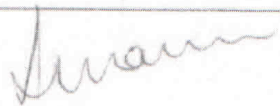
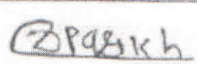
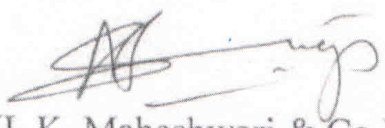
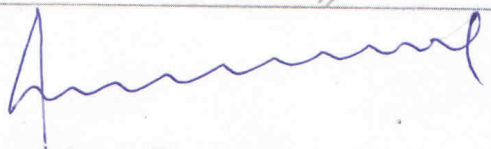


Date: September 2, 2014

**FORM A**

**Covering letter of the audit report filed with the stock exchange**

1	Name of the Company	Flexituff International Ltd
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit qualification	No audit qualification
4	Frequency of qualification	N.A.
	Signed by	
	Whole Time Director	 (Saurabh Kalani)
	CFO	 (Dilip Parikh)
	Auditor of the Company	 (L.K. Maheshwari & Co.)
	Audit Committee Chairman	 (Sharat Anand)

Dream. Dare. Deliver.



#### DISCLAIMER

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospect and take informed investment decisions. This report and other statements- written and oral- that we periodically make, may contain forward- looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as "anticipates," "estimates", "expects". "projects", "intends", "plans", "believes" and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumption. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Anirudh Sonpal**

Chairman

**Mr. Saurabh Kalani**

Whole Time Director

**Mr. Manoj Kumar Dwivedi**

Whole Time Director

**Mr. Kaushal Kishore Vijayvergiya (upto 12/08/14)**

Whole Time Director

**Mr. Sharat Anand**

Non Executive Director

**Mr. Kevan John Upperdine**

Non Executive Director

**Mr. Kaushal Ganeriwal**

CCP Nominee Director

**Mr. Manas Tandon**

Investor Director

**Mr. Vishwarupe Narain**

Bondholder Nominee Director

**Mr. D.K. Sharma (w.e.f. 12/08/14)**

Executive Director & Company Secretary

## BANKERS

UCO Bank

Punjab National Bank

Central Bank of India

State Bank of India

State Bank of Patiala

Axis Bank

ICICI Bank

ING Vysya Bank

CTBC Bank Co. Ltd.

SBER Bank

## AUDITORS

L.K. Maheshwari & Co.

Chartered Accountants

Indore(M.P.)

## COMMITTEES OF DIRECTOR

### Audit Committee

Mr. Sharat Anand (Chairman)

Mr. Anirudh Sonpal

Mr. Manas Tandon

Mr. Kaushal Kishore Vijayvergiya (Upto 12/8/14)

## Shareholders' & Investors' Grievance Committee

Mr. Sharat Anand (Chairman)

Mr. Anirudh Sonpal

Mr. Kaushal Kishore Vijayvergiya (Upto 12/8/14)

## Nomination and Remuneration Committee \*

(Formerly known as Compensation Committee)

Mr. Sharat Anand (Chairman)

Mr. Anirudh Sonpal

Mr. Vishwarupe Narain

Mr. Kevan John Upperdine

## Issue Management Committee (Dissolved on 30.1.14)

Mr. Saurabh Kalani (Chairman)

Mr. Kaushal Kishore Vijayvergiya

Mr. Manoj Kumar Dwivedi

Mr. Kevan John Upperdine

## Management Committee

Mr. Saurabh Kalani (Chairman)

Mr. Kaushal Kishore Vijayvergiya (Upto 12/8/14)

Mr. Manoj Kumar Dwivedi

## CSR Committee From 27.5.14)

Mr. Saurabh Kalani

(Chairman)

Mr. Sharat Anand

Mr. Manoj Kumar Dwivedi

## REGISTRAR AND TRANSFER AGENT

Link Intime India Pvt. Ltd.

C- 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078

Tel.: 022-2596 3838 Fax: 022-2596 6969

## REGISTERED OFFICE

304, Diamond Prestige

41-A, A.J.C. Bose Road, Kolkata- 700 017 (W.B.)

Tel. 033-32212690, 40053995.

Fax: 033-2231 2510

Email: investors@flexituff.com

## COMPLIANCE OFFICER

Mr. Rishabh Kumar Jain

## MANUFACTURING FACILITIES

### SEZ Unit

C-41-50, Special Economic Zone, Sector -III,

Industrial Area, Pithampur-454775

Dist. Dhar – Madhya Pradesh

### DTA Unit

94, Industrial Area, Sector-I,

Pithampur-454775

Dist. Dhar – Madhya Pradesh

### Kashipur Unit

Khasra No. 672-728, Village-Mahuakhera,

Aliganj Road, Kashipur, Dist.

Udhamsingh Nagar, Uttarakhand

## MARKETING NETWORK

Mumbai, Kolkata, Hyderabad Bangalore, Indore, Chennai, Noida, Guwahati and Patna.

