap the benefits to grow its revenues and profits.

Threats

The packaging industry is very dynamic and has undergone significant change because the environment in which it operates is changing e.g. laws & regulations, introduction of new products, the globalization of technologies and a general increase in competitiveness have accelerated in the last 10 years, but there are greater concerns with health and reliability issues such as greater commercial pressure for freshness in foods. In the drug sector, there is also pressure to inform the consumer greater details about the drug, its effects and side effects. Above all, the world perceives the packaging industry an environmental unfriendly and thus there is opposition to it in general. But all the products made by the Company are eco-friendly, thus do not have any effect.

The Indian plastic films market is highly competitive both for PET films and BOPP films. The Company faces stiff competition both from the international as well as domestic manufacturers. The competition is increasing with the addition of new capacities and emergence of new global players especially from China. Increased competition might lead to reduced price, decreased sales, lower profit margins thus adversely affecting the business and financial conditions of the Company, however Company's plan to mitigate these by focusing on improvement of productivity, introduction of innovative products etc.

The stability in the global economy has been challenged to some extent by the developments in Europe. A significant deterioration in the fiscal situation in creation European countries and their high levels of indebtedness have raised concerns over their ability to service their debt. This may, in varying degrees, affect other economies. As a result, market related business and credit risks with clients in some of the countries are expected to rise.

The profit margins in packaging machinery business are by and large, driven by access to technology and global markets, the ability to identify niche areas, efficient inventory and debt management, good after sales services, ability to offer solutions rather than products and product innovation and range.

All major MNCs in ink and adhesive segment are present in Indian Market and are also increasing their capacities. New MNC ink major TOYO inks, Japan has also set up business in India. Continuous technical upgradations with improved formulations will be required to meet new challenges for packaging materials.

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

7. Future Outlook

The strength and rapidity of India's economic recovery reiterates the overall potential for sustained high growth in India. Indian economy based on a sound regulatory framework was able to withstand shocks emanating from global developments. The fundamentals that have helped navigate the global financial crisis successfully can also be expected to drive sustained double digit growth.

Flexible packaging has been one of the fastest growing sectors of the packaging market over the last decade having developed from simple wraps and bags to more complex products with sophisticated functionality. The flexible packaging has promising future both in India & globally due to increased consumerism, Asia taking a leading position in the world.

8. Internal Control Systems And Their Adequacy

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

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

The Company has already formed an Audit Committee and has met five times in the year. Audit Committee ensures proper compliance with the provisions of the Listing Agreement with Stock Exchanges, Companies Act, reviews the adequacy and effectiveness of the internal control environment and monitors implementation of internal audit recommendations.

Besides the above, Audit Committee is actively engaged in overseeing financial disclosures and in reviewing your Company's risk management policies.

9. Corporate Social Responsibility

The Company is a socially responsible corporate citizen committed to deliver a positive impact across social, economic and environmental parameters. The Company acknowledges its responsibility on the manner that its activities influence its consumers, employees and stake holders, as well as the environment. The Company seeks to achieve its corporate and social objectives by focusing on the following strategic areas-

- Environmental Responsibility
- Employee Engagement
- Community Initiatives

10. Risk Management

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

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

11. Company's Standalone Financial Performance & Analysis

A. Fixed Assets

The composition and growth of assets are as under:

(Rs. in lacs)

Particulars	**March 31, 2010**	March 31, 2009
Land	**3816.93**	3816.93
Buildings	**19184.06**	18783.85
Plant & Machinery	**143119.16**	135265.87
Electrical Fittings & Installations	**3807.57**	3793.08
Office Equipments	**3802.00**	3677.42
Furniture & Fixtures	**4658.34**	4650.93
Vehicles	**5244.14**	5082.40
Software (Intangible Assets)	**634.46**	608.73
Total	**184266.66**	175679.21
Less : Accumulated Depreciation	**84457.70**	76017.48
Add : CWIP	**391.97**	2152.58
Net Fixed Assets	**100200.93**	101814.31

B. Results of operations

The summary of operating performance for the year is given below: (Rs. in lacs)

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	Amount	**%**	Amount	%
INCOME				
Sales & Job works (Net)	**156274.19**	**93.70**	152022.50	91.20
Other Income & Operational Income	**11385.34**	**6.83**	15160.73	9.10
Increase/(Decrease) in finished goods & work-in-progress	**(875.46)**	**(0.52)**	(493.78)	(0.30)
Total Income	**166784.07**	**100.00**	166689.45	100.00
EXPENDITURE				
Material cost	**91133.11**	**54.64**	88336.33	52.99
Other Manufacturing expenses	**19522.68**	**11.71**	20883.21	12.53
Payment & Benefit to Employees	**10078.83**	**6.04**	9003.89	5.40
Administrative, Selling & Other expenses	**15619.98**	**9.37**	20458.99	12.27
Operating Expenses	**136354.60**	**81.76**	138682.42	83.20
Less: Expenses Allocated to Self Constructed Assets	**1428.13**	**0.86**	679.44	0.41
EBIDT	**31857.60**	**19.10**	28686.47	17.21
Less: Depreciation	**9265.75**	**5.55**	8645.52	5.19
Interest & Financial Charges	**10990.88**	**6.59**	9342.05	5.60
Earning Before Tax & Exceptional Item	**11600.97**	**6.96**	10698.90	6.42

12. Human Resource Development/Industrial Relations

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

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

The effort to rationalize and streamline the work force is a continuous process. Currently the Company has 3336 employees as on 31st March, 2010. The industrial relations scenario remained harmonious throughout the year.

13. Environment, Occupational Health & Safety

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

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

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

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

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

2. **Board of Directors**

a) **Composition of the Board (As on March 31, 2010)**

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

The composition and category of Directors as on 31.03.2010 is as follows:

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

(*) UTI has withdrawn the nomination of Shri P. Abraham w.e.f. 29.06.2010.

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

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

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

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

Information supplied to the Board

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

Compliance reports of all applicable laws to the Company

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

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

Four Board Meetings were held during the financial year 2009-2010. The dates on which the meetings were held are 29.04.2009, 30.07.2009, 30.10.2009 & 29.01.2010, and the gap between the two meetings were not more than four months.

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

Name of the Directors	Attendance Particulars		No. of other Directorship and Committee Member/ Chairmanship	
	Board Meetings	Last AGM	Other Directorship (in Public Co.)	No. of Membership(s)/ Chairmanship(s) of Board Committee in other companies
Mr. Ashok Chaturvedi	4	No	4	1 (As Chairman)
Mr. S.K. Kaushik	4	Yes	1	2
Mr. Ravi Kathpalia	4	Yes	7	3 (Including 1 as Chairman)
Mr. M.G. Gupta	4	Yes	2	4 (Including 1 as Chairman)
Mr. A. Karati	4	No	7	5
Mr. Javed Yunus (*)	–	No	7	–
Mr. P. Abraham (**)	1	No	11	4
Mr. R.P. Agrawal	2	No	–	2 (Including 1 as Chairman)

(*) Mr. Rajeev Arora, Observer of IFCI attended the meeting on 29.04.2009 & 30.07.2009 on behalf of Mr. Javed Yunus.

(**) *UTI has withdrawn the nomination of Shri P. Abraham w.e.f. 29.06.2010.*

3. **Audit Committee**

Presently, the Audit Committee comprises of four member Directors viz., Mr. Ravi Kathpalia, Mr. R.P. Agrawal, Mr. M.G. Gupta and Mr. A. Karati (Nominee-ICICI Bank Limited). All the members of the Audit Committee are Non-Executive Directors out of which three are independent. Mr. Ravi Kathpalia is the Chairman of the Audit Committee. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 12.09.2009. All the Members of the Audit Committee have accounting and financial management expertise.

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

Role of Audit Committee

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

d. Significant adjustments made in the financial statements arising out of audit findings.

e. Compliance with listing and other legal requirements relating to financial statements.

f. Disclosure of any related party transactions.

g. Qualifications in the draft audit report.

5. Reviewing with the Management, the quarterly Financial Statements before submission to the Board for approval.

5A. 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 utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems.

7. Reviewing the adequacy of Internal Audit Function, if any, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with Internal Auditors any significant findings and follow up thereon.

9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

14. To review the following information:
    - The Management Discussion and Analysis of financial condition and results of operations;
    - Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
    - Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
    - Internal Audit Reports relating to internal control weaknesses; and
    - The appointment, removal and terms of remuneration of Internal Auditors.

15. Approval of appointment of CFO after assessing the qualifications, experience and background etc. of the candidate (effect from April, 2010).

Powers of Audit Committee

a) To investigate any activity within its terms of reference.

b) To seek any information from any employee.

c) To obtain outside legal or other professional advice.

d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Details of Meetings and Attendance

During the year, the Audit Committee had met four times on 29.04.2009, 30.07.2009, 30.10.2009 & 29.01.2010. The attendance of each Committee members is as under :

Name of Member	No. of Meetings held	Meetings Attended
Mr. Ravi Kathpalia	4	4
Mr. R.P. Agrawal	4	2
Mr. M.G. Gupta	4	4
Mr. A. Karati (Nominee of ICICI Bank Limited)	4	4

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

4. **Remuneration Committee**

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

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

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

Details of Remuneration paid to Managing/Whole-time Directors for the year ended 31.03.2010 is given below:

(In Rs.)

Name	Sitting Fee (Rs.)	Salary (Rs.)	Perquisites & Allowances etc. (Rs.)	Commission Paid (Rs.)	Total (Rs.)	Date of Re-Appointment	Service Contract
Mr. Ashok Chaturvedi	NIL	49800000	6674722	30000000	86474722	01.04.2009	5 years
Mr. S.K. Kaushik	NIL	2540000	280893	—	2820893	01.08.2008	3 years

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

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

(In Rs.)

Name of Directors	Board Meetings	Committee Meetings	Total
Mr. Ravi Kathpalia	80,000.00	80,000.00	1,60,000.00
Mr. M.G. Gupta	80,000.00	1,20,000.00	2,00,000.00
Mr. A. Karati Nominee - ICICI Bank Limited	80,000.00	80,000.00	1,60,000.00
Mr. Javed Yunus Nominee - IFCI Limited	—	—	—
Mr. P. Abraham (*) Nominee - UTI	20,000.00	—	20,000.00
Mr. R.P. Agrawal	40,000.00	1,80,000.00	2,20,000.00

* UTI has withdrawn the nomination of Shri P. Abraham w.e.f 29.06.2010.

5. **Shareholders'/Investors' Grievance Committee**

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

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

During the year, the Shareholders'/Investors' Grievance Committee had met on 28.09.2009 and 24.03.2010.

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

The total numbers of complaints received and resolved during the year under review were 4. Outstanding complaints as on 31.03.2010 were nil. There were no valid share transfers pending for registration for more than 30 days as on the said date.

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

6. Subsidiary Companies

All subsidiary companies of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies, *inter-alia*, by the following means:

(a) Financial statements, in particular the investments made by the unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.

(b) All minutes of Board Meetings of the unlisted subsidiary companies are placed before the Company's Board regularly.

(c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

The Company has non-listed Indian subsidiary Company, i.e. UTech Developers Limited. AKC Developers Limited & SD Buildwell Pvt. Ltd. are Step-down Indian Subsidiary companies in terms of Clause 49(III) of the Listing Agreement. Mr. Ravi Kathpalia, Independent Director on the Board of the Company is also a Director on the Board of UTech Developers Limited & AKC Developers Limited. During the year SD Buildwell Pvt. Ltd. became a step-down subsidiary of the Company. However, this Company does not fall under the category of 'material unlisted company' and hence is not required to nominate an Independent Director on its Board as per Clause 49(III) of Listing Agreement.

7. Board Procedure

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

8. Compliance Certificate

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

9. General Body Meetings

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

AGM	Day, Date & Time	Venue	Special Resolution Passed
18th	Thursday, September 13, 2007 at 10.00 AM	Air Force Auditorium Subroto Park New Delhi – 110010	NIL
19th	Monday, August 25, 2008 at 10.00 AM	Air Force Auditorium Subroto Park New Delhi – 110010	Re-appointment of Mr. S.K. Kaushik as Whole-time Director of the Company for a further period of 3 years with effect from 01.08.2008.
20th	Saturday, September 12, 2009 at 10.00 AM	Air Force Auditorium Subroto Park New Delhi – 110010	Re-appointment of Mr. Ashok Chaturvedi as Chairman & Managing Director of the Company for a period of 5 years with effect from 01.04.2009.

(b) Whether Special Resolutions were put through Postal Ballot last year?

No.

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

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

10. Disclosures

a. Related Party Transactions

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

b. Disclosure of Accounting Treatment

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

c. Disclosures of Risk Management

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

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

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

e. Particulars of Directors to be appointed/re-appointed

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

f. Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under Clause 49(IV)(F) of the Listing Agreement.

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

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

h. Code of conduct

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

i. Review of Directors' Responsibility Statement

The Board in its Report to the Members of the Company have confirmed that the Annual Accounts for the year ended March 31, 2010 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

11. CEO/CFO Certifications

Mr. Ashok Chaturvedi, Chairman and Managing Director and Mr. R.K. Jain, President (Corp. F&A), who are carrying responsibility of CEO/CFO respectively have given CEO/CFO certificate as per format prescribed under Clause No. 49(V) of the Listing Agreement to the Board at its meeting held on 15th July, 2010.

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

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

(i) The Board

The Chairman of the Company is the Executive Chairman.

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

(ii) Remuneration Committee

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

(iii) Shareholders Rights

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

(iv) Audit Qualifications

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

(v) Training of Board Members

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

(vi) Mechanism for evaluation of Non-Executive Directors

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

(vii) Whistle Blower Policy

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

13. Means of Communication

The quarterly un-audited financial results duly approved by the Board of Directors are sent to all the Stock Exchanges where the Company's shares are listed immediately after the Board Meeting. The same are also published in 'English' and 'Hindi' newspapers in terms of the Listing Agreement within the stipulated period and in the format as prescribed by the Stock Exchanges and the Company posts its financial results for all quarters on its own website i.e. www.uflexltd.com and another website www.corpfiling.co.in, which is the common filing and dissemination portal for all companies listed on the BSE & NSE.

14. General Shareholders Information

(a) Annual General Meeting to be held

Date : 04.09.2010

Day : Saturday

Time : 10.00 A.M.

Venue : Air Force Auditorium, Subroto Park, New Delhi – 110010

(b) Financial Calendar

- Results for quarter ending 30.06.2010 : 2nd week of August, 2010
- Results for quarter ending 30.09.2010 : 2nd week of November, 2010
- Results for quarter ending 31.12.2010 : 2nd week of February, 2011
- Results for year ending 31.03.2010 : 2nd week of May, 2011

(c) Book Closure date

28.08.2010 to 04.09.2010 (both days inclusive)

(d) Dividend payment date

Dividend for the financial year 2009-2010, if declared will be paid/credited to the account of the shareholders on or after 4th September, 2010.

(e) Listing of Equity Shares on Stock Exchanges

The equity shares are listed on the following Stock Exchanges:

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

Note: Annual Listing fee for the year 2010-2011 have been duly paid to all the above Stock Exchanges.

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

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

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

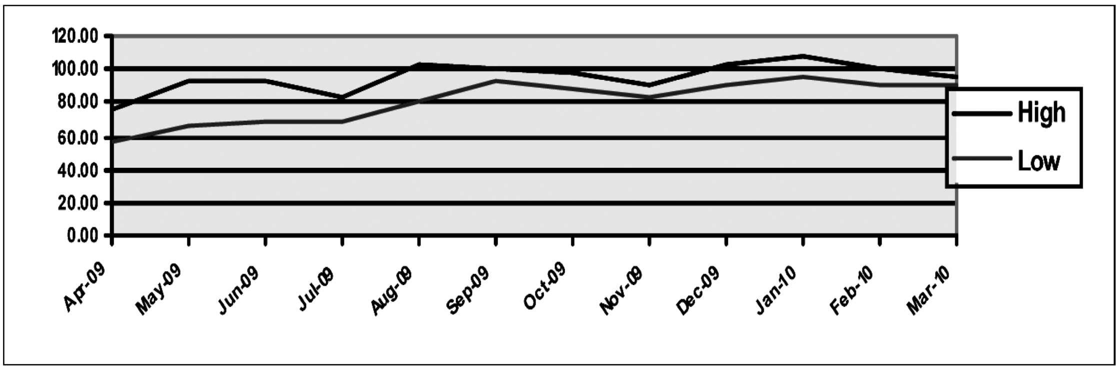
(h) Stock Market Price for the year 2009-2010:

Closing Share prices on National Stock Exchange are as under:

(In Rs.)

Month	High	Low
April, 2009	75.25	57.75
May, 2009	92.95	67.05
June, 2009	94.35	69.05
July, 2009	84.45	67.85
August, 2009	102.60	80.95
September, 2009	100.80	92.55
October, 2009	98.50	87.55
November, 2009	91.45	84.70
December, 2009	103.70	91.90
January, 2010	108.75	95.65
February, 2010	100.70	90.45
March, 2010	94.70	90.45

Share Price movement



(i) Performance in comparison to broad base in indices such as BSE sensex, Crisil index etc.

The shares of the Company are not considered by the Stock Exchanges in their index fluctuations.

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

For shares held in physical form:

The Company's Registrar & Share Transfer Agent (RTA), address at:
Beetal Financial & Computer Services Pvt. Ltd.
(Unit : UFLEX LIMITED)
BEETAL House, 3rd Floor, 99, Madangir
Behind Local Shopping Centre
Near Dada Harsukh Dass Mandir
New Delhi – 110062
Tel. No. 011-29961281, Fax No. 011 - 29961284

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

(k) Share Transfer System.

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

(l) **Distribution of Share holding as on 31.03.2010**

Range in Numbers	No. of Shareholders	No. of shares	% of total equity
1 - 500	31929	3038287	4.67
501 - 1000	1214	984429	1.52
1001 - 2000	564	838236	1.29
2001 - 3000	205	521573	0.80
3001 - 4000	91	320529	0.49
4001 - 5000	89	418165	0.64
5001 - 10000	136	1002840	1.54
10001 & above	181	57581194	88.58
Transit shares *		301393	0.47
TOTAL	**34409**	**65006646**	**100.00**

**As on March 31, 2010 these shares lying in pool account of NSDL/CDSL since buyers identity are not established*

(m) **Categories of Shareholders as on 31.03.2010**

Category	No. of shares held	% of shareholding
Promoters & Associates	27936759	42.98
Financial Institutions, Mutual Funds & Banks	34456	0.05
Foreign Institutional Investors	320393	0.49
Foreign Companies	6060000	9.32
NRIs	79832	0.12
GDRs	5465840	8.41
Other Corporate Bodies	10012583	15.40
Others (General Public)	14795390	22.76
Shares in transit (Demat) *	301393	0.47
TOTAL	**65006646**	**100.00**

**As on March 31, 2010 these shares lying in pool account of NSDL/CDSL since buyers' identity are not established*

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

Nearly 98.06% of total equity share capital is held in dematerialized form upto 31.03.2010 with NSDL/CDSL. The shares of the Company are listed on BSE and NSE, which provide sufficient liquidity to the investors.

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

(i) The outstanding GDRs represent 5465840 shares as on 31.03.2010, which are nearly 8.41% of the Subscribed Share Capital of the Company.

(ii) Outstanding Foreign Currency Convertible Bonds (FCCBs) as on March 31, 2010 is 216 aggregating to US$ 21.60 million. The same can be converted at the option of the respective FCCB holders within a period of 5 years from the date of issue.

(p) **Details of issue of equity shares during the period from 01.04.2009 to 31.03.2010**

NIL

(q) **Plant Locations**

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

(r) **Address for Correspondence**

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

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

UFLEX LIMITED
305, 3rd Floor, Bhanot Corner,
Pamposh Enclave, Greater Kailash - I,
New Delhi - 110048
Tel. No. : 011-26440917, 26440925
Fax No. : 011-26216922
e-mail : flexsec@vsnl.net

The above report has been placed before the Board at its meeting held on 15th July, 2010 and the same was approved.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
UFLEX LIMITED
(Formerly known as Flex Industries Limited)

We have examined the compliance of conditions of Corporate Governance by UFLEX LIMITED for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance, as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

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

For **Vijay Sehgal & Co.**
Chartered Accountants
Firm Regn. No.: 000374N

Place : NOIDA
Dated : 15th July, 2010

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

DECLARATION

To The Members of
UFLEX LIMITED

I, Ashok Chaturvedi, Chairman & Managing Director of the Company, hereby certify that the Board Members and Senior Management Personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended March, 2010 pursuant to the requirements of Clause 49 of the Listing Agreement.

For **UFLEX LIMITED**

Place : NOIDA
Dated : 15th July, 2010

ASHOK CHATURVEDI
Chairman & Managing Director

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of UFLEX LIMITED as at 31st March, 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (03) above, we report that
   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (ii). In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
   (iii). The Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report are in agreement with the books of account;
   (iv). In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   (v). On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
      a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010;
      b. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
      c. in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date

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For VIJAY SEHGAL & CO.,
Chartered Accountants
Firm Regn. No.: 000374N

Place: NOIDA
Dated:15th July, 2010

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

ANNEXURE TO THE AUDITORS' REPORT OF UFLEX LIMITED FOR THE YEAR ENDED 31st MARCH 2010

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

1. In respect of fixed assets of the Company: -
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
   (b) The Fixed assets have been physically verified by the management at reasonable intervals and no material discrepancy has been noticed on such verification.
   (c) Substantial part of the fixed assets have not been disposed off during the year.
2. In respect of inventories of the Company: -
   (a) Inventories were physically verified during the year by the management at reasonable intervals.
   (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate, in relation to the size of the company and the nature of its business.
   (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not significant and were properly dealt with in the books of account.
3. (a) In respect of interest bearing secured loan of Rs. *5300.82 Lacs,* given to a company covered in the register maintained under Section 301 of the Companies Act, 1956, the full repayment, along-with interest was received, as per the revised terms entered between the parties during the year, which was not *prima-facie,* prejudicial to the interest of the Company.
   (b) During the year, the Company has taken aggregate interest-free unsecured loans of Rs. 8800 lacs from three companies, covered in the register maintained under Section 301 of the Companies Act, 1956, each having tenure of one year (with pre-payment option resting with the Company). The terms and conditions of these loans were *prima-facie* not prejudicial to the interest of the Company. Principal amount and interest (in respect of a loan taken in the past) were repaid regularly, as per the terms/ pre-payment option, to the concerned parties.

4. In our opinion and according to the information and explanations given to us, there is adequate internal control system, commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lacs in respect of a party, during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposit, during the year, under the provisions of Section 58A & 58AA of the Companies Act, 1956 and the rules framed thereunder.
7. The internal audit of the Company has been conducted by an independent firm of Chartered Accountants and in our opinion, the company has an internal audit system, commensurate with the size and nature of its business.
8. The Company has made and maintained Cost Records & Accounts, concerning polyester chips activity carried on by the Company, in respect of which, the Central Government has prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the records of the Company, it is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other applicable statutory dues.
   (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other applicable statutory dues, as at the year end; for a period more than six months from the date they became payable.
   (c) According to the information and explanation given to us, there are no dues of custom duty, wealth tax and cess, which have not been deposited on account of any dispute. However following amounts are involved (Gross of amount deposited under protest, if any) with under-mentioned forums, in respect of the disputed statutory dues: -
      (i) Aggregate Sales Tax of RS.538.59 lacs, pending before (a) Various High Courts (Rs. 232.88 lacs) (b) Tribunal (Rs. 41.60 lacs) (c) Joint Commissioner (Appeals) (Rs. 0.90 lacs) & (d) Assessing Authorities (Rs.263.21 lacs)
      (ii) Income Tax of Rs. 38.82 Lacs, pending before CIT(Appeals).
      (iii) Aggregate Excise duty / Service Tax of Rs. 5426.02 lacs, pending before (a) Supreme Court (Rs. 15.71 lacs) (b) Various High Courts (Rs.1330.41 lacs) (c) Tribunal (Rs. 3054.10 lacs) (d) Commissioner (Appeals) (Rs.244.48 lacs) & (e) Assessing / original adjudicating Authorities (Rs. 781.32 Lacs).
10. The Company has neither accumulated losses as at the year end nor it has incurred cash losses in the financial year under report and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks or debenture holders or financial institutions.
12. The Company has not granted loans and advances, on the basis of security by way of pledge of shares, debentures and other securities. However the Company has maintained adequate records in respect of advance, by way of security deposit, granted to one party, in earlier years and outstanding as at the year-end, against the pledge of shares.
13. The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company has not dealt or traded in shares, securities, debentures and other investments during the year. However, it has maintained proper records in respect of shares, investment in mutual funds and other investments and are held in the name of the Company.
15. According to the information and explanations given to us and the records examined by us, the Company has given guarantees for loans taken by it's subsidiary and step down subsidiaries from banks, however, in our opinion the terms and conditions thereof are not *prima-facie* prejudicial to the interest of the Company.
16. To the best of our knowledge & belief and according to the information and explanations given to us and the records of the Company examined by us, the term loans availed by the Company during the year have been applied for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long-term investment.
18. During the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. Security and Charges were created in respect of debentures outstanding as at the year end.
20. The Company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For **VIJAY SEHGAL & CO.,**
Chartered Accountants
Firm Regn. No.: 000374N

Place : NOIDA
Dated : 15th July, 2010

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

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in lacs)

	Schedule Number		As At 31.03.2010		As At 31.03.2009
I. SOURCES OF FUNDS					
Shareholders' Funds					
a) Share Capital	1	**6497.28**		6497.20	
b) Warrants	2	**-**		1790.68	
c) Reserves & Surplus	3	**72708.77**	**79206.05**	65663.18	73951.06
Loan Funds					
a) Secured Loans	4	**80487.26**		68016.33	
b) Unsecured Loans	5	**30452.63**	**110939.89**	46260.22	114276.55
Deferred Tax Liability (Net)	6		**10269.38**		9034.38
TOTAL :			**200415.32**		197261.99
II. APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	7	**184266.66**		175679.21	
Less : Depreciation		**84457.70**		76017.48	
Net Block		**99808.96**		99661.73	
Capital Work-in-Progress		**391.97**	**100200.93**	2152.58	101814.31
Investments	8		**45201.01**		44617.06
Current Assets, Loans & Advances					
a) Inventories	9	**9539.27**		9953.22	
b) Sundry Debtors	10	**36252.06**		28240.41	
c) Cash & Bank Balances	11	**16357.78**		7315.47	
d) Other Current Assets	12	**844.12**		192.44	
e) Loans & Advances	13	**29423.59**		35305.79	
		92416.82		81007.33	
Less : Current Liabilities & Provisions					
a) Current Liabilities	14	**31114.44**		25174.70	
b) Provisions	15	**6289.00**		5002.01	
		37403.44		30176.71	
Net Current Assets			**55013.38**		50830.62
TOTAL :			**200415.32**		197261.99

Notes :

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

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) &
Company Secretary

This is the Balance Sheet referred to in our report of even date

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

S.V. Sehgal
Partner

Place : NOIDA
Dated : 15th July, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in lacs)

	Schedule Number	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
A. INCOME			
Gross Sales & Job Work	16	**186530.55**	189283.29
Less : Inter unit Sales & Job Work		**20187.61**	22630.36
Less : Excise Duty		**10068.75**	14630.43
Net Sales & Job Work		**156274.19**	152022.50
Operating Income	17 A	**8120.56**	9492.60
Other Income	17 B	**3264.78**	5668.13
(Decrease) in Finished Goods & Work-in-Progress	18	**(875.46)**	(493.78)
TOTAL (A) :		**166784.07**	166689.45
B. EXPENDITURE			
Material Cost	19	**91133.11**	88336.33
Other Manufacturing Expenses	20	**19522.68**	20883.21
Payments & Benefits to Employees	21	**10078.83**	9003.89
Administrative, Selling & Other Expenses	22	**15619.98**	20458.99
Interest & Financial Charges	23	**10990.88**	9342.05
Depreciation		**9265.75**	8645.52
TOTAL		**156611.23**	156669.99
Less : Expenses Allocated to Self Constructed Assets	24	**1428.13**	679.44
TOTAL (B) :		**155183.10**	155990.55
Profit before Tax and Exceptional Items (A-B)		**11600.97**	10698.90
(Less): Provision for Taxation			
- For Income Tax		**(1971.00)**	(1023.86)
- For Fringe Benefit Tax		**-**	(135.60)
- For Wealth Tax		**(16.92)**	(16.01)
(Less) : Provision for Deferred Tax (Charge)		**(1172.00)**	(2,381.94)
Exceptional Items (Net of Tax)	26 (Note No.10)	**465.12**	3320.38
Profit After Tax		**8906.17**	10461.87
Add / (Less) :Excess / (Short) Provision for earlier years			
- For Income Tax		**36.33**	(3.01)
- For Fringe Benefit Tax		**(59.06)**	-
- For Expenses		**17.99**	(0.66)
- Diminution in the value of Investment		**138.11**	-
Amount available for Appropriations		**9039.54**	10458.20
Appropriations			
Proposed Dividend		**3246.70**	2600.26
Proposed Dividend Distribution Tax		**539.24**	441.92
General Reserve		**1000.00**	1046.00
Debenture Redemption Reserve		**163.94**	1984.90
Balance carried to Balance Sheet		**4089.66**	4385.12
		9039.54	10458.20
Earning Per Share			
A. **Before Exceptional Items**			
a. Basic (Rs.)		**13.19**	10.98
b. Diluted (Rs.)		**11.79**	8.74
B. **After Exceptional Items**			
a. Basic (Rs.)		**13.91**	16.09
b. Diluted (Rs.)		**12.41**	12.73

Notes :

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

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) &
Company Secretary

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

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

Place : NOIDA
Dated : 15th July, 2010

S.V. Sehgal
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in lacs)

		For the Year Ended 31.03.2010		For the Year Ended 31.03.2009	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax & exceptional items		**11600.97**		10698.90
	Adjustment for :				
	Depreciation	**9265.75**		8645.52	
	Exchange rate fluctuations	**62.12**		(1692.99)	
	(Profit) / Loss on assets sold (Net)	**178.53**		224.66	
	Fixed Assets Written Off	**7.34**		0.42	
	Interest & Financial Charges	**10990.88**		9342.05	
	Interest received from Banks / others	**(1418.71)**		(1532.73)	
	Interest received on Investments	**-**		(6.63)	
	Dividend received on Non-Trade Investments	**(146.71)**		(726.36)	
	Dividend received on Investments in Subsidiaries	**(1342.23)**		(2888.18)	
	Profit on sale of Investments (Net)	**(218.80)**		(377.42)	
	Sundry Balances written off (Net)	**201.04**		2626.17	
	Expenses For Earlier Years	**17.99**		(0.66)	
	Investment written off	**138.11**		-	
	Provision for diminution in the Value of Investment	**-**		69.05	
	Bad & Doubtful Debts (Provision)	**58.61**	**17793.92**	628.01	14310.91
	Operating Profit before Working Capital changes		**29394.89**		25009.81
	Adjustment for :				
	Trade and other receivables	**(19847.80)**		(2591.82)	
	Inventories	**413.95**		82.98	
	Trade and other payables	**6482.97**	**(12950.88)**	(459.56)	(2968.40)
	Cash generated from operating activities		**16444.01**		22041.41
	Wealth Tax	**(16.92)**		(16.01)	
	Fringe Benefit Tax	**(59.06)**		(135.60)	
	Income Tax	**(1934.67)**		(1026.87)	
	Exchange rate fluctuations	**(62.12)**	**(2072.77)**	1692.99	514.51
	Cash from operating activities before exceptional items		**14371.24**		22555.92
	Exceptional Items (Net of Current Taxes)		**528.12**		4404.83
	Net Cash from operating activities (A)		**14899.36**		26960.75
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	**(8538.20)**		(4713.47)	
	Sale proceeds of Fixed Assets	**699.96**		528.91	
	Inflow / (Outflow) on Investments (Net)	**(365.15)**		6387.95	
	Loans to bodies corporate (Net)	**16807.02**		(19123.16)	
	Interest received from Banks / others	**1418.71**		1532.73	
	Interest received on Investments	**-**		6.63	
	Dividend received on Investments	**1488.94**		3614.54	
	Net Cash used in Investing Activities (B)		**11511.28**		(11765.87)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Receipt of Securities Premium Account	**1.31**		2.94	
	Share Capital Received	**0.08**		0.19	
	Dividend Paid	**(2600.26)**		(2600.26)	
	Dividend Distribution Tax	**(441.92)**		(441.92)	
	Interest & Financial Charges	**(10990.88)**		(9342.05)	
	Additions of Borrowings (Net)	**(3336.66)**		(21713.70)	
	Net Cash used in Financing Activities (C)		**(17368.33)**		(34094.80)
	Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)		**9042.31**		(18899.92)
	Opening Cash and Cash equivalents		**7315.47**		26215.39
	Closing Cash and Cash equivalents #		**16357.78**		7315.47

Note :

Includes Rs. 843.38 lacs (Previous Year Rs. 2916.91 lacs) in respect of amount lying in unclaimed dividend account / margin money account / fixed deposits pledged with banks.

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) &
Company Secretary

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

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

Place : NOIDA
Dated : 15th July, 2010

S.V. Sehgal
Partner

SCHEDULES

1. SHARE CAPITAL

(Rs. in lacs)

		As At 31.03.2010		As At 31.03.2009
AUTHORISED				
1,90,00,000 (Previous Year same) Preference Shares of Rs.100/- each	**19000.00**		19000.00	
15,00,00,000 (Previous Year same) Equity Shares of Rs.10/-each	**15000.00**		15000.00	
		34000.00		34000.00
ISSUED, SUBSCRIBED & PAID-UP				
6,50,06,646 (Previous Year same) Equity Shares of Rs.10/- each, fully called-up	**6500.67**		6500.67	
Less : Amount Unpaid	**3.39**	**6497.28**	3.47	6497.20
TOTAL :		**6497.28**		6497.20

Note :

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

(Rs. in lacs)

2. WARRANTS

		As At 31.03.2010		As At 31.03.2009
Amount received @Rs.20.50 each on allotment of 87,35,000 (Previous Year same) Warrants	**1790.68**		1790.68	
Less : Amount forfeited & transferred to Capital Reserve	**1790.68**	–	–	1790.68
TOTAL :		–		1790.68

Note:

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

3. RESERVES & SURPLUS

(Rs. in lacs)

	Balance As At 01.04.2009	**Additions During the year**	**Deductions During the year**	**Balance As At 31.03.2010**
Capital Reserve	997.50	**1790.68 ***	**-**	**2788.18**
Revaluation Reserve	3.46	**-**	**0.07**	**3.39**
Debenture Redemption Reserve	6502.58	**163.94**	**5026.96**	**1639.56**
Securities Premium Account	43088.11	**1.31**	**-**	**43089.42**
General Reserve @	2081.23	**6027.03**	**-**	**8108.26**
Profit & Loss Account	12990.30	**4089.66**	**-**	**17079.96**
TOTAL :	65663.18	**12072.62**	**5027.03**	**72708.77**
Previous Year	57246.72	8416.53	0.07	65663.18

* Represents Warrant Application Money forfeited on 87.35 Lacs Warrants allotted on 26th February,2008 due to failure of the Warrant holders to exercise the right to convert the warrants into Equity Shares within 18 months from the date of allotment.

@ Includes ;

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

b) Rs.5026.96 lacs (Previous Year Nil) representing the amount transferred from the Debenture Redemption Reserve.

4. SECURED LOANS

					(Rs. in lacs)
			As At 31.03.2010		As At 31.03.2009
A.	**ZERO RATE DEBENTURES**				
	From Financial Institutions		**3279.12**		11568.53
B.	**18% CUMULATIVE DEBENTURES**				
	From Financial Institution		**-**		1764.51
C.	**TERM LOAN**				
	From Financial Institutions	**1876.88**		3541.25	
	From Banks	**54977.74**	**56854.62**	1788.86	5330.11
D.	**ZERO RATE LOANS**				
	From Financial Institutions	**4226.93**		29234.33	
	From Others	**-**	**4226.93**	699.51	29933.84
E.	**CUMULATIVE RUPEE LOANS**				
	From Financial Institutions	**-**		4771.90	
	From Others	**-**	**-**	274.49	5046.39
F.	**WORKING CAPITAL FACILITIES**				
	From Banks		**16126.59**		14372.95
	TOTAL :		**80487.26**		68016.33

SECURED LOANS :

NOTES :

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

   Zero Rate Debentures are repayable in eight equal quarterly instalments commencing April 2011. However, same has since been fully paid after year end but before signing of the balance sheet .
2. Term Loans from a Financial Institution and Banks (Other than Allahabad Bank and Bank of India) are secured a) on *pari-passu* basis by way of hypothecation of specific movable properties of the company (save and except book debts), both present & future, subject to prior charges created and/or to be created in favour of company's bankers for working capital facilities), b) by first *pari-passu* equitable mortgage of specific immovable properties of the company situated at Malanpur (M.P.), Jammu (J & K) and NOIDA (U.P.) except in case of UCO Bank which is yet to be created, and c) by guarantee of Chairman & Managing Director of the company.

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

   Term Loans from Bank of India is secured a) on *pari-passu* basis by way of second hypothecation of specific movable properties of the company (save and except book debts), both present & future, subject to prior charges created and/or to be created in favour of company's bankers for working capital facilities), b) by second *pari-passu* equitable mortgage of specific immovable properties of the company situated at Malanpur (M.P.), Jammu (J & K) and NOIDA (U.P.) and c) by guarantee of Chairman & Managing Director of the company.
3. Zero Rate Loan from a financial institution, is secured a) on *pari-passu* basis by way of hypothecation of specific movable properties of the company (save and except book debts), both present & future, subject to prior charges created and/or to be created in favour of company's bankers for working capital facilities, b) by first *pari-passu* equitable mortgage of specific immovable properties of the company situated at Malanpur (M.P.) and NOIDA (U.P.), and c) by guarantee of Chairman & Managing Director of the company.
4. Working capital facilities from banks are secured a) on *pari-passu* basis, by way of hypothecation of stocks of raw material, semi-finished goods, finished goods and book debts of the company, both present and future, b) by way of second *pari-passu* charge on specific fixed assets of the company, situated at Malanpur (M.P.), Jammu (J & K) and NOIDA (U.P.), and c) by guarantee of Chairman & Managing Director of the company.

5. UNSECURED LOANS

				(Rs. in lacs)
		As At 31.03.2010		As At 31.03.2009
Foreign Currency Convertible Bonds (FCCBs)		**9782.64**		11972.28
Short Term Loans				
From Banks @	**10222.78**		33210.18	
Add : Interest accrued & due	–		32.53	
From Others*	10447.21	20669.99	1045.23	34287.94
TOTAL :		**30452.63**		46260.22

Notes :

a) The company had issued 4%, 850 FCCBs of the face value of US $ 100,000 each, aggregating to US $ 85 millions redeemable on March 9, 2012 at 121.89% of the outstanding principal amount.

b) These bonds are convertible into equity shares of the company, at the option of the bondholders, at any time at an exchange rate of Rs. 44.44/$ and share price of Rs. 144.70 but with conversion price reset on each anniversary of the FCCB issue on 8th of March. The conversion price is adjustable downwards only but not below Rs. 144.70 as determined under rules of SEBI. Up to the year end, Bonds aggregating to US $ 16.40 million were converted into 41,64,656 equity shares and upto the year end Bonds aggregating to US$ 47.00 million (US $ 2 Million during the year) were bought back by the Company.

@ Includes Rs.Nil (Previous Year Rs.381.57 lacs) secured by way of pledge of Fixed Deposit Receipts & Balance in Recurring Deposit Account.

* Includes Rs.Nil (Previous Year Rs.150.87 lacs) secured by way of pledge of Fixed Deposit Receipts.

6. DEFERRED TAX LIABILITY (NET)

Opening Balance	**9034.38**	5567.99
Add : Provision of Deferred Tax charge for the year	**1235.00**	3466.39
TOTAL :	**10269.38**	9034.38

7. FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Value/cost As At 01.04.2009	**Additions during the year**	Deductions during the year	**Value/cost As At 31.03.2010**	Upto 31.03.2009	**For the year**	Deductions	**As At 31.03.2010**	**As At 31.03.2010**	As At 31.03.2009
A. TANGIBLE ASSETS										
Freehold Land	360.49	**-**	-	**360.49**	-	**-**	-	**-**	**360.49**	360.49
Leasehold Land	3456.44	**-**	-	**3456.44 ***	-	**-**	-	**-**	**3456.44**	3456.44
Building	18783.85	**403.38**	3.17	**19184.06 ****	5932.59	**567.54**	0.79	**6499.34**	**12684.72**	12851.26
Plant & Machinery	135265.87	**9411.52**	1558.23	**143119.16**	65160.12	**7498.57**	763.78	**71894.91**	**71224.25**	70105.75
Electrical Installation	3793.08	**14.49**	-	**3807.57**	1902.44	**182.46**	-	**2084.90**	**1722.67**	1890.64
Office Equipments	3677.42	**126.10**	1.52	**3802.00**	897.82	**246.69**	0.97	**1143.54**	**2658.46**	2779.60
Furniture & Fixtures	4650.93	**7.41**	-	**4658.34**	688.62	**287.57**	-	**976.19**	**3682.15**	3962.31
Vehicles (Including Aircraft)	5082.40	**310.18**	148.44	**5244.14**	1171.27	**361.15**	59.99	**1472.43**	**3771.71**	3911.13
B. INTANGIBLE ASSETS										
Software	608.73	**25.73**	-	**634.46**	264.62	**121.77**	-	**386.39**	**248.07**	344.11
TOTAL	175679.21	**10298.81**	1711.36	**184266.66 *****	76017.48	**9265.75**	825.53	**84457.70**	**99808.96**	99661.73
Previous Year	164352.45	12703.53	1376.77	175679.21	67994.74	8645.52	622.78	76017.48		
CAPITAL WORK-IN-PROGRESS***									**391.97 #**	2152.58
									100200.93	101814.31

* Includes Rs.365.42 lacs (Previous Year Rs.365.42 lacs) pending execution of title deed.

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

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

\# Includes Rs 5.96 lacs (Previous year Rs. 141.77 lacs) in respect of Machinery in Transit.

8. INVESTMENTS

(Rs. in lacs)

	PARTICULARS	Description	Face Value	As At 31.03.2010 Number	As At 31.03.2010 Amount	As At 31.03.2009 Number	As At 31.03.2009 Amount
1.	**LONG TERM INVESTMENTS**						
A.	**QUOTED**						
	Fully Paid Up						
	IN SHARES						
	Trade :						
	Flex Foods Ltd.	Equity	Rs.10/-	**5870000**	**587.00**	5870000	587.00
	Non-Trade :						
	Reliance Industries Ltd.*	Equity	Rs.10/-	**222892**	**2820.92**	107544	2720.10
	Reliance Petroleum Ltd.	Equity	Rs.10/-	**-**	**-**	62434	100.82
	Reliance Infrastructure Ltd.	Equity	Rs.10/-	**60000**	**1115.87**	60000	1115.87
	Ansal Properties & Infrastructure Ltd.	Equity	Rs.5/-	**589910**	**1113.90**	589910	1113.90
	Kothari Products Ltd.	Equity	Rs.10/-	**76200**	**152.40**	76200	152.40
	B.A.G.Films Ltd.	Equity	Rs.2/-	**49300**	**4.93**	49300	4.93
	Optel Telecommunications Ltd.	Equity	Rs.10/-	**-**	**-**	197300	138.11
	(Less) : Provision for Diminution in the Value of Investment				**-**		(138.11)
	TOTAL (1-A)				**5795.02**		5795.02
B.	**UNQUOTED**						
	Fully Paid Up						
	IN WHOLLY OWNED SUBSIDIARIES						
	Flex America Inc., USA	Equity	US$ 1	**100000**	**44.72**	100000	44.72
	Flex Middle East FZE, Dubai	Equity	AED 1 Million	**107**	**12672.08**	107	12672.08
	Uflex Europe Ltd.	Equity	GBP 1	**318000**	**245.26**	100000	81.14
	Uflex Packaging Inc.,USA	Equity	US$ 10	**60000**	**274.90**	10000	39.40
	UTech Developers Ltd.	Equity	Rs.10/-	**100000000**	**10000.00**	100000000	10000.00
	UPET Holding Ltd.	Equity	US$ 1	**30400001**	**13908.00**	30400001	13908.00
	TRUST SECURITIES AND MUTUAL FUNDS						
	6.75% Tax Free US64 Bonds						
	UTI Fixed Term Income Fund Series-V-VI Growth Plan @ [Repurchase value Rs. Nil (Previous Year 32.60 lacs)]	Units	Rs.10/-	**-**	**-**	310250	31.03
	UTI- MIS Advantage Plan Growth Plan @ [Repurchase value Rs. 36.37 lacs (Previous Year Nil)]	Units	Rs.10/-	**191009.346**	**34.83**	-	-
	UTI Wealth Builder Fund Series-II Growth Plan [Repurchase value Rs. 15.76 lacs (Previous Year Rs.9.99 lacs)]	Units	Rs.10/-	**92164.792**	**9.42**	92164.792	9.42
	Non-Trade :						
	IN SHARES						
	Fair Growth Financial Services Ltd.	Equity	Rs.10/-	**100000**	**10.00**	100000	10.00
	Vijaya Home Loans Ltd.	Equity	Rs.10/-	**50000**	**5.00**	50000	5.00
	Pan Parag India Ltd.** (6% Non Cumulative Redeemable Prefrence Share)	Pref. Share	Rs.10/-	**762000**	**-**	-	-
	TOTAL (1-B)				**37204.21**		36800.79
	TOTAL (1)				**42999.23**		42595.81

2 **SHORT TERM INVESTMENTS**

(Rs. in lacs)

	PARTICULARS	Description	Face Value	As At 31.03.2010 Number	As At 31.03.2010 Amount	As At 31.03.2009 Number	As At 31.03.2009 Amount
A	**UNQUOTED**						
	Fully Paid Up						
	IN SHARES						
	UBIO Chemicals Ltd.	Equity	Rs.10/-	**-**	**-**	20212500	2021.25
B	Investment in Mutual Funds *** [Repurchase value Rs. 2203.02 lacs (Previous Year Nil)]				**2201.78**		-
	TOTAL (1)+(2)				**45201.01**		44617.06

Notes :-

Aggregate Market Value of Quoted Investment is Rs.5218.92 lacs (Previous Year Rs.3295.59 lacs). In the opinion of the Management, decline in the market value of the investments is temporary.

* Addition refers to 3902 Equity Shares allotted on Merger of Reliance Petroleum Ltd. with the Reliance Industries Ltd. and 111446 Equity Shares allotted as Fully Paid Up Bonus Shares.

@ Pledged with UTI Asset Management Co.

** Allotted pursuant to approved Scheme of Arrangement entered into between Kothari Products Ltd. and Pan Parag India Ltd.

*** Refer Note No.'19' of Schedule -26 (Notes forming part of the Accounts).

9. INVENTORIES

(Rs. in lacs)

	As At 31.03.2010	As At 31.03.2009
Stores, Packing Material & Fuel	**492.72**	585.25
Raw Materials	**4564.02**	3927.84
Work-in-Progress	**3353.14**	3683.95
Finished Goods	**573.61**	1118.26
Material-in-Transit	**555.78**	637.92
TOTAL :	**9539.27**	9953.22

10. SUNDRY DEBTORS

(Unsecured, Considered Good)		
A. Debts outstanding for a period exceeding six months	**10182.39**	8950.80
B. Other debts	**26830.55**	19991.88
	37012.94#	28942.68
Less : Provision for Bad & Doubtful Debts	**760.88**	702.27
TOTAL :	**36252.06**	28240.41

\# Includes Rs.3184.96 lacs (Previous Year Rs.3617.24 lacs) due from subsidiaries.