# Notice

NOTICE is hereby given that the 21st ANNUAL GENERAL MEETING of the Members of FLEXITUFF INTERNATIONAL LIMITED will be held on 30th day of September, 2014 at 10:00 A.M. at 'Kalakunj, Kalamandir, 48 Shakespear Sarani, Kolkata- 700 017 West Bengal, to transact the following businesses: -

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the Financial Year ended on that date together with the Reports of the Directors' and the Auditor's thereon.
2. To declare dividend on equity shares of the company, if any
3. To appoint a director in place of Mr. Saurabh Kalani, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Manoj Kumar Dwivedi, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditor to hold office from conclusion of this Annual General Meeting until the conclusion of three consecutive Annual General Meeting of the Company and to fix their remuneration and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, pursuant to the provisions of Section 139 of the Companies Act, 2013, Rules made thereunder and pursuant to the recommendations of the audit committee of the Board of Directors, M/s L.K. Maheshwari & Co., Chartered Accountants, (Firm Registration No. 000780C), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the twenty fourth AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration in consultation with the auditors."

## SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass the following Resolution as a **Special Resolution** to Increase Borrowing Limit upto ₹2000 Crores.

"RESOLVED THAT pursuant to provisions of Section 180(1) (c) of the Companies Act, 2013 read with rules made thereunder and Articles of Association of the company, approval of members of the Company be and is hereby accorded to the Board of Directors to borrow any sum or sums of monies from time to time at their discretion, for the purpose of businesses of the Company notwithstanding

that monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) will exceed at any time, the aggregate of the paid up capital and its free reserves (that is to say, reserves not set apart for any specific purpose) provided, however, that total amount upto which monies may be borrowed by the Board of Directors shall not exceed the sum of ₹2000.00 Crores (Rupees Two Thousand Crore) and that the Board of Directors be and are hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may think fit in the best interest of the organization."

7. To consider, and if thought fit, to pass the following resolution as a **Special Resolution** for creation of securities up to ₹2000 Crores.

"RESOLVED THAT consent of members of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder and Articles of Association of the company, to create by the Board of Directors of the Company of such mortgages, charges and hypothecations as the Board may direct, on such of assets of the Company, both present and future, in such manner as the Board may direct, together with power to take over management of the Company in certain events, to or in favour of all or any of financial institutions / banks / any other investing agencies / trustees for holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any of financial institutions / banks / any other investing agencies or any other person(s) / bodies corporate by private placement or otherwise to secure rupee / foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding ₹2000.00 Crores (Rupees Two Thousand Crores) together with interest thereon at respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premium on pre-payment, or on redemption, costs, charges, expenses and all other monies payable by the Company to aforesaid parties or any of them under the agreements / arrangements entered into

/ to be entered into by the Company in respect of the said loans, debentures, bonds or other instruments;

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to finalize with aforesaid parties or any of them, documents for creating mortgages / charges / hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this resolution."

8. 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 197, 198 and such other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Non-Executive Directors of the Company (i.e. Directors other than the Managing Director and/or the Whole-time Directors) be paid remuneration by way of commission in the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, for each financial year, not exceeding 1% (one percent) of the net profit of the Company to all such directors together;

**RESOLVED FURTHER THAT** the Board of Directors including any statutory committee thereof, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

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

**"RESOLVED THAT** pursuant to Section 149, 152 & other applicable provisions of the Companies Act, 2013, if any, rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. Anirudh Sonpal, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Anirudh Sonpal as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of

the Company on a remuneration of ₹10.00 lacs per annum or as may be decided by the Board / Committee subject to ceiling of 1% (one percent) of the net profit of the Company, to hold office for a term of 5 years and shall not be liable to retire by rotation".

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

**"RESOLVED THAT** pursuant to Section 149, 152 & other applicable provisions of the Companies Act, 2013, if any, rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. Sharat Anand, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Sharat Anand as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company on a remuneration of ₹10.00 lacs (Rupees Ten Lacs only) per annum or as may be decided by the Board / Committee subject to ceiling of 1% (one percent) of the net profit of the Company, to hold office for a term of 5 years and shall not be liable to retire by rotation".

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

**"RESOLVED THAT** pursuant to Section 149, 152 & other applicable provisions of the Companies Act, 2013, if any, rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. Kevan John Upperdine, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Kevan John Upperdine as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of 5 years and shall not be liable to retire by rotation".

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**

**RESOLVED THAT** Mr. D.K. Sharma who was appointed as Additional Director by the Board of Directors of the Company w.e.f. 12th August, 2014, pursuant to Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any

statutory modification(s) or re-enactment thereof for the time being in force), Mr. D.K. Sharma, Director of the Company in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director be and is hereby appointed as an Whole time Director/ Executive Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years up to 12th August, 2019;

**RESOLVED FURTHER THAT** the Board of Directors and/ or the Company Secretary, be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

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

“**RESOLVED THAT** pursuant to provisions of Section 152, 196, 197, 203, Schedule V and other applicable provisions of Companies Act, 2013 read with rules made thereunder and in terms of provisions of the Articles of association of the Company Mr. D. K. Sharma, Director be and is hereby appointed as an Executive Director of the Company for a period of 5 years w.e.f. 12th August, 2014 on terms & conditions as mentioned in explanatory statement to the resolution;

**RESOLVED FURTHER THAT** Mr. D. K. Sharma shall continue to act as Company Secretary of the Company;

**RESOLVED FURTHER THAT** in case of absence or inadequacy of profit in any financial year, the remuneration shall be paid to Mr. D. K. Sharma as minimum remuneration;

**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as “the Board”) be and is hereby authorized to do all such acts, deeds, matters and things and to execute all such agreement, documents or instruments and writings, with power to settle all questions, difficulties or doubts that may arise in regard to the said remuneration as it may in its sole discretion deem fit and to delegate all or any its powers herein conferred to any directors and / or officers of the Company, to give effect to this resolution.”

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

“**RESOLVED THAT** pursuant to provisions of Section 148

and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹75000/- plus service tax as applicable, reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2015 as approved by Board of Directors of the Company, to be paid to **M/s Vijay P. Joshi & Associates., Cost Accountants (Firm Registration Number 000267)** to conduct cost audit of the Company’s manufacturing units at Pithampur and Kashipur be and is hereby ratified and confirmed;

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

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

“**RESOLVED THAT** pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013 read with Companies( Incorporation) Rules, 2014 (including any statutory modifications and re-enactments thereof for the time being in force) the Articles of Association of the Company be amended as follow:-

- (i) The definition of “The Act” be amended by replacing the words “The Companies Act, 1956” with “The Companies Act, 2013 and Rules thereunder”.
- (ii) Article 26.1 a): be amended by adding the following proviso :  
“Provided that the Independent Directors of the Company shall not be liable to retire by rotation.”
- (iii) References to section numbers under Companies Act, 1956 be deleted.
- (iv) The amount of fees given under various heads be replaced by “as given in the Act or as may be decided by the Board”.

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

By Order of the Board

sd/-

**D. K. Sharma**

*Executive Director & CS*

Place: Pithampur

Date: 12/08/2014

## NOTES:

1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The explanatory statement pursuant to the provisions of the Section 102 of the Companies Act, 2013, which sets out details relating to special business at the meeting, is annexed hereto.
3. The Ministry of Corporate Affairs (MCA) has taken a Green initiative in the Corporate Governance by allowing paperless Compliances by Companies and has issued a circular on April 21, 2011 stating that the service of document by a Company can be made through electronic mode.
4. Members / Proxies are requested to
  - (i) bring the attendance slip duly annexed herewith, duly filled in, and their copy of Annual Report to the meeting for attending the meeting.
  - (ii) notify to the Company, immediately, quoting Registered Folio no./ Client ID & DP ID Nos., Change in their address, if any, in all correspondence with the pin code number.
5. The register of members and share transfer books of the Company will remain closed from 23rd September, 2014 to 30th September, 2014 (both days inclusive) for the purpose of payment of dividend, if declared at the Annual General Meeting.
6. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members are advised to utilize the Electronic Clearing System (ECS) for receiving dividends.
7. All documents referred to in the Notice and registers maintain under the Companies Act, 2013 are open for inspection at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
8. Dividend, if approved, will be paid to those members whose names appear in the Register of Members as on 30th September, 2014. In respect of shares held in electronic mode, the dividend will be paid on the basis of the beneficial ownership as per details to be received from the depositories, at the end of business on 30th September, 2014. In case of shareholders holding shares in physical mode, the instruments of transfer shall be lodged with the Registrar and Transfer Agent so as to reach them on or before 22nd September, 2014.
9. The Company has transferred all unpaid/ unclaimed equity dividends up to the financial year 2005-06 to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to section 205C of the Company Act, 1956 (Section 125 of Companies Act, 2013). Members are advised to claim their unpaid dividend for the year 2006-07 to 2012-13 if any.
10. Details under clause 49 of the Listing Agreement with the stock exchange in respect of the directors seeking appointment/ reappointment at the Annual General Meeting, forms integral part of the notice. The directors have furnished the requisite declarations for their appointment/ reappointment.
11. Electronic copy of the Annual Report for the year 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode.
12. Members may also note that the notice of the 21st Annual General Meeting and the Annual Report for the FY 2013-14 will also be available on the Company's website [www.flexituff.com](http://www.flexituff.com) for their download.
13. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
14. Members are requested to send their queries, if any, at least 7 days prior to the date of the meeting at the registered office of the Company so that the information can be made available at the meeting.
15. All details regarding E-voting are available on Company's website - [www.flexituff.com](http://www.flexituff.com)