11. CASH & BANK BALANCES

Cash in hand	**53.63**	46.96
Balances with Scheduled Banks:		
- On Current Accounts	**15042.62**	3652.13
- On Cash Credits Accounts	**118.15**	79.15
- On Fixed Deposits Accounts*	**694.07**	2703.91
- On Recurring Deposit Account	**-**	245.32
- On Unclaimed Dividend Account	**143.79**	45.59
- In Margin Money Accounts	**305.52**	342.41
Fixed Deposits with ICICI Home Finance Co.Ltd.	**-**	200.00
TOTAL :	**16357.78**	7315.47

* Include Rs. 394.07 lacs (Previous Year Rs.2528.91 lacs) pledged with Banks as margin for Letters of Credits,Guarantees, Bills Discounted and overdraft limit availed.

(Rs. in lacs)

	As At 31.03.2010	As At 31.03.2009
12. OTHER CURRENT ASSETS		
Interest accrued on :		
- Loans	**4.93**	36.11
- Deposits with Banks	**51.95**	156.33
Dividend receivable from a Subsidiary	**787.24**	-
TOTAL :	**844.12**	192.44
13. LOANS AND ADVANCES		
(Unsecured,Considered Good)		
Fringe Benefit Tax Paid (Net of Provision)	**-**	1.77
Advances recoverable in cash or in kind or for value to be received *	**20394.34**	10325.03
Security & Other Deposits	**762.58**	752.39
Balances with Excise Authorities	**2100.05**	1263.39
Loans to Employees and others	**65.48**	55.05
Loans to Bodies Corporate	**6101.14**	22908.16
TOTAL :	**29423.59**	35305.79
* Includes Rs. 444.75 lacs (Previous Year Nil) due from subsidiaries.		
14. CURRENT LIABILITIES		
Acceptances	**7006.81**	5177.10
Sundry Creditors *	**15440.16**	14030.04
Advances from Customers **	**4917.39**	1909.16
Unclaimed Dividend***	**68.07**	45.59
Unclaimed Matured Deposits***	**0.18**	0.45
Unclaimed Matured Debentures***	**3.21**	5.94
Other Liabilities	**3547.40**	3904.98
Interest accrued but not due on		
Loans	**131.22**	101.44
TOTAL :	**31114.44**	25174.70

* Includes Rs. 1806.78 lacs (Previous Year Rs.1473.50 lacs) due to a subsidiary.

** Includes Rs. 1978.98 lacs (Previous Year Nil) received from subsidiaries.

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

15. PROVISIONS		
Income Tax (Net of Payments)	**699.06**	332.73
Wealth Tax	**16.92**	16.01
Proposed Dividend	**3246.70**	2600.26
Proposed Dividend Distribution Tax	**539.24**	441.92
Leave Encashment	**783.69**	705.26
Staff Benefit	**223.74**	250.37
Warranty	**1.75**	2.56
Interest on Deferred Liabilities	**777.90**	652.90
TOTAL :	**6289.00**	5002.01

16. SALES & JOB WORK

(Rs. in lacs)

		For the Year Ended 31.03.2010		For the Year Ended 31.03.2009
Gross Sales	**183179.17**		187482.35	
Less : Inter Unit Sales	**18281.80**		21395.13	
	164897.37		166087.22	
Less : Excise Duty	**9951.68**	**154945.69**	14601.88	151485.34
Gross Job Work	**3351.38**		1800.94	
Less : Inter Unit Job Work	**1905.81**		1235.23	
	1445.57		565.71	
Less : Excise Duty	**117.07**	**1328.50**	28.55	537.16
TOTAL :		**156274.19**		152022.50

17. OPERATING AND OTHER INCOME

A. OPERATING INCOME

Design & Art Work Recovery	**463.98**		268.87	
Less : Excise Duty Recovery	**23.95**		18.06	
	440.03		250.81	
Packing,Forwarding and Insurance Recoveries	**66.78**		64.60	
Exchange Rate Fluctuation (Net)	**-**		1692.99	
Export Incentive	**1683.85**		1411.33	
Miscellaneous Operating Income	**593.23**		216.00	
Sales Tax Refund	**1912.32**		2517.21	
Licence fees	**1320.00**		1320.00	
Technical & Support Fees	**2104.35**		2019.66	
TOTAL (A) :		**8120.56**		9492.60

B. OTHER INCOME

Rent Received	**65.41**		65.00	
Profit on sale of Investments (Net)	**218.80**		377.42	
Miscellaneous Income	**72.92**		71.81	
Interest :				
-from Banks				
[TDS Rs 24.66 lacs (Previous Year Rs.85.87 lacs)]	**165.84**		794.59	
-from Others				
[TDS Rs.144.33 lacs (Previous Year Rs.146.84 lacs)]	**1252.87**		738.14	
Investment Income:				
- Interest	**-**		6.63	
- Dividend received on Non-Trade Investments	**146.71**		726.36	
- Dividend received on Investments in Subsidiaries	**1342.23**		2888.18	
TOTAL (B) :		**3264.78**		5668.13
TOTAL :		**11385.34**		15160.73

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

Closing Stock :				
Finished Goods	**573.61**		1118.26	
Work-in-progress	**3353.14**		3683.95	
		3926.75		4802.21
Less : Opening Stock :				
Finished Goods	**1118.26**		1021.21	
Work-in-progress	**3683.95**		4274.78	
		4802.21		5295.99
TOTAL :		**(875.46)**		(493.78)

(Rs. in lacs)

			For the Year Ended 31.03.2010		For the Year Ended 31.03.2009
19.	**MATERIAL COST**				
A.	**Raw Material Consumed**				
	Opening Stock	**3927.84**		3693.77	
	Add : Purchases	**109474.52**		108198.69	
		113402.36		111892.46	
	Less : Inter Unit Purchases	**18242.89**		19942.99	
		95159.47		91949.47	
	Less : Closing Stock	**4564.02**		3927.84	
	TOTAL (A) :		**90595.45**		88021.63
B.	**Material Cost of Traded Goods Sold**				
	Opening Stock	**–**		1.87	
	Add : Purchases	**537.66**		312.83	
		537.66		314.70	
	Less : Closing Stock	**–**		–	
	TOTAL (B) :		**537.66**		314.70
	TOTAL (A) + (B):		**91133.11**		88336.33
20.	**OTHER MANUFACTURING EXPENSES**				
	Power & Fuel Consumed		**11603.48**		12174.76
	Repair & Maintenance-Machinery		**2141.49**		3070.64
	Stores Consumed		**1806.44**		1837.37
	Tools, Jigs & Dies		**163.12**		150.06
	Packing Material Consumed		**3110.52**		2738.58
	Cylinders / Processing Charges for Cylinders	**841.19**		1605.46	
	Less : Inter Unit Charges	**704.73**	**136.46**	1077.19	528.27
	Design & Development Charges		**3.82**		3.43
	Excise Duty		**(6.65)**		(62.62)
	Job Work Charges		**544.47**		432.10
	R & D Charges		**19.53**		10.62
	TOTAL :		**19522.68**		20883.21
21.	**PAYMENTS & BENEFITS TO EMPLOYEES**				
	Salaries,Wages,Bonus,Benefits and Amenities		**9124.87**		8180.03
	Contribution to Provident Fund and Other Funds		**557.04**		485.57
	Employees Welfare Expenses		**396.92**		338.29
	TOTAL :		**10078.83**		9003.89
22.	**ADMINISTRATIVE, SELLING & OTHER EXPENSES**				
	Rent,Rates & Taxes		**324.76**		271.50
	Insurance charges		**153.69**		189.88
	Electricity & Water charges		**247.62**		226.33
	Printing & Stationery		**164.82**		151.90
	Postage,Telegram,Telephone & Fax Expenses		**353.20**		332.49
	Vehicle Running & Maintenance Expenses		**242.71**		229.58
	Lease Rent -Vehicles		**260.20**		208.29
	Conveyance & Travelling Expenses		**1714.16**		1422.71
	Repair & Maintenance :				
	- Building		**197.86**		179.64
	- Others		**410.28**		360.17
	Legal & Professional Charges		**582.67**		600.55
	Directors' sitting fees		**7.60**		13.00
	General Expenses		**1224.58**		1185.84
	Commission on Sales		**261.90**		374.31

(Rs. in lacs)

		For the Year Ended 31.03.2010		For the Year Ended 31.03.2009
Advertisement & Publicity		**309.23**		1227.95
Entertainment Expenses		**323.92**		259.29
Sales Tax		**3287.87**		3329.93
Charity & Donation		**4.71**		4.62
Rebate & Discount		**576.58**		1391.34
Freight & Forwarding charges		**4267.54**		4884.74
Fixed Assets Written -off		**7.34**		0.42
Loss on assets sold (Net)		**178.53**		224.66
Investment Written - off		**138.11**		-
Exchange Rate Fluctuations (Net)		**62.12**		-
Bad & Doubtful Debts (Provision)		**58.61**		628.01
Provision for diminution in the value of Investment		**-**		69.05
Sundry balances written-off (Net)		**201.04**		2626.17
Claim (Exports)		**58.33**		66.62
TOTAL :		**15619.98**		20458.99

23. INTEREST & FINANCIAL CHARGES

Interest				
- On Loans for Fixed Period	**2624.17**		2285.24	
- On Other Loans / Liabilities	**6601.45**		6085.14	
- On Deferred Liabilities	**132.98**	**9358.60**	113.04	8483.42
Discounting & Financial Charges		**1632.28**		858.63
TOTAL :		**10990.88**		9342.05

24. EXPENSES ALLOCATED TO SELF CONSTRUCTED ASSETS

Material Cost	**662.07**	345.54
Salary & Wages	**308.50**	149.45
Other Manufacturing Expenses	**159.44**	55.75
Administrative & Other Expenses	**187.03**	93.42
Interest & Financial Charges	**6.51**	1.82
Depreciation	**104.58**	33.46
TOTAL :	**1428.13**	679.44

25. SIGNIFICANT ACCOUNTING POLICIES

1. CLASSIFICATION OF EXPENDITURE / INCOME

Except otherwise indicated:

i) All expenditure and income are accounted for under the natural heads of account.

ii) All expenditure and income are accounted for on accrual basis.

2. VALUATION

i) **Fixed Assets**

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

b) Self-constructed Fixed Assets are valued at cost including overheads of the unit constructing the asset.

ii) **Finished Goods**

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

iii) **Work-in-Progress**

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

iv) **Raw Materials**

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

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

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

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

4. LEASES

i) Lease rentals paid on operating leases are charged to revenue.

ii) Lease rentals received under operating lease are recognized in the statement of Profit & Loss Account.

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

6. FOREIGN CURRENCY TRANSACTIONS

i) Foreign currency monetary items remaining unsettled at the year end are translated at year end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the values were determined.

ii) Exchange differences on settlement / translation of monetary items, are adjusted as income / expense through the Exchange Fluctuation Account in the year they arise.

iii) Difference between the forward and exchange rate on the date of transactions are adjusted over the period of the contract as an income / expense through the Exchange Fluctuation Account.

iv) Profit or loss on cancellation of forward contracts for transactions, are adjusted as income / expense through Exchange Fluctuation Account in the year they arise.

7. DEPRECIATION

i) Normal depreciation on all fixed assets, except land and extra shift depreciation on specific plant & machineries for the period of extra shift worked, are provided from the date of put to use for commercial production on straight line method at the rates prescribed in Schedule-XIV to the Companies Act, 1956.

ii) No depreciation is provided on leasehold land.

iii) Depreciation on additions / deletions to fixed assets is provided on *pro-rata* basis from / to the date of additions / deletions.

iv) In case the financial year consists of the period less / more than the normal period of 12 months, depreciation on fixed assets existing at the beginning of the financial year as well as those acquired during the said period are provided for the period covered on *pro-rata* basis.

v) Depreciation on additions / deletions to the fixed assets due to eligible foreign exchange fluctuations is provided on *pro-rata* basis from the date of additions / deletions.

8. TURNOVER

i) Gross sales are inclusive of inter-unit sale value and excise duty/cess recoveries and sales tax.

ii) Sales returns / rate difference are adjusted from the sales of the year in which the returns take place / rate difference accepted.

iii) Gross job work is inclusive of inter-unit job work value and excise duty/cess recoveries.

iv) Consignment Sales are considered as Sales when goods are sold to Ultimate customer.

9. PURCHASES

i) Purchases are inclusive of inter-unit purchase value and net of CENVAT credits and materials consumed during trial run.

ii) Purchases returns / rebates are adjusted from the purchases of the year in which the returns take place / rebates allowed.

10. INVESTMENTS

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

ii. Short term investments are valued at cost or market price, whichever is lower.

11. EMPLOYEE BENEFITS

i. Defined Long Term benefit (other than leave encashment) is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Profit & Loss Account.

ii. Defined long term benefits in respect of leave encashment is charged to profit & loss account based on the leave entitlement of employees remaining unutilised at the end of the year , at the undiscounted amount.

iii. Defined Contribution Plans are charged to profit & loss account based on the contribution made to the specified fund.

iv. Short term employee benefits are charged to Profit & Loss Account at the undiscounted amount in the year in which the related service is rendered.

12. CLAIMS BY / AGAINST THE COMPANY

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

13. BORROWING COST

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

14. EARNING PER SHARE

In accordance with the Accounting Standard-20 (AS-20) “Earning Per Share” issued by The Institute of Chartered Accountants of India, Basic Earning Per Share is computed using the weighted average number of Shares outstanding during the period & Diluted Earning per share is computed using the weighted average number of shares outstanding after adjusting the effect of all dilutive potential equity shares that were outstanding during the period.

15. DEFERRED TAX ASSETS / LIABILITIES

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

16. RESEARCH & DEVELOPMENT

i) All revenue expenditure on research & development activities are accounted for under their natural heads of revenue expenses accounts.

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

17. IMPAIRMENT

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

18. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

19. INTANGIBLE ASSETS

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

26. NOTES FORMING PART OF THE ACCOUNTS

(Rs.in lacs)

		As At 31.03.2010	As At 31.03.2009
1.	**Contingent liabilities not provided for in respect of :**		
i)	Guarantees issued by Banks	**201.41**	605.97
ii)	Corporate Gurantee issued for facilities taken by subsidiary / step down subsidiaries from Banks	**88565.00**	26215.80
iii)	Import duty obligations on outstanding export commitment under Advance Licence / EPCG Schemes	**2032.33**	13632.96
iv)	Letters of Credit (Unexpired) issued by Banks (Net of Margin)	**2060.54**	2042.45
v)	Show cause notice / demands of Excise Authorities not acknowledged by the Company and are contested/appealed/replied.	**5426.02**	4770.47
vi)	Additional demands raised by the Income Tax Department, which are under rectification & appeal	**38.82**	155.02
vii)	Additional demands raised by the Sales Tax Department, which are under rectification & appeal	**538.59**	413.28
viii)	Demand raised by PF Authority for alleged lower contribution of PF authority and are under appeal	**20.72**	20.72
ix)	Amount demanded by the erstwhile workers of the Company and are pending in labour Court	**45.02**	62.31
x)	Premium on Redemption on maturity of outstanding Foreign Currency Convertible Bonds*	**2141.42**	2398.64

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

(Rs. in lacs)

	As At 31.03.2010	As At 31.03.2009
2. Capital Commitments :		
The estimated amount of contracts remaining to be executed on capital account (Net of advances) and not provided for :	**8980.72**	7711.26

3. Disclosures for Assets under Operating Leases

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

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

a) In respect of Assets given on operating lease : (Rs. in lacs)

	Current Year	Previous Year
i) Gross Carrying Amount	**3584.70**	3584.70
ii) Accumulated Depreciation	**835.42**	634.68
iii) Depreciation for the Year	**200.74**	200.74

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

	of which not later than one year	of which later than one year and not later than 5 years	of which later than 5 years	Total
Payable	**317.44**	**329.79**	**–**	**647.23**
	227.23	293.74	–	520.97
Receivables	**60.00**	**105.00**	**–**	**165.00**
	60.00	165.00	–	225.00

Note : Previous Year figures have been given in Italic.

(Rs.in lacs)

4. Managerial Remuneration :	Current Year	Previous Year
i) Salaries including HRA	**523.40**	472.05
ii) Contribution to Provident Fund	**55.99**	52.24
iii) Commission to Chairman & Managing Director	**40.00**	300.00
iv) Medical re-imbursement	**4.46**	1.07
v) Perquisite value of electricity, car, furniture & fixtures and rent free accommodation provided,evaluated as per Income Tax Rules, 1962	**9.11**	7.43
vi) Sitting Fees	**7.60**	13.00
TOTAL :	**640.56**	845.79

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

(Rs.in lacs)

Particulars	Current Year	Previous Year
Net Profit After Tax	**9039.54**	10458.20
Add :		
a) Managerial Remuneration		
i) Salaries including HRA	**523.40**	472.05
ii) Contribution to Provident Fund	**55.99**	52.24
iii) Commission to Chairman & Managing Director	**40.00**	300.00
iv) Medical re-imbursement	**4.46**	1.07
v) Perquisite value of electricity, car, furniture & fixtures and rent free accommodation provided,evaluated as per Income Tax Rules, 1962	**9.11**	7.43
vi) Sitting Fees	**7.60**	13.00
b) Provision for Bad & Doubtful debts	**58.61**	628.01
c) Provision for Income Tax, Deferred Tax & Fringe Benefit Tax	**3143.00**	3541.40
Sub Total	**3842.17**	5015.20
Less :		
a) Profit on sale of Investments	**218.80**	377.42
b) (Short) provision for Taxation for earlier years	**(22.73)**	(3.01)
c) Exceptional Items	**465.12**	3320.38
Sub Total	**661.19**	3694.79
Net profit on which commission is payable	**12220.52**	11778.61
Maximum Remuneration allowed under the Companies Act,1956 @ 10% of the Net Profit	**1222.05**	1177.86
Amount of Remuneration paid excluding commission payable to eligible Directors	**592.96**	532.79
Maximum amount of commission allowed under the Companies Act,1956	**629.09**	645.07
Eligible Amount	**46.28 #**	588.93
Commission approved by the Board	**40.00**	300.00

i) Computed in accordance with the approval received from Ministry of Corporate Affairs, New Delhi, as a terms of re-appointment of Chairman & Managing Director.

ii) The Ministry of Corporate Affairs has also advised that the company has paid excess remuneration to Chairman & Managing Director for the period from 2004-05 to 2008-09. The amount of such excess remuneration works out to be Rs.1184.79 lacs, which in the opinion of the company do not amount to excess remuneration. However the company has decided to make an application for the waiver of the same as per the option given by the Ministry.

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

(Rs.in lacs)

	Current Year	Previous Year
a) Audit Fees	**42.00**	35.00
b) Tax Audit Fees	**12.00**	10.00
c) Report & Certification work	**12.38**	9.91
d) Out of Pocket Expenses	**1.91**	2.12
TOTAL :	**68.29**	57.03

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

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

9 **Gratuity**

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

(Rs. In lacs)

		Current Year	Previous Year
a.	**Reconciliation of opening and closing balances of obligation**		
	Obligations at period beginning	**664.85**	600.92
	Service cost	**131.38**	104.30
	Interest cost	**51.35**	46.19
	Actuarial (gain) / loss	**41.90**	(39.45)
	Benefits paid	**(45.75)**	(47.11)
	Obligations at period end	**843.73**	664.85
b.	**Reconciliation of opening and closing balances of fair value assets**		
	Plan assets at period beginning, at fair value	**551.21**	411.79
	Expected return on plan assets	**52.37**	38.52
	Actuarial gain / (loss)	**43.02**	(25.58)
	Contributions	**157.19**	173.60
	Benefits paid	**(45.75)**	(47.11)
	Plan assets at period end, at fair value	**758.04**	551.22
c.	**Amount Recognized in Balance Sheet**		
	Present value of the defined benefit obligations at the end of the period	**843.73**	664.85
	Fair value of plan assets at the end of the period	**(758.04)**	(551.22)
	Liability recognized in the balance sheet	**85.69**	113.63
	Assumptions		
	Interest rate	**8% P.A.**	8% P.A.
	Estimated rate of return on plan assets	**8% P.A.**	8% P.A.
d.	**Gratuity cost for the period**		
	Service cost	**131.38**	104.30
	Interest cost	**51.35**	46.19
	Expected return on plan assets	**(52.37)**	(38.52)
	Actuarial (gain) / loss	**(1.12)**	(13.87)
	Net gratuity cost	**129.24**	98.10

10. EXCEPTIONAL ITEMS

(Rs.in lacs)

	Current Year	Previous Year
Discount on Purchase of FCCB	**634.12**	9575.77
Less : Exchange Rate Fluctuation on FCCB	**-**	4704.80
	634.12	4870.97
Less : Provision for Income Tax	**106.00**	466.14
Less : Provision for Deferred Tax Charge	**63.00**	1084.45
	465.12	3320.38

11. Loans to Bodies Corporate under the Schedule No. 13 " Loans and Advances" includes loan to the following Subsidiaries:

(Rs. in lacs)

Name of the Company	Amount included	Maximum Amount outstanding during the year
UTech Developers Ltd.	**3252.34**	**17777.34**
	(11607.34)	*(11607.34)*
Flex America Inc.	**448.80**	**994.50**
	(-)	*(-)*

Note : Previous Year figures have been given in brackets.

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

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

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

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

15 EARNING PER SHARE

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

		Current Year	Previous Year
(A)	(i) Profit for the year, after Adjustments,before exceptional items for computation of ; (viz.Numerator) (Rs.in lacs)		
	a Basic Earning	**8574.42**	7137.82
	Add : Interest on FCCB (Net of Tax)	**287.38**	129.51
	b Diluted Earning	**8861.80**	7267.33
	(ii) Profit for the year, after Adjustments,after exceptional items for computation of ; (viz.Numerator) (Rs.in lacs)		
	a Basic Earning	**9039.54**	10458.20
	Add : Interest on FCCB (Net of Tax)	**287.38**	129.51
	b Diluted Earning	**9326.92**	10587.71
(B)	(i) Opening Balance of Equity Shares	**65006646**	65006646
	Weighted Average Number of Equity Shares (viz. denominator) for Basic Earning Per Share	**65006646**	65006646
	(ii) Opening Balance of Equity Shares	**65006646**	65006646
	Add :		
	Weighted Average Factor of FCCB's	**6633753**	7247989
	Weighted Average Factor of Equity Warrants	**3517932**	10936918
	Weighted Average Number of Equity Shares (viz. denominator) for Diluted Earning Per Share	**75158331**	83191553
(C)	Nominal Value Per Share	**Rs. 10/-**	Rs. 10/-
	Earning Per Share		
(D)	(i) **Before Exceptional Items**		
	(a) Basic (A(ia)/B(i)) (Rs.)	**13.19**	10.98
	(b) Diluted (A(ib)/B(ii)) (Rs.)	**11.79**	8.74
	(ii) **After Exceptional Items**		
	(a) Basic (A(iia)/B(i)) (Rs.)	**13.91**	16.09
	(b) Diluted (A(iib)/B(ii)) (Rs.)	**12.41**	12.73

16 SEGMENT DISCLOSURE :

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

(Rs.in lacs)

	Current Year	Previous Year
Domestic Revenue	**135226.19**	134285.86
Export Revenue :		
USA	**14325.93**	11560.16
Europe	**4503.50**	5496.47
Asia	**6000.05**	8327.21
Africa	**5347.18**	4825.68
Others	**1404.07**	2426.42
Total Export Revenue	**31580.73**	32635.94
Total Revenue*	**166806.92**	166921.80

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

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

(a) List of Related Parties:

i) **Wholly Owned Subsidiaries :** Flex America Inc., Flex Middle East FZE , Uflex Europe Ltd., Uflex Packaging Inc.,Upet Holding Ltd. and UTech Developers Ltd.

ii) **Fellow Subsidiaries :** UPET (Singapore) PTE. Ltd., Flex Americas S.A. de C.V., Flex P Films (Egypt), UTech Retailers Ltd.(Upto 19.03.2010), AKC Developers Ltd., SD Buildwell Pvt.Ltd. and Ultra Urban Infratech Ltd. (Upto 10.03.2010).

iii) **Associates :** Flex Foods Limited and Ultra Urban Infratech Limited

iv) **Joint Venture :** QCell Limited

v) **Key Management Personnel & their relatives (also exercising significant influence over the Company) :** Mr. Ashok Chaturvedi, Chairman & Managing Director (relative Mrs. Rashmi Chaturvedi) and Mr. S.K. Kaushik, Whole-time Director

vi) **Enterprises in which the persons referred in (v) along with their relatives exercise significant influence :** Flex International (P) Ltd., Anshika Investments (P) Ltd., Ultimate Flexipack Ltd., A.R.Infrastructure

& Projects Pvt.Ltd., Anant Overseas (P) Ltd., Apoorva Extrusion (P) Ltd., Anshikha Consultants (P) Ltd., A.R.Leasing (P) Limited, Cinflex Infotech (P) Ltd., Ultimate Enterprises (P) Ltd., AR Aerotech (P) Ltd., AR Airways (P) Ltd., Kaya Kalpa Medical Services (P) Ltd.,AC Infrastructures (P) Ltd., Club One Airways (P) Ltd.,Flex Industries (P) Ltd., AC Infratech (P) Ltd., RC Properties (P) Ltd., A to Z Infratech (P) Ltd. and Ultimate Infratech (P) Ltd.

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

(Rs.in lacs)

Transactions	Wholly owned Subsidiaries	Fellow Subsidiar -ies	Associates	Key Management Personnel & their Relatives	Enterprises as referred to in 'a(vi)' above	Total
i) Trade Transactions						
Sale of Goods/Services (Net)	**8811.06**	**1090.95**	**13.21**	**-**	**1179.49**	**11094.71**
	8625.60	*478.06*	*22.73*	-	*668.41*	*9794.80*
Purchase of Goods/Services(Net)	**1837.84**	**-**	**-**	**-**	**4258.46**	**6096.30**
	4686.75	-	-	-	*2909.13*	*7595.88*
Sale of Fixed Assets / Transfer of undertaking	**-**	**-**	**-**	**-**	**210.00**	**210.00**
	9,365.02	-	-	-	-	*9365.02*
Dividend Income	**1342.22**	**-**	**117.40**	**-**	**-**	**1459.62**
	2888.18	-	*117.40*	-	-	*3005.58*
Bad debts Written off	**-**	**-**	**0.08**	**-**	**-**	**0.08**
	-	-	-	-	-	-
Lease Charges Received	**-**	**-**	**-**	**-**	**71.89**	**71.89**
	-	-	-	-	*68.89*	*68.89*
Licence & Support fees Received	**76.00**	**226.00**	**-**	**-**	**-**	**302.00**
	76.00	-	-	-	-	*76.00*
Rent Received	**7.80**	**0.50**	**-**	**30.00**	**4.08**	**42.38**
	7.80	*0.05*	-	*30.00*	*4.08*	*41.93*
Rent Paid	**-**	**-**	**-**	**180.00**	**3.60**	**183.60**
	-	-	-	*180.00*	*3.60*	*183.60*
Interest Paid on Loans	**-**	**-**	**23.42**	**-**	**-**	**23.42**
	-	-	*0.72*	-	-	*0.72*
Interest Received	**-**	**-**	**-**	**-**	**-**	**-**
	530.82	-	-	-	-	*530.82*
Sale of Patent	-	-	-	**-**	-	**-**
	-	-	-	*1.00*	-	*1.00*
Remuneration	**-**	**-**	**-**	**632.96**	**-**	**632.96**
	-	-	-	*832.79*	-	*832.79*
ii) Non Trade Transactions						
Loan Taken	**-**	**-**	**-**	**-**	**8,800.00**	**8800.00**
	-	-	*300.00*	-	-	*300.00*
Repayment of Loan Taken	**-**	**-**	**300.00**	**-**	**800.00**	**1100.00**
	-	-	-	-	-	-
Loan Given	**17629.50**	**-**	**-**	**-**	**-**	**17629.50**
	14495.82	-	-	-	-	*14495.82*
Recovery of Loan Given	**25487.25**	**-**	**-**	**-**	**-**	**25487.25**
	1312.66	-	-	-	-	*1312.66*
Investment in Shares	**399.63**	**-**	**-**	**-**	**-**	**399.63**
	18052.82	-	-	-	-	*18052.82*
Sale of Investment	-	-	-	**-**	**-**	**-**
	-	-	-	-	*288.00*	*288.00*
Forfeiture of Warrants	-	-	**-**	**-**	**-**	**-**
	-	-	-	-	*997.50*	*997.50*
Total	**55591.30**	**1317.45**	**454.11**	**842.96**	**15327.52**	**73533.34**
	60041.47	*478.11*	*440.85*	*1043.79*	*4939.61*	*66943.83*
Balance as on 31.03.2010						
Debit	**6749.96**	**33.57**	**5.62**	**-**	**56.70**	**6845.85**
	13997.82	*726.00*	-	-	-	*14723.82*
Credit	**1785.21**	**665.99**	**-**	**-**	**8657.33**	**11108.53**
	972.74	-	*291.73*	-	*378.31*	*1642.78*

Note: Previous Year figures have been given in Italic.

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

(Rs. in Lacs)

		Deferred Tax Assets / (Liability) As At 01.04.2009	Current Year (Charge) / Credit	Defered Tax Assets / (Liability) As At 31.03.2010
A.	**Deferred Tax Assets**			
	Other than unabsorbed depreciation & carry forward of losses	7855.93	(2052.00)	5803.93
	Total (A)	**7855.93**	**(2052.00)**	**5803.93**
B.	**Deferred Tax Liabilities**			
	Excess of Book WDV of Fixed Assets over Tax WDV of Fixed Assets	(16890.31)	817.00	(16073.31)
	Total (B)	**(16890.31)**	**817.00**	**(16073.31)**
	Net Deferred Tax (Liability) (A-B)	(9034.38)	(1235.00)	**(10269.38)**

19. DISCLOSURE IN RESPECT OF INVESTMENT IN MUTUAL FUNDS

(Rs. in Lacs)

FUND NAME	FACE VALUE (RS)	OPENING BALANCE		INVESTMENT/ PURCHASE / SWITCH IN		REDEMPTION / SALE / SWITCH OUT		BALANCE	
		UNITS IN NOS	RS. IN LACS	UNITS IN NOS@	RS. IN LACS	UNITS IN NOS	RS. IN LACS	UNITS IN NOS	RS. IN LACS
RELIANCE LIQUID FUND -TREASURY PLAN INSTITUTIONAL OPTION - GROWTH OPTION - GROWTH PLAN	10.00	-	-	91,656,758.07	19,984.78	91,657,091.52	19,987.72	-	-
RELIANCE LIQUID FUND -TREASURY PLAN RETAIL OPTION - GROWTH OPTION - GROWTH PLAN	10.00	-	-	39,497,963.82	8,600.00	39,497,963.82	8,601.00	-	-
RELIANCE MONEY MANAGER FUND INSTITUTIONAL OPTION - GROWTH PLAN	1,000.00	-	-	2,109,410.65	25,973.15	1,933,813.61	23,880.42	175,597.04	2,201.78
RELIANCE MONEY MANAGER FUND RETAIL OPTION - GROWTH PLAN	1,000.00	-	-	24311.16	300.03	24,311.16	300.43	-	-
HDFC CASH MANAGEMENT FUND TREASURY ADVANTAGE PLAN - WHOLESALE GROWTH	10.00	-	-	38,043,065.96	7,500.00	38,043,065.96	7,541.89	-	-
SBI MAGNUM INSTA CASH FUND - CASH OPTION	10.00	-	-	24,689,723.02	4,900.00	24,689,723.02	4,924.51	-	-
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM - GROWTH	100.00	-	-	18,341,709.52	8,900.00	18,341,709.52	8,933.05	-	-
UTI- LIQUID CASH PLAN - INSTITUTIONAL PLAN (GROWTH OPTION)	1,000.00	-	-	17,301.69	260.00	17,301.69	260.03	-	-
UTI- TREASURY ADVANTAGE FUND - INSTITUTIONAL PLAN (GROWTH OPTION)	1,000.00	-	-	29,370.05	360.03	29,370.05	361.48	-	-
DSP BLACKROCK FLOATING RATE FUND - INSTITUTIONAL PLAN - GROWTH	1,000.00	-	-	38,002.43	500.00	38,002.43	500.73	-	-
TOTAL		**-**	**-**	**214,447,616.37**	**77,277.99**	**214,272,352.78**	**75,291.26**	**175,597.04**	**2,201.78**
Previous Year		*211,976,939.82*	*22,040.95*	*228,908,792.76*	*42,342.35*	*444,193,228.62*	*64,833.26*	-	-

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

20. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of the Schedule VI of the Companies Act, 1956

A. Information in respect of class of goods manufactured and annual capacity :

Class of Goods	Unit	Installed Capacity* Current Year	Previous Year
Printed, Laminated, Metalised, Co-Extruded Coated, Embossed and Plain Plastic Films	**MT**	**136560****	136560
Rotogravure Cylinder & Shims	**Nos.**	**66000*****	47000
Hologrammed Sticker Sheets	**Sheets in lacs**	**700**	700
Packaging & Converting Machines & Structure & Fabricated Items	**Nos.**	**1570#**	1570
PET Chips	**MT**	**72000**	72000
Printing Ink	**MT**	**10500**	9600
Adhesive	**MT**	**6600**	6000

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

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

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

\# Represent only for Packaging & Converting Machines.

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

(Rs. in lacs)

Class of Goods	Unit	Production Qty.	Gross Sales Qty.	Gross Sales Value	Opening Stock Qty.	Opening Stock Value	Closing Stock Qty.	Closing Stock Value
Printed, Laminated, Metalised, Co–extruded, Coated, Embossed and Plain Plastic Films	**MT**	**97064**	**96617**	**132461.52**	**536**	**962.01**	**354**	**290.00**
		101706	*100936*	*139621.46*	*718*	*848.12*	*536*	*962.01*
Rotogravure Cylinder & Shims	**Nos.**	**18526**	**18471**	**1785.59**	**-**	**-**	**-**	**-**
		15737	*15696*	*1580.64*	-	-	-	-
Hologrammed Sticker Sheets	**Sheets**	**755**	**725**	**4097.91**	**15**	**16.55**	**44**	**64.04**
	in lacs	*618*	*634*	*3004.51*	*31*	*24.67*	*15*	*16.55*
Packaging & Converting Machines	**Nos.**	**233**	**222**	**6207.59**	**-**	**-**	**-**	**-**
		298	*294*	*4169.46*	-	-	-	-
Printing Ink	**MT**	**5881**	**5864**	**8557.11**	**62**	**79.04**	**66**	**88.95**
		4616	*4590*	*6995.52*	*66*	*76.71*	*62*	*79.04*
Adhesive	**MT**	**4569**	**4512**	**5609.90**	**38**	**44.25**	**73**	**80.73**
		3365	*3370*	*4555.22*	*46*	*53.82*	*38*	*44.25*
Pet Chips	**MT**	**6644**	**6638**	**4421.63**	**1**	**0.68**	**7**	**4.33**
		5513	*5524*	*3405.90*	*12*	*10.32*	*1*	*0.68*
Others				**2578.22**		**15.73**		**45.56**
				2863.01		*7.57*		*15.73*
TOTAL :				**165719.47**		**1118.26**		**573.61**
				166195.72		*1021.21*		*1118.26*

Notes :

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

(ii) **Information in respect of goods traded :–**

(Rs.in lacs)

Class of Goods		Opening Stock Qty.	Opening Stock Value	Purchases Qty.	Purchases Value	Sales Qty.	Sales Value	Closing Stock Qty.	Closing Stock Value
Machines	**Nos.**	-	-	**2**	**214.11**	**2**	**219.08**	**-**	**-**
		-	-	*1*	*4.07*	*1*	*4.60*	-	-
Machine Components	**Nos.**	-	-	**3606**	**13.69**	**3606**	**16.89**	-	-
		-	-	*415*	*0.97*	*415*	*2.11*	-	-
Misc.Items			**-**		**309.86**		**387.50**		-
			1.87		*307.79*		*450.50*		-
TOTAL :			**-**		**537.66**		**623.47**		**-**
			1.87		*312.83*		*457.21*		-

Note : Previous Year figures have been given in Italic

C. **Information in respect of raw materials consumed :-**

(Rs.in lacs)
(Qty.in MT)

Description	Current Year Qty.	Current Year Value	Previous Year Qty.	Previous Year Value
Plastic Films	**8921**	**8983.57**	6935	7433.02
Plastic Granules	**50516**	**33898.99**	53959	35884.41
Fibre Chemicals	**56395**	**24637.41**	55597	23324.02
Inks	**457**	**843.42**	272	506.64
Adhesives	**1533**	**2164.90**	941	1424.73
Solvents	**11492**	**5542.68**	9655	5509.93
Additive	**422**	**354.88**	1179	1546.32
Chemicals	**4075**	**3239.28**	3463	3177.46
Resin	**1405**	**2520.49**	1128	1862.99
Pigments	**1189**	**2345.01**	935	1860.98
Others		**6465.89**		5491.13
TOTAL :		**90996.52**		88021.63

Notes :
1. The above excludes Materials consumed for captive use.
2. The above includes material consumed during trial run of Rs. 401.07 lacs (Previous Year Nil).

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

(Rs. in lacs)

Description	Current Year Value	Current Year Percentage	Previous Year Value	Previous Year Percentage
Raw Material				
Imported	**15609.17**	**17.15**	19335.21	21.97
Indigenous	**75387.35**	**82.85**	68686.42	78.03
TOTAL :	**90996.52**	**100.00**	88021.63	100.00
Stores, Spares, Tools,Jigs & Dies Consumed				
Imported *	**764.29**	**29.13**	1611.09	46.20
Indigenous	**1859.87**	**70.87**	1875.90	53.80
TOTAL :	**2624.16**	**100.00**	3486.99	100.00

* Includes spares of Rs.654.60 lacs (Previous year Rs.1499.56 lacs) charged to Repair & Maintenance Machinery.

E. **Other Particulars**

(Rs.in lacs)

Description	Current Year	Previous Year
a) **CIF Value of Imports**		
i) Raw Materials / Traded Goods	**14130.27**	17211.38
ii) Capital Goods	**3155.84**	4551.15
iii) Stores & Spares	**649.85**	1668.42
iv) Material-in-Transit - Raw Materials	**162.22**	442.11
v) Material-in-Transit - Capital Goods / Spare Parts	**48.97**	-
b) **Expenditure in Foreign Currency**		
i) Travelling expenses	**290.40**	330.86
ii) Advertisement & Publicity	**173.17**	39.40
iii) General expenses	**16.05**	18.64
iv) Rebate & Discount	**11.93**	-
v) Commission on Sales (Net)	**109.59**	227.93
vi) Discounting & Bank charges	**47.05**	70.95
vii) Entertainment Expenses	**35.71**	1.89
viii) Legal & Professional Charges	**57.16**	103.04
ix) Repair & Maint. -Others	**28.70**	-
x) Claim Exports	**58.33**	-
xi) Rent	**54.74**	22.03
xii) Interest on FCCB's	**391.82**	560.74
xiii) Repair & Maint. -Building	**3.34**	-
c) **Earning in Foreign Exchange**		
i) F.O.B. value of Export of Manufactured / Traded Goods	**29081.61**	30491.98
ii) Design & Art work Recovery	**136.17**	91.08
iii) Technical & Support Services	**2104.35**	2019.66
iv) Dividend	**1342.23**	2888.18
v) Discount Received	**17.17**	-
vi) Misc. Income	**0.57**	-

Notes : Signatories to Schedule 1 to 26

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) &
Company Secretary

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

Place : NOIDA
Dated : 15th July, 2010

S.V. Sehgal
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	3 2 1 6 6
State code	5 5
Balance Sheet Date	3 1 / 0 3 / 2 0 1 0

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

Public Issue	NIL
Rights Issue	NIL
Proceeds from Share Capital / Warrants	NIL
Bonus Issue	NIL
Warrants	NIL
Private Placement	NIL

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

Total Liabilities	20041532
Total Assets	20041532

Sources of Funds

Paid-up Capital including Warrants	649728
Reserves & Surplus	7270877
Secured Loans	8048726
Unsecured Loans	3045263
Deferred Tax Liability (Net)	1026938

Application of Funds

Net Fixed Assets (Including Capital Work-in-progress)	10020093
Investments	4520101
Net Current Assets	5879932
Misc. Expenditure	NIL

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

Turnover (Including Other Income)	16765953
Total Expenditure	15605856
Profit before Tax	1160097
Net Profit After Tax	903954
Earning Per Share (in Rs.)	13.19
Dividend Rate %	50

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

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

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) &
Company Secretary

Place : NOIDA
Dated : 15th July, 2010

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

S. No.	Name of the Subsidiary Company	Financial year of the Subsidiary	Issued, subscribed and paid up Capital of Subsidiary Company as on 31st March 2010	Extent of Interest of the Holding Company as on 31st March 2010	Net aggregate amount of Profits/ (Losses) of the Subsidiary so far as it concerns the Members of the holding company and is not dealt in the accounts of Holding Company for the Financial year and Previous Financial years		Net aggregate amount of Profits/(Losses) of the Subsidiary so far as it concerns the Members of the Holding Company and is dealt in the Accounts of Holding Company for the Financial year and Previous Financial years	
					Current Year	Previous Year	Current Year	Previous Year
1.	Flex America Inc	3/31/2010	1,00,000 of Equity Shares of US$ 1 each	100%	US $ 1,54,720 Equivalent to Rs. 69.44 Lacs	US $3,69,909 Equivalent to Rs. 166.02 Lacs	NIL	NIL
2.	Flex Middle East FZE	3/31/2010	107 Equity Shares of AED 1 Million each	100%	US $ 1,32,00,169 equivalent to Rs.5924.24 Lacs	US $ 3,88,41,688 equivalent to Rs.17,432.15 Lacs	US $ 29,23,497 equivalent to Rs.1312.07 Lacs	US $ 1,18,27,869 equivalent to Rs.5308.35 Lacs
3.	UFlex Europe Limited	3/31/2010	3,18,000 Equity Shares of GBP 1 each	100%	GBP (2,12,896) equivalent to Rs. (144.09) Lacs	GBP (41,260) equivalent to Rs. (27.92) Lacs	NIL	NIL
4.	U Tech Developers Limited	3/31/2010	10,00,00,000 Equity Shares of Rs.10/-each	100%	RS.147.73 Lacs	Rs.859.78 Lacs	NIL	NIL
5.	UFLEX Packaging Inc.	3/31/2010	60,000 Equity Shares of US $ 10 each	100%	US $ 26,617 equivalent to Rs. 11.95 Lacs	US $ 10,474 equivalent to Rs.4.70 Lacs	NIL	NIL
6.	UPET Holdings Limited	3/31/2010	30,40,001 Equity Shares of US $ 1 each	100%	US $ (11,230) equivalent to Rs. (5.04) Lacs	US $ (20,367) equivalent to Rs. (9.14) Lacs	NIL	NIL
	Subsidiary of U Tech Developers Limited							
7.	SD.Buildwell Private Limited @	3/31/2010	10,000 Equity Shares of Rs. 10 each	54%	Rs (0.42) Lacs	NIL	NIL	NIL
8.	AKC Developers Limited	3/31/2010	15,00,000 Equity Shares of Rs. 10 each	70%	Rs. 18.93 Lacs	Rs. 19.92 Lacs	NIL	NIL
			27,50,000, 5% Redeemable Preference Shares of Rs.100/- each					
	Subsidiary of UPET Holdings Limited							
9.	UPET(Singapore) Pte. Ltd.	3/31/2010	3,02,00,100 Equity Shares of US $ 1 each	100%	US $ (3,031) equivalent to Rs. (1.36) Lacs	US $ (5498) equivalent to Rs. (2.47) Lacs	NIL	NIL
	Subsidiary of UPET (Singapore) Pte. Ltd.							
10.	Flex Americas S.A. de C.V.	3/31/2010	3,23,459 Equity Shares of MXP 1000 each	100%	MXP 1165.83 Lacs Equivalent to Rs. 4214.63 Lacs	MXP (419.28) Lacs Equivalent to Rs. (1515.75) Lacs	NIL	NIL
	Subsidiary of Flex Middle East FZE							
11.	Flex P. Films Egypt S.A.E. @	3/31/2010	150000000 Equity Shares of 10/- Egyptian Pond each Equivalent to USD 27,777,481	100%	US $ (1208754) Equivalent to Rs.(542.49) Lacs	NIL	NIL	NIL

@ Represents amount Accumulated amount upto 31st March 2010.

Notes: 1 As the end of the Financial Year of the Subsidiaries ended 31st March, 2010 coincides with the end of the Financial Year of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable.

2 Following Rates are used for conversion of the Amount

a) 1 USD Equivalent to Rs. 44.88 b) 1 GBP Equivalent to Rs.67.68 c) 1 MXP Equivalent to Rs.3.615

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) &
Company Secretary

Place : NOIDA
Dated : 15th July, 2010

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors,
UFLEX LIMITED
(Formerly Known as Flex Industries Limited.)