By Order of the Board

sd/-

Place: Pithampur  
Date: 12/08/2014

**D. K. Sharma**  
Executive Director & CS



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

### ITEM NO.6 & 7

Presently, the borrowing limit of the Company is upto 1000 Crores as a Special Resolution was passed at Company's Annual General Meeting held on September 25, 2012 under Section 293(1)(d) and 293(1)(a) of the Companies Act, 1956 specifying the limit of ₹1000 Crore upto which monies may be borrowed by the Board of Directors and may create mortgage, charge and hypothecations on such of the assets of the Company both present and future, in such manner as the Board may direct. Ministry of Corporate Affairs (MCA), Govt. of India has notified Section 180 of the Companies Act, 2013 w.e.f. September 12, 2013 thus replacing the old Section 293(1)(d) and 293(1)(a) of the Companies Act, 1956 with the said new Section 180 w.e.f. the aforesaid date. Further, vide a notification issued by MCA on March 25, 2014, it has been clarified that any Special Resolution passed by a Company under old Section 293(1)(d) and 293(1)(a) shall remain valid only upto a period of one year w.e.f. September 12, 2013 on which new Section 180 was notified by MCA. This has necessitated the passing of fresh special resolution specifying the borrowing powers of the Board under Section 180 of the Companies Act, 2013. The special resolution contained Item No. 6 & 7 of the AGM Notice is, hence, proposed to be passed to specify a fresh limit of ₹2000 Crore upto which monies may be borrowed and create mortgage, charge and hypothecations on such of the assets of the Company both present and future by the Board of Directors of the Company.

None of the Director or Key Managerial Personnel of the Company or their relatives are whether directly or indirectly concerned or interested, financial or otherwise, in passing of the aforesaid Special Resolution.

The Board recommends the resolution set forth in Item no. 6 & 7 for the approval of the members as a **Special resolution**.

### ITEM NO. 8

Section 197 of the Companies Act, 2013, inter-alia, provides that the remuneration payable to the Non-Executive Directors shall not exceed 1(one) percent of the net profits of the Company for one financial year, if the Company has a Managing or a Whole-time Director or Manager. In view of the above, it is proposed to pay remuneration to the Non- Executive Directors of the Company, all together, not exceeding 1(one) percent of the net profits of the Company for each financial year, calculated in accordance with the provisions of Companies Act, 2013, subject to the approval of the shareholders. The aforesaid remuneration is exclusive of any fees payable to directors by way of fee for attending meetings of the Board or Committee thereof and reimbursement of expenses for participating in

such meetings. Other than the Non-Executive Directors and their relatives, none of the Directors, Key Managerial personnel or their relatives are interested or concerned in the proposed Special Resolution at Item No. 8 of this Notice.

None of the Director or Key Managerial Personnel of the Company or their relative are whether directly or indirectly, concerned or interested, financial or otherwise, in passing of the aforesaid resolution.

The Board recommends the resolution set forth in Item no. 8 for the approval of the members as a **Special resolution**.

### ITEM NO. 9

Mr. Anirudh Sonpal (DIN 03367049) is Non-Executive (Independent) Director of the Company. He joined the Board of Directors in December, 2010.

The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013 from a member alongwith a deposit of requisite fees, proposing the candidature of Mr. Anirudh Sonpal for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received necessary consents/ declarations in necessary form as per the provisions of Companies Act, 2013 and rules made thereunder.

The resolution seeks the approval of members for the appointment of Mr. Anirudh Sonpal as an Independent Director of the Company for five years on remuneration of ₹10.00 lac per annum or as may be decided by the Board/ Committee, subject to ceiling of 1% (one percent) of net profit of the Company. He shall not be liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Anirudh Sonpal, fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. A copy of draft letter for the appointment of Mr. Anirudh Sonpal as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM. Mr. Anirudh Sonpal holds NIL equity shares of the Company.

No director, Key Managerial Personnel or their relatives, except Mr. Anirudh Sonpal, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 9 for the approval of the members as an **ordinary resolution**.

#### ITEM NO. 10

Mr. Sharat Anand (DIN 00083237) is Non-Executive (Independent) Director of the Company. He joined the Board of Directors in April, 2008.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of requisite fees, proposing the candidature of Mr. Sharat Anand for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received necessary consents/ declarations in necessary form as per provisions of Companies Act, 2013 and rules made thereunder.

The resolution seeks the approval of members for the appointment of Mr. Sharat Anand as an Independent Director of the Company for five years on remuneration of ₹10.00 lac per annum or as may be decided by the Board/ Committee, subject to ceiling of 1% or as may be approved by the members of the Company. He shall not be liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Sharat Anand, fulfill the conditions specified in the Act, 2013 and the Rules made thereunder and he is independent of the Management. A copy of draft letter for the appointment of Mr. Sharat Anand as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM. Mr. Sharat Anand holds NIL equity shares of the Company.