We have audited the attached Consolidated Balance Sheet of UFLEX LIMITED (here-in-after called "Company") and its subsidiaries, Flex America Inc., Uflex Europe Ltd., Uflex Packaging Inc., Flex Middle East FZE, UPET Holdings Limited, UTech Developers Limited, Flex P. Films (Egypt) S.A.E., UPET (Singapore) PTE Limited, Flex Americas S.A. DE C.V., S. D. Buildwell Private Limited & AKC Developers Limited and Joint venture, Qcell Limited (here-in-after collectively called **"UFLEX Group"**) as at 31st March 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the UFLEX Group for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management and have been prepared by management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the Subsidiaries and Joint Venture, whose financial statements reflect total assets of Rs 179,876.44 lacs as at 31st March 2010, total revenues of Rs 101,988.23 lacs and Cash outflows amounting to Rs 1,804.64 lacs, for the year then ended. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

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

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

a) In the case of the Consolidated Balance Sheet, of the state of affairs of the UFLEX Group as at 31st March 2010;

b) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **VIJAY SEHGAL & CO.,**
Chartered Accountants
Firm Regn No. : 000374N

Place : NOIDA
Dated : July 15, 2010

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in lacs)

	Schedule Number		As At 31.03.2010		As At 31.03.2009
I. SOURCES OF FUNDS					
Shareholders' Funds					
a) Share Capital	1	**6497.28**		6497.20	
b) Warrants	2	**-**		1790.68	
c) Reserves & Surplus	3	**96353.34**	**102850.62**	79658.83	87946.71
Minority Interest	4		**886.76**		878.54
Loan Funds					
a) Secured Loans	5	**113850.18**		90684.52	
b) Unsecured Loans	6	**32531.63**	**146381.81**	46260.22	136944.74
Deferred Tax Liability (Net)	7		**10170.58**		8776.51
TOTAL :			**260289.77**		234546.50
II. APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	8	**240715.79**		224469.94	
Less : Depreciation		**90610.83**		79290.20	
Net Block		**150104.96**		145179.74	
Capital Work-in-Progress		**15562.76**	**165667.72**	5924.49	151104.23
Investments	9		**9599.31**		9737.15
Current Assets, Loans & Advances					
a) Inventories	10	**18072.16**		22375.85	
b) Sundry Debtors	11	**59110.12**		39504.45	
c) Cash & Bank Balances	12	**19170.52**		11898.64	
d) Other Current Assets	13	**132.93**		222.02	
e) Loans & Advances	14	**42377.96**		50128.32	
		138863.69		124129.28	
Less : Current Liabilities & Provisions					
a) Current Liabilities	15	**47382.53**		45362.81	
b) Provisions	16	**6458.42**		5066.22	
		53840.95		50429.03	
Net Current Assets			**85022.74**		73700.25
MISCELLANEOUS EXPENDITURE (To the extent not written-off or adjusted)					
Preliminary Expenses			**-**		4.87
TOTAL :			**260289.77**		234546.50

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

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) &
Company Secretary

This is the Consolidated Balance Sheet referred to in our report of even date

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

Place : NOIDA
Dated : 15th July, 2010

S.V. Sehgal
Partner

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in lacs)

		Schedule Number	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
A.	**INCOME**			
	Gross Sales & Job Work	17	259345.87	241470.76
	Less : Inter unit Sales & Job Work		20187.61	22630.36
	Less : Excise Duty		10068.75	14630.43
	Net Sales & Job Work		229089.51	204209.97
	Operating Income	18 A	10761.60	9589.94
	Other Income	18 B	1877.30	2170.76
	Share in Profits of Associates for the Year		170.80	395.46
	Increase in Finished Goods & Work-in-Progress	19	229.34	937.65
	TOTAL (A) :		242128.55	217303.78
B.	**EXPENDITURE**			
	Material Cost	20	133648.90	115281.42
	Other Manufacturing Expenses	21	28524.91	26711.42
	Payments & Benefits to Employees	22	13078.27	10796.64
	Administrative, Selling & Other Expenses	23	21196.83	25972.34
	Interest & Financial Charges	24	13143.24	10487.34
	Depreciation		12144.98	10028.69
	TOTAL		221737.13	199277.85
	Less : Expenses Allocated to Self Constructed Assets	25	1428.13	679.44
	TOTAL (B) :		220309.00	198598.41
	Profit before Tax and Exceptional Items (A-B)		21819.55	18705.37
	(Less): Provision for Taxation			
	- For Income Tax		(2044.22)	(1057.31)
	- For Fringe Benefit Tax		-	(138.20)
	- For Wealth Tax		(16.92)	(16.01)
	(Less) : Provision for Deferred Tax (Charge)		(1330.98)	(2142.96)
	Exceptional Items (Net of Tax)		465.12	3320.38
	Profit After Tax		18892.55	18671.27
	Add / (Less) :Excess / (Short) Provision for earlier years			
	- For Fringe Benefit Tax		(59.10)	-
	- For Income Tax		36.33	(20.24)
	- For Expenses		18.34	(1.42)
	- Diminution in the value of Investment		138.11	-
	Profit for the year before Minority Interest		19026.23	18649.61
	(Less) : Minority Interest		(8.11)	(0.67)
	Amount available for Appropriations		19018.12	18648.94
	Appropriations			
	Proposed Dividend		3246.70	2600.26
	Proposed Dividend Distribution Tax		539.24	441.92
	Legal Reserve		134.93	-
	General Reserve		1134.93	1046.00
	Debenture Redemption Reserve		163.94	1984.90
	Balance carried to Balance Sheet		13798.38	12575.86
			19018.12	18648.94
	Earning Per Share			
	A. **Before Exceptional Items**			
	a. Basic (Rs.)		28.54	23.58
	b. Diluted (Rs.)		25.07	18.58
	B. **After Exceptional Items**			
	a. Basic (Rs.)		29.26	28.69
	b. Diluted (Rs.)		25.69	22.57

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

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) & Company Secretary

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

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

Place : NOIDA
Dated : 15th July, 2010

S.V. Sehgal
Partner

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in lacs)

			For the Year Ended 31.03.2010		For the Year Ended 31.03.2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax ,exceptional items & Minority Interest		**21819.55**		18705.37
	Adjustment for :				
	Depreciation / Amortisation	**12300.39**		10039.18	
	Exchange rate fluctuations	**(1365.03)**		(1691.74)	
	Foreign Currency Transalation Reserve	**(329.66)**		(5200.95)	
	(Profit) / Loss on assets sold (Net)	**191.78**		226.73	
	Fixed Assets written Off	**7.34**		0.42	
	Interest & Financial Charges	**13143.24**		10487.34	
	Interest received from Banks / others	**(1489.82)**		(1045.39)	
	Interest received on Investments	**-**		(6.63)	
	Dividend received on Non- Trade Investments	**(38.65)**		(612.36)	
	Profit on sale of Investments (Net)	**(218.80)**		(377.42)	
	Sundry Balances written off (Net)	**218.41**		2689.13	
	Expenses For Earlier Years	**18.34**		(1.42)	
	Investment Written -off	**138.11**		-	
	Provision for diminution in the Value of Investment	**-**		69.05	
	Bad & Doubtful Debts (Provision)	**58.61**	**22634.26**	628.01	15203.95
	Operating Profit before Working Capital changes		**44453.81**		33909.32
	Adjustment for :				
	Trade and other receivables	**(20983.73)**		(15041.52)	
	Inventories	**4303.69**		(2969.85)	
	Trade and other payables	**2668.16**	**(14011.88)**	3798.07	(14213.30)
	Cash generated from operating activities		**30441.93**		19696.02
	Wealth tax	**(16.92)**		(16.01)	
	Fringe Benefit Tax	**(59.10)**		(138.20)	
	Income Tax	**(2007.89)**		(1077.55)	
	Exchange rate fluctuations	**1365.03**	**(718.88)**	1691.74	459.98
	Cash from operating activities before exceptional items		**29723.05**		20156.00
	Exceptional items(Net of Current Taxes)		**528.12**		4404.83
	Net Cash from operating activities (A)		**30251.17**		24560.83
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	**(27616.07)**		(30296.48)	
	Sale proceeds of Fixed Assets	**708.63**		535.84	
	Inflow / (Outflow) on Investments (Net)	**356.58**		19659.39	
	Loans to bodies corporate (Net)	**8785.08**		(11240.82)	
	Capital Reserve arising on acquisition	**-**		18.09	
	Interest received from Banks / others	**1489.82**		1045.39	
	Interest received on Investments	**-**		6.63	
	Dividend received on Investments	**38.65**		612.36	
	Net Cash used in Investing Activities (B)		**(16237.31)**		(19659.60)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Receipt of Securities Premium Account	**1.31**		2.94	
	Preliminary Expenses	**4.87**		(4.87)	
	Share Capital Received	**0.08**		0.19	
	Addition in Minority Interest	**0.11**		877.87	
	Dividend Paid	**(2600.26)**		(2600.26)	
	Dividend Distribution Tax	**(441.92)**		(441.92)	
	Interest & Financial Charges	**(13143.24)**		(10487.34)	
	Additions of Borrowings (Net)	**9437.07**		(8008.80)	
	Net Cash used in Financing Activities (C)		**(6741.98)**		(20662.19)
	Net (Decrease) in Cash and Cash equivalents (A+B+C)		**7271.88**		(15760.96)
	Opening Cash and Cash equivalents		**11898.64**		27659.60
	Closing Cash and Cash equivalents		**19170.52**		11898.64

Note:# Includes Rs. 1868.24 lacs (Previous Year Rs. 3153.22 lacs) in respect of amount lying in unclaimed dividend account / margin money account / fixed deposits pledged with banks

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) & Company Secretary

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

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

S.V. Sehgal
Partner

Place : NOIDA
Dated : 15th July, 2010

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

1. SHARE CAPITAL

(Rs. in lacs)

		As At 31.03.2010		As At 31.03.2009
AUTHORISED				
1,90,00,000 (Previous Year Same) Preference Shares of Rs.100/- each	**19000.00**		19000.00	
15,00,00,000 (Previous Year Same) Equity Shares of Rs.10/-each	**15000.00**		15000.00	
		34000.00		34000.00
ISSUED, SUBSCRIBED & PAID-UP				
6,50,06,646 (Previous Year Same) Equity Shares of Rs.10/- each, fully called-up	**6500.67**		6500.67	
Less : Amount Unpaid	**3.39**	**6497.28**	3.47	6497.20
TOTAL :		**6497.28**		6497.20

Notes :

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

2. WARRANTS

(Rs. in lacs)

		As At 31.03.2010		As At 31.03.2009
Amount received @Rs.20.50 each on allotment of 87,35,000 (Previous Year Same) Warrants	**1790.68**		1790.68	–
Less :Amount forfeited & transferred to Capital Reserve	**1790.68**	**–**	–	1790.68
TOTAL :		**–**		1790.68

Note:

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

3. RESERVES & SURPLUS

(Rs. in lacs)

	Balance As At 01.04.2009	**Additions During the year**	**Deductions During the year**	**Balance As At 31.03.2010**
Capital Reserve *	1015.59	**1790.68**	**-**	**2806.27**
Legal Reserve	-	**134.93**	**-**	**134.93**
Revaluation Reserve	3.46	**-**	**0.07**	**3.39**
Foreign Currency Translation Reserve (arising on consolidation)	(5440.71)	**(329.66)**	**-**	**(5770.37)**
Debenture Redemption Reserve	6502.58	**163.94**	**5026.96**	**1639.56**
Securities Premium Account	43088.11	**1.31**	**-**	**43089.42**
General Reserve @	1937.96	**6161.96**	**-**	**8099.92**
Profit & Loss Account	32551.84	**13798.38**	**-**	**46350.22**
TOTAL :	79658.83	**21721.54**	**5027.03**	**96353.34**
Previous Year	68234.49	11424.41	0.07	79658.83

* Represents Warrant Application Money forfeited on 87.35 Lacs Warrants allotted on 26th February,2008 due to failure of the Warrant holders to exercise the right to convert the warrants into Equity Shares within 18 months from the date of allotment.

@ Includes :

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

b) Rs.5026.96 lacs (Previous Year Nil) representing the amount transferred from the Debenture Redemption Reserve.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

4. MINORITY INTEREST

		As At 31.03.2010		(Rs. in lacs) As At 31.03.2009
Share Capital				
Preference Share Capital		**825.00**		825.00
Equity Share Capital		**45.46**		45.00
Profit & Loss Account				
Balance on Acquisition	**7.52**		7.87	
Add: Post acquisition profit till year end	**8.78**	**16.30**	0.67	8.54
TOTAL :		**886.76**		878.54

5. SECURED LOANS

A. ZERO RATE DEBENTURES				
From Financial Institutions		**3279.12**		11568.53
B. 18% CUMULATIVE DEBENTURES				
From Financial Institution		**-**		1764.51
C. TERM LOAN				
From Financial Institutions	**1876.88**		13276.09	
From Banks	**84935.03**		12188.65	
Add: Interest accrued & due	**-**	**86811.91**	102.17	25566.91
D. ZERO RATE LOANS				
From Financial Institutions	**4226.93**		29234.33	
From Others	**-**	**4226.93**	699.51	29933.84
E. CUMULATIVE RUPEE LOANS				
From Financial Institutions	**-**		4771.90	
From Others	**-**	**-**	274.49	5046.39
F. WORKING CAPITAL FACILITIES				
From Banks		**19532.22**		16804.34
TOTAL :		**113850.18**		90684.52

6. UNSECURED LOANS

Foreign Currency Convertible Bonds		**9782.64**		11972.28
Short Term Loans				
From Banks	**10222.78**		33210.18	
Add : Interest accrued & due	**-**		32.53	
From Others	**12526.21**	**22748.99**	1045.23	34287.94
TOTAL :		**32531.63**		46260.22

7. DEFERRED TAX LIABILITY (NET)

Opening Balance	**8776.51**	5549.10
Add / (Less) : Provision of Deferred Tax charge / (Credit) for the year	**1394.07**	3227.41
TOTAL :	**10170.58**	8776.51

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

8. FIXED ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK Value/Cost As at 01.04.2009	GROSS BLOCK **Additions during the year**	GROSS BLOCK Deductions during the year	GROSS BLOCK **Value/cost As At 31.03.2010**	DEPRECIATION BLOCK Upto 31.03.2009	DEPRECIATION BLOCK **For the year**	DEPRECIATION BLOCK Deductions	DEPRECIATION BLOCK **As at 31.03.2010**	NET BLOCK **As at 31.03.2010**	NET BLOCK As at 31.03.2009
A. TANGIBLE ASSETS										
Freehold Land	1232.79	**-**	-	**1232.79**	-	**-**	-	**-**	**1232.79**	1232.79
Leasehold Land	7965.80	**4546.56**	-	**12512.36** *		-	- -	**-**	**12512.36**	7965.80
Building	25506.41	**697.39**	3.17	**26200.63** **	6200.94	**816.25**	0.79	**7016.40**	**19184.23**	19305.47
Plant & Machineries	169726.68	**11840.78**	1558.23	**180009.23**	68076.26	**9942.06**	763.78	**77254.54**	**102754.69**	101650.42
Electrical Installation	5639.08	**59.95**	-	**5699.03**	1902.44	**282.86**	-	**2185.30**	**3513.73**	3736.64
Office Equipments	3736.33	**219.10**	1.52	**3953.91**	909.84	**268.92**	0.97	**1177.79**	**2776.12**	2826.49
Furniture & Fixtures	4787.30	**56.96**	1.44	**4842.82**	729.33	**308.52**	0.70	**1037.15**	**3805.67**	4057.97
Vehicles *(Including Aircraft)*	5263.31	**442.45**	-	**5705.76**	1206.29	**407.36**	66.30	**1547.35**	**4158.41**	4057.02
B. INTANGIBLE ASSETS										
Software	612.24	**122.95**	175.93	**559.26**	265.10	**127.20**	-	**392.30**	**166.96**	347.14
TOTAL	224469.94	**17986.14**	1740.29	**240715.79** ***	79290.20	**12153.17@**	832.54	**90610.83**	**150104.96**	145179.74
Previous Year	189231.06	36631.14	1392.26	224469.94	69883.53	10035.94	629.27	79290.20		
CAPITAL WORK-IN-PROGRESS***									**15562.76#**	5924.49
									165667.72	151104.23

* Includes Rs.365.42 lacs (Previous Year Rs.365.42 lacs) pending execution of title deed.
** Includes Rs. 5.30 lacs (Previous Year Rs.5.30 lacs) acquired on ownership basis, Rs.19.85 lacs (Previous Year Rs. 19.85 lacs) pending execution of title deed.
***Includes Pre-operative expenses, basis of which is certified by the Management.
Includes Rs.5.96 lacs (Previous year Rs. 141.77 lacs) in respect of Machinery in Transit.
@ Includes Rs.8.19 lacs (Previous Year Rs.7.25 lacs) treated as pre-operative expenses.

9. INVESTMENTS

(Rs. in lacs)

		As At 31.03.2010		As At 31.03.2009
LONG TERM INVESTMENTS				
Fully Paid-up				
1. Equity Investments in Associate				
Carrying Value of Investment	**445.73**		443.73	
Add : Share of Post acquisition Profits	**1918.57**		1747.77	
	2364.30		2191.50	
Less : Dividend received upto the year end	**234.80**	**2129.50**	117.40	2074.10
2. Others				
(a) Quoted Equity Shares	**5208.02**		5346.13	
(b) Unquoted Equity Shares	**15.00**		2036.25	
(c) Trust Securities and Mutual Funds*	**2246.79**	**7469.81**	418.78	7801.16
		9599.31		9875.26
Less : Provision for Diminution in the Value of Investment		**-**		138.11
TOTAL :		**9599.31**		9737.15

* Includes Rs.34.83 lacs (Previous Year Rs.31.03 lacs) pledged with UTI Asset Management Co.

10. INVENTORIES

	As At 31.03.2010	As At 31.03.2009
Stores, Packing Material & Fuel	**695.69**	671.31
Raw Materials	**7622.18**	5642.97
Work-in-Progress	**4404.45**	4326.53
Finished Goods*	**4127.76**	3976.34
Traded Goods	**78.70**	5392.39
Material-in-Transit	**1143.38**	2366.31
TOTAL :	**18072.16**	22375.85

* Includes Rs. 1927.10 Lacs (Previous Year Rs.378.32 lacs) in respect of material in transit at customs / in highseas with Inter Group Companies.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

11. SUNDRY DEBTORS

(Rs. in lacs)

(Unsecured, Considered Good)	As At 31.03.2010	As At 31.03.2009
A. Debts outstanding for a period exceeding six months	**15148.03**	12496.87
B. Other debts	**44722.97**	27709.85
	59871.00	40206.72
Less : Provision for Bad & Doubtful Debts	**760.88**	702.27
TOTAL :	**59110.12**	39504.45

12. CASH & BANK BALANCES

Cash in hand	**118.39**	85.92
Balances with Scheduled Banks:		
- On Current Accounts	**15107.28**	3787.60
- On Cash Credits Accounts	**118.15**	79.15
- On Fixed Deposits Accounts*	**1372.40**	3056.16
- On Recurring Deposits Accounts	**-**	245.32
- On Unclaimed Dividend Accounts	**143.79**	45.59
- In Margin Money Accounts	**729.64**	578.72
Balances with Foreign Banks:		
- On Current Accounts	**1558.46**	2134.30
- On Fixed Deposits Accounts	**22.41**	1546.88
Remittance in Transit	**-**	139.00
Fixed Deposits with ICICI Home Finance Co.Ltd.	**-**	200.00
TOTAL :	**19170.52**	11898.64

*Include Rs. 994.81 lacs (Previous Year Rs.2528.91 lacs) pledged with Banks as margin for Letters of Credits,Guarantees and Bills Discounted.

13. OTHER CURRENT ASSETS

Interest accrued on :		
- Loans	**9.61**	38.78
- Deposits with Banks	**123.32**	183.24
TOTAL :	**132.93**	222.02

14. LOANS AND ADVANCES

(Unsecured,Considered Good)		
Income Tax Paid (Net of provision)	**0.70**	159.31
Fringe Benefit Tax Paid (Net of Provision)	**-**	1.77
Advances recoverable in cash or in kind or for value to be received	**36626.80**	36333.86
Security & Other Deposits	**1069.19**	1007.27
Balances with Excise Authorities	**2100.05**	1263.39
Loans to Employees and others	**65.48**	61.90
Loans to Bodies Corporate	**2515.74**	11300.82
TOTAL :	**42377.96**	50128.32

15. CURRENT LIABILITIES

Acceptances	**7006.81**	6954.68
Sundry Creditors	**25335.84**	24773.80
Advances from Customers	**9271.69**	6193.92
Unclaimed Dividend	**68.07**	45.59
Unclaimed Matured Deposits	**0.18**	0.45
Unclaimed Matured Debentures	**3.21**	5.94
Other Liabilities	**5562.51**	7286.99
Interest accrued but not due on Loans	**134.22**	101.44
TOTAL :	**47382.53**	45362.81

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

16. PROVISIONS

(Rs. in lacs)

	As At 31.03.2010	As At 31.03.2009
Income Tax (Net of Payments)	**763.78**	343.64
Fringe Benefit Tax (Net of Payments)	**-**	0.90
Wealth Tax	**16.92**	16.01
Proposed Dividend	**3246.70**	2600.26
Proposed Dividend Distribution Tax	**539.24**	441.92
Leave Encashment	**786.80**	706.30
Staff Benefits	**325.33**	301.73
Warranty	**1.75**	2.56
Interest on Deferred Liabilities	**777.90**	652.90
TOTAL :	**6458.42**	5066.22

SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

17. SALES & JOB WORK

(Rs. in lacs)

		For the Year ended 31.03.2010		For the Year Ended 31.03.2009
Gross Sales	**255450.90**		239509.54	
Less : Inter Unit Sales	**18281.80**		21395.13	
	237169.10		218114.41	
Less : Excise Duty	**9951.68**	**227217.42**	14601.88	203512.53
Gross Job Work	**3894.97**		1961.22	
Less : Inter Unit Job Work	**1905.81**		1235.23	
	1989.16		725.99	
Less : Excise Duty	**117.07**	**1872.09**	28.55	697.44
TOTAL :		**229089.51**		204209.97

18. OPERATING AND OTHER INCOME

A OPERATING INCOME				
Design & Art Work Recovery	**463.98**		268.87	
Less : Excise Duty Recovery	**23.95**		18.06	
	440.03		250.81	
Packing,Forwarding and Insurance Recoveries	**66.78**		64.60	
Exchange Rate Fluctuation (Net)	**1365.03**		1691.74	
Export Incentive	**1683.85**		1411.33	
Miscellaneous Operating Income	**712.62**		255.24	
Sales Tax Refund	**1912.32**		2517.21	
Licence Fees	**1320.00**		1320.00	
Technical & Support Fees	**3260.97**	**10761.60**	2079.01	9589.94
B OTHER INCOME				
Rent Received	**57.11**		57.15	
Profit on sale of Investments (Net)	**218.80**		377.42	
Miscellaneous Income	**72.92**		71.81	
Interest :				
-from Banks	**221.51**		835.10	
-from Others	**1268.31**		210.29	
Investment Income:				
- Interest	**-**		6.63	
- Dividend received on Non-Trade Investments	**38.65**	**1877.30**	612.36	2170.76
TOTAL :		**12638.90**		11760.70

SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

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

(Rs. in lacs)

		For the Year ended 31.03.2010		For the Year Ended 31.03.2009
Closing Stock :				
Finished Goods	**4127.76**		3976.34	
Work-in-Progress	**4404.45**		4326.53	
		8532.21		8302.87
Less : Opening Stock :				
Finished Goods	**3976.34**		2716.49	
Work-in-Progress	**4326.53**		4648.73	
		8302.87		7365.22
TOTAL :		**229.34**		937.65

20. MATERIAL COST

A. Raw Material Consumed				
Opening Stock	**5642.97**		5461.70	
Add : Purchases	**145738.32**		129565.61	
	151381.29		135027.31	
Less : Inter Unit Purchases	**18242.89**		19942.99	
	133138.40		115084.32	
Less : Closing Stock	**7622.18**		5642.97	
TOTAL (A) :		**125516.22**		109441.35
B. Material Cost of Traded Goods Sold				
Opening Stock	**5392.39**		5389.47	
Add : Purchases	**2818.99**		5842.99	
	8211.38		11232.46	
Less : Closing Stock	**78.70**		5392.39	
TOTAL (B) :		**8132.68**		5840.07
TOTAL (A) + (B):		**133648.90**		115281.42

21. OTHER MANUFACTURING EXPENSES

Power & Fuel Consumed		**15658.39**		15206.89
Repair & Maintenance-Machinery		**2469.87**		3258.50
Stores Consumed		**2103.90**		1979.28
Tools, Jigs & Dies		**163.12**		150.06
Packing Material Consumed		**5827.72**		4451.15
Cylinders / Processing Charges for Cylinders	**841.19**		1605.46	
Less : Inter Unit Charges	**704.73**	**136.46**	1077.19	528.27
Design & Development Charges		**3.82**		3.43
Excise Duty		**(6.65)**		(62.62)
Job Work Charges		**1881.32**		925.05
Other Direct Expenses		**266.22**		260.79
R & D Charges		**20.74**		10.62
TOTAL :		**28524.91**		26711.42

22. PAYMENTS & BENEFITS TO EMPLOYEES

Salaries,Wages,Bonus,Benefits and Amenities		**12062.72**		9761.66
Contribution to Provident Fund and Other Funds		**589.25**		525.92
Employees Welfare Expenses		**426.30**		509.06
TOTAL :		**13078.27**		10796.64

SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

23. ADMINISTRATIVE, SELLING & OTHER EXPENSES

(Rs. in lacs)

	For the Year ended 31.03.2010	For the Year Ended 31.03.2009
Rent,Rates & Taxes	**842.65**	576.39
Insurance charges	**366.85**	279.34
Electricity & Water charges	**282.83**	228.97
Printing & Stationery	**186.67**	160.09
Postage,Telegram,Telephone & Fax Expenses	**527.17**	463.26
Vehicle Running & Maintenance Expenses	**297.39**	257.93
Lease Rent - Vehicles	**260.20**	208.96
Conveyance & Travelling Expenses	**2029.31**	1779.09
Repair & Maintenance :		
- Building	**214.81**	205.76
- Others	**590.51**	460.63
Legal & Professional Charges	**487.66**	716.58
Directors' sitting fees	**7.60**	13.00
General Expenses	**1312.38**	1220.45
Commission on Sales	**837.66**	1040.61
Advertisement & Publicity	**345.45**	1279.47
Entertainment Expenses	**407.57**	297.14
Sales Tax	**3287.87**	3333.32
Charity & Donation	**4.71**	6.20
Rebate & Discount	**807.57**	1517.00
Freight & Forwarding charges	**7240.76**	8218.24
Fixed Assets Written -off	**7.34**	0.42
Investment Written -off	**138.11**	-
Loss on assets sold (Net)	**191.78**	226.73
Bad & Doubtful Debts (Provision)	**58.61**	628.01
Provision for diminution in the Value of Investment	**-**	69.05
Sundry balances written-off (Net)	**218.41**	2689.13
Claim (Exports)	**58.33**	66.62
Marketing Expenses	**31.22**	-
Amortisations	**155.41**	10.49
Share Issue Expenses	**-**	19.46
TOTAL :	**21196.83**	25972.34

24. INTEREST & FINANCIAL CHARGES

	31.03.2010		31.03.2009	
Interest				
- On Loans for Fixed Period	**3594.04**		3046.02	
- On Other Loans / Liabilities	**7058.66**		6097.48	
- On Deferred Liabilities	**132.98**	**10785.68**	113.04	9256.54
Discounting & Financial Charges		**2357.56**		1230.80
TOTAL :		**13143.24**		10487.34

25. EXPENSES ALLOCATED TO SELF CONSTRUCTED ASSETS

	31.03.2010	31.03.2009
Material Cost	**662.07**	345.54
Salary & Wages	**308.50**	149.45
Other Manufacturing Expenses	**159.44**	55.75
Administrative & Other Expenses	**187.03**	93.42
Interest & Financial Charges	**6.51**	1.82
Depreciation	**104.58**	33.46
TOTAL :	**1428.13**	679.44

26. SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED ACCOUNTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

2. PRINCIPLES OF CONSOLIDATION

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

I. The financial statements of the holding company and its subsidiaries, for the financial year ending 31st March, have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, subject to regrouping & netting of certain items, which present the consolidation in a fair manner without affecting the materiality, after eliminating the intra-group transactions and also unrealized profit or losses resulting from intra-group transactions included in the carrying amount of assets.

II. The financial statements of Joint Venture have been combined by applying proportionate consolidation method on a line-by-line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard -27 on "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.

III. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as that of holding company's financial statements.

IV. The excess / shortfall of cost to the holding company of its investment over its share of equity in the respective subsidiary companies and joint venture companies is recognized in the financial statements as goodwill / capital reserve respectively as per the equity method of valuation.

V. All the figures of assets, liabilities, revenue & expenses of subsidiaries, which are stated in foreign currency in its separate financial statements, are converted into Indian Rupees as follows:

a. Monetary assets and all liabilities are translated at the year-end rate.

b. Non-monetary assets, acquired during the year, are translated at the average rate of the year. The carrying amount of non-monetary assets and any adjustment thereto is made on historical rate.

c. Share capital is translated at the rate prevailing at the time when the investment was made by the holding company.

d. All revenues and expenses are translated at the average rate of the year.

VI. Differences arising in consolidation on account of translations are reflected in "Foreign Currency Translation Reserve (arising on Consolidation)", under "Reserve & Surplus".

VII. Investment in the associates companies, i.e. M/s Flex Foods Limited and Ultra Urban Infratech Limited, have been accounted under the Equity Method as per Accounting Standard-23 "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

VIII. The principles of consolidation are consistently followed except for the changes required by statute and / or Accounting Standards.

3. The Consolidated Financial Statements include the results of the following entities :

Sr. No.	Name of the Company	Country of Incorporation	Relation	Ownership Interest
1	Flex America Inc.	USA	Subsidiary	100%
2	Uflex Europe Limited	London-UK	Subsidiary	100%
3	Uflex Packaging Inc.	USA	Subsidiary	100%
4	Flex Middle East FZE	Dubai-UAE	Subsidiary	100%
5	Flex P. Films (Egypt) S.A.E.	Egypt	Subsidiary	100%
6	Upet Holding Limited	Mauritius	Subsidiary	100%
7	Upet (Singapore) Pte. Ltd.	Singapore	Subsidiary	100%
8	Flex Americas S.A.de C.V.	Mexico	Subsidiary	100%
9	UTech Developers Limited	India	Subsidiary	100%
10	SD Buildwell Private Limited	India	Subsidiary	54%
11	AKC Developers Limited	India	Subsidiary	70%
12	QCell Limited	Gambia	Joint Venture	40%
13	Flex Foods Limited	India	Associate	47.15%
14	Ultra Urban Infratech Limited	India	Associate	48.78%

4. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

27. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in lacs)

			For the Year ended 31.03.2010	For the Year Ended 31.03.2009
1.	A	**Contingent liabilities not provided for in respect of :**		
	i)	Guarantees issued by Banks	**349.50**	819.37
	ii)	Import duty obligations on outstanding export commitment under Advance Licence / EPCG Schemes	**2032.33**	13632.96
	iii)	Letters of Credit (Unexpired) issued by Banks (Net of Margin)	**7122.63**	10324.72
	iv)	Show cause notice / demands of Excise Authorities not acknowledged by the Holding Company and are contested / appealed / replied.	**5426.02**	4770.47
	v)	Additional demands raised by the Income Tax Department, which are under rectification & appeal	**53.71**	155.02
	vi)	Additional demands raised by the Sales Tax Department, which are under rectification & appeal	**538.59**	413.28
	vii)	Demand raised by PF Authority for alleged lower contribution of PF authority and are under appeal	**20.72**	20.72
	viii)	Amount demanded by the erstwhile workers of the holding Company and are pending in labour Court	**45.02**	62.31
	ix)	Premium on Redemption of outstanding Foreign Currency Convertible Bonds*	**2141.42**	2398.64

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

	B.	**The Share in the aggregate Contingent Liability of the Associates**	**265.52**	274.50
2.		**Capital Commitments :**		
	a)	The estimated amount of contracts remaining to be executed on capital account (Net of advances) and not provided for :	**16425.19**	25014.50
	b)	The share in the aggregate capital commitments of the Associates	**1152.98**	1.44
	c)	The share in the aggregate capital commitments of the Joint Venture	**-**	1141.06

(Rs.in lacs)

			Current Year	Previous Year
3.		**Managerial Remuneration :**		
	i)	Salaries including HRA	**869.97**	757.70
	ii)	Contribution to Provident Fund	**55.99**	52.24
	iii)	Commission to Chairman & Managing Director	**40.00**	300.00
	iv)	Medical re-imbursement	**4.91**	1.07
	v)	Perquisite value of electricity, car, furniture & fixtures and rent free accommodation provided,evaluated as per Income Tax Rules, 1962 (Net of recovery)	**9.33**	7.58
	vi)	Sitting Fees	**7.60**	13.00
		TOTAL :	**987.80**	1131.59

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

5 EXCEPTIONAL ITEMS

(Rs.in lacs)

	Current Year	Previous Year
Discount on Purchase of FCCB	**634.12**	9575.77
Less : Exchange Rate Fluctuation on FCCB	**-**	4704.80
	634.12	4870.97
Less : Provision for Income Tax	**106.00**	466.14
Less : Provision for Deferred Tax Charge	**63.00**	1084.45
	465.12	3320.38

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

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

   c) The results for the current year are not strictly comparable with that of the previous year as the current year figures includes the results of the following additional Indian companies in which interest was acquired during the year.

Name of the Company	Nature of Relationship	% of ownership Interest
S. D. Buildwell Private Limited	Subsidiary	54%
Ultra Urban Infratech Limited	Associate	48.78%

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

9. **EARNING PER SHARE**

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

				Current Year	Previous Year
(A)	(i)	Profit for the year, after Adjustments,before exceptional items (viz.Numerator) (Rs.in lacs)			
		a	Basic Earning	**18553.00**	15328.56
			Add : Interest on FCCB (Net of Tax)	**287.38**	129.51
		b	Diluted Earning	**18840.38**	15458.07
	(ii)	Profit for the year, after Adjustments,after exceptional items (viz.Numerator) (Rs.in lacs)			
		a	Basic Earning	**19018.12**	18648.94
			Add : Interest on FCCB (Net of Tax)	**287.38**	129.51
		b	Diluted Earning	**19305.50**	18778.45
(B)	(i)	Opening Balance of Equity Shares		**65006646**	65006646
		Weighted Average Number of Equity Shares (viz. denominator) for Basic Earning Per Share		**65006646**	65006646
	(ii)	Opening Balance of Equity Shares		**65006646**	65006646
		Add :			
			Weighted Average Factor of FCCB's	**6633753**	7247989
			Weighted Average Factor of Equity Warrants	**3517932**	10936918
		Weighted Average Number of Equity Shares (viz. denominator) for Diluted Earning Per Share		**75158331**	83191553
(C)	Nominal Value Per Share			**Rs. 10/-**	Rs. 10/-
	Earning Per Share				
(D)	(i)	**Before Exceptional Items**			
		(a)	Basic (A(ia)/B(i)) (Rs.)	**28.54**	23.58
		(b)	Diluted (A(ib)/B(ii)) (Rs.)	**25.07**	18.58
	(ii)	**After Exceptional Items**			
		(a)	Basic (A(iia)/B(i)) (Rs.)	**29.26**	28.69
		(b)	Diluted (A(iib)/B(ii)) (Rs.)	**25.69**	22.57

10. ADDITIONAL DISCLOSURE FOR JOINT VENTURE

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

(Rs. in lacs)

		Current Year		Previous Year
Reserve & Surplus		**(433.65)**		20.81
Fixed Assets				
Gross Block	**2791.17**		58.61	
Less : Depreciation	**253.14**		2.58	
Net Block	**2538.03**		56.03	
Capital Work-in-Progress	**1237.14**	**3775.17**	1536.29	1592.32
Current Assets, Loans and Advances				
Inventories	**76.54**		2.83	
Sundry Debtors	**159.54**		15.29	
Cash & Bank Balances	**21.75**		44.56	
Loans & Advances	**209.05**	**466.88**	1343.15	1405.83
Current Liabilities & Provisions				
Current Liabilities	**718.35**	**718.35**	2220.59	2220.59
Total Income		**945.06**		65.85
Total Expenses		**1471.01**		41.61

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

(a) List of Related Parties:

i) **Associates :** Flex Foods Limited and Ultra Urban Infratech Limited

ii) **Key Management Personnel & their relatives (also exercising significant influence over the Company):** Mr. Ashok Chaturvedi, Chairman & Managing Director , Mr. S.K. Kaushik, Wholetime Director, Mrs. Rashmi Chaturvedi (Director of Flex Middle East FZE), Mr. Pradeep Tyle (Director of Flex Middle East FZE) , Mr. R.K.Jain (Director of Flex Middle East FZE), Mr. P.L.Sirsamkar (Director of Flex Middle East FZE), Mr. Anantshree Chaturvedi (Director of Flex Middle East FZE) and Mr. S.K.Sharma (Manager of Utech Developers Limited).

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

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

	Transactions	Associates	Key Management Personnel	Enterprises as referred to in 'a (iii)' above	Total
i)	**Trade Transactions**				
	Sale of Goods/Services (Net)	**13.21**	**-**	**1179.49**	**1192.70**
		22.73	-	*668.41*	*691.14*
	Purchase of Goods/Services (Net)	**-**	**-**	**4258.46**	**4258.46**
		-	-	*2909.13*	*2909.13*
	Sale of Fixed Assets / Transfer of undertaking	**-**	**-**	**210.00**	**210.00**
		-	-	-	-
	Sale of Patent	**-**	**-**	**-**	**-**
		-	*1.00*	-	*1.00*
	Lease Charges Received	**-**	**-**	**71.89**	**71.89**
		-	-	*68.89*	*68.89*
	Rent Received	**-**	**30.00**	**4.08**	**34.08**
		-	*30.00*	*4.08*	*34.08*
	Rent Paid	**-**	**180.00**	**3.60**	**183.60**
		-	*180.00*	*3.60*	*183.60*
	Debit Balance Written - off	**0.08**	**-**	**-**	**0.08**
		-	-	-	-
	Interest Paid on Loans	**23.42**	**-**	**-**	**23.42**
		0.72	-	-	*0.72*
	Dividend Income	**117.40**	**-**	**-**	**117.40**
		117.40	-	-	*117.40*
	Remuneration	**-**	**980.20**	**-**	**980.20**
		-	*1101.35*	-	*1101.35*
ii)	**Non Trade Transactions**				
	Loan Taken	**-**	**-**	**8800.00**	**8800.00**
		300.00	-	-	*300.00*
	Repayment of Loan Taken	**300.00**	**-**	**800.00**	**1100.00**
		-	-	-	-
	Sale of Investment	**-**	**-**	**-**	**-**
		-	-	*288.00*	*288.00*
	Forfeiture of Warrants	**-**	**-**	**-**	**-**
		-	-	*997.50*	*997.50*
	Investment	**-**	**-**	**-**	**3222.65**
		-	-	-	*734.70*
	Total	**454.11**	**1190.20**	**15327.52**	**20194.48**
		440.85	*1312.35*	*4939.61*	*7427.51*
	Balance as on 31.03.2010				
	Debit	**5.62**	**-**	**56.70**	**62.32**
		-	-	-	*0.00*
	Credit	**-**	**22.89**	**8657.33**	**8680.22**
		291.73	*25.87*	*378.31*	*695.91*

Note : Previous Year figures have been given in Italic.

Notes : Signatories to Schedule 1 to 27

For and on behalf of the Board of Directors

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

R.P. Agrawal
Director

Ashok Chaturvedi
Chairman & Managing Director

Rakesh Malhotra
Sr. General Manager
(Corp. Accounts)

Ajay Krishna
Vice President (Legal) &
Company Secretary

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

Place : NOIDA
Dated : 15th July, 2010

S.V. Sehgal
Partner

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder

Flex America, Inc.

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

We have audited the accompanying balance sheets of Flex America, Inc. (a North Carolina corporation), as of March 31, 2010 and 2009, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flex America, Inc., as of March 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

John G. Muller
June 4, 2010

BALANCE SHEET AS AT MARCH 31,

	2010		2009	
ASSETS	$	**Rs. in Lacs**	$	Rs. in Lacs
CURRENT ASSETS:				
Cash	**119,256**	**53.52**	226,491	101.65
Accounts receivable (Note A)	**5,845,471**	**2,623.45**	2,480,300	1,113.16
Inventories (Notes A & C)	**203,294**	**91.24**	1,437,645	645.22
Prepaid expenses	**2,282**	**1.02**	16,274	7.30
Other receivables	**-**	-	1,333	0.60
TOTAL CURRENT ASSETS	**6,170,303**	**2,769.23**	4,162,043	1,867.93
EQUIPMENT				
Equipment and automobiles - net (Notes A & F)	56,277	**25.26**	**33,599**	15.08
OTHER ASSET				
Security deposits	**2,987**	**1.34**	2,147	0.96
TOTAL ASSETS	**6,229,567**	**2,795.83**	4,197,789	1,883.97
LIABILITIES & STOCKHOLDERS EQUITY				
CURRENT LIABILITIES:				
Accounts payable	**4,505,556**	**2,022.09**	3,696,291	1,658.90
Accrued expenses	**28,770**	**12.91**	13,589	6.10
Loans	**1,000,000**	**448.80**	-	-
Taxes payable	**51,000**	**22.89**	18,000	8.08
Payable to Uflex Packaging	**19,612**	**8.80**	-	-
TOTAL CURRENT LIABILITIES	**5,604,938**	**2515.49**	3,727,880	1,673.08
STOCKHOLDER'S EQUITY				
Common stock, no par value,				
100,000 shares authorized, issued and outstanding	**100,000**	**44.88**	100,000	44.88
Retained earnings	**524,629**	**235.47**	369,909	166.02
	624,629	**280.32**	469,909	210.89
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**6,229,567**	**2,795.83**	4,197,789	1,883.97

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

All the figures have been converted by using the rate of Rs.44.88 / 1 US$ as on 31st March, 2010

STATEMENT OF OPERATIONS FOR THE YEARS ENDED MARCH 31,

	2010		2009	
	$	Rs. in Lacs	$	Rs. in Lacs
REVENUE				
Net Sales	**27,681,670**	**12,423.53**	19,913,057	8,936.98
Sales commissions received	**279,690**	**125.52**	-	-
	27,961,360	**12,549.06**	19,913,057	8,936.98
Cost of Goods Sold - Schedule 1	**26,722,133**	**11,992.90**	18,899,992	8,482.32
GROSS PROFIT	**1,239,227**	**556.16**	1,011,447	454.66
OPERATING EXPENSES				
Wages	**486,617**	**218.39**	356,400	159.95
Advertising and promotion	**15,741**	**7.06**	21,696	9.74
Automobile expenses	**8,372**	**3.76**	4,379	1.97
Bank fees	**6,984**	**3.13**	6,330	2.84
Inspection and other fees	**2,388**	**1.07**	5,900	2.65
Demurrage and other charges	**13,911**	**6.24**	31,190	14.00
Custom clearing charges	**17,856**	**8.01**	25,560	11.47
Licenses and fees	**20,373**	**9.14**	21,089	9.46
Depreciation expense	**12,153**	**5.45**	13,339	5.99
Freight out	**23,275**	**10.45**	27,006	12.12
Insurance	**67,678**	**30.37**	46,991	21.09
Office expense	**18,713**	**8.40**	21,560	9.68
Payroll tax expense	**41,720**	**18.72**	28,928	12.98
Professional fees and consultants	**49,993**	**22.44**	57,174	25.66
Rent & warehousing (Note D)	**62,388**	**28.00**	42,781	19.20
Dues and fees	**-**	**-**	6,062	2.72
Bad debts and damaged goods	**-**	**-**	108,608	48.74
Communication expenses	**50,506**	**22.67**	64,460	28.93
Travel expense	**117,100**	**52.55**	53,529	24.02
Relocation expense	**-**	**-**	8,109	3.64
Commissions	**17,756**	**7.97**	-	-
	1,033,524	**463.82**	951,091	426.85
INCOME FROM OPERATIONS	**205,703**	**92.34**	60,356	27.81
OTHER INCOME				
Interest income	**238**	**0.11**	4,789	2.15
Other income	**-**	**-**	2,636	1.18
	238	**0.11**	7,425	3.33
INCOME BEFORE PROVISION FOR INCOME TAXES	**205,941**	**92.45**	67,781	31.14
PROVISION FOR INCOME TAXES	**(51,221)**	**(22.99)**	(23,376)	(10.49)
NET INCOME	**154720.00**	**69.45**	44,405	20.65

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CHANGES IN STOCK HOLDER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2010 AND 2009

	Common Stock			Retained Earnings		Total	
	Shares	Amount					
		$	Rs. in Lacs	$	Rs. in Lacs	$	Rs. in Lacs
Ending Balance, March 31, 2008	100,000	100,000	44.88	325,504	146.09	425,504	190.97
Net Income for the Year Ending March 31,2009				44,405	20.65	44,405	20.65
Ending Balance, March 31,2009	100,000	100,000	44.88	369,909	166.02	469,909	210.89
Net Income for the Year Ending March 31, 2009				154,720	69.45	154,720	69.45
Ending Balance, March 31, 2010	**100,000**	**100,000**	**44.88**	**524,629**	**235.47**	**624,629**	**280.34**

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

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED MARCH 31,

	2010		2009	
	$	Rs. in Lacs	$	Rs. in Lacs
Cash Flows from Operating Activities:				
Net Income	**154,720**	**69.44**	44,405	19.93
Adjustments to Reconcile Income for the Period to Cash Provided by Operations:				
Depreciation	**12,153**	**5.45**	13,339	5.99
Changes in Operating Assets and Liabilities:				
(Increase)/decrease in:				
Accounts receivable	**(3,365,171)**	**(1,510.29)**	946,326	424.71
Employee advances	**1,333**	**0.60**	-	-
Inventories	**1,234,351**	**553.98**	1,624,794	729.21
Prepaid taxes	**13,992**	**6.28**	1,790	0.80
Receivables- other	**-**	**-**	26,769	12.01
(Increase)/decrease in:				
Accounts payable	**809,266**	**363.20**	(2,453,787)	(1,101.26)
Accrued expenses	**48,180**	**21.62**	4,589	2.06
Customer deposits	**-**	**-**	(500,000)	(224.40)
Taxes payable	**-**	**-**	18,000	8.08
Payable to Uflex Packaging	**19,612**	**8.80**		-
Net Cash used in Operating Activities	**(1,071,564)**	**(480.92)**	(273,775)	(122.87)
Cash Flows from Investing Activities:				
Security deposit	**(840)**	**(0.38)**	2,371	1.06
Purchase of fixed asset (Note F)	**(34,831)**	**(15.63)**	(11,946)	(5.36)
Net Cash Provided by Investing Activities	**(35,671)**	**(16.01)**	(9,575)	(4.30)
Cash Flows from Financing Activities:				
Loan payable	**1,000,000**	**448.80**	-	-
Net Cash Provided by Financing Activities	**1,000,000**	**448.80**	-	-
Increase/(decrease) in Cash and Cash Equivalents	**(107,235)**	**(48.13)**	(283,350)	(127.17)
Cash and Cash Equivalents - April 1	**226,491**	**101.65**	509,841	228.82
Cash and Cash Equivalents - March 31	**119,256**	**53.52**	226,491	101.65

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

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2010 AND 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Flex America, Inc. (the Company) is a wholly owned subsidiary of UFLEX Limited, a company registered in New Delhi, India. The Company was incorporated in the State of North Carolina on July 1, 2005, relocated and registered to do business in Houston, Texas in 2009. The Company imports into the United States and sells primarily polyester BOPP, metallized and CPP films manufactured by UFLEX Limited and its subsidiaries.

Recently adopted standards

In May 2009, The Financial Accounting Standards Board ("FASB") issued guidance now codified as Accounting Standards Codification ("ASC") Topic 855, "Subsequent Events", which establishes general standards of accounting for, and dlsclosures of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This pronouncement is effective for interim or fiscal periods ending after June 15, 2009. Accordingly, the Company adopted these provisions of ASC Topic 855.

In June 2009, the FASB issued the FASB Accounting Standards Codification (the "Codification) for financial statements issued for interim and annual periods ending after September 15, 2009, which was effective for the Company beginning in the third quarter of fiscal 2010. The Codification became the single authoritative source for GAAP. Accordingly, previous references to GAAP accounting standards are no longer used in the Company's disclosures, including these Notes to Financial Statements. The codification in is not expected to affect the Company's financial position, cash flows, or results of operations.

Use of Estimates

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

Cash Equivalents

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

Inventories

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

Property and Equipment

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

Trade Accounts Receivable

Trade accounts receivable is recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends. At March 31, 2010 and 2009 no allowance has been provided for.

NOTE B: RELATED PARTY TRANSACTIONS

The Company purchases all of its finished goods from its Parent, UFLEX Limited and its subsidiary Flex Middle East, FZE-Dubai and Flex Americas, SA de CV-Mexico. The total of goods purchased for the years ended March 31, 2010 and 2009 was $25,284,221 and $17,145,982 respectively. As of March 31, 2010 and 2009 the Company had accounts payable to its Parent and subsidiaries of $4,525,168 and $3,616,683, respectively.

NOTE C : INVENTORIES

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

	2010		2009	
	$	**Rs. in Lacs**	$	Rs. in Lacs
Finished goods in transit	**-**	**-**	722,897	324.44
Finished goods	**203,294**	**91.24**	714,748	320.78
Total Inventory	**203,294**	**91.24**	1,437,645	645.22

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2010 AND 2009

NOTE D: DESCRIPTION OF LEASING ARRANGEMENTS

The Company leases an office in Houston, Texas under a non cancelable operating lease.

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

	$	Rs. in Lacs
Year ending: December 31,2010	**16,597**	**7.45**
December 31, 2011	**23,064**	**10.35**
	39,661	**17.80**

NOTE E: INCOME TAXES

The Company accounts for income taxes under the liability method in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 "Income Taxes". Under this method, deferred income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established if it is more likely than not that all, or some portion, of deferred income tax assets will not be realized. The Company has recorded a full valuation allowance to reduce its net deferred income tax assets to zero. In the event the Company were to determine that it would be able to realize some or all its deferred income tax assets in the future, an adjustment to the deferred income tax asset would increase income in the period such determination was made.

NOTE F: PROPERTY AND EQUIPMENT

Property and Equipment as of March 31 were :

	2010		2009	
	$	**Rs. in Lacs**	$	Rs. in Lacs
Furniture and equipment	**33,705**	**15.13**	28,874	12.96
Automobiles	**65,597**	**29.44**	35,597	15.98
	99,302	**44.57**	64,471	28.94
Less accumulated depreciation	**43,025**	**19.31**	30,872	13.86
	56,277	**25.26**	33,599	15.08

NOTE G: CONTINGENCIES

LITIGATION

There are no legal actions pending against the Company.

NOTE H: SUBSEQUENT EVENTS

There were no Subsequent events that affect the financial statements.

SUPPLEMENTARY INFORMATION FOR THE YEARS ENDED MARCH 31,

	2010		2009	
COST OF GOODS SOLD	$	**Rs. in Lacs**	$	Rs. in Lacs
Opening inventory	**1,437,645**	**645.22**	3,062,439	1,374.42
Transferred to Uflex Packaging, Inc. (Note C)	-	**-**	(895,890)	(402.08)
Adjusted opening inventory	**1,437,645**	**645.22**	2,166,549	972.34
Purchases - net of returns (Note B)	**25,284,221**	**11,347.56**	17,145,982	7,695.12
Customs duty	**117,884**	**52.91**	691,990	310.57
Harbor maintenance fee	**8,028**	**3.60**	20,689	9.29
Merchandising processing fee	**6,520**	**2.93**	33,376	14.98
Anti Dumping Duty	**71,129**	**31.92**	279,051	125.24
Total Costs	**26,925,427**	**12,084.14**	20,337,637	9,127.54
Less ending inventory (Note C)	**203,294**	**91.24**	1,437,645	645.22
TOTAL COST OF GOODS SOLD	**26,722,133**	**11,992.90**	18,899,992	8,482.32

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

IYER ASSOCIATES
Certified Public Accountants
315, Lowell Avenue, Hamilton
NJ 08619

REPORT OF INDEPENDENT AUDITORS

To

Board of Directors and Shareholders of Uflex Packaging Inc.

We have audited the accompanying balance sheets of Uflex Packaging, Inc. as of March 31, 2010 and March 31, 2009, and the related statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Uflex Packaging, Inc. as of March 31, 2010 and March 31, 2009 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Iyer Associates
Hamilton, NJ

May 13, 2010

BALANCE SHEETS AS OF MARCH 31, 2010 AND MARCH 31, 2009

	2010		2009	
	$	Rs. in Lacs	$	Rs. in Lacs
ASSETS				
Current assets				
Cash and cash equivalents	**50,263**	**22.56**	48,708	21.86
Inventory	**2,414,738**	**1,083.73**	2,987,126	1,340.62
Accounts receivable, net	**2,415,249**	**1,083.96**	1,747,872	784.44
Loans & Advances	**520,074**	**233.41**	13,500	6.06
Other Current Assets	**19,612**	**8.80**	-	-
Security Deposit	**11,425**	**5.13**	7,425	3.33
Total current assets	**5,431,361**	**2,437.59**	4,804,631	2,156.31
Property & Equipment - net	**6,535**	**2.93**	40,042	17.97
TOTAL ASSETS	**5,437,896**	**2,440.52**	4,844,673	2174.28
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**4,441,553**	**1,993.37**	4,379,442	1,965.49
Customer Advances	**350,000**	**157.08**	350,000	157.08
Accrued Taxes	**9,252**	**4.15**	3,500	1.57
Other Current Liabilities	**-**	**-**	1,257	0.56
Total current liabilities	**4,800,805**	**2,154.60**	4,734,199	2,124.70
Stockholders' Equity				
Common stock ($10 par value), 100,000 authorized at March 31,2010 and 25,000 authorized at March 31,2009:				
Issued 60,000 at March 31, 2010 and 10,000 at March 31, 2009	**600,000**	**269.28**	100,000	44.88
Retained earnings	**37,091**	**16.65**	10,474	4.70
Total shareholder's equity	**637,091**	**285.93**	110,474	49.58
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**5,437,896**	**2,440.53**	4,844,673	2,174.28

STATEMENTS OF INCOME FOR THE YEARS ENDED MARCH 31,

	2010		2009	
	$	Rs. in Lacs	$	Rs. in Lacs
Net revenue	**10,849,875**	**4,869.42**	8,029,401	3,603.60
Cost of revenue	**10,244,540**	**4,597.75**	7,723,305	3,466.22
Gross profit	**605,335**	**271.67**	306,096	137.38
Operating expenses:				
Selling, general Administrative expenses	**554,075**	**248.66**	286,094	128.40
Depreciation & Amortization	**17,488**	**7.85**	8,143	3.65
Total Operating expenses	**571,563**	**256.52**	294,237	132.05
Operating Income	**33,772**	**15.15**	11,859	5.33
Other Income				
Gain on sale of assets	**5,260**	**2.36**	-	-
Interest income	-	-	1,234	0.55
Income before Income Taxes	**39,032**	**17.51**	13,093	5.88
Income taxes	**12,415**	**5.57**	3,500	1.57
Net Income	**26,617**	**11.95**	9,593	4.31

(See Independent Auditors' Report and Notes to Financial Statements)

All figures have been converted by using the rate of Rs.44.88 / 1US$ as on 31st March, 2010

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED MARCH 31,

	2010		2009	
	$	Rs. in Lacs	$	Rs. in Lacs
Cash flows from operating activities:				
Net income	**26,617**	**11.95**	9,593	4.31
Adjustment to reconcile net income to net cash provided by operating activities:				
Depreciation	**17,488**	**7.85**	8,143	3.65
Gain on sale of assets	**(5,260)**	**(2.36)**	-	-
Changes in operating assets and liabilities:				
(Increase) / Decrease in:				
Accounts receivable	**(667,377)**	**(299.52)**	(1,314,949)	(590.15)
Inventory	**572,388**	**256.89**	(2,336,584)	(1,048.66)
Loans & Advances	**(506,574)**	**(227.35)**	(9,250)	(4.15)
Other Current Assets	**(19,612)**	**(8.80)**	-	-
Security Deposits	**(4,000)**	**(1.80)**	-	-
Increase / (Decrease) in:				
Accounts payable and accrued liabilities	**62,111**	**27.88**	3,486,800	1,564.88
Customer Deposits	-	-	115,875	52.00
Other Current Liabilities	**(1,257)**	**(0.56)**	8,593	3.86
Accrued taxes	**5,752**	**2.58**	2,121	0.95
Total adjustments	**(546,341)**	**(245.19)**	(39,251)	(17.62)
Net cash used in Operating activities	**(519,724)**	**(233.25)**	(29,658)	(13.31)
Investing activities:				
Capital expenditures	**(8,721)**	**(3.91)**	(37,283)	(16.73)
Sale of Assets	**30,000**	**13.46**	-	-
Net cash provided by investing activities	**21,279**	**9.55**	(37,283)	(16.73)
Financing activities:				
Proceeds from issue of Capital Stock	**500,000**	**224.40**	-	-
Net cash provided by Financing Activities	**500,000**	**224.40**	-	-
Net increase (decrease) in cash and cash equivalents	**1,555**	**0.70**	(66,941)	(30.04)
Cash and cash equivalents beginning of the year	**48,708**	**21.86**	115,649	51.90
Cash and cash equivalents End of the year	**50,263**	**22.56**	48,708	21.86

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AS OF MARCH 31, 2010

	Shares	Amount		Retained earnings		Total Stockholders' equity	
		$	Rs. in Lacs	$	Rs. in Lacs	$	Rs. in Lacs
Common Stock							
Balance at beginning of year	10000	100,000	44.88	10474	4.70	110474	49.58
Issuance of equity shares	50000	500,000	224.40	-	11.95	500000	224.40
Net income	-	-	-	26617	-	26617	11.95
Balance at end of year	60,000	600,000	269.28	37,091	16.65	637,091	285.93

SUPPLEMENTARY SCHEDULE

Selling, general and administrative expenses for the years ended March 31,

	2010		2009	
	US $	**Rs. in Lacs**	US $	Rs. in Lacs
Payroll	**204,584**	**91.82**	20,237	9.08
Audit fees	**12,702**	**5.70**	10,431	4.68
Automobile	**1,020**	**0.46**	6,529	2.93
Bank service charges	**43,606**	**19.57**	27,216	12.21
Bad debts	**36,859**	**16.54**	27,816	12.48
Contributions	**-**	**-**	4,250	1.91
Fees	**12,060**	**5.41**	1,760	0.79
Insurance	**32,600**	**14.63**	8,751	3.93
Office supplies	**3,785**	**1.70**	3,756	1.69
Payroll Taxes	**17,153**	**7.70**	1,453	0.65
Postage	**7,962**	**3.57**	2,692	1.21
Rent	**62,429**	**28.02**	61,632	27.66
Repairs	**3,530**	**1.58**	3,255	1.46
Telephone	**17,047**	**7.65**	18,148	8.14
Travel & Entertainment	**98,738**	**44.31**	88,168	39.58
	554,075	**248.66**	286,094	128.40

NOTES TO FINANCIAL STATEMENTS

For the years ended March 31, 2010 and March 31, 2009

1) **Organization And Description Of Business**

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

Recent Accounting Pronouncements

In May 2009, the Financial Accounting Standards Board ("FASB") issued guidance now codified as Accounting Standards Codification (" ASC") Topic 855, "Subsequent Events," which establishes general standards of accounting for, and disclosures of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This pronouncement is effective for interim or fiscal periods ending after June 15, 2009. Accordingly, the Company adopted these provisions of ASC Topic 855. The adoption of this pronouncement did not have a material impact on our financial position, results of operations or cash flows. However, the provisions of ASC Topic 855 resulted in additional disclosures with respect to subsequent events. See Note 7, Subsequent Events, for this additional disclosure.

In June 2009, FASB issued Statement of Financial Accounting Standard ("SFAS") No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162. This statement modifies the Generally Accepted Accounting Principles ("US GAAP") hierarchy by establishing only two levels of US GAAP, authoritative and Nonauthoritative accounting literature. Effective July 2009, the ASC, also known collectively as the "Codification," is considered the single source of authoritative U.S. accounting and reporting standards, except for additional authoritative rules and interpretive releases issued by the SEC. Nonauthoritative guidance and literature would include among other things, FASB Concepts Statements, American Institute of Certified Public Accountants Issue Papers and Technical Practice Aids and accounting textbooks. The Codification was developed to organize US GAAP pronouncements by topic so that users can more easily access authoritative accounting guidance. It is organised by topic, sub-topic, section and paragraph, each of which is identified by a numerical designation. This statement applies beginning in second quarter of fiscal year 2010. All accounting references have been updated, and therefore SFAS references have been replaced with ASC references.

2) **Summary Of Significant Accounting Policies**

Accounting Policies

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

Use of Estimates

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

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

Cash and Cash Equivalents

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

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

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

Accounts Receivables - Net

Accounts receivable are recorded at cost. The Company continually assesses the collectability of outstanding customer invoices and in doing such; the Company maintains an allowance for estimated losses resulting from the non-collection of Customer receivables. In estimating this allowance, the Company considers such factors as: a customer's credit-worthiness, customer concentrations, age of the receivable balance, both individually and in the aggregate and general economic conditions that may affect a customer's ability to pay. Actual customer collections could differ from the Company's estimates.

The provision for doubtful debts for the year was nil.

Concentrations

For the year ended March 31, 2010, sales to four customers amounted to $7,290,846 (67% of net revenues). As of March 31, 2010, accounts receivable from these customers was $1,439,828 (60 % of receivables)

Inventories

Inventories consisting of merchandise for resale are valued at cost. The value of the inventory as of March 31,2010 was $2,414,738 and has been certified by management.

Revenue Recognition

The Company recognizes revenue when products are shipped to customers.

Property and Equipment

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

Classification	Estimated Life
Automobiles	5 years
Computer	5 years
Furniture	7 years

Depreciation of $17,488 was provided for the year and this was calculated on a Tax Basis.

Income Taxes

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

3) Equity

During the year, the Company increased its authorized share capital to 100,000 equity shares of $10 par value. Also, during the year, 50,000 equity shares were issued at par value to Uflex Limited.

As of March 31, 2010, the company has 60,000 shares of $ 10 par value common stock issued and outstanding. All of the 60,000 shares of $10 par value common stock, issued and outstanding, are held by Uflex Limited (Parent Company).

4) Related Party Transactions

All the purchases of inventory, made by the company during the year were from Uflex Limited, the parent Company. The amount payable to Uflex Limited as of March 31, 2010 was $4,432,453.

5) Lease Commitments.

The Company leases its New Jersey office under a 2 year lease agreement that started on November 1, 2007. The monthly rent under this lease is $2,475 .

The Company also maintains a guest house for its officers. The rent per month under that lease agreement is $2,565. The lease was renewed for a period of one year on December 30,2009.

Future lease commitments as of March 31, 2010 are as follows:

Operating lease	
2010-11	$42,925

6) Subsequent Events

In May 2009, the FASB issued accounting guidance now codified as ASC Topic 855, "Subsequent Events," which establishes general standards of accounting for, and disclosures of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC Topic 855 is effective for interim or fiscal periods ending after June 15, 2009. Accordingly, the Company adopted the provisions of ASC Topic 855. The Company has evaluated subsequent events for the period from March 31, 2010, the date of these financial statements, through May 13, 2010, which represents the date these financial statements are being filed with the Commission. Pursuant to the requirements of ASC Topic 855, there were no events or transactions occurring during this subsequent event reporting period that require recognition or disclosure in the financial statements. With respect to this disclosure, the Company has not evaluated subsequent events occurring after May 13, 2010.

KSI Shah & Associates
Chartered Accountants
Suite 1003, Khalid Al Attar Tower,
Sh. Zayed Road, P. O. Box : 71241
Dubai-UAE

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

Report on the Financial Statements

We have audited the accompanying financial statements of FLEX MIDDLE EAST FZE, which comprises the statement of financial position as of 31 March 2010, and the statement of income, statement of changes in equity and statement of cash flow for the year then ended and a summary of significant accounting policies and explanatory notes.

Directors' Responsibilities for the Financial Statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply that ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material rnisstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of establishment as of 31 March 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards implementing rules and regulations issued by the Jebel Ali Free Zone Authority.

Other matters

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

KSI Shah & Associates
Chartered Accountants
Dubai

26 June 2010

BALANCE SHEET 31 MARCH, 2010

	Notes	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
ASSETS					
Non-current assets					
Property. plant & equipment	3	**60,253,277**	**27,041.67**	63,632,173	28,558.12
Investment	4	**20,011,500**	**8,981.16**	23,000	10.32
Other financial assets	5	**455,499**	**204.43**	478,231	214.63
Total non-current assets		**80,720,276**	**36,227.26**	64,133,404	28,783.07
Current assets					
Inventories	6	**7,222,963**	**3,241.67**	4,876,438	2,188.56
Trade & other receivables	7	**51,007,544**	**22,892.20**	33,633,759	15,094.83
Prepayments		**410,816**	**184.37**	126,851	56.93
Cash & bank balances	8	**1,181,505**	**530.27**	3,880,259	1,741.46
Total current assets		**59,822,828**	**26,848.49**	42,517,307	19,081.77
Total assets		**140,543,104**	**63,075.75**	106,650,711	47,864.84
EQUITY AND LIABILITIES					
Capital and reserves					
Shareholder's funds					
Share capital	9	**29,234,973**	**13,120.66**	29,234,973	13,120.66
Share application money		**64,973**	**29.16**	64,973	29.16
Retained earnings		**52,041,857**	**23,356.38**	38,841,688	17,432.15
Proposed dividend		**1,754,097**	**787.24**	-	-
Total shareholder's equity funds		**83,095,900**	**37,293.45**	68,141,634	30,581.97
Non current liabilities	10	**32,582,323**	**14,622.95**	19,270,283	8,648.50
Current liabilities					
Bank borrowings	11	**9,874,330**	**4,431.60**	4,792,797	2,151.01
Trade & other payables	12	**14,990,551**	**6,727.76**	14,445,997	6,483.37
Total current liabilities		**24,864,881**	**11,159.36**	19,238,794	8,634.37
Total equity and liabilities		**140,543,104**	**63,075.76**	106,650,711	47,864.84

The notes on pages 6 to 15 form an integral part of these financial statements.

All the figrues have been converted by using the rate of Rs. 44.88/1US$ as on 31.03.2010

Lalit Dhanwantri
AGM Accounts & Finance

Sanjay Tiku
Chief General Manager

Pradeep Tyle
Director

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010

	Notes	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
Revenue	13	**105,847,926**	**47,504.55**	131,198,669	58881.96
Expenditure					
Cost or materials	14	**(61,554,821)**	**(27625.81)**	(76,066,425)	(34138.61)
Other manufacturing expenses	15	**(15,212,277)**	**(6827.27)**	(15,202,250)	(6822.77)
Payroll and related expenses		**(3,288,055)**	**(1475.68)**	(3,164,851)	(1420.39)
Administrative & selling expenses	16	**(7,217,779)**	**(3239.34)**	(11,079,993)	(4972.71)
Profit / (Loss) on sale of property, plant & equipment		**(3,815)**	**(1.71)**	(4,483)	(2.01)
Finance cost	17	**(2,447,513)**	**(1098.44)**	(2,406,145)	(1079.88)
Net profit for the year		**16,123,666**	**7236.30**	23,274,522	10445.59

The notes on pages 6 to 15 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Share capital		Share application money		Retained earnings		Proposed dividend		Total	
	US $	Rs. in Lacs	US $	Rs. in Lacs	US $	Rs. in Lacs	US $	Rs. in Lacs	US $	Rs. in Lacs
As at 31 March 2008	**29,234,973**	**13,120.66**	**64,973**	**29.16**	**21,414,161**	**9,610.68**	**1,023,223**	**459.22**	**51,737,330**	**23,219.72**
Dividend paid	-	-	-	-	(5,846,995)	(2,624.13)	(1,023,223)	(459.22)	(6,870,218)	(3,083.35)
Net profit for the year	-	-	-	-	23,274,522	10,445.59	-	-	23,274,522	10,445.61
As at 31 March 2009	**29,234,973**	**13,120.66**	**64,973**	**29.16**	**38,841,688**	**17,432.15**	**-**	**-**	**68,141,634**	**30,581.97**
Proposed dividend	-			-	(2,923,497)	(1,312.07)	2,923,497	1,312.07	-	-
Dividend paid	-	-	-	-	-	-	(1,169,400)	(-524.83)	(1,169,400)	(524.83)
Net profit for the year	-	-	-	-	16,123,666	7,236.30	-	-	16,123,666	7,236.30
As at 31 March 2010	**29,234,973**	**13,120.66**	**64,973**	**29.16**	**52,041,857**	**23,356.38**	**1,754,097**	**787.24**	**83,095,900**	**37,293.44**

The notes on pages 6 to 15 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Notes	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
Cash flows from operating activities					
Net profit for the year		**16,123,666**	**7,236.30**	23,274,522	10,445.59
Adjustments for:					
Depreciation		**3,451,666**	**1,549.11**	2,960,509	1,328.68
Amortization		**22,732**	**10.20**	22,732	10.20
Finance cost		**2,447,513**	**1,098.44**	2,406,145	1,079.88
Interest income		**(11,395)**	**(5.11)**	(7,316)	(3.28)
Loss on sale of property, plant & equipment		**3,815**	**1.71**	*4,483*	2.01
Provision for staff end of service benefits (net)		**98,071**	**44.01**	50,192	22.53
Operating profit before working capital changes		**22,136,068**	**9,934.66**	28,711,267	12,885.61
(Increase)/Decrease in Inverntories		**(2,346,525)**	**(1,053.11)**	1,545,771	693.73
(Increase)/Decrease in trade & other receivables		**(17,371,893)**	**(7,796.52)**	1,944,135	872.53
(Increase)/Decrease in prepayments		**(283,965)**	**(127.44)**	268,519	120.51
Increase/(Decrease) in trade and other payables		**544,554**	**244.40**	(11,875,951)	(5,329.92)
Cash generated from/(used in) operations		**2,678,239**	**1,201.99**	20,593,741	9,242.46
Finance cost paid		**(2,447,513)**	**(1,098.44)**	(2,203,491)	(988.93)
Net cash from (used in) operating activities		**230,726**	**103.55**	18,390,250	8,253.53
Cash flows from investing activities					
Payments for purchase of property, plant & equipment		**(80,201)**	**(35.99)**	(11,409,132)	(5,120.42)
Proceeds from sale of property. plant & equipment		**3,616**	**1.62**	2,870	1.29
Payments for investment		**(19,988,500)**	**(8,970.84)**	(23,000)	(10.32)
Net placement of margin deposits		**(5,960)**	**(2.67)**	(122,950)	(55.18)
Interest received		**9,503**	**4.26**	7,316	3.28
Net cash from/(used in) investing activities		**(20,061,542)**	**(9,003.62)**	(11,544,896)	(5,181.35)
Cash flows from financing activities					
Proceeds from term loans (net)		**15,207,202**	**6,824.99**	1,372,801	616.11
Proceeds from trust receipts		**1,003,634**	**450.43**	-	-
Proceeds from local bills discounted		**2,084,666**	**935.60**	-	-
Dividend paid		**(1,169,400)**	**(524.83)**	(6,870,218)	(3,083.35)
Net cash from/(used in) financing activities		**17,126,102**	**7,686.19**	(5,497,417)	(2,467.24)
Net Increase/(decrease) in cash and cash equivalents		**(2,704,714)**	**(1,213.88)**	1,347,937	604.95
Cash and cash equivalents at beginning of year		**3,519,604**	**1,579.60**	2,171,667	974.64
Cash and cash equivalents at end of year	18	**814,890**	**365.72**	3,519,604	1,579.60

The notes on pages 6 to 15 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2010

1. Legal status and business activity

FLEX MIDDLE EAST FZE is a limited liability free zone establishment incorporated in the Jebel Ali Free Zone, Dubai, U. A. E. pursuant to law No.9 of 1992 issued by the Ruler of Dubai.

The registered address of the establishment is P O Box 17930, Jebel Ali, Dubai, United Arab Emirates.

The parent company is considered to be UFLEX LIMITED, India which is a public limited liability company.

The establishment is engaged in manufacturing of high quality polyester, poly-ethylene terephthalate, plastic and rnetalized films and trading in these as well as printing equipment and instrurments.

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the International Accounting Standards, and the applicable implementing rules and regulations issued by the Jebel Ali Free Zone Authority. These financial statements have been prepared under the historical cost convention.

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may defer from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity. or areas where assumptions and estimates are significant to the financial statements are discussed in note 3, 4, 6, 7 and 12.

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

The financial statements have been presented in US Dollars and the accounting policies in dealing with items that are considered material in relation to the establishment's financial statements are as follows:

Property, plant & equipment

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

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

Expenditure incurred to replace a component of an item which increases future economic benefits of the related item of property, plant and equipment is capitalized and written off over its estimated useful life. All other expenditure is recognised in the income statement as the expense is incurred. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of recoverable amount. Where carrying amount exceeds the recoverable amount, property, plant & equipment are written down to their recoverable amount.

a) Other financial assets

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

b) Borrowing cost

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

c) Inventories

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

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

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

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

Trade and other receivables

Trade receivables are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad debts are written off when there is no possibility of recovery.

Trade payable and accruals

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

Staff end-of-services benefits

The establishment provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service. The expected costs of these benefits are accrued over the period of employment.

Revenue

Revenue is recognized to the extent it is possible that the economic benefits will flow to the concern and the revenue can be reliably measured. Revenue is reduced for estimated returns rebates and other similar allowances. Revenue from sales of goods are recognized when the concern has delivered products to the customer: the customer has accepted the products: and collectability of the related receivables is reasonably assured. Technical services fees are recognized to the income statement at the time of rendering of technical services. Interest income is recognized as the interest accrues.

Foreign currency transactions

Transactions in foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the date of statement of financial position. Gains/losses arising from the foreign currency transactions are taken to the statement of income.

Cash and cash equivalents:

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

Financial Instruments

Financial assets and financial liabilities are recognised when, and only when, the establishment becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current and non-current assets that have fixed or determinable payments and for which there is no active market which comprise trade and other receivables are stated at cost less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognised in the statement of income. Current and non-current financial liabilities, which comprise bank borrowings, trade and other payables are measured at Cost or, if the impact is material, at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2010

	Opening Balance		Addition		Transfer/Deposals		Closing Balance	
	US$	Rs. in Lacs	US$	Rs. in Lacs	US$	Rs. in Lacs	US$	Rs. in Lacs
3. Property, plant & equipment								
Cost								
Lease hold land @,	9,771,098	4385.27	-	-	-	-	9,771,098	4385.27
Buildings:								
- Staff accomodation*	1,278,162	573.64	-	-	-	-	1,278,162	573.64
- Factory and administrative	7,153,336	3210.42	40,982	18.39	-	-	7,194,318	3228.81
Machinery & equipment	52,375,002	23505.90	32,104	14.41	-	-	52,407,106	23520.31
Furniture, fixtures & office equipment	290,855	130.54	7,115	3.19	(3,196)	(1.43)	294,774	132.30
Vehicles	138,797	62.29	-	-	(10,519)	(4.72)	128,278	57.57
Total Cost	**71,007,250**	**31868.06**	**80,201**	**35.99**	**(13,715)**	**(6.15)**	**71,073,736**	**31897.90**
Depreciation								
Lease hold land	-	-	-	-	-	-	-	-
Buildings:								
- Staff accommodation	62,502	28.05	*20,834*	9.35	-	-	83,336	37.40
- Factory and administrative	548,716	246.26	236,236	106.02	-	-	784,952	352.28
Machinery & equipment	6,641,080	2980.52	3,155,659	1416.26	-	-	9,796,739	4396.78
Furniture, fixtures & office equipment	88,409	39.68	26,061	11.70	(1,596)	(0.72)	112,874	50.66
Vehicles	34,370	15.43	12,876	5.78	(4,688)	(2.10)	42,558	19.11
Total Depreciation	**7,375,077**	**3309.94**	**3,451,666**	**1549.11**	**(6,284)**	**(2.82)**	**10,820,459**	**4856.23**
Net book value								
Lease hold land	9,771,098	4385.27	-	-	-	-	9,771,098	4385.27
Buildings:								
- Staff accommodation	1,215,660	545.59	-	-	-	-	1,194,826	536.24
- Factory and administrative	6,604,620	2964.16	-	-	-	-	6,409,366	2876.53
Machinery & equipment	45,733,922	20525.38	-	-	-	-	42,610,367	19123.53
Furniture, fixtures & office equipment	202,446	90.86	-	-	-	-	181,900	81.64
Vehicles	104,427	46.86	-	-	-	-	85,720	38.46
Total net book value	**63,632,173**	**28558.12**	**-**	**-**	**-**	**-**	**60,253,277**	**27041.67**

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

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

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

In the opinion of the management there is no impairment in the value of the property, plant and equipment and hence, the carrying value is fairly stated.

4. Investment

This represents amount paid to Flex P Films (Egypt) S. A. E., a wholly owned subsidiary company of the establishment towards share capital of the Company. The Subsidiary Company is in the process of establishment of BOPP film and related products manufacturing facilities.

In the opinion of the management, there is no impairment in the carrying value of the investment and hence need not be impaired.

	2010	
	US $	Rs. in Lacs
5. Other Financial Assets		
Operating lease		
Lease amount paid in advance	**546,448**	**245.25**
Amortization		
Up to 01.04.2009	**68,217**	**30.62**
For the year	**22,732**	**10.20**
Up to 31.03.2010	**90,949**	**40.82**
Unexpired portion of operating lease		
As at 31.03.2010	**455,499**	**204.43**
As at 31.03.2009	**478,231**	**214.63**

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
6. Inventories				
Raw materials	**4,862,405**	**2,182.25**	2,229,271	1,000.50
Materials in transit	**625,550**	**280.75**	558,640	250.72
	5,487,955	**2,463.00**	2,787,911	1,251.22
Consumables & packing materials	**278,120**	**124.82**	142,845	64.11
Work in process	**665,617**	**298.73**	737,983	331.21
Finished goods	**791,271**	**355.12**	1,207,699	542.02
	7,222,963	**3,241.67**	4,876,438	2,188.56

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete.
An estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are accessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence, based on historical selling prices.

7. Trade and other receivables

	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
Trade receivables ^	**39,198,262**	**17,592.18**	27,774,528	12,465.21
Due from a related party	**9,207,398**	**4,132.28**	3,462,184	1,553.83
Advance to suppliers & others #	**2,216,234**	**994.65**	1,943,987	872.46
Interest accrued but not due	**1,892**	**0.85**	5,580	2.50
Advances to staff	**51,817**	**23.26**	125,192	56.19
Deposits	**331,941**	**148.98**	322,288	144.64
	51,007,544	**22,892.20**	33,633,759	15,094.83

^ Includes US $ 4,222,861 (previous year US $5,045,646) due from related parties (refer note 22).
# Includes US $ 1,695,302 due from a related party (refer note 22).
An estimate of the collectible amount of trade receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.
Amounts which are not individually significant. but which are past dues are assessed collectively and a provision applied according to the length of time past due, based on anticipated recovery rates.
As at 31st March 2010, the aging of unimpaired trade receivables is as follows :

Total USD	0-90 Days USD	91-180 Days USD	>180 Days USD
39,198,262	34,396,915	3,009,467	1,791,880

The concern's average credit period is 90 days after which trade receivables are considered to be past due.
Unimpaired receivables are expected, on the basis of past experiences, to be fully recoverable. The concern obtains post dated cheques as a cover over receivables and no other collateral obtained. Since, the date of statement of financial position, concern has recovered USD 12,794,321 from the trade receivables

	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
8. Cash and bank balances				
Cash on hand	**108,480**	**48.69**	72,642	32.60
Bank balances in:				
Current accounts	**706,410**	**317.04**	3,446,962	1,547.00
Margin deposits #	**366,615**	**164.54**	360,655	161.86
	1,181,505	**530.27**	3,880,259	1,741.46
# Under lien with a bank against letters of guarantee.				
9. Share capital				
107 Shares of AED 1 Million (1 US$=AED 3.66)	**29,234,973**	**13,120.66**	29,234,973	13,120.66
10. Non current liabilities				
Term loans from banks:				
Total amount outstanding	**39,189,508**	**17,588.25**	23,982,306	10,763.26
Short term portion - Current Liabilty	**6,786,030**	**3,045.57**	4,792,797	2,151.01
Long term portion	**32,403,478**	**14,542.68**	19,189,509	8612.25
Provision for staff end-of-benefits	**178,845**	**80.27**	80,774	36.25
	32,582,323	**14,622.95**	19,270,283	8,648.50

Term loan is availed from a group of commercial banks comprising Abu Dhabi Commerical Bank, United Arab Bank and Bank of Baroda sharing following securities ranking *pari-passu:*
– Mortgage over plant and machinery
– Mortgage over building
– Assignment of insurance policies

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
11. Bank borrowings				
Term loans - short term portion	**6,786,030**	**3,045.57**	4,792,797	2,151.01
Trust receipts	**1,003,634**	**450.43**		-
Export bills discounted	**2,084,666**	**935.60**		-
	9,874,330	**4,431.60**	4,792,797	2,151.01
12, Trade and other payables				
Trade payables *	**11,716,114**	**5,258.19**	12,043,863	5,405.29
Advance from customers	**716,681**	**321.65**	342,136	153.55
Accruals & provision	**2,557,756**	**1,147.92**	2,059,998	924.53
	14,990,551	**6,727.76**	14,445,997	6,483.37

* Inculdes US$ 23,761 (previous year US $ Nil) due to a related party (refer note 22).

The average credit period on purchase of goods is 90 days.The concern has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
13. Revenue				
Sales				
Manufactured goods	**95,136,237**	**42,697.14**	117,722,231	52,833.74
Traded goods	**7,497,828**	**3,365.03**	13,128,625	5,892.13
	102,634,065	**46,062.17**	130,850,856	58,725.87
Technical service fees	**3,000,000**	**1,346.40**	259,480	116.45
Interest income	**11,395**	**5.11**	7,316	3.28
Other income	**202,466**	**90.87**	81,017	36.36
	105,847,926	**47,504.55**	131,198,669	58,881.96
14. Cost of materials				
Opening inventories	**4,174,953**	**1,873.72**	6,058,870	2,719.22
Purchases (including direct expenses)	**57,563,228**	**25,834.38**	62,260,700	27,942.60
Trading purchase	**6,135,933**	**2,753.81**	11,921,808	5,350.51
Closing inventories	**(6,319,293)**	**(2,836.10)**	(4,174,953)	(1,873.72)
	61,554,821	**27,625.81**	76,066,425	34,138.61
15. Other manufacturing expenses				
Power & fuel consumed	**5,906,824**	**2,650.98**	6,482,093	2,909.16
Machinery repairs & maintenance	**516,169**	**231.66**	407,056	182.69
Stores consumed	**334,111**	**149.95**	294,102	131.99
Job work charges	**1,302,857**	**584.72**	859,016	385.53
Packing materials consumed	**3,259,719**	**1,462.96**	3,693,718	1,657.74
Other manufacturing expenses	**500,702**	**224.72**	565,087	253.61
Depreciation *(refer note 16)*	**3,391,895**	**1,522.28**	2,901,178	1,302.05
	15,212,277	**6,827.27**	15,202,250	6,822.77
16. Administrative & selling expenses				
Rent	**561,892**	**252.18**	405,248	181.88
Other administration expenses	**1,022,888**	**459.07**	1,481,882	665.07
Selling expenses	**5,550,496**	**2,491.06**	9,110,800	4,088.93
Amortization	**22,732**	**10.20**	22,732	10.20
Depreciation *(per below)*	**59,771**	**26.83**	59,331	26.63
	7,217,779	**3,239.34**	11,079,993	4,972.71
Depreciation:				
Total depreciation charge *(refer note 3)*	**3,451,666**	**1,549.11**	2,960,509	1,328.68
Less : Taken to other manufacturing expenses *(refer note 15)*	**3,391,895**	**1,522.28**	2,901,178	1,302.05
	59,771	**26.83**	59,331	26.63

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010		2009	
	US $	**Rs. in Lacs**	US $	Rs. in Lacs
17. Finance cost				
Interest on cheques and bills discounting	**379,803**	**170.46**	288,211	129.35
Interest on term loans	**1,559,568**	**699.93**	1,648,479	739.84
Bank charges & commission	**508,142**	**228.05**	469,455	210.69
	2,447,513	**1,098.44**	2,406,145	1,079.88
18. Cash and cash equivalents				
Cash on hand	**108,480**	**48.69**	72,642	32.60
Bank balance:				
In current accounts	**706,410**	**317.04**	3,446,962	1,547.00
	814,890	**365.72**	3,519,604	1,579.60

19. Capital risk management

The concern manages its capital to ensure that the concern will be able to continue as a going concern while maximizing the return to the shareholder. The concern's capital structure consists of cash and bank balance and equity, comprising share capital and retained earnings.

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

Credit risk

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

Interest rate risk

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

Liquidity rate risk

The concern limits their liquidity risk by ensuring bank and other facilities are available to meet its commitments for liabilities as they fall due. The concerns terms of revenue require amounts to be paid within 90 days of the date of invoice. Trade payables are normally settled within 90 days from date of invoice.

Exchange rate risk

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

	2010		2009	
	Equivalent US $	**Rs. in Lacs**	Equivalent US $	Rs. in Lacs
Foreign currency financial assets:				
Euro	**11,675,914**	**5,240.15**	8,168,973	3,666.24
Great Britain Pound	**2,025,666**	**909.12**	1,484,842	666.40
	13,701,580	**6,149.27**	9,653,815	4,332.64

21. Financial instruments: Fair values

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

22. Related party transactions

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

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

		2010		2009	
Name of related parties		**US $ Dr/(Cr)**	**Rs. in Lacs**	US $ Dr/(Cr)	Rs. in Lacs
Flex America Inc. - U.S.A.	Trade account	**256,637**	**115.18**	3,506,515	1573.72
Uflex Limited. - India	Trade account	**5,661,526**	**2540.89**	1,539,131	690.76
Flex Americas S.A DE CV-Mexico	Trade account	**(23,761)**	**(10.66)**	-	-
Flex P Films Egypt S.A.E- Egypt	Share application money pending allotment	**9,207,398**	**4132.28**	3,462,184	1553.83
Mrs. Rashmi Chaturvedi	Remuneration	**(20,000)**	**(8.98)**	(20,000)	(8.98)
Mr. Pradeep Tyle	Remuneration	**(10,000)**	**(4.49)**	(10,000)	(4.49)
Mr. R.K. Jain	Remuneration	**(5,000)**	**(2.24)**	(5,000)	(2.24)
Mr. Pramod Sirsamkar	Remuneration	**(5,000)**	**(2.24)**	(5,000)	(2.24)
Mr. Anantshree Chaturvedi	Remuneration	**(11,000)**	**(4.94)**	(11,000)	(4.94)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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

Name of related parties		2010 US $ Dr/(Cr)	2010 Rs. in Lacs	2009 US $ Dr/(Cr)	2009 Rs. in Lacs
Flex America Inc	Sales at normal price	**1,812,742**	**813.56**	16,309,712	7319.80
Uflex Limited	Purchases at normal price	**7.243,966**	**3251.09**	9,412,688	4224.41
Uflex Limited	Sales at normal price	**3,878,860**	**1740.83**	10,794,493	4844.57
Flex Americas S.A. DE CV	Sales at normal price	**-**		13,622	6.11
Flex Americas S.A. DE CV	Purchases at normal price	**23,761**	**10.66**	-	-
Mrs. Rashmi Chaturvedi	Salary & expenses	**240,000**	**107.71**	240,000	107.71
Mr. Pradeep Tyle	Salary & expenses	**120,000**	**53.86**	120,000	53.86
Mr. R. K. Jain	Salary & expenses	**60,000**	**26.93**	60,000	26.93
Mr. Pramod Sirsamkar	Salary & expenses	**60,000**	**26.93**	60,000	26.93
Mr. Anantshree Chaturvedi	Salary & expenses	**132,000**	**59.24**	101,933	45.75

23. Contingent liabilities

	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
Letters of credit	**9,167,651**	**4114.44**	16,326,193	7327.20

24. Lease commitments

The establishment has entered into lease agreement for rent of plots of land in the Jebel Ali Free Zone, Dubai for the period from 1st February 2004 to 30th June 2028. The un-expired portion of lease rent under the agreement amounts to US $ 6,387,606/-.

25. Capital commitments

There are no capital commitments of significant nature as at the date of statement of financial position.

26. Quantitative information

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

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

Previous year figures have been given in brackets.

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

Unit	Production	Sales			Op. Stock			Cl. Stock		
	Qty (MT)	Qty (MT)	Value US$	Rs. in Lacs	Qty (MT)	Value US$	Rs. in Lacs	Qty (MT)	Value US$	Rs. in Lacs
MT	48,762	49,227	95,136,236	42,697.14	929	1,207,699	542.02	464	791271	355.12
	(50,788)	(50,262)	(114,432,706)	(51,222.76)	(403)	(636,843)	(285.82)	(929)	(1,207,699)	(542.02)

Previous year figures have been given in brackets.

(c) Information in respect of raw materials consumed

Description	Current Year Qty (MT)	Current Year Value (US$)	Current Year Value (Rs. in Lacs)	Previous Year Qty (MT)	Previous Year Value (US$)	Previous Year Value (Rs. in Lacs)
Polyester Film	-	-	-	130	249,469	111.96
Polyster Chips	48,470	53,075,045	23,820.08	51,100	61,837,699	27,752.76
Chemicals	42	420,810	188.86	35	343,849	154.32
Others	-	225,497	101.20	-	210,871	94.64

d) Information in respect of Traded Goods:

		Current Year			Previous Year		
		Qty	Value		Qty	Value	
Description		**(MT)**	**(US$)**	**(Rs. in Lacs)**	(MT)	(US$)	(Rs. in Lacs)
Polyester Film	Purchase	-	-		1,070	2,437,487	1,093.94
Polyester Film	Sale	-	-		1,070	2,965,164	1,330.77
Polyester chips	Purchase	3,280	3,572,717	1,603.44	7,824	9,484,322	4,256.56
Polyester chips	Sale	3,280	3,876,700	1,739.86	7,824	10,303,255	4,624.10
Chemicals	Purchase	60	*1,200*	0.54	-		-
Chemicals	Sale	60	1,509	0.68	-		-

		Qty	*Value*		Qty	Value	
Description		**(Pcs)**	**(US $)**	**Rs in Lacs**	**(MT)**	**(US $)**	Rs in Lacs
Cylinders	Purchase	10,730	2,562,016	1,149.83	4,254	1,205,692	541.11
Cylinders	Sales	10,730	3,619,619	1,624.49	4,254	1,415,040	635.07

27 Comparative figures

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

28. Approval of the financial statements

The financial statements were approved by the Director and authorized for issue on 26 June 2010.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

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

Report on the Financial Statements

We have audited the accompanying financial statements of Flex P Films (Egypt) S.A.E (the "Company"), which comprise the balance sheet as at 31st March 2010, and the income statement, statement of changes in equity ,and statement of cash flows for the Financial Period from 14th January 2009 till 31st March 2010 , and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flex P Films (Egypt)S.A.E. (the "Company") as of 31st March, 2010, and of its financial performance and its cash flows for the Period from 14th January 2009 till 31st March, 2010 in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts, which include all that is required by law and by the statutes of the Company, the financial statements are in agreement thereto,

KPMG Hazem Hassan
June 29 ,2010
Cairo, Egypt

BALANCE SHEET 31 MARCH, 2010

	Notes No.	31/03/2010 US $	31/03/2010 Rs. in Lacs
ASSETS			
Long-Term Assets			
Fixed assets (net)	(4-2) ,(5)	2486014	1115.72
Project under progress	(6)	25534591	11459.92
Total Long-Term Assets		**28020605**	**12575.64**
Current Assets			
Debtors and other debit balances	(4-3/5) ,(7)	1867206	838.00
Cash and cash equivalents	(4-4) ,(8)	1476521	662.66
Total Current Assets		**3343727**	**1500.66**
Current Liabilities			
Provisions	(4-8) ,(9)	1631	0.73
Due to Parent Company & related parties	(4-7) ,(10)	9275376	4162.79
Creditors and other credit balances	(4-6) ,(11)	2558611	1148.30
Total Current Liabilities		**11835618**	**5311.82**
Excess of current liability over current assets		(8491891)	(3811.16)
Total investments		**19528714**	**8764.48**
To be financed as follows:			
Shareholders' Equity			
Issues and paid up capital	(12)	20011500	8981.16
Net (loss) for the period		(1208754)	(542.49)
Total Shareholders' Equity		**18802746**	**8438.67**
Long Term liabilities			
Fixed assets Creditors	(13)	725629	325.66
Deferred tax liabilities	(4-11-A) ,(14)	339	0.15
Total Long Term liabilities		**725968**	**325.81**
Total Shareholders' Equity and Long Term liabilities		**19528714**	**8764.48**

The accompanying notes on pages from (5) to (21) are an integral part of these financial statements and to be read therewith.

Financial Controller	**Board Member**	**Managing Director**
Rohit Gupta	**Sanjay Tiku**	**Pradeep Tyle**

Auditor's report "attached"

All figures have been converted by using the rate of Rs. 44.88/1US$ as on 31.03.2010

INCOME STATEMENT FOR THE FINANCIAL PERIOD FROM 14TH JANUARY, 2009 TILL 31st MARCH, 2010

	Note No.	From 14/1/2009 till 31/3/2010 US $	From 14/1/2009 till 31/3/2010 Rs. in Lacs
General and administrative expenses	(15)	(567,386.00)	(254.64)
Other operating expenses	(16)	(1,631.00)	(0.73)
Operation (Loss)		(569,017.00)	(255.37)
Financing (expenses)/revenue	(17)	(639,398.00)	(286.96)
Net (loss) before tax		**(1,208,415.00)**	**(542.33)**
Income tax	(4-11-A)		0.00
Deferred tax expenses	(4-11-A),(14)	(339.00)	(0.15)
Net (loss) of the Period		**(1,208,754.00)**	**(542.48)**
(Loss) per share ($/Share)	(4-13) ,(19)	**(0.635)**	**(-)**

The accompanying notes on pages from (5) to (21) are an integral part of these financial statements and to be read therewith.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 14 JANUARY 2009 TILL 31, MARCH 2010

Description	Issued and paid up capital		Net (loss) for the period		Total	
	US$	Rs. In Lacs	US$	Rs. In Lacs	US$	Rs. In Lacs
Net (loss) for the period	-	-	-	-	-	-
Paid in Capital	20011500	8981.16	-	-	**20011500**	**8981.16**
Net Loss for the Period	-	-	(1,208,754)	(542.49)	**(1,208,754)**	**(542.49)**
Balance as of 31/3/2010	**20011500**	**8981.16**	**(1,208,754)**	**(542.49)**	**18,802,746**	**8438.67**

The accompanying notes on pages from (5) to (21) are an integral part of these financial statements and to be read therewith

CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD FROM 14TH JANUARY, 2009 TILL 31st MARCH, 2010

	Note No.	From 14/1/2009 till 31/3/2010 US $	Rs. in Lacs
Cash flows from operating activities			
Net (loss) for the period		(1,208,754)	(542.49)
Adjustments to reconcile net (loss)/ profit to net cash (used in)/provided from operating activities			
Fixed assets depreciation		14,554	6.53
Financing (expenses)/revenue		(3,111)	(1.40)
Other operation expenses		1,631	0.73
Deferred tax expenses		339	0.15
		(1,195,341)	**(536.48)**
Change in working capital			
Change in Debtors and other debit balances *		(1,864,095)	(836.61)
Change in Due to related parties		9,275,376	4,162.79
Change in Creditors and other credit balances *		1,929,193	865.82
Net cash flows provided from operating activities		**8,145,133**	**4,192.00**
Cash flows from investing activities			
Payments for property and equipment		(1,145,521)	(65.31)
Payments for Project under progress		(25534591)	(11,459.92)
Net cash flows (used in) investing activities		**(26,680,112)**	**(11,525.23)**
Cash flows from financing activities			
Paid in Capital		20,011,500	8,981.16
Net cash flows provided from financing activities		**20,011,500**	**8,981.16**
Net change in cash and cash equivalents		1476521	662.66
Cash and cash equivalents as at January 14th		-	-
Cash and cash equivalents as at March 31st	(4-4) ,(18)	**1,476,521**	**662.66**

The accompanying notes on pages from (5) to (21) are an integral part of these financial statements and to be read therewith.