No director, Key Managerial Personnel or their relatives, except Mr. Sharat Anand, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 10 for the approval of the members as an **Ordinary Resolution**.

#### ITEM NO. 11

Mr. Kevan John Upperdine (DIN 01214264) is Non-Executive (Independent) Director of the Company. He joined the Board of Directors in November, 2006.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of requisite fees, proposing the candidature of Mr. Kevan John Upperdine for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received necessary consents/ declarations in necessary form as per provisions of Companies Act, 2013 and rules made thereunder.

The resolution seeks the approval of members for the appointment of Mr. Kevan John Upperdine as an Independent Director of the Company for five years. He shall not be liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Kevan John Upperdine, fulfill the conditions specified in the Act, 2013 and the Rules made thereunder and he is independent of the Management. A copy of draft letter for the appointment of Mr. Kevan John Upperdine as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM. Mr. Kevan John Upperdine holds NIL equity shares of the Company.

No director, Key Managerial Personnel or their relatives, except Mr. Kevan John Upperdine, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 11 for the approval of the members as an **Ordinary Resolution**.

#### ITEM NO. 12

Mr. D. K. Sharma (DIN 00028152) was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on 12th August, 2014. He was appointed as Whole time Director/ Executive Director in the same meeting. The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013 from a member along with a deposit of ₹1.00 lac, proposing the candidature of Mr. D. K. Sharma for the office of Whole time Director/ Executive Director. Your Directors recommend for appointment of Mr. D. K. Sharma as regular director, who shall be liable to retire by rotation, by passing the resolution as an Ordinary Resolution.

Further Mr. D. K. Sharma holds NIL equity shares of the Company.

No director, Key Managerial Personnel or their relatives, except Mr. D. K. Sharma, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 12 for the approval of the members as an **Ordinary Resolution**.

### ITEM NO. 13

Mr. D. K. Sharma who was working as AVP-Corporate Affairs & Company Secretary, was appointed as an additional Director by the Board of Directors of the Company at their meeting held on 12th August, 2014. He further was appointed as Whole time Director/ Executive Director in the same meeting in addition to continuing as Company Secretary. Terms and conditions of appointment of Mr. D. K. Sharma as Executive Director which are subject to approval of shareholders are as under:-

- Present gross Salary ₹1,81,258/- (Rupees One Lac Eighty One Thousand Two Hundred Fifty Eight Only) per month with an authority to board/ committee to increase the remuneration from time to time based on increment policy of the company in force & subject to maximum ceiling of ₹3,00,000/- p.m.
- Reimbursements upto ₹3,00,000/- (Rupees Three Lacs) per annum on account of books, periodicals, entertainment expenses for official purpose etc. with such periodic increments as may be decided by Board/ Committee from time to time, subject to maximum ceiling of ₹6,00,000/- per annum.
- All expenses incurred for the purpose of Company's work to be reimbursed on actual basis which would include telephone expense, diesel expense for car, driver's salary and travelling expenses etc.
- He will be entitled to other benefits and privileges, as per the policy of the Company in force.
- He will work under the supervision and control of Board of Directors of the Company and will perform such duties and functions as may be assigned by the Board from time to time.
- He shall adhere to the Company's code of conduct for Directors and Management personnel and will be subject to other rules & regulations of the Company as in force from time to time.

No director, Key Managerial Personnel or their relatives, except Mr. D. K. Sharma, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 13 for the approval of the members as an **Ordinary Resolution**.

### ITEM NO. 14

In Pursuant to Section 148 of The Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors shall appoint an individual who is a cost accountant in practice on the recommendation of the Audit

Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by the Board of Director and ratified by the shareholders of the Company.

On the recommendation of the Audit Committee at its meeting held on May 26, 2014 the Board has considered and approved appointment of **M/s Vijay P. Joshi & Associates, Cost Accountants** to conduct the cost audit of the Company's manufacturing units at Pithampur and Kashipur at a remuneration of ₹75000/- plus service tax as applicable and reimbursement of actual travelling and out-of-pocket expenses for the financial year ended on March 31, 2015.

The resolution at item no. 14 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of section 148 of the Companies Act, 2013.

None of the Director or Key Managerial Personnel of the Company or their relative is, whether directly or indirectly, concerned or interested, financial or otherwise, in the passing of aforesaid resolution.

The Board recommends the resolution set forth in Item no. 14 for the approval of the members as an **Ordinary Resolution**.

### ITEM NO. 15

In view of notification and applicability of various provisions of the Companies Act, 2013, there is a need to amend the existing Articles of Association to streamline it with the provisions / rules under the Companies Act, 2013.

Section 6 of the Companies Act 2013, explicitly provides that in case of any conflict between the provisions of the Companies Act 2013 and the Memorandum/Articles of Association of the Company, the provisions of the Act will prevail. In light of the same, changes have been proposed to be carried out in the Articles of Association of the Company and existing articles have been proposed to be streamlined and aligned so as to comply with the requirements of the Act.