* the non cash transaction represented in the following

1- amount of USD 1,355,047 which deducted from Fixed assets, Fixed assets creditors & Change in Creditors and other credit balances, this amount represents the installments which hasn't been settled yet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 14 JANUARY, 2009 TILL 31 MARCH, 2010

1 The Company's Background and Its Activities

- Flex P. Films (Egypt) S.A.E. - An Egyptian Joint Stock Company- was established under the provisions of law No. 159 of 1981 and law No. 95 of 1992 its executive regulation.
- The company was registered in the commercial register under no. 36616, dated 14th January, 2009.
- The company period is 25 years starting from 14th January, 2009 till 13th January 2034, the first financial period is starting from 14th January, 2009 till 31st December 2010.
- The company located in plot No.3 at the Northern Expansions, Building no. 6, Industrial Zoon, 6th of October City.

- According to the extra ordinary assembly meeting on 11th January 2010, the company changed its address to be Plot No. R2 IDG Ill, Engineering Square Northern Extension Industrial Zoon, 6th of October City, the new location has been registered in the commercial register at 18th February 2010.
- Mr. Ashok Kumar Chaturvedi is the Chairman.

2 The objective of the company

- Establish and operate a factory for manufacturing wrapping and packing papers (other than craft) and carton without making the dough of paper.
- Printing the commercial printings without making the paper dough.

According to the extra ordinary assembly meeting decree dated 28th July 2009, the Company objective has been amended to be manufacturing and exporting of different types of polypropylene films (plain, coated, metalized), polyester films (plain ,coated ,metalized) and bioxially oriented polypropylene

Taking into consideration the provisions of the applicable laws, regulations and decrees, provided that all the necessary licenses for the exercise of these activities shall be issued.

3 Basis of preparation of financial statements

a. Statement of compliance

These financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian Laws and regulations.

b. Basis of measurement

The financial statements are prepared on the historical cost convention.

c. Functional and presentation currency

These financial are presented in (USD), which is the company's functional currency.

d. Use of estimates and judgements

The preparation of the financial statements in conformity with Egyptian Accounting Standards require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

- The estimates and underlying assumptions are reviewed on an ongoing basis.
- Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. Significant accounting policies

The following accounting polices have been applied consistently by the company to all periods presented in these financial statements.

4.1 Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to USD at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

4.2 Property, plant, equipment and depreciation

A) Recognition and measurement

Property and equipment are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 4-5). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method.

B) Depreciation

The estimated useful lives are as follows:

Asset	Useful life Years
Furniture & Office equipment	4 - 6
Vehicles	4
Tools & Equipments	4
Computers	6

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010

4.3 Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other receivables are stated at cost less impairment losses (4.5-A).

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current accounts and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash Flow statement is being prepared using the indirect method.

4.5 Impairment

A. Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for- sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

B. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized

4.6 Trade and other payable

The balance of the creditors are recorded with their cost value, liability (accruals) were recognized and recorded with the value expected to be paid in the future in return of goods & services received.

4.7 Related parties transactions

During the year and in ordinary course of business, the company dealt with related parties in compliance with the terms and rules applied in dealing with others

4.8 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, and it is probable that a flow of economic benefits will be required to settle the obligation. A reliable estimation of the obligation amount can be performed. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. The Provisions balances are reviewed on an ongoing basis at the reporting date to disclose the best estimation on the current year.

4.9 Legal reserve

The Company is required to set aside at least 5% of the annual net profit to form the legal reserve, such reserve shall cease when it reaches 50% of the issued capital, when this reserve decrease, the Company is required to resume setting aside 5% of the annual net profit

4.10 Revenue Recognition

A) Interest income

Is recognized on accrual basis.

4.11 Expenses

A) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

B) Employees' retirement benefits

The Company contributes to government social insurance system in accordance with the Social Insurance Law No.79 for 1975 as amended; the Company's obligations for contributions to this defined contribution pension plan are recognized as a salary expense in the income statement as incurred, the Company's obligation is confined to make such contribution.

4.12 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

4.13 Earning per share

The Company presents basic Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

5. FIXED ASSETS

	Land		Furniture & Office Equipment		Vehicles		Tools & Equipments		Computers		Total	
	USD	Rs. In Lacs	USD	Rs. In Lacs	USD	Rs. In Lacs	USD	Rs. In Lacs	USD	Rs. In Lacs	USD	Rs. In Lacs
Cost												
Cost as at 14th Jan 2009	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	2387547	1071.53	29209	13.11	75964	34.09	476	0.21	7372	3.31	2500568	1122.25
Cost as at 31st March 2010	**2387547**	**1071.53**	**29209**	**13.11**	**75964**	**34.09**	**476**	**0.21**	**7372**	**3.31**	**2500568**	**1122.25**
Depreciation												
Accumulated depreciation as at 14th jan 2009	-	-	-	-	-	-	-	-	-	-	-	-
Period Depreciation	-	-	3638	1.63	10267	4.61	15	0.01	634	0.28	14554	6.53
Accumulated depreciation as at 31st March 2010	-	-	3638	1.63	10267	4.61	15	0.01	634	0.28	14554	6.53
Net book value as at 31st March 2010	**2387547**	**1071.53**	**25571**	**11.48**	**65697**	**29.48**	**461**	**0.02**	**6738**	**3.03**	**2486014**	**1115.72**

* The land equal to 69,916 m^2 hasn 't been registered yet by the name of Company, according to the purchasing contract the transfer of ownership from Industrial Development Group IDG (the seller) into company name will be proceed after paying the remaining balance due on the Company amounted to USD 1,584,842 as of 31/3/2010(as mentioned in disclosure no.II).

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010

6 Project under construction

This item is represented as follows:-

	31/3/2010 USD	31/3/2010 Rs. In Lacs
Building under construction	2733253	1226.68
Machines under construction	13490613	6054.59
	16223866	**7281.27**
Suppliers in Advance		
Building	494811	222.07
Machines	8567439	3845.07
Land *	241400	108.34
Vehicles	7075	3.18
	9310725	4178.66
	25534591	11459.93

* This balance include an amount of USD 241,400 represents the advances payment against the Plots no (H2 ,H4, H6, & R4) at 6th October Industrial Zoon, the company didn't sign there agreement yet.

7 Debtors and other debit balances

This item is represented as follows.-

	31/3/2010 USD	31/3/2010 Rs. In Lacs
Sales Tax Authority	1204131	540.41
Prepaid expenses	1282	0.58
Employees imprested fund	18394	8.26
Employees Advance	39107	17.55
Deposits with others	9381	4.21
Accrued Interest *	594911	267.00
	1867206	**838.01**

* This balance include an amount of USD 591,800 represents the management's fee against the arrangement of KFW loan as mentioned in note no (25).

8 Cash and cash equivalents

This item is represented as follows:-

	31/3/2010 USD	31/3/2010 Rs. In Lacs
Fixed deposit *	49940	22.41
Banks - current accounts	1397320	627.12
Cash on hand	29261	13.13
	1476521	**662.66**

* The company has issued a Letter of Guarantee amounted to L.E. 250,000 (Two Hundred Fifty Thousand Egyptian Pounds) equivalent to USD 44407 (Forty four Thousands four hundred and seven US dollar) in favor of Industrial Development Group (IDG) as a security deposit for utilities, prior to commencement of the work on factory site by using the company's fixed deposit at National Bank of Abu Dhabi bank amounted to USD 49 940 as a guarantee for the bank as mentioned in details in Note no (13).

9 Provisions

This item is represented as follows:-

	Formed during the Period USD	Formed during the Period Rs in Lacs	31/3/2010 USD	31/13/2010 Rs in Lacs
Other Provisions	1631	0.73	1631	0.73
	1631	0.73	**1631**	0.73

10 Related parties transactions

Related parties are represented in the company's shareholder and the companies in which the shareholders directly or indirectly possess shares which entitle them participating material influence over these companies in addition to companies that has material influence on the company.

This item is represented as follows:-

	31/3/2010 USD	31/3/2010 Rs. In Lacs
Flex Middle East FZE (parent company)	9207398	4132.28
UFLEX Limited company (Ultimate parent company)	67978	30.51
	9275376	**4162.79**

Transactions with associated company

During the Period and in ordinary course of business, the company dealt with related parties in compliance with the terms and rules applied in dealing with others. Hereinafter, is a summary of the main transactions and balances that have resulted there from.

Related Party	Nature of Relationship	Nature of Transaction	Amount of Transaction USD	Amount of Transaction Rs. In Lacs	31.03.2010 USD	31.03.2010 Rs. In Lacs
Flex Middle East FZE	Parent Company	Finance	18552000	8326.14	9207398	4132.28
		Payments for suppliers instead of the company	4247892	1906.45	-	
		Payment of company's Expenses	408245	183.22	-	
UFlex Limited	Ultimate parent Co.	Expenses	67978	30.51	67978	30.51
					9275376	**4162.79**

11 Creditors and other credit balances

This item is represented as follows:-

	31/3/2010 USD	31/3/2010 Rs. In Lacs
Withholding tax	15837	7.11
Stamp Tax	2046	0.92
Salary tax Authority	1395	0.63
Sales Tax	554040	248.65
Custom Duties	22804	10.23
Accrued expenses	39622	17.78
Suppliers retention	1288499	578.28
Social Insurance Authority	2716	1.22
Fixed assets creditors *	629418	282.48
Customers advance payment	1998	0.90
Other Credit balance	236	0.11
	2558611	1148.31

* represents the short term of land value due to IDG as mentioned in Note No (13).

12 Capital

A. Authorized capital

The Company's authorized capital amounted to L.E 2,500,000 (Two million Five hundred Thousands Egyptian Pounds) equivalent to USD 462,006 (four hundred sixty two Thousands & six US dollar) distributed over 250,000 shares (Two hundred fifty Thousands Shares) the nominal value of each share is 10 Egyptian pound (Ten Egyptian Pounds) equivalent to USD 1.85 (one dollar eighty five cents)

According to extra ordinary assembly meeting decree dated January 11, 2010, the Company's authorized capital has been increased by an amount ofL.E 542,500,000 (Five hundred forty two millions Five hundred Thousands Egyptian Pounds) equivalent to USD 100,462,963 (One hundred million four hundred sixty two Thousands nine hundred sixty three US dollar) distributed over 54,250,000 shares (Fifty four millions two hundred fifty Thousands Shares) the nominal value of each share is 10 Egyptian pound (Ten Egyptian Pounds) equivalent to USD 1.852 (one dollar eight hundred fifty two cents).

Accordingly the Company's authorized capital amounted to L.E 545,000,000 (Five hundred forty five millions Egyptian Pounds) equivalent to USD 100,922,969 (One hundred million nine hundred twenty two Thousands nine hundred sixty nine US dollar) distributed over 54,500,000 shares (Fifty four millions five hundred Thousands Shares) the nominal value of each share is 10 Egyptian pound (Ten Egyptian Pounds) equivalent to USD 1.852 (one dollar eight hundred fifty two cents).

B. Issued and paid up capital

The issued capital was determined by L.E 250,000 (Two Hundred and fifty Thousands Egyptian pounds) equivalent to USD 46,000 (Forty six Thousands US dollar) distributed over 25,000 shares (Twenty five Thousands Shares), the nominal value of each is 10 Egyptian pound (Ten Egyptian Pounds), equivalent to USD 1.85 (One dollar eighty five cents) and all of which are nominal cash shares ,shareholders paid 25% (L.E 62,500 equivalent to USD 11,500) on Alexandria Bank which has been registered on the commercial register on 1st April 2009.

According to extra ordinary assembly meeting decree dated 11th January 2010, the Company's issued capital has been increased by amount of L.E 149,750,000 (One hundred forty nine millions seven hundred fifty Thousands Egyptian Pounds) equivalent to USD 27,731,481 (Twenty seven millions seven hundred thirty one Thousands four hundred eighty one US dollar), the company paid 72.12% from the increase by an amount of L.E 108,000,000 (One hundred eight millions Egyptian Pounds) equivalent to USD 20,000,000 (Twenty millions American dollar).

Accordingly the Company's issued capital amounted to L.E 150,000,000 (One hundred fifty millions Egyptian Pounds) equivalent to USD 27,777,481 (Twenty seven million seven hundred seventy seven Thousands four hundred eighty one US dollar). The capital increase has been registered in the commercial register on 18th February, 2010.

The Company's issued capital amounting to L.E 150 Millions equivalent to USD 27777481 distributed over 15 millions shares of par value 10 Egyptian pound each equal to USD 1.852 as follows:

Name	Nationality	No of Share	Issued Capital Amount L.E	Issued Capital Amount USD	Issued Capital Rs in Lacs	*Paid up Capital* Amount USD	*Paid up Capital* Amount Rs in Lacs
Mr. Pradeep Tyle	Indian	50	500	92	0.04	23	0.01
Mr. Ashok Kumar Chaturvedi	Indian	50	500	92	0.04	23	0.01
Flex Middle East FZE	United Arab Emirates	14999900	149999000	27777297	12466.45	20011454	8981.14
		15000000	**150000000**	**27777481**	**12466.53**	**20011500**	**8981.16**

13 Fixed assets Creditors

This item is represented in amounts due on the company to Industrial Development Group IDG against purchased land.

	Short Term Liability 31/3/2010 USD	Short Term Liability 31/3/2010 Rs. In Lacs	Long Term Liability 31/3/2010 USD	Long Term Liability 31/3/2010 Rs. In Lacs
Balance *	629418	282.48	725629	325.66
	629418	**282.48**	**725629**	**325.66**

* On 5th April, 2009 the company purchased a plot of land (equal to 69916 sq. mtr.) from Industrial Development Group IDG by an amount of USD 2,796,700 include an interest amounted to USD 409,153 will be paid as follows:

- USD 411,577 down payment.
- USD 2,397,123 will be paid on twelve quarterly installments end at 1st January, 2012 according to the following terms :

1. The transfer of ownership shall not be effected by Industrial Development Group (the seller) while paying all the land value outstanding balance as of 31st March, 2010 amounted to USD 1,584,842.
2. Without prejudice to any other rights established for Industrial Development Group company by virtue of this Contract, Industrial Development Group company shall maintain a seller's concession right over the sold area as well as all establishments and buildings to be constructed thereon, to guarantee due settlement of the remaining price with all related legal supplements and expenses which right shall be null & void after receiving full payment.
3. The company shall not dispose or waive the hereby sold area or any buildings or establishments thereon to a third party, nor conduct any other type of dispositions or assignments, provide the sold area as in-kind share in a company, use same to participate in another company or merge into same, whatever the status of this company, even if these dispositions are in the form of a usufruct right, an easement right, an official mortgage or a lease, prior to payment of the entire sale price to the Industrial Development Group company (Seller) and on the condition of granting a written approval expressly authorizing the company to make such disposition together with payment of an amount equivalent to 5% of the total sold land's price stated herein to Industrial Development Group company, upon making any type of such dispositions regarding the piece of land or any part

there of in case of the first party's approval regarding such this dispositions, the company shall not be deemed as guarantor, jointly with the assignee in whose favor the disposition is made, regarding due execution of the terms and conditions of this Contract. The company, however, shall be liable for submission of a declaration to the Seller regarding the approval of the company, and its private and general successor, to the above obligations with all related terms and conditions,

4. According to the preliminary sale contract dated 24th October, 2007 concluded between Industrial Development Group IDG company & the General Authority for Industrial Development, according to the protocol signed on 1st March, 2006 by the latter & the New Urban Community, pursuant to the authorization granted to the General Authority - as per the said protocol- and in conformity with the terms and conditions permitting transfer of ownerships from the General Authority to the end beneficiary accordingly
5. IDG ownership rights, regarding the piece of land sold to the company have been transferred to the former by virtue of the preliminary sale contract dated 24th October, 2007 and concluded by and between IDG and the General Authority for Industrial Development,according to the Protocol signed on 1/3/2006 by the latter and the New Urban Community, pursuant to the authorization granted to the General Authority- as per the said Protocol and in conformity with the terms and conditions permitting transfer of ownerships from the General Authority to the end-beneficiary. The company shall have the right to register purchased land, upon due performance of its obligations after registration by the General Authority for Industrial Development of the land in the name of the First Party or directly in the name of the company, upon IDG approval.
6. The Company provided the Industrial Development Group company a Letter of Guarantee amounted to LE 250,000 (Two Hundred Fifty Thousand Egyptian Pounds) equivalent to USD 44,407 (Forty four Thousands four hundred and seven US dollar) with unconditional banking as a security deposit for utilities, prior to commencement of the works on the site. The said LG shall remain in possession of the Industrial Development Group company all along the period of construction.

14 Deferred Tax Liabilities

This item is represented as follows:-

	Assets 31/3/2010 USD	Assets 31/3/2010 Rs in Lacs	Liabilities 31/3/2010 USD	Liabilities 31/3/2010 Rs in Lacs
Fixed assets (depreciation)	-		339	0.15
	-		339	0.15

15 General and administration expenses

This item is represented as follows:

	31/3/2010 USD	31/3/2010 Rs in Lacs
Salaries and wages	99290	44.56
Water and electricity	1912	0.86
Fuel And Oil	3081	1.38
Printing & stationary	2569	1.15
Postage, telegram & Telephone	8966	4.02
Travel & transportation	337698	151.56
Car Rent	4933	2.21
Car Maintenance-	3751	1.68
Insurance	1221	0.55
Bank charges	4814	2.16
Professional fees	44546	19.99
Subscriptions	1120	0.50
Entertainment	1444	0.65
Rent	36000	16.16
Deprecation	14554	6.53
Other	1487	0.67
	567386	**254.63**

16 Other Operation Expenses

This item is represented as follows:

	31/3/2010 USD	31/3/2010 Rs in Lacs
Other Provisions	1631	0.73
	1631	**0.73**

17 Financing (Expenses)/Revenue

This item is represented as follows:

	31/3/2010 USD	31/3/2010 Rs. In Lacs
Financing Revenue		
Bank interest	3,111.00	1.40
	3,111.00	1.40
Financing Expenses		
Foreign exchange differences expenses	(463,116.00)	(207.85)
Installments interest	(179,393.00)	(80.51)
	(642,509.00)	**(288.36)**
	(639,398.00)	(286.96)

18 Cash and cash equivalent

The cash flow statement was prepared according to indirect method, and for the purpose to prepare cash flow, cash and cash equivalent items represent as follows;

	31/3/2010 USD	31/3/2010 Rs. In Lacs
Fixed deposit	49940	22.41
Banks - current accounts	1397320	627.12
Cashon hand	29261	13.13
	1476521	662.66

19 Earning Per Share in the Net (loss) of the period

Earning per share in the net (loss) of the Period are calculated by using the weighted average of outstanding shares during the year as follows:

	31/3/2010 USD	31/3/2010 Rs. In Lacs
Net (loss) for the period	(1,208,754.00)	(542.49)
No. of outstanding shares during the period	1,903,125.00	854.12
(Loss) per share in the net (loss)	(0.635)	(28.50)

20 Tax Status

A. Corporate tax

No inspection has been done till now and the company pays withholding tax.

B. Payroll tax

No inspection has been done till now and the company pays payroll tax on a regular basis.

C. Stamp tax

No inspection has been done till now.

D. Sales tax

No inspection has been done till now.

21. Financial Instruments Fair Value

The financial instruments are represented in Monetary Assets (cash at banks and on hand, accounts & notes receivables and debtors & other debit balances), monetary liabilities (bank credit balances, due to related parties, accounts and notes payables creditors and other credit balances) the present values of these financial Instruments represent a reasonable estimate to their fair values. Note no (5) of the notes to the financial statements include the significant accounting polices used in recording and measuring significant financial instruments and the related revenues and expenses.

22 Financial Instruments and related management risk

A. Credit Risk:

The credit risk is represented in the debtors' inability (accounts receivable & debtors & other debit balance) to pay their debts, during 2009 up till March 2010 the company didn't start operation up till now and all the debit balance is represented in the supplier in advance which the company has a contract with them.

B. Foreign Exchange Risk:

The foreign currencies risk results from fluctuation in exchange rates, which affect the company's cash in flow and out flow as well as the value of monetary assets and liabilities denominated in foreign currencies. As at the date of the balance sheet the company has foreign currency monetary assets and liabilities equivalent of USD 2,137,654 & USD 50,759 respectively. The company's net balances in foreign currencies at the balance sheet date are as follows:

Foreign currencies	Surplus
EUR	57666
Egyptian Pound (L.E)	11079520

23 Contingent liabilities

As mentioned in note no (8) the company issued a Letter of Guarantee amounted to L.E 250,000 equivalent of USD 44,407 in favor of Industrial Development Group (IDG) as a security deposit for utilities, prior to commencement of the work on the site by using the company's fixed deposit at National bank of Abu Dhabi bank amounted to USD 49,940 as a guarantee for the bank. Accordingly, the contingent liability amounted by USD 5,533.

24 Capital commitments

The company has signed many contracts to purchase fixed assets. Accordingly, the capital commitments amounted to USD 11,970,523 represented as follow:

Description	31/3/2010 USD	31/3/2010 Rs. in Lacs
Machines	10040646	4506.24
Building	1292328	580.00
Computer	568556	255.17
Lab & Testing Equipment	68993	30.96
	11970523	5372.37

25 Loan

On 18th February 2010, the company signed a loan contract with KFW IPEX-Bank GmbH according to the following terms:

A) The loan amount:

EUR 42,200,000 (forty two million two hundred thousand Euro)

	31/3/2010 EUR
Phase (1)	15 000 000
Phase (2)	22000 000
	37000000
Tranche Interest During Construction Phase (1)	2 000 000
Tranche Interest During Construction Phase (2)	3200 000
	5200000
	42200000

B) Interest rate:

The Company shall pay to the Lender a fee computed at the rate of 1.10 per cent per annum on all amounts borrowed

C) Repayment:

Loan shall be repaid in 17^{th} equal consecutive semi-annual Repayment Installments. The first Repayment Installment shall be on the earlier of

- the date falling six months after Readiness of Operation Phase 1
- the date falling six months after Readiness of Operation Phase 2

D) Guarantee:

- The Lenders shall have 95 % of the claims arising from this Agreement guaranteed by Hermes Guarantees. The unrestricted existence of the Hermes Guarantee in respect of Disbursements under Loan shall be a prerequisite for any Disbursement under Loan.
- The Borrower's payment obligation is irrevocably and unconditionally guaranteed by the Guarantors (both of Mr. Ashok Chaturvedi - Company's Chairman and Managing Director of Uflex Limited (Ultimate parent)).
- The company shall procure Uflex Limited to execute and deliver to the Agent in due time prior to the first Disbursement a payment guarantee relating to the obligations of the Borrower under this Agreement.
- The Borrower shall procure Mr. Ashok Chaturvedi (Chairman & Managing Director of Uflex Limited) to execute and deliver to the Agent in due time prior to the first Disbursement a personal guarantee relating to the obligations of the Borrower under this Agreement.
- A Mortgage of Land shall be created as soon as possible after the ownership of the real estate the Film Lines will be operated on has been transferred to the company but in no event later than one year after the date of the loan Agreement
- Pledge of the shares held by Flex Middle East FZE, Dubai, UAE in the company pursuant to the Share Pledge Agreement will be released immediately once the Mortgage of Land has been created and registered. KFW IPEX-bank (Agent & Hermes Agent) therefore herewith undertakes to immediately consent to a release of the share pledge once the Mortgage of Land is registered
- The company must not, without the prior written consent of the KFW IPEX- bank, acquire an asset: that is (and will continue to be at any time after acquisition) subject to an existing Security Interest (except a Permitted Security Interest); or which will become subject to a Security Interest (except a Permitted Security Interest).
- The company may not create or allow to exist a Security Interest over its assets except a Permitted Security Interest.

26 Comparative Figures

The first financial period is from 14th January 2009 till 31st Dec 2010, accordingly there are no comparative figures for this period.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st MARCH, 2010

The Directors present their report with the financial statements of the Company for the year ended 31st March 2010.

The company changed its name from Flex Europe Private Limited by Special Resolution on 21st September 2009.

DIRECTORS

The Directors shown below have held office during the year:-

Mr A K Chaturvedi

Mr A Sachdeva

Mr A C Srivastava (Resigned 14th April 2010)

Mr A Prasad

Mr P Srivastava (Appointed 8th July 2009)

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were those of the marketing of packaging products for the confectionery and related trade.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

a) select suitable accounting policies and apply them consistently;

b) make judgements and accounting estimates that are reasonable and prudent;

c) prepare the financial statements on the going concern unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act, 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit informatlon (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Parker Lloyd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This Report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By Order of the Board

P SRIVASTAVA

5th May, 2010 **Director**

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UFLEX EUROPE LIMITED FOR THE YEAR ENDED 31ST MARCH 2010

We have audited the financial statements of Uflex Europe Limited for the year ended 31st March 2010 on pages 8 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act, 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion, the financial statements (a) give a true and fair view of the state of the company's affairs at 31st March 2010 and of its profit for the year then ended (b) have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities and (c) have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act, 2006

In our opinion, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exeption

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion (a) adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us or (b) the financial statements are not in agreement with the accounting records and returns or (c) certain disclosures of Directors' Remuneration specified by law are not made or (d) we have not received all the information and explanations we require for our audit or (e) the Directors were not entitled to prepare the finanancial Statements and the Report of the Directors in accordance with the small companies regime .

30 POLAND STREET	**PARKER LLOYD**
LONDON W1F 8QS	REGISTERED AUDITORS
	5th May 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

		2010		2009	
		£	**Rs. in Lacs**	£	Rs. in Lacs
TURNOVER	(Notes 1 & 2)	**97,142.00**	**65.75**	20,000.00	13.54
COST OF SALES		**36,485.00**	**24.69**	-	-
GROSS PROFIT		**60,657.00**	**41.06**	20,000.00	13.54
OTHER INCOME		**5.00**	**-**	663.00	0.45
		60,662.00	**41.06**	20,663.00	13.99
ADMINISTRATION EXPENSES		**273,558.00**	**185.14**	41,126.00	27.83
OPERATING LOSS	(Note 3)	**(212,896.00)**	**(144.08)**	(20,463.00)	(13.84)
TAXATION	(Note 5)	**-**	**-**	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		**(212,896.00)**	**(144.08)**	(20,463.00)	(13.84)

All figures have been converted by using rate of Rs. 67.68/1 GBP as on 31st March, 2010.

The Notes on pages 10 to 14 form part of these Financial Statements.

BALANCE SHEET AS AT 31st MARCH, 2010

		2010				2009			
		£	**Rs. in Lacs**	**£**	**Rs. in Lacs**	£	Rs. in Lacs	£	Rs. in Lacs
FIXED ASSETS	(Note 4)			**22,288**	**15.08**	-	-	-	-
CURRENT ASSETS									
Debtors	(Note 6)	**92,272**	**62.45**			44,275	29.97		
Cash at Bank		**17,357**	**11.75**			21,001	14.21		
		109,629	**74.20**			65,276	44.18		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(Note 7)	**55,577**	**37.61**			6,536	4.42		
NET CURRENT ASSETS				**54,052**	**36.59**			58,740	39.76
				76,340	**51.67**			58,740	39.76
CREDITORS: AMOUNTS FALUNG DUE AFTER MORE THAN ONE YEAR	(Note 8)			**12,496**	**8.46**			-	-
TOTAL ASSETS LESS CURRENT LIABILITIES				**63,844**	**43.21**			58,740	39.76
CAPITAL AND RESERVES									
CALLED UP SHARE CAPITAL	(Note 11)			**318,000**	**215.22**			100,000	67.68
RESERVES	(Note 13)			**(254,156)**	**(172.01)**			(41,260)	(27.92)
				63,844	**43.21**			58,740	39.76

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act, 2006 relating to small Companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 5th May 2010 and were signed on its behalf by:

P SRIVASTAVA - DIRECTOR

The Notes on pages 10 to 14 form part of these financial statements.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

NOTE 1

ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Stock

Stock is valued at the lower of cost and net realisable value.

Turnover

Turnover derived from ordinary activities represents net invoiced sales of goods, excluding Value Added Tax.

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the Directors, there is a reasonable probability that the liability will not arise in the foreseeable future.

NOTE 2

TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

NOTE 3

OPERATING LOSS

The operating loss is stated after charging:-

	2010		2009	
	£	**Rs. in Lacs**	£	Rs. in Lacs
Director's Remuneration	**52,458**	**35.50**	-	-
Hire Purchase Interest	**145**	**0.10**	-	-
Audit Fee	**5000**	**3.38**	2500	1.69

NOTE 4

TANGIBLE FIXED ASSETS

	Motor Vehicle		**Equipments**		**Total**	
	£	**Rs. In Lacs**	£	**Rs. In Lacs**	£	**Rs. In Lacs**
Cost						
At: 01-01-09	-	-	-	-	-	-
Additions	24,945	16.88	2,914	1.97	27,859	18.85
Disposals	-	-	-	-	-	-
At: 31-03-10	**24,945**	**16.88**	**2,914**	**1.97**	**27,859**	**18.85**
Depreciation						
At: 01-01-09	-	-	-	-	-	-
Provided during the Year	4,989	3.38	582	0.39	5,571	3.77
Disposals	-	-	-	-	-	-
At: 31-03-10	4,989	3.38	*582*	0.39	5,571	3.77
Net Book Value						
At 31-03·10	**19,956**	13.51	2332	1.58	**22,288**	15.09
At: 31-03-09	**-**	-	-	-	-	-

NOTE 5

TAXATION

No liability to Corporation Tax arose on ordinary activities shown in the accounts due to the availability of taxable losses.

NOTE 6

DEBTORS

	2010		2009	
	£	Rs. In Lacs	£	Rs. In Lacs
Trade Debtors	**48,919**	**33.11**	-	-
Prepayments and Other Debtors	**40,051**	**27.11**	44,275	29.97
Recoverable Value Added Tax	**3,302**	**2.23**	-	-
	92,272	**62.45**	44,275	29.97

NOTE 7

CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade Creditors	**36,485**	**24.69**	-	-
Accruals and Other Creditors	**7,219**	**4.89**	6,536	4.42
Hire Purchase Contract	**6,519**	**4.41**	-	-
Other Taxes and Social Security Cost	**5,354**	**3.62**	-	-
	55,577	**37.61**	6,536	4.42

NOTES 8

CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Hire Purchase Contract	**12,496**	8.46	-	-

NOTE 9

PARENT COMPANY

The parent company is Uflex Limited, a company incorporated in India.

NOTE 10

GOING CONCERN

The company is dependant on the continual financial support of the parent company.

NOTE 11

CALLED UP SHARE CAPITAL	2010		2009	
	£	Rs. In Lacs	£	Rs. In Lacs
Authorised				
1,000,000 Ordinary Shares of £1 Each	**1,000,000**	**676.80**	100,000	67.68
Issued and Fully Paid				
318,000 Ordinary Shares of £1 Each	**318000**	**215.22**	100,000	67.68

On 5th June 2009, the Company increased its Authorised Share Capital by 900,000 Ordinary Shares of £1.00 each.

During the year, the company issued a further 218,000 £1.00 ordinary shares at par-ranking *pari-passu* in all respect with the existing shares in the capital of the company.

NOTE 12

TRANSACTIONS WITH PARENT COMPANY

During the year, goods to the value of £36,485 was acquired from Uflex Limited, the parent company on normal commercial terms. As at year ended 31st March 2010, the amount is shown as a trade creditor.

NOTE 13

RESERVES	2010		2009	
	£	Rs. In Lacs	£	Rs. In Lacs
Balance brought forward	**(41,260.00)**	**(27.92)**	(20,797.00)	(14.08)
Loss for the year	**(212,896.00)**	**(144.09)**	(20,463.00)	(13.85)
Balance carried forward	**(254,156.00)**	**(172.01)**	(41,260.00)	(27.93)

DIRECTORS' REPORT

The Directors submit herewith their Annual Report together with the financial statements for the year ended to 31 March 2010.

PRINCIPAL ACTIVITY

The principal activity of the company is investment holding .

RESULTS AND DIVIDENDS

The results for the year are shown in the statement of comprehensive income on page 7. The Directors do not propose the payment of a dividend for the year under review.

STATUS

The Company was incorporated in the Republic of Mauritius on 10 April 2008 under the Companies Act, 2001 and was granted a Global Business Licence under the Financial Services Act 2007.

STATEMENT OF DIRECTORS' RESPONSIBILTIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs and of the results of the company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act, 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

SECRETARY
International Management (Mauritius) Ltd.
Date: 16 June 2010

REPORT FROM THE SECRETARY TO THE MEMBERS OF UPET HOLDINGS LIMITED

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of UPET Holdings Limited under section 166(d) of the Companies Act, 2001 for the year ended 31 March, 2010.

for International Management (Mauritius) Ltd.

CORPORATE SECRETARY
Date : 16 June 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of UPET HOLDINGS LIMITED ('the Company'), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of UPET HOLDINGS LIMITED ('the Company') on pages 6 to 24, which comprise the statement of financial position as at 31 March 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2010, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 6 to 24 give a true and fair view of the financial position of the Company as at 31 March 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company other than in our capacity as auditors. We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

DOS ASSOCIATES	Osman Badat FCA
Public Accountants and Licensed Auditor	Signing Partner

Port Louis,
Maruitius
Date : 16 June 2010

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2010

	Notes	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
ASSETS					
Non-current assets					
Investment in subsidiary	5	**30,200,073**	**13,553.79**	30,200,073	13,553.79
Current assets					
Trade and other receivables	6	**9,674**	**4.35**	10,338	4.64
Cash and cash equivalents		**159,232**	**71.45**	169,723	76.17
		168,906	**75.80**	180,061	80.81
Total assets		**30,368,979**	**13,629.59**	30,380,134	13,634.60
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	7	**30,400,001**	**13,643.52**	30,400,001	13,643.52
Revenue deficit		**(31,597)**	**(14.19)**	(20,367)	(9.14)
Shareholders'interest		**30,368,404**	**13,629.33**	30,379,634	13,634.38
Current liabilities					
Trade and other payables	8	**575**	**0.26**	500	0.22
Total equity and liabilities		**30,368,979**	**13,629.59**	30,380,134	13,634.60

Approved by the Board of Directors on 16 June 2010 and Signed by:

Director Director

The notes on pages 10 to 24 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.
All the figures have been converted by using the rate of Rs. 44.88/1US$ as on 31.03.2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2010

	Notes	For the Year Ended 31 March, 2010 US $	For the Year Ended 31 March, 2010 Rs. in Lacs	For the Period from 10 April 2008 to 31 March, 2009 US $	For the Period from 10 April 2008 to 31 March, 2009 Rs. in Lacs
INCOME					
Interest income		**300**	**0.13**	685	0.31
Foreign exchange gain		**-**	**-**	178	0.08
		300	**0.13**	863	0.39
EXPENSES			**-**		-
Licence fees		**2,295**	**1.03**	1,800	0.81
Management fees		**4,000**	**1.80**	4,000	1.80
Professional fees		**1,800**	**0.81**	12,755	5.72
Accountancy fees		**2,000**	**0.90**	2,000	0.90
Bank charges		**185**	**0.08**	345	0.15
Audit fees		**1,150**	**0.52**	-	-
Disbursements		**100**	**0.04**	330	0.15
		11,530	**5.18**	21,230	9.53
LOSS FOR THE YEAR/PERIOD BEFORE TAXATION		**(11,230)**	**(5.05)**	(20,367)	(9.14)
Taxation	4	**-**	**-**	-	-
LOSS FOR THE YEAR/PERIOD		**(11,230)**	**(5.05)**	(20,367)	(9.14)
Other comprehensive income for the year		**-**	**-**	-	-
Total comprehensive loss for the year/period		**(11,230)**	**(5.05)**	(20,367)	(9.14)

The notes on pages 10 to 24 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2010

	Stated Capital		Revenue deficit		Total	
	USD	Rs. In Lacs	USD	Rs. In Lacs	USD	Rs. In Lacs
At 10 April 2008	1	-	-	-	1	-
Issue of shares during the period	30,400,000	13643.52	-	-	30,400,000	13643.52
Total comprehensive loss for the period	-	-	(20,367)	(9.14)	(20,367)	(9.14)
At 31 March 2009	30,400,001	13643.52	(20,367)	(9.14)	30,379,634	13634.38
At 01 April 2010	30,400,001	13643.52	(20,367)	(9.14)	30,379,634	13634.38
Total comprehensive loss for the year	-	-	(11,230)	(5.04)	(11,230)	(5.04)
At 31 March 2010	**30,400,001**	**13643.52**	**(31,597)**	**(14.18)**	**30,368,404**	**13629.34**

The notes on pages 10 to 23 form an integral part of these financial statements.
Auditors' reprot on pages 4 and 5.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2010

	2010		2009	
	US $	Rs. in Lacs	US $	Rs. in Lacs
OPERATING ACTIVITIES				
Loss before taxation	**(11,230)**	**(5.05)**	(20,367)	(9.14)
Adjustments for:				
Interest income	**(300)**	**(0.13)**	(685)	(0.31)
Increase in trade and other receivables	**664**	**0.29**	(10,338)	(4.64)
Increase in trade and other payables	**75**	**0.04**	500	0.22
Cash absorbed in operations	**(10,791)**	**(4.84)**	(30,890)	(13.87)
Interest received	**300**	**0.13**	685	0.31
Net cash used in operating activities	**(10,491)**	**(4.71)**	(30,205)	(13.56)
INVESTING ACTIVITIES				
Purchase of investments	**-**	**-**	(30,200,073)	(13,553.79)
Net cash used in investing activities	**-**	**-**	(30,200,073)	(13,553.79)
FINANCING ACTIVITIES				
Issue of shares	**-**	**-**	30,400,001	13,643.52
Net cash generated from financing activities	**-**	**-**	30,400,001	13,643.52
(Decrease)/increase in cash and cash equivalents	**(10,491)**	**(4.71)**	169,723	76.17
Cash and cash equivalents at the beginning of the year / period	**169,723**	**76.17**	-	-
Cash and cash equivalents at the end of the year/period	**159,232**	**71.45**	169,723	76.17

The notes on pages 10 to 23 form an integral part of these financial statements.
Auditors' reprot on pages 4 and 5.

NOTES TO THE FINANCIAL STATEMENTS-31 MARCH 2010

1. COMPANY PROFILE

The Company was incorporated in Mauritius under the Companies Act 2001 on 10 April 2008 as a private company limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission.

The principal activity of the company is that of investment holding and its registered office is at Les Cascades Building, Edith Cavell Street, Port-Louis, Mauritius.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention.

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) and generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(b) Changes in accounting policies and disclosures

The company has adopted the following standards and amendments as at 1 April 2009:

- IAS 1 (Revised 2007) Presentation of Financial Statements;

Amendements to IFRS 7 Financial Statements: Disclosures - Improving Disclosures about Financial Instruments:

The principle effect of these changes is as follows:

IAS 1 (Revised 2007) Presentation of Financial Statements

The standard replaces IAS 1 Presentation of Financial Statements (Revised in 2003) as amended in 2005.

The revised IAS 1 of Financial Statements was issued in September 2007 and is effective for accounting periods beginning on or after 1 January 2009.

The Standard separates owner and non-owner changes in equity. The statements of changes in equity includes only details of transaction with owners, with all non-owners changes in equity presented as a single line. In addition, the Standard introduces a statement of comprehensive income. It presents all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses, either in one single statement, or in two linked statements. A balance sheet is now referred as a 'statement of financial position and, a cash flow statement is referred to as a 'statement of cash flows'.

Amendments to IFRS 7 Financial Instruments: Disclosure - Improving disclosures about Financial Instruments.

The amendments to IFRS 7 were issued in March 2009 and become effective for annual periods beginning on or after 1 January 2009. The company has adopted these amendments with effect from 1 April 2009.

The amendments to IFRS 7 require fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy:

Quoted prices (unadjusted) in active market for identical assets or liabilities (level I).

Inputs other than quoted prices included in level I that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

In addition, the amendments revise the specified minimum liquidity risk disclosures including the contractual maturity of non derivative and derivative financial liabilities, and a description of how this is managed.

(c) Adoption of new and revised International Financial Reporting Standards by the International Accounting Standards Board (IASB)

The following Standards, Amendments and Interpretations are effective for 2009 but had no impact on the financial position or performance of the company:

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquiditation.

Amendments to IAS 32 and IAS I were issued by the IASB in February 2008 and become effective for annual periods beginning on or after 1 January 2009 with early application permitted. The amendments to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if criteria are met. The amendments to IAS 1 require disclosure of certain information relating to puttable instruments classified as equity.

The Company's shares meet the definition of puttable instruments classified as equity instruments under the amendments, as the distributions to shareholders are discretionary. Hence, the amendments to IAS 32 and IAS I did not have a material impact on the financial performance or position of the company as similar treatment done in prior year.

Amendments to IFRS 2 Share - Based Payments - Vesting Conditions and Cancellations

The amendment to IFRS 2 Share-Based Payments were published in January 2008 and becomes effective for the financial years beginning on or after 1 January 2009. The standard restricts the definition of "Vesting Condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are 'non-vesting' condtions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest the result of a failure to meet a "non-vesting" condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation.

Amendments to IAS 23 Borrowing Costs.

IAS 23 Borrowing Costs issued in March 2007 supersedes IAS 23 Borrowing Costs (revised in 2003). The main change from the previous version is the removal of the option to immediately recognise as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

IFRIC 9 Reassessment of Embedded Derivates and IAS 39 Financial Instruments : Recognition and Measurement.

These amendments to IFRIC 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

IFRIC 13 Customer Loyalty Programmes

IFRIC 13 Customer Loyalty Programmes addresses accounting by the entity that grants loyalty award credits to its customers.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 Agreements for the construction of Real Estate provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation applies to an entity that hedges the foreign currency risk arising from its net investment in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39.

IFRIC 18 Transfer of Assets from Customers.

The IFRIC issued IFRIC 18 in January 2009. IFRIC 18 provides guidance on accounting for transfer of assets where cash is used to purchase those items of plant, property and equipment, which an entity from a customer, which is either used to connect the customer to a network, or provide the customer ongoing access to supply of goods and services. The interpretation is effective prospectively to transfer of assets from customers received on or after 1 July 2009.

Improvements to IFRSs

In May 2008, the IASB has issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The amendments to the following standards did not have any impact on the accounting policies, financial position or performance of the company.

IFRS 5 Non Current Assets Held for Sale and Discontinued Operations : Plan to sell the controlling interest in a subsidiary.

IFRS 7 Financial Instruments Disclosures: Presentation of Finance Costs.

IAS 1 Presentation of Financial Statement: Current Non Current classification of derivatives.

IAS 8 Accounting Policies: Change in Accounting Estimates and Errors: Status of implementation guidance.

IAS 10 Events after Reporting Period: Dividend declared after the end of the reporting period.

IAS 16 Property, Plant and Equipment: Recoverable amount: Sale of assets held for rental.

IAS 18 Revenue: Costs of originating a loan.

IAS 19 Employee Benefits: Curtailments and negative past services costs.

IAS 19 Employee Benefits: Plan administration costs.

IAS 19 Employee Benefits: Replacement of the term 'fall due'.

IAS 19 Employee Benefits: Guidance on contingent liability.

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance : Government loans with a below-market rate of interest.

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance: Consistency of terminology with other IFRSs.

IAS 23 Borrowing Costs: Components of borrowing costs.

IAS 27 Consolidated and Separate Financial Statements: Measurement of subsidiary held for sale in separate financial statements.

IAS 28 Investment in Associates: Required disclosures when investments in associates are accounted for at fair value through profit or loss.

IAS 28 Investment in Associates: Impairment of investment in associate.

IAS 29 Financial Reporting in Hyperinflationary Economies : Description of measurement basis in Financial Statements.

IAS 29 Financial Reporting in Hyperinflationary Economies : Consistency of terminology with other IFRSs.

IAS 31 Interest in Joint Ventures: Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss.

IAS 34 Interim Financial Reporting: Earnings per share disclosures in interim financial reporting.

IAS 36 Impairment of Assets: Disclosure of estimates used to determine recoverable amount.

IAS 38 Intangible Assets: Advertising and Promotional activities.

IAS 38 Intangible Assets: Unit of production method of amortisation.

IAS 39 Financial Instuments : Recognition and Measurement :Reclassification of derivatives at fair value through profit or loss.

IAS 39 Financial Instruments: Recognition and Measurement: Designation and documentation of hedges at the segment level.

IAS 40 Investment Property: Property under construction or development for future use as investment property.

IAS 40 Investment Property: Consistency of terminology with IAS 8, Investment property held under lease.

IAS 41 Agriculture: Discount rate for fair value calculations.

IAS 41 Agriculture: Additional biological transfers

IAS 41 Agriculture: Examples of agriculture produce or products, point of sale costs.

In April 2009 the IASB has issued a second omnibus of amendments to its standards and interpretations. The following amendment did not have any impact on the accounting policies, financial position or performance of the company:

IAS 18 Revenue: Determining whether an entity is acting as a principal or as an agent.

International Financial Reporting Standard (IFRS) for Small and Medium-Sized Entities (SMEs).

The Standard was issued in July 2009 and is effective immediately. The Standard covers all of the recognition measurment, presentation and disclosure requirements for SMEs. The Standard cannot be applied to entities that have 'public accountability , and therefore cannot be applied by the Company.

The following Standards, Amendments and Interpretations are not effective and do not have material impact on the financial position or performance of the Company:

IFRS 3 (Revised 2008) Business Combination and IAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and became effective for financial years beginning on or after 1 July 2009. IFRS 3 (Revised 2008) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised the reported results in the period that an acquisition occurs, and future reported results. IAS 27 (Revised 2008) requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Application of the revised standards will become mandatory for the Company's 2010 financial statements.

Amendment to IAS 39 Financial Instruments : Recognition and Measurement- Eligible Hedged Items:

This amendment to IAS 39 : Recognition and Measurement was issued on 31 July 2008 and is applicable for annual periods beginning on or after I July 2009 with early application permitted. The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

IFRS 1 First Time Adoption of International Financial Reporting Standard - Additional Exemptions for First -Time Adopters:

The revised standard was issued in July 2009 and became effective for financial years beginning on or after 1 January 2010. The amendment provides relief from the full retrospective application of IFRS in certain circumstances.

IFRS 2 Share -Based Payments-Group cash-settled Share-Based Payment transactions:

The revised standard was issued in July 2009 and is effective for annual periods beginning on or after 1 January 2010. It provides guidance on that to be in the scope of IFRS 2, an award must be a 'share-based payment transaction' and part of a 'share -based payment arrangement'.

IFRIC 17 Distribution of Non-cash Assets to Owners

The IFRIC issued IFRIC 17 November 2008. IFRIC 17 provides guidances on how to account for distributions of non-cash assets to its owners and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. An entity shall apply this interpretation prospectively for annual periods beginning on or after 1 July 2009.

Improvements to IFRSs

In April 2009, The IASB has issued a second omnibus of amendments to its Standards, and Interpretations.

The following amendments are not expected to have any material impact on the accounting policies, financial position or performance of the Company.

IFRS 2 Shares - Based Payment: Scope of IFRS 2 and revised IFRS 3.

IFRS 5 Non -Current Assets Held for Sale and Discontinued Operations : Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations.

IFRS 8 Operating Segment: Disclosures of information about segment assets.

IAS 1 Presentation of Financial Statements Current/non-current classification of convertible instruments.

IAS 7 Statement of Cash Flows: Classification of expenditures on unrecognised assets.

IAS 17 Leases: Classification of leases of land and buildings.

IAS 36 Impairment of Assets: Unit of accounting for goodwill impairment test.

IAS 38 Intangible Assets: Additional consequential amendments arising from revised IFRS 3.

IAS 38 Intangible Assets: Measuring the fair value of an intangible asset acquired in a business combination.

IAS 39 Financial Instruments: Recognition and Measurement: Treating loan prepayment penalties as closely related embedded derivatives.

IAS 39 Financial Instruments : Recognition and Measurement: Scope exemption for business combination contracts.

IAS 39 Financial Instruments: Recognition and Measurement: Cash flow hedge accounting.

IFRIC 9 Reassessment of Embedded Derivatives: Scope of IFRIC 9 and revised IFRS 3.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation applies to an entity that hedges the foreign currency risk arising from its net investment in foreign operations and wishes to qualify for hedges accounting in accordance with IAS 39.

(d) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investment in unquoted securities.

The fair value of available-for-sale financial assets is determined by using certain valuation techniques where practical.

(ii) Fair value hierarchy table

Fair value measurements are classified into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value. The hierarchy prioritises the inputs to valuation techniques used to measure fair value based on their observable and unobservable nature. The three levels are as follows:

Level 1: Quoted (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e as prices) or indirectly (i.e derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuable. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value hierarchy table is detailed below:

	2009					
	Level 1 USD	Level 1 Rs. In Lacs	Level 2 USD	Level 2 Rs. In Lacs	Level 3 USD	Level 3 Rs. In Lacs
Equity investments	-	-	-	-	30,200,073	13553.79
Fair values	-	-	-	-	30,200,073	13553.79

	2008					
	Level 1 USD	Level 1 Rs. In Lacs	Level 2 USD	Level 2 Rs. In Lacs	Level 3 USD	Level 3 Rs. In Lacs
Equity investments	-	-	-	-	30,200,073	13553.79
Fair values	-	-	-	-	30,200,073	13553.79

There have been no transfers during the year between levels 1 and 2.

(e) Revenue recognition

Revenue earned by the company is recognised as follows:

Interest income - as it accrues unless collectibility is in doubt.

(f) Expense recognition

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

(g) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the company has become a party to the contractual provisions of the financial instruments. Financial instruments are initially recognised at cost which includes transaction costs. Subsequently, to initial recognition, they are measured as set out below:

Trade and other receivables

Trade and other receivables originated by the company are stated at cost less provision for doubtful debts. An estimate of doubtful debts is made based on a review of all outstanding amounts at the statement of financial position date.

Trade and other payables

Trade and other payables are stated at their nominal value.

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

(h) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Investment in subsidiary :

Subsidiaries, are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable; or presently convertible are considered when assessing whether the Company controls another entity.

Investment in subsidiary is shown at cost. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

(j) Consolidated financial statements

The Company owns 100% of the issued share capital of UPET (Singapore) Pte Ltd, a company incorporated in Singapore.The Company has taken advantage of the exemption provided by the Mauritian Companies Act 2001 allowing a wholly owned or virtually owned parent company holding a Category 1 Global Business Licence not to present consolidated financial statements which contain financial information about UPET Holdings Limited as an individual company and do not contain consolidated financial information as the parent of the group.

Under International Accounting Standard, IAS 27, "Consolidated and Separate Financial Statements", the financial statements of the Company and its subsidiary as a group should also have been presented as neither the Company's ultimate parent nor its immediate parent produces consolidated financial statements available for public use that comply with International Financial Reporting Standards.

The Directors are of the opinion that preparation of consolidated financial statements that comply with International Financial Reporting Standards will not be useful to its parent as the Company is wholly owned by its ultimate parent, UFLEX LIMITED, which produces consolidated financial statements prepared in accordance with Indian GAAP.

(k) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognises the impairment losses in the statement of comprehensive income.

(l) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, which are described in Note 2, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since the recording of transactions and exchange diffrences arising therefrom are dependent on the functional currency selected. As described in note 2, the Directors have considered those factors described therein and have determined that the functional currency of the Company is the United States Dollar.

4 TAXATION

The Company being the holder of a Category I, Global Business Licence, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffrered or 80% of the Mauritian tax chargeable on its foreign source income. As at 31 March 2010, the Company had tax losses which are available for offset against future taxable profits. Capital gains of the Company are exempt from tax in Mauritius. The Company has accumulated tax losses carried forward of USD 13,530 as at 31 March 2010. (2009: USD 2,000)

Deferred tax asset not recognised as at 31 March 2010 of USD 2,030. (2009 : USD 300)

5 INVESTMENT IN SUBSIDIARY

	2010		2009	
	US $	**Rs. in Lacs**	US $	Rs. in Lacs
Unquoted				
Balance at 31 March	**30,200,073**	**13,553.79**	30,200,073	13,553.79

Details pertaining to the investment are as follows:

	Country of incorporation	**Class of shares held**	**Number of shares of 2010 & 2009**	**% Holding 2010 & 2009**
UPET (Singapore) Pte Ltd	Singapore	Ordinary	**30,200,073**	**100%**

6. TRADE AND OTHER RECEIVABLES

	2010 US $	2010 Rs. in Lacs	2009 US $	2009 Rs. in Lacs
Prepayments	**5,500**	**2.47**	8,294	3.72
Other receivables	**2,130**	**0.96**	-	-
Loan receivables	**2,044**	**0.92**	2,044	0.92
	9,674	**4.35**	10,338	4.64

7. STATED CAPITAL

Issued and fully paid

30,400,001 ordinary shares of USDI each	30,400,001	13,643.52	30,400,001	13,643.52

8. TRADE AND OTHER PAYABLES

Accruals	575	0.26	500	0.22

9. FINANCIAL RISK MANAGEMENT

Fair values

Except where stated elsewhere, the carrying amounts of the company's financial assets and financial liabilities approximate their fair value.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2010 USD	Financial assets 2010 Rs. In Lacs	Financial liabilities 2010 USD	Financial liabilities 2010 Rs. In Lacs	Financial assets 2009 USD	Financial assets 2009 Rs. In Lacs	Financial liabilities 2009 USD	Financial liabilities 2009 Rs. In Lacs
United States Dollar	**163,406**	**73.34**	**575**	**0.26**	171,767	77.09	500	0.22

(iii) Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out the transactions through companies within the group. At the statement of financial position date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(iv) Currency risk

The Company invests in stocks denominated in United States dollars (USD). The risk that the exchange rate of the USD fluctuates will have no impact as the reported values of the Company's investments are denominated in USD.

(v) Liquidity risk management

The Company manages liquidity risk by maintaining adequate cash reserves and calling on advances from its related company to meet its obligations as they fall due.

(vi) Interest rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing and as a result the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

(vii) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.The Company is not exposed to such risk as its investing activities are not quoted on the market.

(viii) Concentration of risk

The Company holds investments in Singapore, which involve certain consideration and risks not typically associated with investments in other developed countries. Future economic and political developments in Singapore could affect the values of the investments.

(ix) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

10 HOLDING COMPANY

The Directors consider UFLEX Ltd, a company incorporated in India as the holding company.

11 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in United States Dollar ("USD"), which is the functional and presentation currency of the Company.

DIRECTORS' REPORT

For the financial year ended 31 MARCH 2010

The Directors present their report to the members together with the audited financial statements of the company for the financial year ended 31 MARCH 2010.

Directors:

The Directors of the Company in office at the date of this report are:-

AJAYKRISHNA

MALHOTRA RAKESH

DINESH PANDEY

Arrangements to enable Directors to acquire shares or debentures:

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the Directors of the company to acquire benefits by means of the acquisition of shares or debentures of the company or any other body corporate.

Directors' Interest in Shares or Debentures:

None of the Directors, who held office at the end of the financial year, had, according to the register of the Directors' shareholdings required to be kept under section 164 of the Companies Act, hold an interest or deemed to have an interest in shares of the company.

Directors' contractual benefits:

During the year, no Director has received or become entitled to receive a benefit by reason of a contract made by the company or by a related corporation with the Director or with a fum of which he is a member or with a company in which he has a substantial financial interest other than those disclosed in the financial statements.

Options granted:

During the year, there were no options to take up unissued shares of the Company.

Options exercised:

During the period, no shares have been issued by virtue of the exercise of options granted.

Impendent Auditors:

The Auditors, M/s MGI N Rajan Associates have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

AJAY KRISHNA **MALHOTRA RAKESH**

Singapore,
Date: 8th July, 2010

STATEMENT BY DIRECTORS

In the opinion of the Directors, the accompanying balance sheet, comprehensive income statement, statement of changes in equity and statement of cash flows together with the notes thereon, are drawn up in accordance with and comply with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31st March 2010 and of the results of the business, changes in equity and cash flows of the company for the financial year ended 31 MARCH 2010 and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

AJAY KRISHNA **MALHOTRA RAKESH**

Singapore,
Date: 8th July, 2010

MGI N RAJAN ASSOCIATES
Public Accountants and Certified
Public Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
(Incorporated in Singapore)

We have audited the accompanying financial statements of UPET (SINGAPORE) PTE LTD set out on pages 6 to 16, which comprise the balance sheet of the Company as at 31 MARCH 2010, comprehensive income statement, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the" Act") and Singapore Financial Reporting Standards. This responsibility includes:

a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

b) selecting and applying appropriate accounting policies; and

c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion :-

(a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 MARCH 2010 and the results, changes in equity and cash flows of the company for the financial year then ended; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

MGI N Rajan Associates
Public Accountants and
Certified Public Accountants

Singapore
Date : 8th July, 2010

BALANCE SHEET AS AT 31 MARCH, 2010

	Notes	31 March, 2010 US $	31 March, 2010 Rs. in Lacs	31 March, 2009 US $	31 March, 2009 Rs. in Lacs
ASSETS					
Non-Current Assets					
Subsidiary	5	**30,047,847**	**13,485.47**	30,047,847	13,485.47
Current Assets					
Cash and cash equivlaents	6	**149,588**	**67.14**	151,193	67.86
		149,588	**67.14**	151,193	67.86
Total Assets		**30,197,435**	**13,552.61**	30,199,040	13,553.33
LIABILITIES AND EQUITY					
Current Liabilities					
Amount owing to holding company	7	**2,044**	**0.92**	2,044	0.92
Accrued liabilities		**3,847**	**1.73**	2,421	1.09
Total current liabilities		**5,891**	**2.65**	4,465	2.01
Capital and reserves					
Issued capital	8	**30,200,073**	**13,553.79**	30,200,073	13,553.79
Accumulated (losses)		**(8,529)**	**(3.83)**	*(5,498)*	(2.47)
Total equity		**30,191,544**	**13,549.96**	30,194,575	13,551.32
Total equity and liabilities		**30,197,435**	**13,552.61**	30,199,040	13,553.33

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

All figures have been converted by using the rate of Rs. 44.88/1 US $ as on 31.03.2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2010

	Notes	31 March, 2010 US $	31 March, 2010 Rs. in Lacs	Period from 30 May2008 to 31March, 2009 US $	Period from 30 May2008 to 31March, 2009 Rs. in Lacs
Revenue		-	-	-	-
Less: expenses					
Administrative & other operating expenses		3,031	1.36	5,498	2.47
(Loss) before tax	3	(3,031)	(1.36)	(5,498)	(2.47)
Tax Expense	4	-	-	-	-
(Loss) for the period after taxation		**(3,031)**	**(1.36)**	**(5,498)**	**(2.47)**
		-	-	-	-
Other comprhensive income		-	-	-	-
Total comprehensive income		**(3,031)**	**(1.36)**	**(5,498)**	**(2.47)**

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Issued Capital US $	Issued Capital Rs. In Lacs	Accumulated US $	Accumulated Rs. In Lacs	Total US $	Total Rs. In Lacs
At the date of incorporation	73	0.03	-	-	73	0.03
Issuance of shares	30,200,000	13,553.76	-	-	30,200,000	13,553.76
Total comprehensive income	-	-	(5,498)	(2.47)	(5,498)	(2.47)
Balance as at 31.03.2009	**30,200,073**	**13,553.79**	**(5,498)**	**(2.47)**	**30,194,575**	**13,551.32**
Issuance of shares	-	-	-	-	-	-
Total comprehensive income	-	-	(3,031)	(1.36)	(3,031)	(1.36)
Balance as at 31.03.2010	**30,200,073**	**13,553.79**	**(8,529)**	**(3.83)**	**30,191,544**	**13,549.96**

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2010

	31 March, 2010		Period from 30 May, 2008 to 31March, 2009	
	US $	Rs. in Lacs	US $	Rs. in Lacs
Cash flows from operating activities				
(Loss) for the year / period before tax	**(3,031)**	**(1.36)**	(5,498)	(2.47)
Operating profit / (loss) before reinvestment of capital	**(3,031)**	**(1.36)**	(5,498)	(2.47)
Amount owing to holding company	**-**	**-**	2,044	0.92
Accrued liabilities	**1,426**	**0.64**	2,421	1.09
Cash generated from / (used in) operations	**(1,605)**	**(0.72)**	(1,033)	(1.38)
Tax paid	-	-	-	-
Cash flows from/ (used in) operating activities	**(1,605)**	**(0.72)**	(1,033)	(1.38)
Cash flows from Investing activities				
Investment in subsidiary	-	-	(30,047,847)	(13,485.47)
	-	-	(30,047,847)	(13,485.47)
Cash flows from financing activities				
issue of shares	**-**	**-**	30,200,073	13,553.79
	-	**-**	30,200,073	13,553.79
Net Increase/(decrease) in cash & cash equivalents	**(1,605)**	**(0.72)**	151,193	67.86
Cash & cash equivalents at the beginning of the year	**151,193**	**67.86**	-	-
Cash & Cash equivalents at the end of the year/ period	**149,588**	**67.14**	151,193	67.86

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

The financial statements of the company for the year ended 31 MARCH 2010 were authorised for issue in accordance with a resolution of the Directors on the date of the Statement by Directors.

The company was incorporated as a limited liability company and domiciled in the Republic of Singapore.

The principal activity of the company is that of holding investments.

The company's Registered Office & principal place of business address are located at 10 Jalan Besar, # 10-12 Sim Lim Tower, Singapore 208787 and No. 24 Raffles Place, #25-02A Clifford Centre, Singapore 048621 respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Interpretations and amendments to published standards effective in 2009

On 1 January 2009, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Company:

FRS 1 (Revised) - 'Presentation of financial statements' (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non- owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The company has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 January 2008 in the current financial year.

2.2. Subsidiaries

Subsidiaries are entities over which the company has power to govern the financial and economic policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Investments in the subsidiaries are stated in the financial statements of the Company at cost less impairments losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

The subsidiaries' results have not been consolidated as the company is itself a wholly owned subsidiary of another company UPET HOLDINGS LIMITED, MARUTIUS and the ultimate holding company UFLEX LTD, INDIA which publishes the consolidated financial statements and the registered address 305, Bhanot Cornor, Pamposh Enclave,Greater Kailash-I,New Delhi 110048 India.

2.3 Impairment of Non Financial Assets

The carrying amount of investment in subsidiary is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if and only if there has been a change in the estimate used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

2.4. Financial assets Loans and receivables

Loans and receivables include "cash and cash equivalents" and amount due from subsidiary in the balance sheet.

These financial assets are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the balnce sheet date which are presented as non current assets.

The company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognizes an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.5. Trade and other payables

Trade and other payable are initially recognised at fair value, and subsequently carried at amortised costs, using the effective interest method.

2.6. Revenue recognition

Revenue from dividend is recognised upon declaration and approval.

Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective rate over the period of maturity, when its determined such income will accrue to the company.

2.7. Income taxes

The current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability and affects neither accounting nor taxable profit nor loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date, and are recognised as income or expense in the income statement, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.8. Functional currency

Items included in the financial statements of the company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company (" the functional currency"). The financial statements of the company are presented in United States Dollars, which is also the functional currency of the company.

Conversion of Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into United States Dollars at rates of exchange closely approximating those ruling at balance sheet date. Exchange differences arising from such transactions are recorded in the income statement in the period in which they arise.

However, where a foreign currency transaction is to be settled at contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

2.9. Fair value estimation of financial assets and liabilities.

The fair values of current financial assets and liabilities carried at amortized cost approximate their carrying value.

2.10 Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents represent cash on hand.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has reliably estimated.

2.12 Share capital

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

3. PROFIT BEFORE TAX

	2010		2009	
This is arrived after charging;	**US$**	**Rs. In Lacs**	US$	Rs. In Lacs
Preliminary expenses	**-**	-	2,044	0.92

4 TAXATION

No provision for tax is made in the current period, as there was no income for the period,

5. SUBSIDAIRY

	2010		2009	
	US$	**Rs. In Lacs**	US$	Rs. In Lacs
Unquoted shares at cost	30,047,847	13,485.47	30,047,847	13,485.47

Detail of the subsidiary is as follows:

Company	**Principal Activities**	**Country of Incorporation**	**Effective Percentage of equity held**
Flex Americas SA De *C*.V., v.	manufacture and sale of polyesterfilms, BOPP films, PET Films, CPP Films.	Mexico	100 %

Subsidiary is not audited by MGI N Rajan Associates .

6. CASH & CASH EQUIVALENTS

	2010		2009	
	US$	**Rs. In Lacs**	US$	Rs. In Lacs
Cash at banks	**149,515**	**67.10**	151,120	67.82
Cash on hand	**73**	**0.04**	73	0.04
	149,588	**67.14**	151,193	67.86

7. HOLDING COMPANY

The company's immediate & ultimate holding company is UPET HOLDINGS LIMITED, MAURITIUS and UFLEX LIMITED, INDIA respectively. The amount due to holding company refers to immediate holding company and the amount owing represents non trading advances, unsecured, interest free and no fixed repayment terms.

8. SHARE CAPITAL

	2010	2010		2009	2009	
	Number of shares	US$	Rs. In Lacs	Number of shares	US$	Rs. In Lacs
Issued & fully paid up						
Ordinary shares	30,200,100	30,200,073	13,553.79	30,200,100	30,200,073	13,553.79
	30,200,100	30,200,073	13,553.79	30,200,100	30,200,073	13,553.79

9. FINANCIAL RISK MANAGEMENT

The company does not have any written financial risk management policies and guidelines. The company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange. The company's exposure to financial risks associated with financial instruments held in the ordinary course of business include:

a) Price risk

i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is exposed to currency risk to the extent of its foreign investment.

(ii) Interest rate risk

interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company has no significant concentrations of credit risk.

Cash is held with financial institutions of good standing/ established financial institutions/ reputable financial institutions.

c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The payables matures in the next 12 months period.

10. NEW OR REVISED STANDARDS AND INTERPRETATIONS

None of new standards and interpretations to existing Standards have been published and are mandatory for the Company’s accounting period beginning on or after 1 January 2010 or later periods relevant to the Company.

To the Shareholders of
FLEX AMERICAS S.A. DE C.V.

We have audited the accompanying balance sheet of FLEX AMERICAS S.A. DE C.V. as of March 31, 2010 and 2009, and the related statements of income and changes in shareholders' equity for the years then ended, and cash flows and changes in financial position statements for the years ended as of March 31, 2010 and 2009, respectively. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FLEX AMERICAS S.A. DE C.V. as of March 31, 2010 and 2009, and the results of their operations and changes in their shareholders' equity for the years then ended, and cash flows and the changes in their financial position for the years ended as of March 31, 2010 and 2009, respectively, in accordance with Mexican financial reporting standards.

TAMPICO, TAMAULIPAS A 17 DE MAYO DE 2010.

CPA VICTOR MANUEL GUTIERREZ SALDIVAR
VICTOR M. GUTIERREZ SALDIVAR Y ASOCIADOS.

BALANCE SHEET AS AT 31ST MARCH, 2010

	Notes	As At 31st March 2010 (Amount in MXP)	As At 31st March 2010 (Amount Rs. in Lacs)	As At 31st March 2009 (Amount in MXP)	As At 31st March 2009 (Amount Rs. in Lacs)
ASSETS					
Non-current assets					
Property, plant & equipment	4	**532,843,084.31**	**19,270.27**	534,106,031.59	19,315.94
		532,843,084.31	**19,270.27**	534,106,031.59	19,315.94
Current assets					
Inventories	5	**53,474,365.14**	**1,933.90**	80,340,181.67	2,905.50
Trade & other receivables	6	**233,561,752.67**	**8,446.76**	37,263,262.28	1,347.63
Prepayments		**-**	**-**	-	-
Cash & bank balances	7	**10,783,742.45**	**389.99**	44,658,029.23	1,615.06
Total current assets		**297,819,860.26**	**10,770.65**	162,261,473.18	5,868.19
Total assets		**830,662,944.57**	**30,040.92**	696,367,504.77	25,184.13
EQUITY AND LIABILITIES					
Capital and reserve					
Shareholder's funds					
Share capital	8	**323,459,000.00**	**11697.89**	323,459,000.00	11,697.89
Share application money		**15,087.31**	**0.55**	15,087.31	0.55
Retained earnings		**67,189,682.02**	**2,429.91**	(41,928,015.83)	(1,516.33)
Legal & Other Reserve		**7,465,520.00**	**269.99**	-	-
Total shareholder's funds		**398,129,289.33**	**14,398.34**	281,546,071.48	10,182.11
Non current liabilities	9	**250,288,468.56**	**9,051.68**	246,379,463.42	8,910.31
Current liabilities					
Trade & other payables	10	**179,037,537.03**	**6,474.89**	67,976,947.34	2,458.39
Accounts payable-capital expenditure	11	**-**	**-**	100,465,022.53	3,633.32
Total current liabilities		**179,037,537.03**	**6,474.89**	168,441,969.87	6,091.71
Deferred Tax Liability (Net)		**3,207,649.65**	**116.00**	-	-
Total equity and liabilities		**830,662,944.57**	**30,040.91**	696,367,504.77	25,184.13

The accompanying notes 1 to 26 form an integral part of these financial statements.
Approved by the Shareholder Company on 17th May 2010 and signed on its behalf by:

All the figures have been converted by using the rate of @ MXP 3.6165 / Rs. as on 31/03/2010

PRADEEP TYLE
Director

INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

		Notes	For the Year Ended 31st March 2010 (Amount in MXP)	For the Year Ended 31st March 2010 (Amount Rs. in Lacs)	For the Period Ended 31st March 2009 (Amount in MXP)	For the Period Ended 31st March 2009 (Amount Rs. in Lacs)
A.	**Revenue**					
	Sales	12(a)	**651,724,171.00**	**23,569.60**	3,028,232.99	109.52
	Other Income	12(b)	**40,116,461.08**	**1,450.81**	20,507,836.00	741.67
	Increase / (Decrease) in Stock of Finished Goods / Work in Progress	13	**3,488,091.87**	**126.15**	16,245,791.29	587.53
	Total (A)		**695,328,723.95**	**25,146.56**	39,781,860.28	1,438.72
B.	**Expenditure**					
	Cost of materials	14	**381,114,774.90**	**13,783.02**	15,207,990.94	550.00
	Other manufacturing expenses	15	**75,081,056.41**	**2,715.31**	1,452,185.90	52.52
	Payments & benefits to employees		**22,953,154.37**	**830.10**	111,455.36	4.03
	Administrative & selling expenses	16	**76,115,859.46**	**2,752.73**	26,342,537.43	952.68
	Finance cost	17	**20,273,011.31**	**733.17**	38,070,535.07	1,376.82
	Total (B)		**575,537,856.45**	**20,814.33**	81,184,704.70	2,936.05
	Net (Loss) / Profit for the year before Taxation (A-B)		**119,790,867.50**	**4,332.23**	(41,402,844.42)	(1,497.33)
	Add/ (Less): Provision for Taxation:					
	- Deferred Income Asset / (Liability)		**(3,207,649.65)**	**(116.00)**	-	-
	Profit / (Loss) after Tax		**116,583,217.85**	**4,216.23**	(41,402,844.42)	(1,497.33)
	Balance brought Forward from earlier years		**(41,928,015.83)**	**(1,516.33)**	(525,171.41)	(18.99)
	Amount available for appropriation		**74,655,202.02**	**2,699.90**	(41,928,015.83)	(1,516.32)
	Apporiations					
	Amount transferred to Legal Reserve		**3,732,760.00**	**135.00**	-	-
	General Reserve		**3,732,760.00**	**135.00**	-	-
	Balance Carried to Balance Sheet		**67,189,682.02**	**2,429.90**	(41,928,015.83)	(1,516.32)

The accompanying notes 1 to 26 form an integral part of these financial statements.

Approved by the Shareholder Company on 17th May 2010 and signed on its behalf by:

PRADEEP TYLE
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	For the year Ended 31st March 2010 Amount in MXP	Amount Rs. in Lacs	Amount in MXP	Amount Rs. in Lacs	For the year Ended 31st March 2009 Amount in MXP	Amount Rs. in Lacs	Amount in MXP	Amount Rs. in Lacs
A Cash flows from operating activities									
Net profit for the year				**116,583,217.85**	4,216.23			(41,402,844.42)	(1,497.33)
Adjustments for:									
Depreciation		**25,112,578.68**	908.20			204,704.34	7.40		
Exchange Rate Fluctuation		**(39,726,521.67)**	1,436.71			(19,670,177.03)	(711.37)		
Finance cost		**20,273,011.31**	733.17			38,070,535.07	1,376.82		
Deferred Tax Asset / Liability		**3,207,649.65**	116.00			-	-		
Interest Received From Banks				**8,866,717.97**	320.66	(837,658.97)	(30.29)	17,767,403.41	642.56
Operating profit before working capital changes				**125,449,935.82**	4,536.90		-	(23,635,441.01)	(854.78)
(Increase)/Decrease in inventories		**26,865,816.53**	971.60			(80,340,181.67)	(2,905.50)		
(Increase)/Decrease in trade & other receivables		**(196,298,490.39)**	(7,099.13)			(36,516,529.34)	(1,320.62)		
Increase/(Decrease) in trade and other payables		**111,060,589.69**	4,016.51			62,056,061.07	2,244.26		
Increase/(Decrease) in capital creditors		**(100,465,022.53)**	(3,633.32)	**(158,837,106.70)**	(5,744.34)	100,374,343.61	3,630.04	45,573,693.67	1,648.18
Cash generated from/ (used in) operations				**(33,387,170.88)**	(1,207.44)			21,938,252.66	793.40
Exchange Rate Fluctuation		**39,726,521.67**	1,436.71					19,670,177.03	711.37
Net Cash from operating activities				**6,339,350.79**	229.27			41,608,429.69	1,504.77
B. Cash flows from investing activities									
Payments for purchase of fixed assets				**(23,849,631.40)**	(862.52)			(533,117,162.53)	(19,280.18)
Interest Received From Banks				-	-			837,658.97	30.29
Net Cash used in Investing Activities (B)				**(23,849,631.40)**	(862.52)			(532,279,503.56)	(19,249.89)
C. Cash flows from financing activities									
Share capital & application money introduced		**-**	-			322,974,087.31	11,680.35		
Proceeds from term loan		**3,909,005.14**	141.37			246,379,463.42	8,910.31		
Finance cost paid		**(20,273,011.31)**	(733.17)			(38,070,535.07)	(1,376.82)		
Net cash from/ (used in) financing activities				**(16,364,006.17)**	(591.80)			531,283,015.66	19,213.85
Net increase/(decrease) in cash and cash equivalents				**(33,874,286.78)**	(1,225.07)			40,611,941.79	(1468.73)
Cash and cash equivalents at beginning of year				**44,658,029.23**	1,615.06			4,046,087.44	146.33
Cash and cash equivalents at end of year	18			**10,783,742.45**	389.99			44,658,029.23	1615.06

The accompanying notes 1 to 26 form an integral part of these financial statements.

Approved by the Shareholder Company on 17th May 2010 and signed on its behalf by:

Pradeep Tyle

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Share capital (Amount in MXP)	Share capital Amount Rs. in Lacs	Application money (Amount in MXP)	Application money Amount Rs. in Lacs	Retained Earning (Amount in MXP)	Retained Earning Amount Rs. in Lacs	Legal Reserve (Amount in MXP)	Legal Reserve Amount Rs. in Lacs	General Reserve (Amount in MXP)	General Reserve Amount Rs. in Lacs	Total (Amount in MXP)	Total Amount Rs. in Lacs
As at 31 March 2009	323,459,000.00	11,697.89	15,087.31	0.55	(525,171.41)	(18.99)	-	-	-	-	322,948,915.90	11,679.45
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	(41,402,844.42)	(1,497.33)	-	-	-	-	(41,402,844.42)	(1,497.33)
As at 31 March 2009	**323,459,000.00**	11,697.89	**15,087.31**	0.55	**(41,928,015.83)**	(1,516.32)	**-**	**-**	**-**	**-**	**281,546,071.48**	10,182.12
Profit after Tax for the Year	-	-	-	-	116,583,217.85	**4,216.23**	-	-	-	-	116,583,217.85	4,216.23
Fund introduced/(withdrawn)	-	-	-	-	(7,465,520.00)	**(269.99)**	3,732,760.00	**135.00**	3,732,760.00	**135.00**	-	**-**
Proposed dividend	-	-	-	-	-	**-**	**-**	-	-	-	-	-
Dividend paid	-	-	-	-	-	**-**	**-**	-	-	-	-	-
As at 31 March 2010	**323,459,000.00**	**11,697.89**	**15,087.31**	**0.55**	**67,189,682.02**	**2,429.92**	**3,732,760.00**	**135.00**	**3,732,760.00**	**135.00**	**398,129,289.33**	**14,398.36**

The accompanying notes 1 to 26 form an integral part of these financial statements.
Approved by the Shareholder Company on 17th May 2010 and signed on its behalf by:

Pradeep Tyle

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1ST APRIL, 2009 TILL 31 MARCH, 2010

1 The Company's Background and Its Activities

Flex Americas S.A. de C.V. is a Variable Capital Mexican Company incorporated under the provisions of Mexican Law and regulation there under.

The Company was incorporated on 12th November 2007.

The Company domicile is in Altamira, Tamaulipas, establishing branches or agencies in any place in Mexico or abroad.

The Company is engaged in the manufacturing of extrusion-printed films or polyethylene polypropylene, polyester and vinyl poly-chloride blowing, coated or uncoated, materialized or un-materialized or in any other manner and also the import, export, distribution, purchase and sale of any kind of films and plastic artifacts and its application.

The term of the Company is of 99 years.

2. Basis of preparation of financial statements

a. Statement of compliance

These financial statements have been prepared in accordance with the Mexican Accounting Standards and relevant Mexican Law and regulations.

b. Basis of measurement

The financial statements are prepared on the historical cost convention.

c. Use of estimates and judgments

The preparation of the financial statements in conformity with Mexican Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

- The estimates and underlying assumptions are reviewed on an going basis.
- Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant accounting policies

The following accounting polices have been applied consistently by the company to all periods presented in these financial statements.

3.1 Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to USD at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

3.2 Property, plant, equipment and depreciation

Recognition and measurement

Property and equipment are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment . Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method.

3.3 Trade and other Receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other receivables are stated at cost less impairment losses.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current accounts and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash Flow statement is being prepared using the indirect method.

3.5 Inventory

Inventories are stated lower of cost and net realizable value. Cost are expenses incurred in bringing each product to its present location and condition, as follows:

– Raw Materials and Consumables are stated at cost including direct expenses using first in first out method.

– Finished Goods / work in progress are valued at cost of direct materials and labour plus attributable overheads based on normal level of activities.

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

3.6 Impairment

***A.* Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for -sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

B. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation , if no impairment loss had been recognized

3.7 Trade and other payable

The balance of the creditors are recorded with their cost value, liability (accruals) were recognized and recorded with the value expected to be paid in the future in return of goods & services received.

3.8 Related parties transactions

During the year and in ordinary course of business, the company dealt with related parties in compliance with the terms and rules applied in dealing with others.

3.9 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an flow of economic benefits will be required to settle the obligation, a reliable estimation of the obligation amount can be performed. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. The Provisions balances are reviewed on an ongoing basis at the reporting date to disclosed the best estimation on the current year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Opening Balance		Additions		Transfer/Disposal		Closing Balance	
	(Amount in MXP)	Amount Rs. in Lacs	(Amount in MXP)	Amount Rs. in Lacs	(Amount in MXP)	Amount Rs. in Lacs	(Amount in MXP)	Amount Rs. in Lacs
4 Property, plant & equipment Cost								
Capital work in progress and advances:								
Buildings	**168,706,321.64**	6,101.26	**-**	-	**168,706,321.64**	6,101.26	**-**	-
Machinery and equipment	**336,210,121.88**	12,159.04	**-**	-	**336,210,121.88**	12,159.04	**-**	-
Assets :								
Land	**27,190,620.00**	983.35	**-**	-	**-**	-	**27,190,620.00**	983.35
Building	**-**	-	**98,094,877.45**	3,547.60	**-**	-	**98,094,877.45**	3,547.60
Machinery & equipment	**754,058.94**	27.27	**365,365,669.68**	13,213.45	**-**	-	**366,119,728.62**	13,240.72
Electrical Installation	**-**		**54,038,314.16**	1,954.30		-	**54,038,314.16**	1,954.30
Furniture, fixtures & office equipment	**798,629.21**	28.88	**1,536,143.28**	55.55	**-**	-	**2,334,772.49**	84.43
Vehicles	**666,883.48**	24.12	**287,484.35**	10.40	**-**	-	**954,367.83**	34.52
Total Cost	**534,326,635.15**	**19,323.92**	**519,322,488.92**	**1,8781.30**	**504,916,443.52**	**18,260.30**	**548,732,680.55**	**19,844.92**
Depreciation								
Capital work in progress and advances:								
Buildings	**-**	-	**-**	-	**-**	-	**-**	-
Machinery and equipment	**-**	-	**-**	-	**-**	-	**-**	-
Assets :			**-**					
Land	**-**	-	**-**	-	**-**	-	**-**	-
Building	**-**	-	**3,182,566.57**	115.10	**-**	-	**3,182,566.57**	115.10
Machinery & equipment	**3,459.70**	0.13	**18,838,532.38**	681.30	**-**	-	**18,841,992.08**	681.43
Electrical Installation	**-**	-	**2,555,214.46**	92.41	**-**	-	**2,555,214.46**	92.41
Furniture, fixtures & office equipment	**78,741.84**	2.85	**311,513.79**	11.27	**-**	-	**390,255.63**	14.12
Vehicles	**138,402.02**	5.01	**224,751.48**	8.13	**-**	-	**363,153.50**	13.14
Total Depreciation	**220,603.56**	7.99	**25,112,578.68**	**908.21**	**-**	-	**25,333,182.24**	**916.20**
Net book value								
Capital work in progress and advances:								
Buildings	**168,706,321.64**	6,101.26	**-**	-	168,706,321.64	6,101.26	**-**	-
Machinery and equipment	**336,210,121.88**	12,159.04	**-**	-	336,210,121.88	12,159.04	**-**	-
Assets :								
Land	**27,190,620.00**	983.35	**-**	-	-	-	**27,190,620.00**	983.35
Building	**-**	-	**94,912,310.88**	3,432.50	-	-	**94,912,310.88**	3,432.50
Machinery & equipment	**750,599.24**	27.14	**346,527,137.30**	12,532.15	-	-	**347,277,736.54**	12,559.29
Electrical Installation	**-**	-	**51,483,099.70**	1,861.89	-	-	**51,483,099.70**	1,861.89
Furniture, fixtures & office equipment	**719,887.37**	26.03	**1,224,629.49**	44.28	-	-	**1,944,516.86**	70.31
Vehicles	**528,481.46**	19.11	**62,732.87**	2.27	-	-	**591,214.33**	21.38
Pre-Operative Expenses	**-**	-	**-**	-	-	-	**9,443,586.00**	341.53
Total Net book value	**534,106,031.59**	**19,315.93**	**494,209,910.24**	**17,873.09**	**504,916,443.52**	**18,260.30**	**532,843,084.31**	**19,270.25**

Notes to the Financial Statements

for the year ended 31 March 2010

		As At 31st March 2010		As At 31st March 2009	
		(Amount in MXP)	**Amount Rs. in Lacs**	(Amount in MXP)	Amount Rs. in Lacs
5	**Inventories**				
	Raw materials	**23,250,173.23**	**840.84**	14,769,896.81	534.15
	Materials in transit	**8,488,328.96**	**306.98**	48,696,586.09	1,761.11
	Consumables	**2,001,979.79**	**72.40**	627,907.48	22.71
	Work in process	**14,387,904.89**	**520.34**	9,320,146.87	337.06
	Finished goods	**5,345,978.27**	**193.34**	6,925,644.42	250.47
	Total	**53,474,365.14**	**1,933.90**	80,340,181.67	2,905.50
6	**Trade and other receivables**				
	Trade receivables (refer note 20 & 21) ^@	**174,436,706.19**	**6,308.50**	2,937,977.41	106.25
	Advance to suppliers #	**21,606,077.68**	**781.38**	-	-
	Other Current Assets	**36,109,468.80**	**1,305.90**	32,913,130.87	1,190.30
	Security Deposits	**1,409,500.00**	**50.97**	1,412,154.00	51.07
	Total	**233,561,752.67**	**8,446.75**	37,263,262.28	1,347.62

^ includes MXP 81,755,800.10 (P.Y MXP 2,926,932.83) due from related party.

@ 0-180 days MXP 172,942,847.61, > 180 days 1,493,858.58.(P.Y MXP 2,937,977.41 & Nil)

Includes MXP 20,094,714.49 (previous year NIL) given to related party

7	**Cash and bank balances**				
	Cash on hand	**53,227.91**	**1.92**	17,088.39	0.62
	Bank balances in:				
	Current accounts	**10,730,514.54**	**388.07**	776,194.06	28.07
	Fixed Deposit Account	**-**	**-**	43,864,746.78	1,586.37
	Total	**10,783,742.45**	**389.99**	44,658,029.23	1,615.06
8	**Share capital**				
	Opening balance	**323,459,000.00**	**11,697.89**	500,000.00	18.08
	Introduced during the year	**-**	**-**	322,959,000.00	11,679.81
	Closing balance #	**323,459,000.00**	**11,697.89**	323,459,000.00	11,697.89

 # 323459 shares of MXP 1000/- each (previous year 323459 shares of MXP 1000/- each).

9	**Non current liabilities**				
	Term loan(refer note 24)	**250,288,468.56**	**9,051.68**	246,379,463.42	8,910.31
	Capital creditors-retentions (refer note 11)	**-**	**-**	-	-
	Total	**250,288,468.56**	**9,051.68**	246,379,463.42	8,910.31
10	**Trade and other payables**				
	Trade payables (refer note 19 & 20) @#	**117,251,163.91**	**4,240.39**	67,854,429.71	2,453.96
	SBI Short Term Loan	**55,865,250.00**	**2,020.37**	-	-
	Advance from customers	**2,343,472.34**	**84.75**	73,299.55	2.65
	Other Liabilities	**3,577,650.78**	**129.39**	49,218.08	1.78
	Total	**179,037,537.03**	**6,474.90**	67,976,947.34	2,458.39

@ Includes MXP NIL (previous year MXP 19,492,058.45) payable to related parties.

11 **Accounts payable-capital expenditure**

This represents amount payables to the consultants and suppliers of machinery, consultants & contractors for construction of building in progress per below:

Capital creditors-Retentions:				
Total amount outstanding	**-**	**-**	100,465,022.53	3,633.32
Less: Non-current portion-payable after next 12 months (refer note 9)	**-**	**-**	-	-
Current portion-payable within next 12 month	**-**	**-**	100,465,022.53	3,633.32

Notes to the Financial Statements

for the year ended 31 March 2010

	As At 31st March 2010 (Amount in MXP)	As At 31st March 2010 Amount Rs. in Lacs	As At 31st March 2009 (Amount in MXP)	As At 31st March 2009 Amount Rs. in Lacs
12 Revenue				
a. **Sales**				
Manufactured Goods	**651,724,171.00**	**23,569.60**	3,028,232.99	109.52
Trading sales	-	**-**	-	-
	651,724,171.00	**23,569.60**	3,028,232.99	109.52
b. **Other Income**				
Exchange Rate Fluctuation	**39,726,521.67**	**1,436.71**	19,670,177.03	711.37
Interest Received From Banks	-	-	837,658.97	30.29
Miscellaneous Income	**389,939.41**	**14.10**	-	-
	40,116,461.08	**1,450.81**	20,507,836.00	741.66
13 Increase / Decrease in Finished Goods & Work-in-Progress				
Clsoing Stock				
Finished Goods	**5,345,978.27**	**193.34**	6,925,644.42	250.47
Work in Progress	**14,387,904.89**	**520.34**	9,320,146.87	337.06
	19,733,883.16	**713.68**	16,245,791.29	587.53
Less: Opening Stock				
Finished Goods	**6,925,644.42**	**250.47**	-	-
Work in Progress	**9,320,146.87**	**337.06**	-	-
	16,245,791.29	**587.53**	-	-
Increase / Decrease in Finished Goods & Work-in-Progress	**3,488,091.87**	**126.15**	16,245,791.29	587.53
14 Cost of material				
Opening stock	**14,769,896.81**	**534.15**	-	-
Purchases	**389,595,051.32**	**14,089.71**	29,977,887.75	1,084.15
Closing stock	**23,250,173.23**	**840.84**	14,769,896.81	534.15
Cost of Material Consumed	**381,114,774.90**	**13,783.02**	15,207,990.94	550.00
15 Other manufacturing expenses				
Power & fuel consumed	**34,916,473.34**	**1,262.75**	1,054,274.04	38.13
Stores consumed	**3,480,157.56**	**125.86**	151,014.68	5.46
Packing materials consumed	**32,880,491.86**	**1,189.12**	246,897.18	8.93
Spares consumed	**2,370,522.22**	**85.73**	-	-
Other Manufacturing Expense	**1,433,411.43**	**51.84**	-	-
Total	**75,081,056.41**	**2,715.30**	1,452,185.90	52.52

Notes to the Financial Statements for the year ended 31 March 2010

		For the Year Ended 31st March, 2010		For the Year Ended 31st March, 2009	
		(Amount in MXP)	**Amount Rs. in Lacs**	(Amount in MXP)	Amount Rs. in Lacs
16	**Administrative & selling expenses**				
	Rent	**521,093.64**	**18.85**	434,897.44	15.73
	Other administration expenses	**13,129,779.95**	**474.84**	25,593,468.76	925.59
	Selling expenses	**37,352,407.19**	**1,350.85**	109,466.89	3.96
	Depreciation (per below)	**25,112,578.68**	**908.20**	204,704.34	7.40
	Total	**76,115,859.46**	**2,752.74**	26,342,537.43	952.68
17	**Finance cost**				
	Interest on term loan	**6,541,375.00**	**236.57**	2,897,142.66	104.78
	Interest on Revolving Loan	**1,263,189.26**	**45.68**	-	-
	Bank charges & commission	**12,468,447.05**	**450.92**	35,173,392.41	1,272.05
	Total	**20,273,011.31**	**733.17**	38,070,535.07	1,376.83
18	**Cash and cash equivalents**				
	Cash on hand	**53,227.91**	**1.92**	17,088.39	0.62
	Bank balance:				
	In current accounts	**10,730,514.54**	**388.07**	776,194.06	28.07
	In Fixed Deposit Account	**-**	**-**	43,864,746.78	1,586.37
	Total	**10,783,742.45**	**389.99**	44,658,029.23	1,615.06

18 Financial instruments: Credit, interest rate and exchange rate risk exposures

Credit risk

The establishment seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Interest rate risk

The Company has take a loan from banks designated in Euro / USD. The Facilities in Euro are linked with the Ebour and in USD are linked with the Lbour. The Company is at risk to the extent of the flucatuation in the Libour/ Euribor.

Exchange rate risk

The Company is at the Exchange risk to the extent of the outstanding exposure in the Foreign Currency. The details of the outstanding foreign currency exposure as on the balance sheet date is as under:

	Current Year Equivalent		Previous Year Equivalent	
	MXP	Rs. In Lacs	MXP	Rs. In Lacs
Foreign currency financial assets:				
USD	**174,436,706.19**	**6,308.50**	2,926,932.83	105.85
Foreign Currency Financial Liabilities:				
USD	**155,836,593.55**	**5,635.83**	19,492,058.45	704.93
Euro	**250,288,468.56**	**9,051.68**	295,683,225.77	10,693.38

19 Financial instruments: Fair values

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

20 Related party transactions

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

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

Name of related parties	Current Year MXP Dr/(Cr)	Current Year Rs. In Lacs	Previous Year MXP Dr/(Cr)	Previous Year Rs. In Lacs
Flex America Inc.	**81,285,127.92**	**2,939.68**	2,926,932.83	105.85
Uflex Limited.	**20,094,714.49**	**726.73**	(19,350,162.75)	(699.80)
Flex Middle East FZE	**470,672.18**	**17.02**	(141,895.70)	(5.13)

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

	Current Year MXP	Current Year Rs. In Lacs	Previous Year MXP	Previous Year Rs. In Lacs
Flex America- Sales at Normal price	**329,250,498.59**	**11,907.34**	2,926,932.83	105.85
Flex America- Purchases at Normal price	**3,537,363.49**	**127.93**	-	-
Uflex Limited - Purchases at normal price	**30,549,556.18**	**1,104.82**	12,956,270.62	468.56
Uflex Limited - Sales at normal price	**-**	**-**	-	-
Uflex Limited - Technical supervision services fees	**-**	**-**	-	-
Uflex Limited - Capital introduced	**-**	**-**	322,959,000.00	11,679.81
Uflex Limited - Expenses Reimbursement	**11,003,714.98**	**397.95**	6,462,436.48	233.71
UPET Singapore Pte. Ltd.	**-**	**-**	-	-
Flex Middle East FZE- Sales at Normal Price	**470,672.18**	**17.02**	-	-

21 Contingent liabilities

Letters of credit	**26,144,724.93**	**945.52**	-	-

22 Capital commitments

The estimated amount of contracts including under letters of credit remaining to be executed on capital account (net of advances) and not provided for NIL (Previous year NIL).

23 Bank facilities

a. The Company has been sanctioned the Term Loan faclity of Euro 39.00 Million from the KFW Ipex- Bank Gmbh . Out of the same the company has utilised Euro 12.98 Million till 31st March 2009. The same is secured by way of hypothecation of Specific Plant & Equipments and pari pasu mortagage of Land & Building of the Company and are guaranteed by the UFLEX LIMITED, the Parent company .

b. The Company has been sanctioned the Term Loan faclity of USD 20.00 Million from the State Bank of India, New York. Out of the same the company has not any amount till 31st March 2009. The same is secured by way of hypothecation of Specific Plant & Equipments and pari pasu mortagage of Land & Building of the Company and are guaranteed by the UFLEX LIMITED, the Parent company.

c. The Company has been sanctioned the Working Capital Facilities of USD 23.20 Million from the State Bank of India, New York. The same is secured by way of hypothecation of current assets of the Company and are guaranteed by the UFLEX LIMITED, the Parent company .