The draft AOA is available for inspection at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m.

None of the Directors and Key Managerial Personnel of the Company or their relatives are directly or indirectly concerned or interested in this resolution.

The Board recommends the resolution set forth in Item no. 15 for the approval of the members as **Special Resolution**.

## DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

S. No	Name of Director	Age	Qualification	Date of Appointment	Expertise	Other Directorships (Excluding Pvt. Companies) as on 31st March, 2014	Chairman / Member of the Committees as on 31st March, 2014
1	Mr. Anirudh Sonpal	54 years	FCA	12th December, 2010	He has graduated from Sydenham College of Commerce & Economics, Mumbai and is a Fellow Member of the Institute of Chartered Accountants of India. His core areas of practice include Internal, Management & Operations Audit, Internal Controls, Risk Management, Corporate Governance and Indirect Taxes. He has actively participated in the activities of the ICAI at Branch and Regional levels. He has been nominated by various forums and associations in their committees. He has presented papers at various seminars organized by professional bodies and industry associations.	Overseas synthetics Ltd.	Audit Committee: 1.Flexituff International Limited- Member 2. Overseas Synthetics Limited- Chairman Shareholders' & Investors' Grievance Committee: 1.Flexituff International Limited-Member
2	Mr. Sharat Anand	55 years	MBA	8th April, 2008	He has been a banker for over 20 years with assignments overseas and in India. He has experience in capital market activities including fund management, debt origination, syndication and trading, forex market and enterprise risk management across diverse global markets and products.	NIL	Chairman of Audit Committee, Shareholders' & Investors' Grievance Committee, Nomination and Remuneration Committee of the Company.
3	Mr. Kevan John Upperdine	56 years	B.E. (Mech.)	18th November, 2006	Has over 30 years of experience as a mechanical engineer and production manager.	Flexiglobal (UK) Limited	Member of Nomination and Remuneration Committee of the Company.



S. No	Name of Director	Age	Qualification	Date of Appointment	Expertise	Other Directorships (Excluding Pvt. Companies) as on 31st March, 2014	Chairman / Member of the Committees as on 31st March, 2014
4	Mr. Saurabh Kalani	51 years	B.Com.	30th May, 2012	He has more than two decades of experience in the field of manufacturing, import, export, market development, strategic planning, production planning, financial planning etc. relating to Raffia Industry.	NIL	
5	Mr. Manoj Kumar Dwivedi	49 years	MSW, LLB.	30th May, 2012	He has more than 20 years experience in the field of Human Resource Management.	NIL	NIL
6	Mr. D.K. Sharma	37 years	B.com, FCS, LLB (Hons)	12th August, 2014	He is fellow member of the Institute of Company Secretaries of India and law & Commerce graduate. Apart from having around 15 years of experience in core corporate Secretarial & legal activities he has experience in fund raising through private placements, IPO, FCCBs etc. He has handled corporate restructuring involving schemes of Merger Amalgamation & slump sell.	NIL	NIL

By Order of the Board

sd/-

Place: Pithampur  
Date: 12/08/2014

**D. K. Sharma**  
Executive Director & CS

# DIRECTORS' REPORT

To,  
The Members,

The Board of Directors presents its Twenty first Directors' Report on Company's business and operations together with the Audited Financial Statements for the financial year ended 31st March 2014.

## FINANCIAL RESULTS AND APPROPRIATION

(₹ in Million)

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Sales & other incomes	9756.86	8623.77	10951.93	9690.49
Profit before interest, depreciation & Tax	1126.09	1211.98	1205.72	1252.17
Profit before Tax	300.56	368.12	359.63	350.77
Profit after Tax	228.06	276.36	283.41	254.96
Profit for the year / Balance available for Appropriation	127.70	276.36	183.04	254.96
Less: Appropriation				
Proposed dividend on equity shares & tax	26.70	25.28	26.70	25.27
Equity dividend and tax of earlier year	0	0.02	0	0.02
Surplus carried to Balance Sheet	101.00	251.06	156.33	229.65

## FINANCIAL PERFORMANCE HIGHLIGHTS

During the period under review, Standalone Sales and other incomes of the Company stood at ₹9756.86 Millions as against that of ₹8623.77 Millions in the previous year showing a growth of 13.14%. Company's Profit before interest, depreciation and tax stood at ₹1126.09 Millions as against to ₹1211.98 Millions in the previous year.

The Consolidated Sales and other incomes of the Company stood at ₹10951.93 Millions as against that of ₹9690.49 Millions in the previous year showing a growth of 13.02%. Company's Consolidated Profit after tax (PAT) increased by 11.16% i.e. from ₹254.96 Millions in the previous year to ₹283.41 Millions.

## EXPORT SALES

The Company recorded a growth of 22.29% in export sales from ₹4802.74 Million in the previous year to ₹5873.31 Million this year.

## DIVIDEND

Your Board is pleased to recommend a dividend of 10% on the equity share capital of the Company i.e. ₹1/- per equity share for the financial year ended 31st March, 2014. The dividend, if approved, will be paid to the members within the time period stipulated by the Act.

## CREDIT RATING FOR BANKING FACILITIES

M/s Credit Analysis & Research Limited (CARE) on October 16, 2013 has reaffirmed CARE BBB+ (Triple B+) credit rating for Long Term Facility and CARE A3+ for Short Term Facility which indicates moderate degree of safety regarding timely servicing of financial obligations.

## PRIVATE PLACEMENT AND FCCB ISSUE

Company has issued and allotted 1902173 Equity Shares on Preferential Basis under Private Placement, at a price of ₹230/- per Equity Share inclusive of premium of ₹220/- per Equity Share

to International Finance Corporation on 30th December, 2013.

Company has further issued 5.34% Foreign Currency Convertible Bonds (the "FCCBs") amounting to USD 9 Million to International Finance Corporation. These FCCBs are convertible at the option of Bondholder into fully paid up equity shares of the Company at a price of ₹230/- per equity share on or before 30th January, 2019.

### AWARDS & CERTIFICATIONS

During the year both the Prestigious Food Grade Certificate i.e. American Institute of Baking Certificate (USFDA) and British Retail Consortium Certificate (BRC) were renewed.

Besides certification above your Company is accredited by ISO 14001:2004 (for Environmental Management), ISO 22000:2005 (for Food and Safety Management), ISO 18001:2007 (for Industrial Health and Safety) & ISO 9001-2008 (for Quality Management System) certifications.

Your Company is a major exporter of FIBC and woven products from India and has received the Top Exporter Award from the PLEXCOUNCIL, Ministry of Commerce from 2005-06 to 2011-12.

### SUBSIDIARIES

Your Company has two direct subsidiaries and two steps down subsidiaries. None of the subsidiaries have a negative net worth.

#### Subsidiaries

M/s Nanofil Technologies Private Limited, Kolkata

M/s Flexiglobal Holdings Limited, Cyprus

(During the year Company has disinvested from M/s Satguru Polyfab Private Limited, Gandhidham)

#### Step- down Subsidiaries

M/s Flexiglobal (UK) Limited, UK

M/s Lakshmi Incorporated, USA

The financial details of the subsidiary companies as well as the extent of holdings therein are provided in a separate section of this Annual Report.

The Ministry of Corporate Affairs has, vide General Circular No. 2/2011 dt. 8th February, 2011, granted general exemption for not attaching the annual accounts of the subsidiary companies with the annual accounts of holding company.

Pursuant to the said circular, the Board of Directors of your company in their meeting held on 27th May, 2014 has given its consent, for not attaching the Annual Accounts of the Subsidiary Companies with that of the Holding Company, instead has published the audited consolidated financial statements in the Annual Report. Accordingly, the annual accounts of Subsidiary Companies and all other documents required to be attached under Section 212(1) of the Companies Act, 1956 to the Balance Sheet of the Company shall not be attached. However, these documents shall be made available upon request by any member of the Company interested in obtaining the same and shall also be kept for inspection at the Registered Office of your Company and that of Subsidiary Companies concerned. Further, the financial data of the Subsidiary Companies has been furnished along with the statement pursuant to section 212 of the Companies Act, 1956 forming part of this Annual Report.

### EMPLOYEE STOCK OPTION SCHEME, 2011

The updates on the stock options are as under:

Total No. of Options outstanding at beginning of the year	799300
Less: Options lapsed due to various reasons	299500
Total Outstanding Options	499800

### DIRECTORS

Mr. Saurabh Kalani and Mr. Manoj Kumar Dwivedi, Whole time directors are liable to retire by rotation and being eligible offers themselves for re-appointment. The board recommends their re-appointment for your approval.

Mr. D.K. Sharma, Asstt. Vice President- Corporate Affairs & Company Secretary has been appointed as an additional director by Board of Directors of the Company at their meeting held on 12th August, 2014. He was appointed as an Executive

Director in the same meeting. He is liable to retire by rotation.

Mr. Kaushal Kishore Vijayvergiya also tendered his resignation which was accepted by Board of Directors w.e.f. 12th August, 2014. Board wish to place on record sincere appreciation for his contribution towards the progress of the company during his tenure.

#### AUDITORS

M/s. L.K. Maheshwari & Co., Chartered Accountants, was appointed as Joint Statutory Auditors of the Company vide Extra Ordinary General meeting held on 11th March, 2014. Further M/s. BSR & Co. LLP, Chartered Accountants resigned from Statutory Auditor of the Company w.e.f. 14th May, 2014.

Company has received a certificate from M/s L.K. Maheshwari & Co., Chartered Accountants, regarding their eligibility for appointment as Statutory Auditors of the Company till the conclusion of three consecutive Annual General Meetings (subject to ratification of the appointment by the members at every AGM held there after) and matter of their re-appointment has been proposed for approval of members of the Company.