24 Deferred Tax Assets / (Liabilities)

The item is represnted as follows:

	01-Apr-09	For the Year MXP	For the Year Rs. In Lacs	31-Mar-10 MXP	31-Mar-10 Rs. In Lacs
A <u>**Deferred Tax Assets**</u>					
Tax Losses	-	**3,665,069.10**	**132.55**	3,665,069.10	132.55
Total	-	**3,665,069.10**	**132.55**	3,665,069.10	132.55

	01-Apr-09	For the Year MXP	For the Year Rs. In Lacs	31-Mar-10 MXP	31-Mar-10 Rs. In Lacs
B Deferred Tax Liabilities					
Excess of Book WDV over Tax WDV of Assets	-	**6,872,718.75**	**248.55**	6,872,718.75	248.55
Total	-	**6,872,718.75**	**248.55**	6,872,718.75	248.55
Net Deferred Tax Asset / (Liabilitiy) [A-B]	-	**(3,207,649.65)**	**(116.00)**	(3,207,649.65)	(116.00)

25 **Quantitative information**

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

Class of Goods	Unit	**Current Year**	Previous Year
Polyester Films/Metalized Films	MT	**26400**	26400

Previous year figures have been given in brackets.

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

Unit	Production	Sales			Op.Stock			Cl. Stock		
	Qty	Qty	Value		Qty	Value		Qty	Value	
	(MT)	(MT)	MXP	Rs. In Lacs	(MT)	MXP	Rs. in Lacs	(MT)	MXP	Rs. in Lacs
MT	**22,878**	**23,069**	**651,724,171.00**	**23,569.60**	**419**	**6,925,644.42**	**250.47**	**228**	**5,345,978.27**	**193.34**
	(525)	(106)	(3,028,232.99)	(109.52)	(-)	(-)	(-)	(419)	(6,925,644.42)	(250.47)

Previous year figures have been given in brackets.

c) Information in respect of raw materials consumed:

	Current Year			Previous Year		
	Qty (MT)	**Value (MXP)**	**Rs. In Lacs**	Qty (MT)	Value (MXP)	Rs. In Lacs
Polyster Chips	**23,233**	**379,129,537.80**	**13,711.22**	1,153	14,914,175.92	539.37
Chemicals	**23**	**1,985,237.10**	**71.80**	-	293,815.02	10.63
Others	**-**	**-**	**-**	-	-	-
		381,114,774.90	**13,783.02**		15,207,990.94	550.00

26 Comparative figures.

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

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Fourth Annual Report along with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2010 and for the previous year ended 31st March,2009 are as follows:

(Rs. In Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Sales & Operational Income	**5900.05**	—-
Other Income	**15.44**	25.22
Profit/(Loss) before Interest, Financial Charges & Depreciation	**452.81**	(149.36)
Interest & Financial Charges	**224.22**	535.90
Depreciation	**3.84**	3.06
Profit/(Loss) before Tax	**224.75**	(688.32)

YEAR IN RETROSPECT

The reality sector was badly hit during the financial year 2008-2009.However it has gradually picked up in the financial year 2009-2010 Your company has made tremendous growth by notching up an impressive income of Rs.5900 lacs in the financial year 2009-2010 in comparison to nil income in the previous financial year. It has come up with a net profit of Rs.147.73 lacs in the current financial year in comparison to a loss of Rs. 472.80 lacs in the previous financial year. Your Directors hope for better performance during the current financial year.

DIVIDEND

Due to consolidation of funds for the future growth of the company, your Directors regret their inability to recommend any dividend.

FIXED DEPOSIT

During the period under review, the Company did not accept any fixed deposit.

JOINT VENTURE

As reported in the last year, "QCELL Limited",40% owned JV Company of the Company has set up a 3G GSM Telecom Mobile Network in The Gambia with capacity of 100000 subscribers. Trial run has been completed and more than 125000 SIM Cards have been sold. Commercial launch has also been done.

DISINVESTMENT

During the current financial year, the Company has sold its entire shareholding in UTech Retailers Limited and accordingly, UTech Retailers Limited has ceased to be its Wholly Owned Subsidiary Company w.e.f.19th March,2010. Further, the Company under a Share Sale and Purchase Agreement has decided to sell its entire shareholding in AKC Developers Limited to a third party.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the articles of Association of the Company, Mrs. Rashmi Chaturvedi, Director of the Company retires by rotation and being eligible, offers herself for re-appointment.

None of the Directors of the Company is disqualified as per provisions of Section 274(1)(g) of the Companies Act, 1956. The Directors have made necessary disclosures as required under various provisions of the Companies Act, 1956.

AUDITORS

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

The observation of the Auditors and relevant notes to the Accounts of the Company are self-explanatory and therefore, do not call for any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Section 217(2AA) of the Companies Act, 1956 and subject to the disclosure in the Annual Accounts, we state as under :

1) that in the preparation of the Annual Accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed and that there has been no material departure.
2) that the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period under review.
3) that the Directors have taken proper and sufficient care for the maintenance of the adequate accounting records in

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4) that the Directors have prepared the Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

PERSONNEL

Relations with the Employees remained cordial and harmonious throughout the year, thereby strengthening the commitment of the Employees at all level to the growth of the Company.

ACKNOWLEDGMENT

The Directors acknowledge with gratitude the cooperation extended by various Government Agencies, Banks and other stakeholders during the period under review. The Board also takes this opportunity to express its deep gratitude for the continuous support and wholehearted cooperation given by the employees of the Company working at various levels.

For and on behalf of the Board

Place : New Delhi **ASHOK CHATURVEDI**
Date : 16 June, 2010 Chairman

ANNEXURE 'B' TO DIRECTORS' REPORT

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

1. **CONSERVATION OF ENERGY**

a) **Energy Conservation measures taken:**

The Company has constantly been emphasizing at optimization of energy consumption in every possible area. Various avenues are being explored at periodic intervals and after careful analysis and planning measures are being initiated to minimize the consumption of energy. During the period under review, the following measures were initiated/ adopted to conserve and optimize utilization of energy.

- **i.** Creating awareness amongst all of its staff members to make maximum use of natural lights and sensibly use electrical appliances like fans, air conditioners etc.
- **ii.** Reviewing on a periodic basis all the measures initiated/ adopted for conservation of energy.
- **iii.** Frequent cleaning of all lighting equipment like bulbs, tubes etc.

b) Additional Investment and proposal, if any, being implemented for reduction of energy :
No investment was made during the period under review.

c) Impact of the measures at (a) &(b) above for reduction of energy consumption and consequent impact on the production of goods:
Negligible

d) Total consumption and energy consumption per unit of production as per form 'A' of the annexure to the rules in respect of industries specified in the schedule thereto:
Not Applicable.

2 **(A) RESEARCH AND DEVELOPMENT**

Since no research and development activities have been carried out by the Company during the period under review, the Company has not incurred any expenditure.

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has not imported any technology during the period.

(C) FOREIGN EXCHANGE EARNING AND OUTGO

	(Rs. in Lacs)
(a) Earnings in Foreign Exchange	Nil
(b) Expenditure	Nil

For and on behalf of the Board

Place : New Delhi **ASHOK CHATURVEDI**
Date : 16 June, 2010 Chairman

AUDITORS' REPORT

To the Members of

U TECH DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of **U TECH DEVELOPERS LIMITED**, as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e. On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2010;
      ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. : 307068E

R N CHATURVEDI
Partner
Membership No. 092087

Place : New Delhi
Date : 16 June, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

I a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. Fixed assets have been physically verified by the management during the year pursuant to a Programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.

ii. a. The inventory comprising of properties under construction has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c. The Company is maintaining proper records of inventory. No discrepancies were noticed on physical verification.

iii. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses 4 (iii) (a) to 4 (iii) (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed of any continuing failure to correct major weaknesses in internal control system of the Company.

v. In our opinion and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956

vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as defined under the provisions of section 58 and 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under.

vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.

ix. a. According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including income-tax and cess and any other statutory dues applicable to it. We were informed that the operations of the Company during the year did not give rise to any liability for Investor Education Protection Fund, Wealth Tax, sales tax, service tax, Customs Duty, Excise Duty and Employees State Insurance dues.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax and cess were in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.

c. According to information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess or any other statutory dues which have not been deposited on account of any dispute.

x. The Company has been registered for a period less than five years and hence the provisions of clause 4 (x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company

xi. In our opinion and according to the information and explanations given to us, the Company has not taken any loans from any of the financial institutions or banks and has not issued any debentures.

xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

xvi. The Company has not raised any term loans during the year. Accordingly, the provisions of clause 4 (xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on a short-term basis have been used for long-term investment.

xviii. The Company has not made any preferential allotment of shares during the year. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company

xix. The Company has not issued any debentures during the year. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xx. The Company has not raised money through public issue of shares. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. : 307068E

R N CHATURVEDI
Partner
Membership No. 092087

Place : New Delhi
Date : 16 June, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule Number		As At 31.03.2010 (Rupees)		As At 31.03.2009 (Rupees)
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital					
a) Share Capital	1	**1,000,000,000**		1,000,000,000	
b) Reserve & Surplus	2	**100,751,035**	**1,100,751,035**	85,978,071	1,085,978,071
Unsecured Loan	3		**533,133,780**		1,160,733,780
TOTAL			**1,633,884,815**		2,246,711,851
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	**2,363,627**		2,363,627	
Less: Depreciation		**895,671**		511,616	
Net Block			**1,467,956**		1,852,011
Investments	5		**598,989,240**		276,969,990
Deferred Tax Assets (Net)			**21,422,000**		25,352,000
Current Assets, Loans & Advances					
a) Stock In Trade	6	**-**		538,760,000	
b) Sundry Debtors	7	**279,779,307**		262,654,807	
c) Cash & Bank Balances	8	**3,364,809**		11,818,840	
d) Other Current Assets	9	**47,880**		315,517	
e) Loans & Advances	10	**1,086,748,385**		1,788,824,018	
		1,369,940,381		2,602,373,182	
Less: Current Liabilities & Provisions					
a) Current Liabilites	11	**352,517,827**		659,082,317	
b) Provisions	12	**5,416,935**		753,015	
		357,934,762		659,835,332	
Net Current Assets			**1,012,005,619**		1,942,537,850
TOTAL			**1,633,884,815**		2,246,711,851

Notes: 1. The Schedules referred to above form an integral part of the Balance Sheet.
2. Significant Accounting Policies and Notes forming part of the Accounts as per Schedule 18 are annexed and form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors

As per our report of even date attached
For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E

ASHOK CHATURVEDI
(Director)

RAVI KATHPALIA
(Director)

R N CHATURVEDI
Partner
Membership No.092087

BASANT KUMAR
(Company Secretary)

Place : New Delhi
Date : 16-06-2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Schedule Number	For the Year Ended 31.03.2010 (Rupees)	For the Year Ended 31.03.2009 (Rupees)
INCOME			
Sales & operational income		**590,004,500**	-
Other Income	13	**1,544,371**	2,521,767
Increase/(Decrease) in stock	14	**(538,760,000)**	-
Total (A)		**52,788,871**	2,521,767
EXPENDITURE			
Payments & Benefits to Employees	15	**4,602,077**	13,002,590
Administrative, Selling & Other Expenses	16	**2,905,750**	4,455,340
Interest & Financial Charges	17	**22,421,740**	53,590,353
Depreciation		**384,055**	305,927
Total (B)		**30,313,622**	71,354,210
Profit /(Loss) for the year before taxation (A-B)		**22,475,249**	(68,832,443)
Provision for Taxation			
a. Current Tax		**3,768,000**	-
b. Deferred Tax charge/ (credit)		**3,930,000**	(23,463,000)
c. Frindge Benefit Tax		**-**	112,000
Less: Short provision of earlier year			
a. For Income Tax		**-**	1,722,737
b. For Fringe Benefit Tax		**4,285**	75,650
PROFIT/ (LOSS) AFTER TAXATION CARRIED TO BALANCE SHEET		**14,772,964**	(47,279,830)
Basic Earning Per Shares (Rs.)		**0.15**	(0.47)
Diluted Earning Per Share (Rs)		**0.15**	(0.47)

Notes:

1. The Schedules referred to above form an integral part of the Profit & Loss Account.
2. Significant Accounting Policies and Notes forming part of the Accounts as per Schedule 18 are annexed and form an integral part of the Profit & Loss Account.

For and on behalf of the Board of Directors

ASHOK CHATURVEDI
(Director)

RAVI KATHPALIA
(Director)

BASANT KUMAR
(Company Secretary)

Place : New Delhi
Date : 16-06-2010

As per our report of even date attached
For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E

R N CHATURVEDI
Partner
Membership No.092087

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	PARTICULARS		For the Year Ended 31.03.2010 (Rupees)		For the Year Ended 31.03.2009 (Rupees)
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit /(Loss) before tax		**22,475,249**		(68,832,443)
	Adjustment for:				
	Depreciation	**384,055**		305,927	
	Interest & Financial Charges	**22,421,740**		53,590,353	
	Interest received from banks / others	**(1,544,371)**	**21,261,424**	(2,521,767)	51,374,513
	Operating Profit before Working Capital Changes		**43,736,673**		(17,457,930)
	Adjustment for:				
	Trade and other receivables	**685,218,770**		(476,198,549)	
	Inventories	**538,760,000**		-	
	Trade and other payables	**(301,900,570)**	**922,078,200**	35,811,239	(440,387,310)
	Cash generated from Operating Activities		**965,814,873**		(457,845,240)
	Income Tax	**(3,768,000)**		(1,722,737)	
	Fringe Benefit Tax	**(4,285)**	**(3,772,285)**	(187,650)	(1,910,387)
	Net Cash from Operating Activities (A)		**962,042,588**		(459,755,627)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	(Purchase) of fixed assets	**-**		(2,094,778)	
	Sale Proceeds of Fixed Assets	**-**		1,266,220	
	(Out flow) on Investments	**(322,019,250)**		(276,969,990)	
	Interest received from banks / others	**1,544,371**		2,521,767	
	Net Cash from / (used in) Investing Activities (B)		**(320,474,879)**		(275,276,781)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Share Capital			-	
	Additions of Borrowing (net)	**(627,600,000)**		788,233,780	
	Interest & financial Charges	**(22,421,740)**		(53,590,353)	
	Net Cash used in Financing Activities (C)		**(650,021,740)**		734,643,427
	Net (Decrease) in Cash and Cash equivalents (A+B+C)		**(8,454,031)**		(388,981)
	Opening Cash and Cash equivalents		**11,818,840**		12,207,821
	Closing Cash and Cash equivalents		**3,364,809**		**11,818,840**

Note: Cash and Cash Equivalents represent Cash and Bank balance.

For and on behalf of the Board of Directors

As per our report of even date attached
For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E

ASHOK CHATURVEDI
(Director)

RAVI KATHPALIA
(Director)

R N CHATURVEDI
Partner
Membership No.092087

BASANT KUMAR
(Company Secretary)

Place : New Delhi
Date : 16-06-2010

		As At 31-Mar-10 (Rupees)		As At 31-Mar-09 (Rupees)
SCHEDULE : 1				
SHARE CAPITAL				
AUTHORISED				
150000000 Equity Shares (Previous year -same)of Rs 10/-each	**1,500,000,000**	**1,500,000,000**	1,500,000,000	1,500,000,000
ISSUED ,SUBSCRIBED AND PAID UP				
100,000,000 Equity Shares(Previous year -same) of Rs 10/-each, fully paid up in cash	**1,000,000,000**		1,000,000,000	
		1,000,000,000		1,000,000,000

SCHEDULE : 2

RESERVE AND SURPLUS

(In Rupees)

PARTICULARS	Balance as at 01.04.2009	Additions During the year	Deductions During the year	Balance as at 31.03.2010
Profit & Loss A/c	85,978,071	14,772,964	-	**100,751,035**
TOTAL	85,978,071	14,772,964	**-**	**100,751,035**
Previous Year	(133,257,901)	(-47,279,830)	(-)	**(85,978,071)**

	As At 31-Mar-10 (Rupees)	As At 31-Mar-09 (Rupees)
SCHEDULE : 3		
UNSECURED LOAN		
From Holding Company (free of Interest)	**325,233,780**	1,160,733,780
From others	**207,900,000**	-
	533,133,780	1,160,733,780

SCHEDULE : 4

FIXED ASSETS (In Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.09	Additions during the year	Deletion during the year	As on 31.03.2010	upto 01.04.09	for the year	upto 31.03.2010	As at 31.03.2010	As at 31.03.09
Computers	1,915,040	-	-	**1,915,040**	457,790	**309,294**	**767,084**	**1,147,956**	1,457,250
Office Equipments	98,077	-	-	**98,077**	5,439	**4,659**	**10,098**	**87,979**	92,638
Intangible Assets	350,510	-	-	**350,510**	48,387	**70,102**	**118,489**	**232,021**	302,123
TOTAL	**2,363,627**	-	-	**2,363,627**	**511,616**	**384,055**	**895,671**	**1,467,956**	**1,852,011**
Previous Year	(1,535,069)	**(2,094,778)**	**(1,266,220)**	**(2,363,627)**	(205,689)	**(305,927)**	**(511,616)**	**(1,852,011)**	(1,329,380)

SCHEDULE : 5

INVESTMENTS

LONG TERM INVESTMENTS

Particulars	Description	Face Value	Numbers	As At 31-Mar-10 Amount (Rupees)		As At 31-Mar-09 Amount (Rupees)
UNQUOTED						
FULLY PAID UP						
IN SUBSIDIARIES						
AKC Developers Ltd	Equity	Rs.10/-	1049999	**10,499,990**	1049999	10,499,990
AKC Developers Ltd	Preference	Rs.100/-	1925000	**192,500,000**	1925000	192,500,000
Utech Retailers Ltd	Equity	Rs.10/-	-	**-**	50000	500,000
SD Buildwell Pvt Ltd	Equity	Rs.10/-	5400	**54,125**	-	-
Ultra Urban Infratech Ltd	Equity	Rs.10/-	20000	**200,125**	-	-
INVESTMENT IN JOINT-VENTURE						
Qcell Limited	Equity	Dalasi 100/-	2160000	**386,365,000**	-	-
Qcell Limited (Pending for Allotment)				**9,370,000**		73,470,000
				598,989,240		276,969,990

SCHEDULE : 6

STOCK IN TRADE		
Traded Goods	**-**	538,760,000
	-	538,760,000

SCHEDULE : 7

SUNDRY DEBTORS		
Debtors outstanding for a period exceeding 6 month	**262,654,807**	262,654,807
Others	**17,124,500**	-
	279,779,307	262,654,807

SCHEDULE : 8

CASH & BANK BALANCES		
Cash In Hand	**12,100**	109,595
Balance with Scheduled Bank		
In current Account	**3,352,709**	11,709,245
	3,364,809	11,818,840

SCHEDULE : 9

OTHER CURRENT ASSETS		
Pre paid expenses	**47,880**	48,878
Interest accrued but not due	**-**	266,639
	47,880	315,517

SCHEDULE : 10

LOANS & ADVANCES		
Income Tax	**2,031,177**	15,562,455
Advance against Property	**674,885,000**	1,681,505,000
Loan to subsidiary*	**-**	11,573,679
Loan to Body Corporate	**11,573,679**	-
Other Advances	**398,258,529**	80,182,884
	1,086,748,385	1,788,824,018

*(Maximum balance outstanding during year Rs.1,15,73,679/-(Previous year Rs.1,15,73,679/-)

	As At 31-Mar-10 (Rupees)	As At 31-Mar-09 (Rupees)
SCHEDULE : 11		
CURRENT LIABILITIES		
Advances	**350,000,000**	380,000,000
Sundry Creditors		
Trade Creditors		269,380,000
Creditors for Expenses	**81,939**	76,226
Expenses Payable	**126,761**	120,440
Interest Accrued but not due	**300,090**	-
Duty & Taxes		
TDS Payable	**2,009,037**	9,505,651
	352,517,827	659,082,317
SCHEDULE : 12		
PROVISIONS		
Income Tax	**3,768,000**	**-**
Fringe Benefit Tax	**-**	23,000
Employee's Benefits	**1,648,935**	730,015
	5,416,935	753,015

	For the Year Ended 31-Mar-10 (Rupees)	For the Year Ended 31-Mar-09 (Rupees)
SCHEDULE : 13		
OTHER INCOME		
Interest on Fixed Deposits with Banks [TDS Rs.Nil, Previous year Rs 4,82,316/-]	**-**	2,224,509
Interest on others [TDS Rs.17,606/- Previous year Rs.30,619/-]	**199,005**	297,258
Interest on Income Tax Refund	**1,345,366**	**-**
	1,544,371	2,521,767
SCHEDULE : 14		
INCREASE/(DECREASE) IN STOCK TRADED GOODS		
Closing Stock	**-**	538,760,000
Less:Opening Stock	**538,760,000**	538,760,000
	(538,760,000)	**-**
SCHEDULE : 15		
EMPLOYEES REMUNERATION & OTHER BENEFITS		
Salaries & Allowances	**4,602,077**	12,912,545
Staff Welfare Expenses	**-**	90,045
	4,602,077	13,002,590
Schedule : 16		
ADMINISTRATIVE,SELLING & OTHER EXPENSES		
Office Rent	**661,800**	674,160
Electricity Expenses	**180,000**	191,124
Exchange Fluctuation	**-**	1,540
Legal & Professional Charges	**1,104,057**	415,689
Consultancy Charges	**-**	243,007
Printing & Stationary	**131,347**	236,445
Telephone, Postage & Telegraph	**194,416**	365,522

		For the Year Ended 31-Mar-10 (Rupees)		For the Year Ended 31-Mar-09 (Rupees)
Travelling & Conveyance		**75,623**		1,366,045
Miscellaneous Expenses		**63,931**		91,141
Vehicle Running & Maintanace		**323,592**		454,477
Filing Fees		**3,740**		3,724
Office Maintenance		**-**		7,750
Business Promotion		**41,830**		9,696
Recruitment & Traning Expenses		**-**		205,866
Repairs & Maint (others)		**79,469**		51,078
Tender Expenses		**-**		89,386
Books & Periodical		**1,825**		4,570
Auditor Remuneration				
- Statutory Audit Fees	**27,575**		44,120	
- Tax Audit Fees	**16,545**	**44,120**	-	44,120
		2,905,750		4,455,340

SCHEDULE : 17

INTEREST & FINANCIAL CHARGES

Interest Paid	**22,198,460**	53,082,192
Bank Charges	**223,280**	508,161
	22,421,740	53,590,353

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant Accounting Policies

1. CLASSIFICATION OF EXPENDITURE / INCOME

Except otherwise indicated:

i) All expenditure and income are accounted for under the natural heads of account.

ii) All expenditure and income are accounted for on accrual basis.

2. ESTIMATES OF COST

The preparation of the financial statements in conformity with GAAP requires the Company to make estimates and assumption that affect the balance of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the period of account. Examples of such estimates include accounting for balance cost to complete ongoing projects, income taxes and future obligation under employee retirement benefit plans. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated Actual results could differ from those estimates.

3. VALUATION

i) FIXED ASSETS

Fixed Assets are normally accounted for on cost basis including the cost of installation, pre-operative expenses, identifiable trial run expenses where incurred/ eligible adjustment on account of foreign exchange fluctuations and impairment losses. Pre-operative expenses and identifiable trial run expenses incurred by the company up to the date eligible assets are put to use in proportion to their cost. The cost of fixed assets is adjusted for revaluation, if any, done in any year as decided by the management so as to show the fixed assets at their current value.

ii) INVENTORIES

Inventories are valued at lower of cost and net realisable value. In respect of work-in-progress, comprising of developing long term properties and assets, the qualifying assets are valued at direct cost of construction including borrowing and other costs incidental thereto incurred up to the state of keeping those qualifying assets ready for sale in compliance with Accounting Standard-16.

4. FOREIGN CURRENCY TRANSACTIONS

a) Foreign currency monetary items remaining unsettled at the year end are translated at year end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the values were determined.

b) Exchange differences on outstanding loans / payables / liabilities are adjusted as income / expense through the Exchange Fluctuation Account in the year they arise.

c) Difference between the forward and exchange rate on the date of transactions are adjusted over the period of the contract as an income / expense through the Exchange Fluctuation Account.

d) Profit or loss on cancellation of forward contracts are adjusted as income / expense through Exchange Fluctuation Account in the year they arise.

5. DEPRECIATION

i) Normal depreciation on all fixed assets, except land and extra shift depreciation on specific plant & machineries for the period of extra shift worked, are provided from the date of put to use on straight line method at the rates prescribed in Schedule-XIV to the Companies Act, 1956.

ii) No depreciation is provided on leasehold land.

iii) Depreciation on additions / deletions to fixed assets is provided on pro-rata basis from / to the date of additions / deletions.

iv) In case the financial year consists of the period less / more than the normal period of 12 months, depreciation on fixed assets existing at the beginning of the financial year as well as those acquired during the said period are provided for the period covered on pro-rata basis.

v) In respect of assets acquired on amalgamation, depreciation is provided on the net value to the company at the time of amalgamation.

vi) Depreciation on additions / deletions to the fixed assets due to foreign exchange fluctuations is provided on pro-rata basis from the date of additions / deletions.

6. REVENUE RECOGNITION

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership and the sale consideration is determined through agreement of sale or registration of sale deed as per Accounting Standard - 9, Revenue Recognition. However, in case where the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in Accounting Standard -7 (revised 2002), Construction Contracts.

7. INVESTMENTS

Long term investments are valued at their cost including brokerage, fees and duty. However, if there is decline in value of investment, other than temporary, the carrying amount of investment is reduced recognizing the decline in value of each investment.

8. EMPLOYEE BENEFITS

i) Gratuity is provided as per the provisions of payment of Gratuity Act, 1972 with vesting period of 5 years of service.

ii) Leave encashment is provided on the basis of leave entitlement of employees remaining unutilised at the end of the year.

9. BORROWING COST

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

10. EARNING PER SHARE

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

11. DEFERRED TAX ASSETS / LIABILITIES

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

12. IMPAIRMENT

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

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

14. INTANGIBLE ASSETS

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

15. CLAIMS BY / AGAINST THE COMPANY

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

B. NOTES TO ACCOUNTS

1. There are no dues to micro, small and medium enterprises as at March 31, 2010.

(In Rupees)

2. Contingent liabilities	As at 31-03-2010	As at 31-03-2009
Additional demand raised by Income Tax department, which are under rectification & Appeal.	14,88,756	Nil

3. The following table sets out the status of the gratuity and leave encashment and the amounts recognised in the Company's financial statements as at 31st March,2010.

Particulars	Gratuity (Non-Funded) As on 31-03-2010 (Rupees)	Leave Encashment (Non-Funded) As on 31-03-2010 (Rupees)
Liability at the beginning of the year	**307621**	**186690**
Current Year Provision	**517744**	**479655**
Liability at the end of the year	**825365**	**666345**

4. In accordance with Accounting Standard (AS 22) "Accounting for Taxes on Income" issued by the ICAI, the company has accounted for Deferred Taxes during the year.

Following are the major components of deferred tax assets / (liabilities):

Particulars	Deferred Tax Asset/Liabilities As at 01-04-2009	Current Year (Charges)/Credit (Rupees)	Deferred Tax Asset/Liabilities As at 31-03-2010
A- Deferred Tax Assets			
Unabsorbed Depreciation as per Income tax Act	2,11,000	**-**	**2,11,000**
Carry Forward Business Losses as per Income Tax Act	239,07,000	**(72,92,000)**	**166,15,000**
Mat Credit	-	**37,68,000**	**37,68,000**
Others	15,51,000	**(3,75,000)**	**11,76,000**
Total (A)	256,69,000	**(38,99,000)**	**217,70,000**
B- Deferred Tax Liabilities			
Excess of Book WDV of Fixed Asset Over Income Tax WDV of Fixed Assets	3,17,000	**31,000**	**3,48,000**
Total (B)	3,17,000	**31000**	**3,48,000**
Net Deferred Tax Assets/Liabilities (A-B)	253,52,000	**(39,30,000)**	**214,22,000**

5. Earnings per share (EPS)

Particulars	Year Ended March 31, 2010	Year ended March 31, 2009
Net Profit/(Loss) for the year (Rupees)	**147,72,964**	(47,248,830)
Weighted average number of Equity Shares of Rupees 10/- each outstanding during the year	**10,00,00,000**	10,00,00,000
Basic and Diluted Earnings Per Share (in Rupees)	**0.15**	(0.47)

6. **Related Party Disclosures**

List of Related Parties and Relationship

i. Holding Company

a) UFlex Limited

ii. Subsidiaries

a) U Tech Retailers Ltd [Up to 19-03-2010]
b) AKC Developers Ltd.
c) SD Buildwell Pvt Ltd.

iii Subsidiaries/Step- Subsidiaries of holding Company

a) Flex America Inc
b) Flex Middle East FZE
c) Uflex Europe Ltd
d) Flex America S.A.de C.V,Mexico
e) Uflex Packaging Inc, USA
f) UPET Holdings Ltd.Mauritius
g) UPET(Singapore) Pte. Ltd.
h) Flex P.Films Egypt S.A.E

iv Associate Company

Ultra Urban Infratech Limited

v Associate of Holding Co.

Flex Foods Limited

vi Joint Venture Company

Qcell Limited

vii. Individual owning indirect interest in voting power of the company

Sri Ashok Chaturvedi

viii. Key Management Personnel

Sri S.K.Sharma

ix. Companies/Enterprises in which the persons referred in (vii) & (viii) Along with their relative exercise significant influence:

Ultimate Flexipack Ltd, Cinflex Infotech Pvt. Ltd., Club One Airways Pvt. Ltd, Flex Industries Pvt. Ltd. AC Infratech Pvt. Ltd ,RC Properties Pvt. Ltd., A to Z Infratech Pvt. Ltd., Ultimate Infratech Pvt.Ltd., Flex International Pvt Ltd , Anshika Investments Pvt Ltd, Anant Overseas Pvt Ltd , Apoorva Extrusion Pvt Ltd, Anshika Consultants Pvt Ltd, A R Leasing Pvt Ltd , Ultimate Enterprises Pvt Ltd , Kaya kalpa Medical Services Pvt Ltd, A R Infrastructures & Projects Pvt Ltd , AR Aerotech Pvt Ltd, AC infrastructures Pvt. Ltd, Utech Retailer Ltd [w.e.f 20.03.10]

The Company has entered into transactions with certain parties listed above during the year under consideration.

(In Rupees)

	Transactions	Holding Company	Subsidiaries	Associate Company	Joint Venture	Key Management Personnel	Enterprises referred to in (ix) above
i)	**Trade Transactions**						
	Lease rent paid	**8,41,800**	-	-	-		-
	Salaries	**-**	-	-	-	19,51,000	
	Advance	**-**	-	-	-	-	-
	Total	**8,41,800**	-	-	-	**-**	**-**
ii)	**Non trade transaction**						
	Loan taken	**166,35,00,000**	-	-	-	-	82,22,00,000
	Amount Re-paid for loan taken	**249,90,00,000**	-	-	-	-	78,05,00,000
	Interest paid on loan	**-**	-	-	-	-	2,21,49,230
	Share Application Money given	**-**	33,96,33,010	7,62,50,000	-	-	-
	Refund against share application Paid	**-**	1,76,47,842	-	-	-	-
	Investments	**-**	54,120	2,00,125	32,22,65,000	-	-
	Total	**416,25,00,000**	**35,73,34,972**	**7,64,50,125**	**32,22,65,000**	-	**162,48,49,230**
	Balance as on 31-03-2010 Debit	**-**	**32,19,85,168**	**7,61,00,000**	**-**	-	**1,15,73,679**
	Credit	**32,52,36,901**	-	-	-	-	**4,17,00,000**

7. **Managerial Remuneration:**

(In Rupees)

	Current Year	Previous Year
i) Salaries Including HRA	**18,76,000**	17,01,000
ii) Medical Reimbursement	**45,000**	15,000
iii) Exgratia	**8,400**	8,400
iii) Perquisite value of electricity, car& rent free accommodation provided, evaluated as per Income Act Rules,1962(net of recovery)	**21,600**	-
Total	**19,51,000**	17,24,400

8. Information pursuant to paragraph 3, 4C and 4D of Part II of schedule VI of the Companies Act, 1956:-

(A) Quantitative details of purchase, sales and opening and closing stock of flats:-

(In Rupees)

Particulars	Opening Stock		Purchase		Sales		Closing Stock	
	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Flats	89	53,87,60,000	-	-	89	53,87,60,000	-	-
Flats	89	53,87,60,000	-	-	89	53,87,60,000	-	-

(B) No other information pursuant to paragraph 3, 4C and 4D of Part II of schedule VI of the Companies Act, 1956.

Signatures to Schedule 1 to 18 form an integral part of accounts.

For and on behalf of the Board of Directors

For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E

ASHOK CHATURVEDI
(Director)

RAVI KATHPALIA
(Director)

R N CHATURVEDI
Partner
Membership No.092087

BASANT KUMAR
(Company Secretary)

Place : New Delhi
Date : 16-06-2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1	**Registration Details**				
	Registration No.	U45200DL2006PLC156675	State Code	55
	Balance Sheet Date	31-March-2010		
2.	**Capital raised during the year**			**(Rs. in Thousand)**
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Issue	Nil
3.	**Position of Mobilisation & Deployment of Funds**			**(Rs. in Thousand)**
	Total Liabilities	1,633,885	Total Assets	1,633,885
	Sources of Funds			
	Paid-up capital	1,000,000	Reserve & Surplus	100,751
	Unsecured Loan	533,134		
	Application of Funds			
	Net Fixed Asset	1,468	Investments	598,989
	Net Current Assets	1,012,006	Deferred Tax Assets	21,422
4.	**Performance of the company**			**(Rs. in Thousand)**
	Turnover (incl. Other Income)	591,549	Dividend rate	Nil
	Profit/ (Loss) before Taxes	22,475	Profit/(Loss) after taxes	14,773
	Earning per share in Rs.	0.15	Total Expenditure	30,314
5.	Generic Names of three principal products/ services of company	Not Applicable		

For and on behalf of the Board of Directors

ASHOK CHATURVEDI
(Director)

RAVI KATHPALIA
(Director)

BASANT KUMAR
(Company Secretary)

Place : New Delhi
Date : 16-06-2010

DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting this 4th Annual Report alongwith the Audited Accounts of the Company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2010 and for the previous year ended 31st March,2009 are as follows:

(Rs. In Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Sales & Operational Income	**543.59**	395.20
Other Income	**69.23**	49.84
Profit/(Loss) before Interest, Financial Charges & Depreciation	**50.03**	61.69
Interest & Financial Charges	**10.88**	12.67
Depreciation	**3.19**	0.57
Profit before Tax	**35.96**	48.45
Net Profit	**27.04**	30.01

REVIEW OF OPERATIONS

During the year ended March 31, 2010 the Company has earned a gross income of Rs.612.82 lacs including other income of Rs.69.23 lacs and ended the financial year with a profit before tax of Rs.35.96 lacs. After considering the provision of taxes, the net profit was Rs.27.04 lacs.

STATUS OF PROJECTS

As reported in last year, the Company has successfully ventured into Integrated Municipal Solid Waste Processing Projects and has been awarded MSW projects under Public Private Partnership (PPP) Scheme. The processing of Municipal Solid Waste at Gwalior with an installed capacity of 300 has started after commissioning of the plant. Presently the ramping-up of the plant is in progress. For Faridabad project, almost 50% of the civil work has been completed. The orders for main equipments have been placed and the same have started arriving at site and its erection work is going on. For Bareilly project, concession agreement with Municipal Corporation has been executed and taking over of land possession is in process. Major portion of building has been completed. The orders for main equipments have been placed and delivery of plant & machinery is expected shortly. The implementation activities for Agra projects are also in progress.

CHANGE OF PARTNERS

Two joint partners i.e. M/s UTech Developers Ltd. & M/s Ultimate Flexipack Ltd. have entered into a Share Sale & Purchase Agreement for sale of their entire shareholding in the Company to another partner, i.e.M/s Hanjer Biotech Energies Pvt. Ltd.

DIVIDEND

Your Directors are not in a position to recommend any dividend due to paucity of sufficient income during the year.

FIXED DEPOSIT

During the year under review, the Company did not accept any fixed deposit.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Ravi Kathpalia, Director of the Company retires by rotation and being eligible, offers himself for reappointment.

None of the Directors of your Company is disqualified as per provision of Section 274 (1)(g) of the Companies Act, 1956.

AUDITORS

The Auditors of the Company, M/s Jain Singhal & Associates, Chartered Accountants, New Delhi Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 and subject to disclosures in the Annual Accounts, we state as under :-

1) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed and that there have been no material departures.
2) that the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the year under review.
3) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be furnished pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

PERSONNEL

Relations with the Employees remain cordial and harmonious throughout the year, thereby strengthening the commitment of the Employees at all level to the growth of the Company.

ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the cooperation extended by various Government Agencies, Banks and other stakeholders during the period under review. The Board also takes this opportunity to express its deep gratitude for the continuous support and wholehearted cooperation given by the employees of the Company working at various levels.

For and on behalf of the Board

Vipin Mital
Chairman

Place : NOIDA
Date : 28th June, 2010

ANNEXURE 'B' TO DIRECTORS' REPORT

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

1. **CONSERVATION OF ENERGY**
   - **a) Energy Conservation measures taken:**
     The Company has constantly been emphasizing at optimization of energy consumption in every possible area. Various avenues are being explored at periodic intervals and after careful analysis and planning measures are being initiated to minimize the consumption of energy. During the period under review, the following measures were initiated / adopted to conserve and optimize utilization of energy.
     - i. Creating awareness amongst all of its staff members to make maximum use of natural lights and sensibly use electrical appliances like fans, air conditioners etc.
     - ii. Reviewing on a periodic basis all the measures initiated/ adopted for conservation of energy.
     - iii. Frequent cleaning of all lighting equipment like bulbs, tubes etc.
   - **b)** Additional Investment and proposal, if any, being implemented for reduction of energy :
     No investment was made during the period under review.
   - **c)** Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the production of goods:
     Negligible
   - **d)** Total consumption and energy consumption per unit of production as per form 'A' of the annexure to the rules in respect of industries specified in the schedule thereto:
     Not Applicable.

2 **(A) RESEARCH AND DEVELOPMENT**

Since no research and development activities have been carried out by the Company during the period under review, the Company has not incurred any expenditure.

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has not imported any technology during the period.

(C) FOREIGN EXCHANGE EARNING AND OUTGO

	(Rs. in Lacs)
(a) Earnings in Foreign Exchange	Nil
(b) Expenditure	Nil

For and on behalf of the Board

Vipin Mital
Chairman

Place : NOIDA
Date : 28th June, 2010

AUDITORS' REPORT

To,
The Members of
AKC Developers Limited
New Delhi

1 We have audited the attached Balance Sheet of M/s AKC DEVELOPERS LIMITED, as at 31st March, 2010, Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3 As required by the Companies (Auditor's Report) Order 2003, and (Amendment) Order 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

4 Further to our comments in the annexure referred to above, we report that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books;

iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of section 211 of the Companies Act 1956;

v. On the basis of written representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in term of clause (g) of sub-section (1) of section 274 of the Companies act, 1956;

vi. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with Significant Accounting policies and Notes given in Schedules 21 & 22 respectively, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India: -

a. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010; and

b. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date;

For **JAIN SINGHAL & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 005839N

Place : NOIDA
Dated : 28th June 2010

(Bhawna Khanna)
Partner
M. No: 502428

ANNEXURE TO THE AUDITOR'S REPORT OF AKC DEVELOPERS LIMITED, FOR THE YEAR ENDED 31ST MARCH, 2010.
[Referred to in paragraph '3' of our report of even date]

(i) FIXED ASSETS

(a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancy has been noticed on such verification.

(c) No substantial part of fixed assets has been disposed off during the year under audit.

(ii) INVENTORY

(a) According to the information and explanation given to us, the physical verification of inventory has been conducted at reasonable intervals by the Management.

(b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed in the procedures for physical verification of inventory.

(iii) The Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause (iii) (b) to (iii) (g) of paragraph 4 of Companies (Auditor's Report) Order 2003, and (Amendment) Order 2004 are not applicable to the Company.

(iv) The Company has an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of inventory and fixed assets and for sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system.

(v) a) According to the information and explanations given to us, we are of the opinion that there are no contract or arrangements referred to in section 301 of the Companies Act, 1956.

b) As the Company has not entered into any transaction referred to in sub-clause(a), no comments have been given in respect of sub-clause(b) of clause (v) of paragraph 4 of Companies (Auditor's Report) Order 2003, and (Amendment) Order, 2004.

(vi) The Company has not accepted any deposits from the public, hence the compliance of the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

(vii) According to the information and explanations given to us the Company has an internal audit system commensurate with its size and nature of its business.

(viii) The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.

(ix) (a) The provisions of Investors' Education & Protection Fund, Employees State Insurance Fund, Wealth Tax, Custom Duty, Excise, are not applicable to the Company in the current financial year. The Company is regular in depositing its undisputed Provident Fund, Income Tax, Sales Tax dues. However, Service Tax dues of Rs.80,117/- for the period from August, 2008 to September, 2009 were deposited in March 2010. According to the information and explanations given to us, no undisputed amount payable in respect of Provident Fund, Income Tax, Sales Tax and Service Tax were in arrear as at 31-03-2010 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax and other statutory dues, which have not been deposited on account of any dispute.

(x) The Company has been registered for a period of less than five years; therefore the provisions of clause (x) of paragraph 4 of Companies (Auditor's Report) Order 2003, and (Amendment) Order 2004 are not applicable to the Company.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the bank or Financial Institution.

(xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of Companies (Auditor's Report) Order 2003, and (Amendment) Order 2004 are not applicable to the Company.

(xiv) The Company has not dealt or traded in shares, securities, debentures and other investments during the year. However it has maintained proper records in respect of investment in mutual funds which are held in the name of the company.

(xv) According to the information and explanations given to us we report that company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the term loans raised were applied during the year for the purpose for which they were obtained.

(xvii) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment by the Company.

(xviii) According to information and explanations given to us, and on the basis of overall examination of Balance Sheet, no preferential allotment of shares was made to the parties and companies covered in the register maintained under section 301 of the Companies Act 1956 during the year under audit.

(xix) The Company has not issued any debentures during the year, therefore the provision of clause (xix) of paragraph 4 of Companies (Auditor's Report) Order, 2003 and (Amendment) Order 2004 is not applicable to the Company.

(xx) The Company has not raised any money by way of public issues during the year covered by our audit report, therefore the provision of clause (xx) of paragraph 4 of Companies (Auditor's Report) Order 2003, and (Amendment) Order 2004 is not applicable to the company.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year covered by our audit.

For **JAIN SINGHAL & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 005839N

Place : NOIDA
Dated : 28th June 2010

(Bhawna Khanna)
Partner
M. No: 502428

BALANCE SHEET AS AT 31ST MARCH, 2010

		Schedule Number		As At 31.03.2010		(Rupees) As At 31.03.2009
I.	**SOURCES OF FUNDS**					
	Shareholders' Funds					
	a) Share Capital	1		**290,000,000**		290,000,000
	b) Reserve and Surplus	2		**5,548,877**		2,845,205
	Share Application Money (pending allotment)			**8,500,000**		-
	Loan Funds					
	Secured Loans	3		**332,078,927**		181,346,664
	TOTAL :			**636,127,804**		474,191,869
II.	**APPLICATION OF FUNDS**					
	Fixed Assets	4				
	Gross Block		8,622,865	-	3,152,388	
	Less : Depreciation		604,805	-	152,519	
	Net Block		8,018,060		2,999,869	-
	Capital Work In Progress		577,565,788	**585,583,848**	192,808,084	195,807,953
	Deferred Tax Assets (Net)	5		**63,366**		435,353
	Investments	6		**76,500**		37,833,176
	Current Assets, Loans & Advances					
	a) Inventories	7	22,295,254		495,720	
	b) Sundry Debtors	8	25,376,886		19,637,456	
	c) Cash & Bank Balances	9	84,150,359		40,848,136	
	d) Other Current Assets	10	6,912,411		2,690,816	
	e) Loans & Advances	11	27,731,021		197,003,823	
			166,465,931		260,675,951	
	Less: Current Liabilities & Provisions					
	a) Current Liabilities	12	115,339,663		20,081,108	
	b) Provisions	13	722,178		479,456	
			116,061,841		20,560,564	
	Net Current Assets			**50,404,090**		240,115,387
	TOTAL			**636,127,804**		474,191,869

Notes : 1. The schedules referred to above form an integral part of the Balance Sheet.

2. Significant Accounting Policies and Notes forming part of the Accounts as per schedule 21 and 22 respectively are annexed and form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors

Vipin Mital
Director

Vipin Agarwal
Director

Major Narender Pal
Head Environment Division

S.K. Arora
AGM (F&A)

Pankaj Gupta
Company Secretary

As per our report of even date attached
For **Jain Singhal & Associates**
Chartered Accountants
Firm Regn. No. 005839N

Bhawna Khanna
Partner
M. No. : 502428

Place : NOIDA
Dated : 28th June, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees)

	Schedule Number	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
A. INCOME:			
Contracts Receipts	14	**54,359,171**	39,520,034
Trading Sales		**672,000**	-
Other Income	15	**6,923,247**	4,983,570
Increase in Finished Goods & Work in Progress	16	**21,778,940**	300,000
TOTAL (A)		**83,733,358**	44,803,604
B. EXPENDITURE:			
Material Cost	17	**302,406**	4,746,415
Other Contract Expenses	18	**74,788,911**	30,716,135
Administrative & Other Expenses	19	**3,639,568**	3,171,393
Interest & Financial Charges	20	**1,087,651**	1,267,141
Depreciation	4	**318,830**	57,080
TOTAL (B)		**80,137,366**	39,958,164
Profit Before Tax (A-B)		**3,595,992**	4,845,440
Less :- Provision for Taxation			
- For Current Tax		**(555,581)**	(2,104,058)
- For Deferred Tax (Charge)/ credit		**(371,987)**	407,987
- For Fringe Benefit Tax		**-**	(148,000)
Add: Excess Provisions written back		**35,248**	-
Profit After Tax		**2,703,672**	3,001,369
Add / (Less) :Balance brought forward from previous year		**2,845,205**	(156,164)
Balance carried to Balance Sheet		**5,548,877**	2,845,205
Basic Earning Per Share(Rs.)		**1.80**	8.06
Diluted Earning Per Share (Rs.)		**1.77**	8.06

Notes : 1. The schedules referred to above form an integral part of the Profit & Loss account

2. Significant Accounting Policies and Notes forming part of the Accounts as per schedule 21 and 22 respectively are annexed and form an integral part of the Profit & Loss Account.

For and on behalf of the Board of Directors

Vipin Mital
Director

Vipin Agarwal
Director

Major Narender Pal
Head Environment Division

S.K. Arora
AGM (F&A)

Pankaj Gupta
Company Secretary

As per our report of even date attached
For **Jain Singhal & Associates**
Chartered Accountants
Firm Regn. No. 005839N

Bhawna Khanna
Partner
M. No. : 502428

Place : NOIDA
Dated : 28th June, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees)

			For the Year Ended 31.03.2010		For the Year Ended 31.03.2009
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax & exceptional items		**3,595,992**		4,845,440
	Adjustment for:				
	Depreciation	318,830		57,080	
	Dividend Income	(934,047)		(432,758)	
	Interest & Financial Charges	1,087,651	**472,434**	1,267,141	891,463
			4,068,426		5,736,903
	Operating Profit before working Capital changes				
	Adjustment for:				
	Trade and other receivables	159,311,777		(217,152,095)	
	Inventories	(21,799,534)		(495,720)	
	Trade and Other payables	95,501,277	**233,013,520**	20,432,126	(197,215,689)
	Cash generated from operating activities		**237,081,946**		(191,478,786)
	Fringe Benefit Tax	35,248		(148,000)	
	Income Tax	(555,581)	**(520,333)**	(2,104,058)	(2,252,058)
	Net Cash from operating activities (A)		**236,561,613**		(193,730,844)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	(Purchase) of Fixed Assets		(5,470,477)		(3,152,388)
	Capital work-in-progress		(384,624,248)		(192,353,182)
	Dividend Income		934,047		432,758
	Inflow / (Outflow) on Investments (Net)		37,756,676		(37,833,176)
	Net Cash used in Investing Activities (B)		**(351,404,002)**		(232,905,988)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Share Capital Received		-		285,000,000
	Share application money received		8,500,000		2,200,000
	Interest & Financial Charges		(1,087,651)		(1,267,141)
	Additions of Borrowings (Net)		150,732,263		181,346,664
	Net Cash used in Financing Activities (C)		**158,144,612**		467,279,523
	Net Increase in Cash and Cash equivalents (A+B+C)		**43,302,223**		40,642,691
	Opening Cash and Cash equivalents		**40,848,136**		205,445
	Closing Cash and Cash equivalents		**84,150,359**		40,848,136

Note: Figures of the previous year has been rearranged / regrouped , wherever found necessary.

For and on behalf of the Board of Directors

Vipin Mital
Director

Vipin Agarwal
Director

As per our report of even date attached
For **Jain Singhal & Associates**
Chartered Accountants
Firm Regn. No. 005839N

Major Narender Pal
Head Environment Division

S.K. Arora
AGM (F&A)

Pankaj Gupta
Company Secretary

Bhawna Khanna
Partner
M. No. : 502428

Place : NOIDA
Dated : 28th June, 2010

SCHEDULES

		As At 31.03.2010		(Rupees) As At 31.03.2009
1 SHARE CAPITAL				
AUTHORISED				
28,00,000(Previous Year 28,00,000) Preference Shares of Rs.100/- each	**280,000,000**		280,000,000	
20,00,000(Previous Year 20,00,000) Equity Shares of Rs.10/- each	**20,000,000**		20,000,000	
		300,000,000		300,000,000
ISSUED,SUBSCRIBED & PAID-UP				
(A) Preference Shares				
27,50,000(Previous Year 27,50,000) 5% Redeemable, Non-Cumulative Preference Shares of Rs.100/- each fully paid-up	**275,000,000**		275,000,000	
(B) Equity Shares				
15,00,000(Previous Year 15,00,000) Equity Shares of Rs.10/- each fully paid-up	**15,000,000**		15,000,000	
(A+B)		**290,000,000**		290,000,000
TOTAL:		**290,000,000**		290,000,000

Notes : -

1. Preference Shares are redeemable on the expiry of 11 years from the date of Issue i.e. 15th January, 2009 at a Premium of 10%. However, the same can be redeemed at the option of the Company after the expiry of 5 years at a premium of 5% in one or more tranches before the final maturity.
2. 19,25,000 (Previous year same) Preferences shares and 10,49,995 (Previous year same) equity shares held by the holding company as on Balance Sheet date

	As At 31.03.2010	As At 31.03.2009
2 RESERVE & SURPLUS		
Opening Balance	**2,845,205**	(156,164)
Add:- Profit for the year	**2,703,672**	3,001,369
	5,548,877	2,845,205
3 SECURED LOANS		
TERM LOAN		
From Bank	**332,078,927**	181,346,664
TOTAL:	**332,078,927**	181,346,664

Note :

Term Loans from a Bank are secured by way of (a) First Hypothecation charge over the Specific Fixed Assets of the Company situated at Gwalior (M.P.), Faridabad (Haryana) and Bareilly (U.P.) (b) Second Hypothecation charge over the Current Assets of the Company and (c) Equitable mortgage over the leasehold land of the Company along with Superstructures constructed / to be constructed thereon, which is yet to be created.

4. FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Value/ Cost As at 01.04.2009	**Additions during the Year**	On Sales/ Adjustment	**Value/ Cost As at 01.04.2010**	Upto 31.03.2009	**For the year**	On Sales/ adjustment	**As at 31.03.2010**	**As at 31.03.2010**	As at 31.03.2009
Plant & Machinery	1,856,363	**366,438**	-	**2,222,801**	49,283	**94,179**	-	**143,462**	**2,079,339**	1,807,080
Electrical Installation	-	**8,200**	-	**8,200**	-	**269**	-	**269**	**7,931**	-
Office Equipments	49,429	**823,808**	-	**873,237**	568	**26,479**	-	**27,047**	**846,190**	48,861
Furniture & Fixures	40,784	**138,950**	-	**179,734**	1,074	**29,733**	-	**30,807**	**148,927**	39,710
Vehicles	759,142	**1,140,150**	-	**1,899,292**	61,054	**140,330**	-	**201,384**	**1,697,908**	698,088
Hydraulic Mob. Crane	-	**1,866,188**	-	**1,866,188**	-	**49,421**	-	**49,421**	**1,816,767**	-
Generator	-	**948,728**	-	**948,728**	-	**20,436**	-	**20,436**	**928,292**	-
Computer	446,670	**178,015**	-	**624,685**	40,540	**91,439**	-	**131,979**	**492,706**	406,130
TOTAL	3,152,388	**5,470,477**	**-**	**8,622,865**	152,519	**452,286**	@	**604,805**	**8,018,060**	2,999,869
Previous Year	(-)	3152388	(-)	3152388	(-)	152519	(-)	152519		
CAPITAL WORK - IN - PROGRESS*									**577,565,788**	192,808,084
									585,583,848	195,807,953

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

@ Note : Depreciation of Rs.1,33,456 (Previous year Rs.95,439/-) has been transferred to Capital W.I.P.

		As At 31.03.2010 (Rupees)	As At 31.03.2009 (Rupees)
5	**DEFERRED TAX ASSETS (NET)**		
	Opening Balance	**435,353**	27,366
	Add: Provision of Deferred Tax Credit / (Charge) for the year	**(371,987)**	407,987
	TOTAL:	**63,366**	435,353
6	**INVESTMENTS**		
	SHORT TERM INVESTMENTS		
	Investment in mutual Funds**	**76,500**	37,833,176
	TOTAL:	**76,500**	37,833,176
	** Refer Note No:- 12 of Schedule: - 22		
7	**INVENTORIES**		
	Stores & Consumables	**216,314**	195,720
	Work-in-Progress	**22,078,940**	300,000
	TOTAL:	**22,295,254**	495,720
8	**SUNDRY DEBTORS**		
	(Unsecured, Considered Good)		
	A. Debts outstanding for a period exceeding six months	**157,975**	-
	B. Other debts	**25,218,911**	19,637,456
	TOTAL:	**25,376,886**	19,637,456
9	**CASH & BANK BALANCES**		
	Cash in Hand	**21,513**	10,012
	Balances with Scheduled Banks :		
	- On Current Accounts	**318,677**	253,634
	- On Escrow Account	**19,144**	24,440
	- On Fixed Deposit Accounts @	**57,833,000**	35,225,000
	- On Margin Money Accounts	**25,958,025**	5,335,050
	TOTAL:	**84,150,359**	40,848,136
	@ 1. Rs. 5,76,08,000/- (Previous year - Rs.3,50,00,000/-) Pledged with Bank as margin against Guarantees		
	2. Rs.2,25,000/- (Previous year - Rs.2,25,000/-) security given to sales tax deptt.		
10	**OTHER CURRENT ASSETS**		
	- Interest accrued but not due on Fixed Deposit	**6,912,411**	2,690,816
	TOTAL:	**6,912,411**	2,690,816
11	**LOANS AND ADVANCES**		
	(Unsecured, Considered Good)		
	Advances recoverable in cash or in kind or for value to be received	**14,975,926**	193,331,821
	Advance Income Tax (Net of provision)	**3,155,396**	-
	Security & Other Deposits	**9,599,699**	3,672,002
	TOTAL:	**27,731,021**	197,003,823
12	**CURRENT LIABILITIES**		
	Sundry Creditors	**88,790,274**	7,155,178
	Expenses Payable	**714,467**	329,495
	Advance from Customers	**24,862,326**	12,070,429
	Other Liabilities	**972,596**	526,006
	TOTAL:	**115,339,663**	20,081,108
13	**PROVISIONS**		
	Income Tax	-	459
	Fringe Benefits Tax	-	67,000
	Gratuity Payable	**206,800**	109,972
	Leave Encashment	**311,070**	104,110
	Staff Benefits	**204,308**	197,915
	TOTAL:	**722,178**	479,456

		For the Year Ended 31.03.2010 (Rupees)	For the Year Ended 31.03.2009 (Rupees)
14	**CONTRACT RECEIPTS**		
	Receipts against Construction & Other Activities	53,964,756	39,108,859
	Receipt against Bio-Remediation Work	394,415	411,175
	TOTAL:	**54,359,171**	39,520,034
15	**OTHER INCOME**		
	Dividend	934,047	432,758
	Scrap Sale (Net of Tax)	948,150	-
	Stock consumed Internally	50,000	-
	Interest on FD with Banks	4,991,050	4,550,812
	[TDS Rs. 6.59 lacs (Previous Year Rs.9.35 lac)]		
	TOTAL:	**6,923,247**	4,983,570
16	**INCREASE IN FINISHED GOODS & WORK IN PROGRESS**		
	Closing Stock :		
	Work -in- Progress	22,078,940	300,000
	Less: Opening Stock		
	Work-in-progress	300,000	-
	TOTAL:	**21,778,940**	300,000
17	**MATERIAL COST**		
	Opening Stock	195,720	-
	Add: Purchases	323,000	4,942,135
	Less: Closing Stock	216,314	195,720
	TOTAL:	**302,406**	4,746,415
18	**OTHER CONTRACT EXPENSES**		
	Job Work Charges	70,295,296	28,275,526
	Power & Fuel Consumed	1,724,985	1,792,786
	Stores Consumed	1,500,842	267,100
	Rates & Taxes	1,267,788	380,723
	TOTAL:	**74,788,911**	30,716,135
19	**ADMINISTRATIVE & OTHER EXPENSES**		
	Man Power Expenses (Project Management Consultant)	2,265,136	679,539
	Security Expenses	568,281	441,320
	Repair & Maintenance	50,971	103,853
	Selling Expenses	755,180	-
	Preliminary Expenses	-	1,946,681
	TOTAL:	**3,639,568**	3,171,393
20	**INTEREST & FINANCIAL CHARGES**		
	Interest & Bank Charges	1,087,651	1,267,141
	TOTAL:	**1,087,651**	1,267,141

For and on behalf of the Board of Directors

Vipin Mital
Director

Vipin Agarwal
Director

As per our report of even date attached
For **Jain Singhal & Associates**
Chartered Accountants
Firm Regn. No. 005839N

Major Narender Pal
Head Environment Division

S.K. Arora
AGM (F&A)

Pankaj Gupta
Company Secretary

Bhawna Khanna
Partner
M. No. : 502428

Place : NOIDA
Dated : 28th June, 2010

21 : SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The Financial Statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and in compliance with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under Sub-Section (I) (a) of Section 642 and the relevant provisions of the Companies Act, 1956 ("the Act")

2. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported accounts of revenues and expenses for the years presented. Actual results could differ from these estimates.

3. VALUATION

i) **Fixed Assets**

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

ii) **Finished Goods**

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

iii) **Work-in-Progress**

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

iv) **Raw Materials**

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

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

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

5. LEASES

Lease rentals paid on operating leases are charged to revenue.

6. DEPRECIATION

i) Normal depreciation on all fixed assets, except land and extra shift depreciation on specific plant & machineries for the period of extra shift worked, are provided from the date of put to use for commercial production on straight line method at the rates prescribed in Schedule-XIV to the Companies Act, 1956.

ii) No depreciation is provided on leasehold land.

iii) Depreciation on additions/deletions to fixed assets is provided on *pro-rata* basis from / to the date of additions/ deletions.

iv) In case the financial year consists of the period less / more than the normal period of 12 months, depreciation on fixed assets existing at the beginning of the financial year as well as those acquired during the said period are provided for the period covered on *pro-rata* basis.

v) Depreciation on additions/deletions to the fixed assets due to eligible foreign exchange fluctuations is provided on *pro-rata* basis from the date of additions / deletions.

7. REVENUE RECOGNITION

A) TURNOVER

i) Gross sales are inclusive of excise duty/cess recoveries and sales tax, if applicable.

ii) Sales returns/rate difference are adjusted from the sales of the year in which the returns take place / rate difference accepted.

iii) Gross job work is inclusive of excise duty/cess recoveries.

B) CONTRACTS

Income from construction contracts is recognised by reference to the stage of completion of the contract activity at the reporting date of the financial statements.

C) PURCHASES

i) Purchases are net of CENVAT credits and materials consumed during trial run.

ii) Purchases returns / rebates are adjusted from the purchases of the year in which the returns take place / rebates allowed.

D) EXPENDITURE/INCOME

Except otherwise indicated:

i) All expenditure and income are accounted for under the natural heads of account.

ii) All expenditure and income are accounted for on accrual basis.

8. INVESTMENTS

i) Long term investments are valued at their cost including brokerage, fees and duty. However, if there is decline in value of investment, other than temporary, the carrying amount of investment is reduced recognizing the decline in value of each investment.

ii) Short term investments are valued at cost or market price, whichever is lower.

9. EMPLOYEE BENEFITS

i) Gratuity is provided as per the provisions of Gratuity Act 1972 with vesting period of 5 years of service.

ii) Leave encashment is provided on the basis of leave entitlement of employee remaining unutilised at the end of the year.

iii) Short term employee benefits are charged to Profit & Loss Account at the undiscounted amount in the year in which the related service is rendered.

10. CLAIMS BY / AGAINST THE COMPANY

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

11. BORROWING COST

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

12. EARNING PER SHARE

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

13. TAXES ON INCOME

Income Tax comprises current tax, deferred tax, and fringe benefit tax. Current tax and fringe benefit tax is the amount of tax payable as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax assets and liabilities are measured using the current tax rates. When there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty of realisation of deferred tax assets. Other deferred tax assets are recognised to the extent, there is reasonable certainty of realisation of deferred tax assets. Such deferred tax assets & other unrecognised deferred tax assets are re-assessed at each Balance Sheet data and the carrying value of the same are adjusted recognising the change in the value of each such deferred tax assets.

14. RESEARCH & DEVELOPMENT

i) All revenue expenditure on research & development activities are accounted for under their natural heads of revenue expenses accounts.

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

15. IMPAIRMENT OF ASSETS

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

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

17. INTANGIBLE ASSETS

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

22) NOTES FORMING PART OF THE ACCOUNTS

	As At 31.03.2010	As At 31.03.2009
		(Rs.in lacs)
1. Contingent liabilities not provided for in respect of :		
Guarantees issued by Banks (Net of margin)	**148.09**	213.40
2. Capital Commitments :		
The estimated amount of contracts remaining to be executed on capital account (Net of advances) and not provided for :	**2072.10**	4179.39

3. Auditors Remuneration, as included in "Capital Work In Progress " under Schedule '4' is as under:-

	Current Year (Rs.)	Previous Year (Rs.)
a) Audit Fees	55,150	8,500
b) Tax audit fees	11,030	5,000
c) Report & Certification Work	59,262	5,618
d) Out of pocket expenses	2794	843
Total	**1,28,236**	19,961

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

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

6. a) Paisa have been rounded off to the nearest Rupees.

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

7. The name of the Company stands changed from AKC Developers Private Limited to AKC Developers Limited w.e.f. 24th July 2008.

8. EARNING PER SHARE

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

	Current Year (Rs.)	Previous Year (Rs.)
(A) Net Profit as per Profit & Loss Account available for equity share holders	**27,03,672**	3,001,369
(B) Weighted Average Number of Equity Shares (viz. denominator) for Basic Earning Per Share	**15,00,000**	372,500
(C) Weighted Average Number of Equity Shares (viz. denominator) for Diluted Earning Per Share	**15,29,726**	372,500
(D) Nominal Value Per Share	**10**	10
(E) Basic Earning Per Share	**1.80**	8.06
(F) Diluted Earning Per Share	**1.77**	8.06

9. SEGMENT DISCLOSURE:

Based on the Business Synergies, risks & returns, there is only one reportable segment in terms of the Accounting Standard (AS)-17 "Segment Reporting"

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

A) **List of Related Parties:**

i) **Ultimate Holding Company**

UFLEX Limited

ii) **Holding Company**

UTech Developers Ltd. (70 % Share holding)

iii) **Fellow Subsidiaries**

UTech Retailers Ltd. (up to 15.03.2010)

iv) **Subsidiaries & Step Subsidiaries of Ultimate Holding Company**

Flex America Inc., USA, Flex Middle East FZE , UAE , UFlex Europe Ltd., UK, Uflex Packaging Inc., USA , UPET Holdings Ltd., Mauritius , UPET (Singapore) Pte. Ltd., Singapore , FLEX Americas S.A. de C.V., Mexico and Flex P. Films (Egypt) S.A.E.

v) **Enterprise for which Reporting Enterprise is an Associate**
Hanjer Biotech Energies Pvt. Ltd.

vi) **Joint Venture Company** : Nil

vii) **List of Key Managerial Personnel :** Major Narender Pal (“ Manager” under the Companies Act, 1956)

viii) **Individual having significant influence:** None

ix) Companies / enterprises in which persons mentioned in (vii) & (viii) above along with their relatives exercise significant influence : Nil

B) The Company has entered into transactions with certain parties listed above during the year under consideration details of these transactions are as follows:

(Rs. in Lacs)

Transaction	Ultimate holding company	Holding Company	Key Managerial Personnel	Enterprise as referred to in ‘A(v)’ above
i) Trade Transation				
Rent paid	0.55 (0.05)		-	-
Trade purchases	-		-	2.88 (-)
Salaries	-		19.30 (-)	- (-)
Perquisites	-		2.38 (-)	- (-)
ii) Non Trade Transactions				
Allotment of Shares :				
a. Preference		- (1925)		- (550)
b. Equity		- (105)		- (30)
Share Application Money received	-		-	25.00
Share Application money received & refunded	-	- (204)	-	
Total	**0.55** (0.05)	**-** (2234)	**21.68** (-)	**27.88** (580)
Balance as on 31/03/2010				
Debit	**-** **(-)**	**-** **(-)**	**2.86** **(-)**	**-** **(-)**
Credit	**-** **(-)**	**-** **(-)**	**-** **(-)**	**25.00** **(0.73)**

Note : Figures in brackets represent previous year’s amount.

11. In accordance with the Accounting Standard-22 (AS-22), regarding ‘Accounting for Taxes on Income’, issued by The Institute of Chartered Accountants of India, the Cumulative Tax effects of significant timing differences that resulted in Deferred Tax Assets. (Rupees)

		Deferred Tax Assets/ (Liability) As At 01.04.2009	Current Year (Charge) / Credit	Deferred Tax Assets (Liability) As At 31.03.2010
A.	**Deferred Tax Assets**			
	Unabsorbed business loss under the Income Tax Act, 1961	Nil	Nil	Nil
	Others	5,33,420	(1,70,652)	3,62,768
	Total (A)	5,33,420	(170652)	3,62,768
B.	**Deferred Tax Liabilities**			
	Excess of Book WDV of Fixed Assets over Tax WDV of Fixed Asset	(98,067)	(2,01,335)	(2,99,402)
	Total(B)	-	(2,01,335)	(2,99,402)
	Net Deferred Tax Assets (Liability) (A-B)	4,35,353	(3,71,987)	63,366

12. DISLOSURE IN RESPECT OF INVESTMENT IN MUTUAL FUNDS

Fund Name	Face Value (Rs.)	Opening Balance		Investment/ Purchase/Switch In		Redemption/Sale/ Switch Out		Balance	
		Units In Nos.	Amount (Rs.)	Units In Nos.@	Amount (Rs.)	Units In Nos.	Amount (Rs.)	Units In Nos.@	Amount (Rs.)
Reliance Money Manager Fund (Current Year)	1,000	37,790	3,78,33,176	69,850	6,99,29,323	1,07,564	10,76,86,000	76	76,499
Previous Year	-	-	-	52,90,128	11,89,48,335	52,52,338	8,11,15,159	37,790	3,78,33,176

Note : @ includes units received on declaration of dividend and re-invested.

13. Managerial Remuneration (included under "Capital Work In Progress")

(Rs. In Lacs)

		Current Year	Previous Year
i)	Salaries including HRA	19.30	-
ii)	Medical re-imbursement	0.60	-
iii)	Perquisite value of electricity, car, furniture & fixtures and rent free accommodation provided, evaluated as per Income Tax Rules, 1962	0.82	-
	Total	**20.72**	-

14. Additional Information pursuant to provisions of paragraph 3, 4A, 4C and 4D of Part -II of Schedule VI of the Companies Act, 1956 are not applicable.

15. Events occurring after Balance Sheet date **:** A major fire has occurred in Gwalior MSW Plant on 24th May, 2010 causing estimated loss of Rs. 9.26 crores against which insurance claim has been filed with United India Insurance which is under process of its verification.

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

Notes: Signatories to Schedule 1 to 22

For and on behalf of the Board of Directors

Vipin Mital
Director

Vipin Agarwal
Director

As per our report of even date attached
For **Jain Singhal & Associates**
Chartered Accountants
Firm Regn. No. 005839N

Major Narender Pal
Head Environment Division

S.K. Arora
AGM (F&A)

Pankaj Gupta
Company Secretary

Bhawna Khanna
Partner
M. No. : 502428

Place : NOIDA
Dated : 28th June, 2010

BALANCE SHEET ABSTRACT COMPANY'S GENERAL BUSINESS PROFILE

1	**Registration Details**			
	Registration No.	U70109DL2006PLC149316	State Code	55
	Balance Sheet Date	31-Mar-10		
2	**Capital raised during the year**			(Rs. in thousand)
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Issue	Nil
3	**Position of Mobilisation & Deployment of Funds**			(Rs. in thousand)
	Total Liabilities	636,128	Total Assets	636,128
	Sources of Funds			
	Paid-up capital	290,000	Reserve & Surplus	5,549
	Secured Loan	332,079	Share Application Money	8,500
	Application of Funds			
	Net Fixed Assets	8,018	Capital W.I.P.	577,566
	Investments	77	Deferred Tax Assets	63
	Net Current Assets	50,404		
4	**Performance of the Company**			(Rs. in thousand)
	Turnover (incl.Other Income)	61,954	Dividend rate	Nil
	Profit / (Loss)before Taxes	3,596	Profit / (Loss) after taxes	2,704
	Basic Earning per share in Rs.	1.80	Total Expenditure	80,137
	Diluted Earning per share in Rs.	1.77		
5	**Generic Names of three** principal products/services of Company	Not Applicable		

For and on behalf of the Board of Directors

Vipin Mital
Director

Vipin Agarwal
Director

Major Narender Pal
Head Environment Division

S.K. Arora
AGM (F&A)

Pankaj Gupta
Company Secretary

Place : NOIDA
Dated : 28th June, 2010

DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting this Third Annual Report alongwith the Audited Accounts of the Company for the financial year ended 31st March, 2010.

REVIEW OF OPERATIONS

The Company has started the project for development of commercial ,retail and/or office and other facilities on the land allotted by Rail Land Development Authority (RLDA) at Gwalior for a lease period of 30 years. The work is under progress. The Company has incurred 71.25 lacs as pre-operative expenditure pending allocation. Hence, The Company has not prepared the Profit and Loss Account for the year ended 31st March, 2010.

DIVIDEND

Your Directors regret their inability to recommend any dividend, as the Company has not earned any income during the year.

FIXED DEPOSIT

During the year under review, the Company did not accept any Fixed Deposit from any person.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Article of Association of the Company, Mr. Vipin Agarwal, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

The Board of Directors at their meeting held on 08.06.2009 had appointed Mr. Vipin Mital as an Additional Director on the Board of the Company. He holds office upto the forthcoming Annual General Meeting. Your Directors recommend his appointment as regular Director on the Board of the Company.

AUDITORS

M/s Jain Singhal & Associates, Chartered Accountants, New Delhi, Statutory Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re- appointment.

The observation of Auditors and relevant notes on the Accounts of the Company are self- explanatory and therefore, do not call for any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 and subject to disclosures in the Annual Accounts, we state as under:

i. That in the preparation of Annual Accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed and that there have been no material departures.

ii. That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the expenses during the construction period of the Company for the year under review.

iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. That the Directors have prepared the annual accounts on going concern basis.

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be furnished pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORBTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The company has yet to start its business. Thus particulars to be furnished u/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors), Rules 1988 is not required to be reported.

During the year, the Company has neither earned nor used any foreign exchange.

For and on the behalf of the Board
For **SD BUILDWELL PRIVATE LIMITED**

Place : New Delhi
Date : 14.06.2010

(VIPIN AGARWAL)
CHAIRMAN

AUDITORS' REPORT

To the Members of

SD BUILDWELL PRIVATE LIMITED

New Delhi

1. We have audited the attached Balance Sheet of M/s SD BUILDWELL PRIVATE LIMITED, as at 31st March, 2010 and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order 2003, and (amendment) order 2004 issued by the Central Government of India in term of sub-section (4A) of section 227 of Companies Act, 1956,we enclose in the annexure a statement on the matter specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, we report that :
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
   ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
   iii. The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   iv. In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of section 211 of the Companies Act 1956;
   v. On the basis of written representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in term of clause (g) of sub-section (1) of section 274 of the Companies act, 1956;
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with Significant Accounting policies and Notes given in schedule 8 & 9 respectively, give the information required by the Companies Act, 1956 in the manner so required, give a true and fair view, in conformity with the accounting principles generally accepted in India:

      a. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010; and

      b. In the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

For **JAIN SINGHAL & ASSOCIATES**
Chartered Accountants
Firm Regn. No. 005839N

(Bhawna Khanna)
Partner
Membership No. 502428

Place: New Delhi
Date : 14th June, 2010

ANNEXURE TO THE AUDITOR'S REPORT OF SD BUILDWELL PVT. LTD.

FOR THE YEAR ENDED 31ST MARCH, 2010. [Referred to in paragraph '3' of our report of even date]

i) FIXED ASSETS

a) The company has maintained proper records showing full particulars including quantitative details, and situation of Fixed Assets.

b) The Fixed Assets have been physically verified by the management at reasonable intervals and no discrepancies have been noticed on such verification.

c) Substantial part of fixed assets has not been disposed off during the year.

ii) INVENTORY

There is no inventory at the beginning and end of the year. Therefore, the provisions of clause (ii) of paragraph 4 of companies (Auditor's Report) order 2003, and (amendment) order 2004 have not been commented upon.

iii) The Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956. Therefore the provision of clause (iii) (b) to (iii) (g) of paragraph 4 of companies (Auditor's Report) order 2003, and (amendment) order 2004 are not applicable to the company.

iv) In our opinion and according to the explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business. During the course of our audit, we have not observed any major weakness in internal control system.

v) a) According to the information and explanations given to us, we are of the opinion that there are no contract or arrangements referred to in section 301 of the Companies Act 1956.

b) As the company has not entered any transaction, no comments have been given in respect of clause (v) of paragraph 4 of companies (Auditor's Report) order 2003, and (amendment) order 2004.

vi) The company has not accepted any deposits from the public, hence the compliance of the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

vii) The company neither have paid-up capital & reserves exceeding Rs.50 Lakhs as at the commencement of the financial year 2009-10, nor have an average annual turnover exceeding Rs. five crore for a period of three consecutive financial years immediately preceeding the financial year 2009-10, therefore the provisions of clause (vii) of paragraph 4 of Companies (Auditor's Report) order 2003, and (amendment) order 2004 are not applicable to the company.

viii) The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.

ix) a) The provisions of Provident Fund, Investor Education & Protection Fund, Employee State Insurance Fund, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise, are not applicable to the company. The company is regular in depositing its undisputed Income Tax dues. According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax was in arrear, as at 31-03-2010 for a period of more than six months from the date they become payable.

b) According to the information and explanations given to us, there are no dues of Income Tax and other statutory dues, which have not been deposited on account of any dispute.

x) The company has been registered for a period less than five years, therefore the provisions of clause (x) of paragraph 4 of Companies (Auditor's Report) order 2003, and (amendment) order 2004 are not applicable to the company.

xi) In our opinion and according to the information and explanations given to us, the company has neither taken any loan from Bank or Financial Institution, nor has Company issued any Debentures.

xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of companies (Auditor's Report) order 2003, and (amendment) order 2004 are not applicable to the Company.

xiv) The Company is not dealing or trading in shares, securities, debentures and other investments, therefore the provision of clause (xiv) of paragraph 4 of companies (Auditor's Report) order 2003, and (amendment) order 2004 is not applicable to the Company.

xv) According to the information and explanations given to us and on an overall examination of the record, we report that company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi) The company has not raised any term loans during the year, therefore the provision of clause (xvi) of paragraph 4 of companies (Auditor's Report) order 2003, and (amendment) order 2004 is not applicable to the Company.

xvii) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment by the company.

xviii) According to information and explanations given to us, and on the basis of overall examination of balance sheet, no preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act is made by the company during the year under audit.

xix) The company has not issued any debentures during the year, therefore the provision of clause (xix) of paragraph 4 of companies (Auditor's Report) order 2003, and (amendment) order 2004 is not applicable to the Company.

xx) The company has not raised any money by way of public issues during the year covered by our audit report, therefore the provision of clause (xx) of paragraph 4 of companies (Auditor's Report) order 2003, and (amendment) order 2004 is not applicable to the Company.

xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year covered by our audit.

For JAIN SINGHAL & ASSOCIATES
Chartered Accountants
Firm Regn. No. 005839N

(Bhawna Khanna)
Partner
Membership No. 502428

Place : New Delhi
Date : 14th June, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rupees)

	PARTICULARS	Schedule Number		As At 31.03.2010		As At 31.03.2009
I.	**SOURCES OF FUNDS**					
	SHAREHOLDERS' FUNDS					
	- Share Capital	1	**100,000**		100,000	
	SHARE APPLICATION MONEY RECD		**321,985,168**	**322,085,168**	-	100,000
	TOTAL :			**322,085,168**		100,000
II.	**APPLICATIONS OF FUNDS**					
	FIXED ASSETS	2				
	Gross Block		**303,586,391**		-	
	Less: Depreciation		**-**		-	
	Net Block		**303,586,391**		-	
	Capital work in progress		**208,931**	**303,795,322**	-	-
	Pre-operative expenditure (see note-9)			**7,125,267**		-
	DEFERRED TAX ASSETS	3		**5,591**		5,591
	CURRENT ASSETS, LOANS & ADVANCES					
	- Cash & Bank Balances	4	**10,664,752**		20,013	
	- Loan & Advances	5	**537,715**		-	
	Total - A		**11,202,467**		20,013	
	LESS :					
	CURRENT LIABILITIES & PROVISIONS:					
	- Current Liabilities	6	**120,633**		2,758	
	Total - B		**120,633**		2,758	
	NET CURRENT ASSETS (A - B)			**11,081,834**		17,255
	PROFIT & LOSS ACCOUNT	7		**77,154**		77,154
	TOTAL :			**322,085,168**		100,000

Notes : 1. Significant Accounting Policies and Notes forming part of the accounts as per schedule 8 and 9 respectively are annexed.

2. The schedules referred to above form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors

As per our report of even date attached
For **Jain Singhal & Associates**
Chartered Accountants
Firm Regn. No. 005839N

(Vipin Agarwal)
Director

(Rakesh Malhotra)
Director

(Bhawna Khanna)
Partner
M. No. : 502428

Place : NEW DELHI
Dated : 14th June, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees)

	PARTICULARS	For the Year Ended 31.03.2010		For the Year Ended 31.03.2009	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit /(Loss) before tax		-		(10,219)
	Adjustment for:				
	Depreciation	-		-	
	Interest & Financial Charges	-		-	
	Interest received from banks / others	-	-	-	-
	Operating Profit before Working Capital Changes		-		(10,219)
	Adjustment for:				
	Trade and other receivables	(537,715)		-	
	Inventories	-		-	
	Trade and other payables	117,875	(419,840)	(51)	(51)
	Cash generated from Operating Activities		(419,840)		(10,270)
	Income Tax	-	-	-	-
	Net Cash from Operating Activities (A)		(419,840)		(10,270)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	(Purchase) of fixed assets	(303,795,322)		-	
	Pre-Operative Expenses	(7,125,267)		-	
	Net Cash from / (used in) Investing Activities (B)		(310,920,589)		-
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Share Application Money Received	321,985,168		-	
	Net Cash used in Financing Activities (C)		321,985,168		-
	Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		10,644,739		(10,270)
	Opening Cash and Cash equivalents		20,013		30,283
	Closing Cash and Cash equivalents		10,664,752		20,013

Note: Cash and Cash Equivalents represent Cash and Bank balance.

For and on behalf of the Board of Directors

As per our report of even date attached
For **Jain Singhal & Associates**
Chartered Accountants
Firm Regn. No. 005839N

(Vipin Agarwal)
Director

(Rakesh Malhotra)
Director

(Bhawna Khanna)
Partner
M. No. : 502428

Place : NEW DELHI
Dated : 14th June, 2010

(Schedules attached to & forming part of the Balance Sheet as at 31.03.2010) **(Rupees)**

	As At 31.03.2010	As At 31.03.2009
SCHEDULE-1		
SHARE CAPITAL		
AUTHORISED		
2,50,000 Equity Shares (Previous Year Same) of Rs. 10/-each	**2,500,000**	2,500,000
ISSUED, SUBSCRIBED & PAID-UP		
10,000 Equity shares (Previous Year Same) of Rs.10/-each Fully Paid-up in cash	**100,000**	100,000
TOTAL	**100,000**	100,000

SCHEDULE-2

FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	Cost As at 01.04.2009	Additions during the year	Cost As at 31.03.2010	As at 01.04.2009	Provided During the year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Lease Hold Land	-	**303,586,391**	**303,586,391**	-	-	-	**303,586,391**	-
TOTAL	**-**	**303,586,391**	**303,586,391**	**-**	**-**	**-**	**303,586,391**	**-**
Previous Year	-	-	-	-	-	-	-	-
Capital work in progress							208,931	**-**
							303,795,322	

SCHEDULE-3

DEFERRED TAX ASSETS

	As At 31.03.2010	As At 31.03.2009
Opening balance	**5,591**	2,434
Add : Deferred tax charge / (credited) during the year	-	3,157
TOTAL:	**5,591**	5,591

SCHEDULE-4

CASH & BANK BALANCES

		As At 31.03.2010		As At 31.03.2009
Cash in hand		**43,975**		913
Balance with Scheduled Bank				
In Current Account	**620,777**		19,100	
In Fixed Deposit Account	**10,000,000**	**10,620,777**	-	19,100
TOTAL		**10,664,752**		20,013

SCHEDULE- 5

LOAN & ADVANCES

	As At 31.03.2010	As At 31.03.2009
Interest Accrued but not due	**467,738**	-
Advance Income Tax	**69,977**	-
TOTAL	**537,715**	**-**

SCHEDULE-6

CURRENT LIABILITIES & PROVISIONS

	As At 31.03.2010	As At 31.03.2009
Current Liabilities:		
Sundry Creditors		
Creditors for Expenses	**109,529**	2,758
Duty & Taxes		
TDS Payable	**11,104**	-
TOTAL	**120,633**	2,758

SCHEDULE- 7

PROFIT & LOSS ACCOUNT

	As At 31.03.2010	As At 31.03.2009
Opening Balance	**77,154**	70,092
Addition during the year	**-**	7,062
TOTAL	**77,154**	77,154

SCHEDULE-8

SIGNIFICANT ACCOUNTING POLICIES

1 CLASSIFICATION OF EXPENDITURE / INCOME

Except otherwise indicated:

a) All expenditure and income are accounted for under the natural heads of account.

b) All expenditure and income are accounted for on accrual basis.

2 ESTIMATES OF COST

The preparation of the financial statements in conformity with GAAP requires the Company to make estimates and assumption that affect the balance of assets and liabilities and disclosure, relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the period of account. Examples of such estimates include accounting for balance cost to complete ongoing projects, income taxes and future obligation under employee retirement benefit plans. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated, Actual results could differ from those estimates.

3 VALUATION

i. FIXED ASSETS

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

ii. INVENTORIES

Inventories are valued at lower of cost and net realisable value. In respect of work-in-progress, comprising of developing long term properties and assets, the qualifying assets are valued at direct cost of construction including borrowing and other costs incidental thereto incurred up to the state of keeping those qualifying assets ready for sale in compliance with Accounting Standard-16.

4 DEPRECIATION

i. Normal depreciation on all Fixed Assets except land, are provided from the date of put to use for commercial production on Straight Line Method at the rate prescribed in Schedule XIV to The Companies Act 1956.

ii. Depreciation on addition/deletion to the Fixed Assets are provided on prorata basis from/ to the date of addition/ deletion.

iii. No depreciation is provided on leasehold land

iv. In case the financial year consists of the period less / more than the normal period of 12 months, depreciation on fixed assets existing at the beginning of the financial year as well as those acquired during the said period are provided for the period covered on pro-rata basis.

v. In respect of assets acquired on amalgamation, depreciation is provided on the net value to the company at the time of amalgamation.

vi. Depreciation on additions / deletions to the fixed assets due to foreign exchange fluctuations is provided on pro-rata basis from the date of additions / deletions.

5 CAPITAL WORK IN PROGRESS

Capital work in progress includes advances given and expenditure incurred in connection with the purchase / construction of fixed assets and pending allocation to the fixed assets.

6 FOREIGN CURRENCY TRANSACTIONS

a) Foreign currency monetary items remaining unsettled at the year end are translated at year end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the values were determined.

b) Exchange differences on loans / payables / liabilities for acquisition of fixed assets are adjusted in the carrying amount of the respective fixed assets, and for any other foreign currency transactions, are adjusted as income / expense through the Exchange Fluctuation Account in the year they arise.

c) Difference between the forward and exchange rate on the date of transactions are adjusted over the period of the contract as an income / expense through the Exchange Fluctuation Account.

d) Profit or loss on cancellation of forward contracts are adjusted as income / expense through Exchange Fluctuation Account in the year they arise.

7 **REVENUE RECOGNITION**

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership and the sale consideration is determined through agreement of sale or registration of sale deed as per Accounting Standard - 9, Revenue Recognition. However, in case where the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in Accounting Standard -7 (revised 2002), Construction Contracts.

8 **INVESTMENTS**

Long term investments are valued at their cost including brokerage, fees and duty. However, if there is decline in value of investment, other than temporary, the carrying amount of investment is reduced recognizing the decline in value of each investment.

9 **EMPLOYEE BENEFIT :**

i. **Gratuity :** The provision of gratuity is made in Books of accounts as per gratuity Act 1972.

ii. **Leave Encashment :** The provision of leave encashment is made in books of account on the basis of leave entitlement of employees remaining unutilised at the end of the year.

10 **BORROWING COST**

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

11 **EARNING PER SHARE**

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

12 **DEFERRED TAX ASSETS / LIABILITIES**

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

13 **IMPAIRMENT**

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

14 **PROVISIONS ,CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

15 **PROVISION FOR TAXATION**

Provision for taxation has been made, on the basis of taxable profit as calculated under the provision of Income Tax Act 1961.

16 **INTANGIBLE ASSETS**

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

17 **PREOPERATIVE EXPENDITURE PENDING ALLOCATION**

Pre-operative expenditure incurred in relation to construction of fixed assets in respect of entities which are yet to commence commercial operations pending allocation includes:

I) Incidental expenditure during construction period comprising payment to and provision for employees, professional fees and other administrative expenses pending allocation to fixed assets on completion of the project.

ii) Interest and financing cost net of interest income pending allocation to fixed assets on completion of the project.

18 **MISCELLENEOUS EXPENDITURE**

Preliminary expenses are written off during the period in which they are incurred.

19 **CLAIMS BY/ AGAINST THE COMPANY :**

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

SCHEDULE-9

NOTES FORMING PART OF ACCOUNTS

1. In the opinion of the Board and to the best of their knowledge, the current assets, loans and advances shown in the balance sheet have a value on realisation in ordinary course of business atleast equal to the amount stated therein. The provision for all known liabilities have been made and are adequate.
2. Auditors' Remuneration as included in Legal & Professional Expenses are as under :

(Rupees)

	Year ended as on 31.03.2010	Year ended as on 31.03.2009
a. Audit Fee	**6,618**	2,758
b. Other	**3,861**	1,405
TOTAL	**10,479**	4,163

3. Figures have been rounded off nearest to rupee.
4. Previous year figures have been recasted / regrouped, wherever considered necessary.
5. There is no dues outstanding to Small Scale Industries at the year end.
6. In accordance with the Accounting Standard-22 (AS-22), regarding "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India , The cumulative tax effects of significant timing differences, that resulted in Deferred Tax Assets & Liabilities and description of item thereof that creates these differences are as follows:

(Rupees)

	As at 01.04.2009	Credit / (Charge)	As at 31.03.2010
Deferred Tax Assets			
Business losses	4,664	-	4,664
Others	927	-	927
Total Deferred Tax Assets (A)	5,591	-	5,591
Deferred Tax Liabilities			
Total Deferred Tax Liabilities (B)	-	-	-
Net Deferred Tax Assets [A -B]	-	-	-
	5,591	-	5,591

Note : In opinion of the management, there would be sufficient future taxable income against which the above net deferred tax assets can be realised

7. Additional information pursuant to the provisions of para 3, 4, 4A, 4C, and 4D of part-II of schedule-VI to the Companies Act, 1956 are not applicable.
8. The Company has started the project for development of commercial (Retail and / or office) and other facilities, on a land allotted by Rail Land Development Authority (RLDA) at Gwalior for a lease period of 30 years. The work is under progress.
9. PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION

   The Company has to develop the land granted on lease by Rail Land Development Authority (RLDA) at Gwalior for Commercial activities like Retail and / or Multiplex, Food Court and / or office and / or Hotel. Details of Net incidental expenditure during construction pending allocation are.

(Rupees)

	As at 31.03.2010	As at 31.03.2009
A. Balance brought forward	-	-
B. Incurred during the year		
a) Salary	5,118,561	-
b) Staff Welfare	41,806	-
c) Books & Periodicals	3,000	-
d) Business Promotion Exp	4,680	-
e) Canteen Exp	18,348	-
f) Conveyance Exp	300,231	-
g) Filing Fee	3,804	-

h)	General Exp.	5,625	-
i)	Legal & Professional Charges	1,629,061	-
j)	Printing & Stationery	18,017	-
k)	Tour & Travel Exp.	240,537	-
l)	Security Charges	211,705	-
m)	Recruitment & Training Exp.	67,000	-
n)	Bank Charges	607	-
	Total (A+B)	7,662,982	**-**
C.	**Less: Income earned during the year**		
a)	Interest on Fixed Deposit with Bank	537,715	-
		537,715	-
D.	**Balance carried forward (A+B-C)**	**7,125,267**	-

10 **Related party Disclosure in accordance with the Accounting Standard (AS-18), issued by the Institute of Chartered Accountants of India are as Under.**

(a) List of Related Parties:

I. Ultimate Holding Company : Uflex Limited

ii. Holding Company : Utech Developers Limited (Holding 54% shares of SD Buildwell Pvt. Ltd)

iii. Fellow Subsidiaries / Step down Subsidiaries of Ultimate Holding Company :
- a) Flex America Inc
- b) Flex Middle East FZE
- c) Uflex Europe Ltd
- d) Flex Americas S.A.de C.V
- e) Flex P. Film Egypt S.A.E.
- f) Uflex Packaging Inc, USA
- g) UPET Holdings Ltd., Mauritius
- h) UPET(Singapore) Pte. Ltd.

iv. Fellow Subsidiary of holding Company : AKC Developers Limited

v. Associate of Ultimate Holding Company : Flex Foods Limited

vi. Individual owning indirect interest in voting power of the company : Nil

vii. Enterprises in which the persons referred to in (v) alongwith their relative exercise significant influence : Nil

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

Transactions	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiary	Associate of Ultimate Holding Company
I) Trade Transactions					
	-	-	-	-	-
II) Non Trade Transactions					
Share Application Money Received	-	339,633,010	-	-	-
Share Application Money refunded	-	17,647,842	-	-	-
Total	**-**	**357,280,852**	**-**	**-**	**-**
Balance As on 31-03-2010					
Debit	-	-	-	-	-
Credit	-	321,985,168	-	-	-

Note: Previous years figures are Nil

11 Schedule 1 to 9 form an integral part of accounts.

For and on behalf of the Board of Directors

As per our report of even date attached
For **Jain Singhal & Associates**
Chartered Accountants
Firm Regn. No. 005839N

(Vipin Agarwal)
Director

(Rakesh Malhotra)
Director

(Bhawna Khanna)
Partner
M. No. : 502428

Place : NEW DELHI
Dated : 14th June, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1	**Registration Details**			
	Registration No.	U45400DL2008PTC174387	State Code	55
	Balance Sheet Date	31-March-2010		
2	**Capital raised during the year**			
				(Amount in Rs. Thousand)
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Issue	Nil
3	**Position of Mobilisation & Deployment of Funds**			
	Total Liabilities	322,206	Total Assets	322,206
	Sources of Funds			
	Paid-up capital	100	Reserve & Surplus	-
	Application of Funds			
	Net Current Assets	11,082	Deferred Tax Assets	6
			Profit & Loss Account	77
4	**Performance of the Company**			
	Turnover (Income)	-	Total Expenditure	-
	(Loss) before Tax	-	(Loss) after Tax	-
	Earning per Shares (in Rupees)	Nil	Dividend Rate (%)	Nil
5	**Generic Names of three principal products/services of the company**	Not Applicable		

For and on behalf of the Board of Directors

(Vipin Agarwal)
Director

(Rakesh Malhotra)
Director

Place : NEW DELHI
Dated : 14th June, 2010

UFLEX LIMITED

Regd. Office :
305, Third Floor, Bhanot Corner, Pamposh Enclave,
Greater Kailash - I, New Delhi - 110 048

DP ID*	
Client ID*	

PROXY FORM

Proxy No. : ....

Regd. Folio No............................ No. of shares ....I/We .... of .... in the district of .... being a Member/Members of the above named Company hereby appoint .... of .... in the district of .. .. or failling him/her .... of .... in the district of .... as my/our proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held on Saturday, the 4th September, 2010 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110 010 and at any adjournment thereof.

Signed this .... day of .... 2010.

Signature .... Revenue Stamp ....

*** Applicable for investors holding shares in electronic form.**

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time of the Meeting. The Proxy need not be a Member of the Company.

UFLEX LIMITED

Regd. Office :
305, Third Floor, Bhanot Corner, Pamposh Enclave,
Greater Kailash - I, New Delhi - 110 048

ATTENDANCE SLIP
TO be handed over at the entrance of the Meeting Hall

DP ID*	
Client ID*	

Name of attending Member (In Block Letters)	Regd. Folio No.
Name of Proxy (in Block Letters) (To be filled in if the Proxy attends instead of the Member)	Number of Shares held

I hereby record my presence at the 21st Annual General Meeting of the Company being held at Air Force Auditorium, Subroto Park, New Delhi- 110 010 on Saturday, the 4th September, 2010 at 10.00 A.M.

....

Member's/Proxy Signature
(To be signed at the time of handing over slip)

Note : i) Members/Proxy holders are requested to bring the Attendance Slip with them duly filled in when they come to the Meeting and hand over at the entrance. No attendances slip will be issued at the time of the Meeting.
ii) Members/Proxy holders desiring to attend the Meeting should bring their copy of the Annual Report for reference at the Meeting.

***Applicable for investors holding shares in electronic form**

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