The board recommends the appointment of M/s L.K. Maheshwari & Co., Chartered Accountants, as Statutory Auditors of the Company.

#### AUDITOR'S REPORT

The observations made in the Auditor's Report, read with the relevant notes thereon are self explanatory and hence do not call for any further comments under Section 134 of the Companies Act, 2013.

#### AUDIT COMMITTEE

The Company has constituted Audit Committee, pursuant to the provisions of Section 177 of the Companies Act, 2013 and provisions of the Listing Agreement. The Composition, Scope and Powers of Audit Committee together with details of meetings held during the period under review forms part of Corporate Governance Report.

#### COST AUDITOR

During the year your Company has appointed M/s Vijay P. Joshi & Associates, Indore as Cost Auditor of the Company.

#### PUBLIC DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

#### CODE OF CONDUCT

The Board has laid down a code of conduct for Members of the Board and Senior Management personnel of the Company. Members of the Board and Senior Management have affirmed compliance with the said code of conduct for the Financial Year 2013-14.

#### INDUSTRIAL RELATIONS

The Board is pleased to inform you that Industrial relations have continuously been cordial at all levels throughout the year. The Board of Directors place on record their deep appreciation for the sincere, devoted and dedicated team work of all employees at all levels to meet the quality, cost and delivery requirements of the customers.

#### PARTICULARS OF EMPLOYEES

There are no employees who come under the provisions of Section 134 of the Companies Act, 2013 read with Companies (Particulars of Employees) Rules, 1975.

#### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

These fields continue to be the areas for improvement and of major progress. Keeping in view the escalation in energy cost, our organization is continuously endeavoring to find new and better ways for optimization of energy cost in its various manufacturing operations.

In compliance with Section 134 of the Companies Act, 2013, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, statement giving information regarding Energy Conservation, Technology





# ANNEXURE- A

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

### FORM A

Form for disclosure of particulars with respect to conservation of energy

#### POWER CONSUMPTION

Electricity	Current Year	Previous Year
Unit Purchased	55517022	50037632
Total Amount (₹)	281772903	249667162
Rate per Unit (₹)	5.07	4.99

Plant & Machinery were handled effectively to improve the productivity and reduce the power consumption like,

- Replacements of old Screw & Barrel in the Tape Plant, ensured higher productivity and lower power consumption.
- Replacement of old generation of Winders having higher wattage of Motors with new generation, ensured power saving.
- Old Insulation of Chilled Water Pipe lines were re-insulated, chilling plant efficiency increased hence energy saving.
- Drives were fitted in HVAC line of Roto plant ensuring Energy saving.

Our company has continued its endeavor to adopt latest technologies and procure highly advanced machine for its products and to meet the requirements of globally competitive market.

FOR AND ON BEHALF OF THE BOARD

Place: Pithampur  
Date: 12th August, 2014

sd/-  
Whole Time Director

sd/-  
Whole Time Director

### FORM B

Form for disclosure of particulars with respect to absorption

#### RESEARCH & DEVELOPMENT

Major Research & Development activities carried out are as follows

- Successful trial & commercialization of PPMF Fabrics.
- Successful commencement of GEOTUBE production
- 12S looms started commercial production, ensuring flexibility in production.
- Successful commercialization of D-Yarn fabrics in SULZER plants
- Successfully developed Geocomposite Bags for North-east region.
- Development of Fabrics from BOPP compound material .
- Successfully obtained NTPEP approval for geofabrics production.
- Commercially produced Grid fabrics for Groundcover application.
- Developed Carpet Backing fabrics.
- Successfully operated Load Testing m/c for FIBC product development.
- Indigenous Designing, installation and operation of online marking machine for FIBC Division.
- Successfully started Offset Gusseting activity in machine.

#### Future plan of action:

The company focuses on improving existing technologies and product engineering innovation through continuous expenditure on R&D in the forthcoming years also, so that the research and development opens new avenues for the Company along with new products and cost efficient processes.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company continues to import technically upgraded machines for its products and performance. New technology so adopted has enabled us to produce and market our products in various new markets. We are in a position to produce high value of FIBC for pharmaceuticals sector and special fabrics and liner for the export market like Japan, pharmaceutical companies in Europe, fabric export market in South America and Australia and liner export market in North America.

#### FOREIGN EXCHANGE EARNING AND OUTGO

Particulars	FY 2013-14 (Amount in Millions)	FY 2012-13 (Amount in Millions)
Earning in Foreign exchange export sale	5403.61	4387.52
Expenditure in Foreign Currency	884.57	824.08

FOR AND ON BEHALF OF THE BOARD

Place: Pithampur  
Date: 12th August, 2014

sd/-  
Whole Time Director

sd/-  
Whole Time Director

# ANNEXURE- B To The Directors' Report

## CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising of regulators, employees, customers, vendors, investors and the society at large. It is founded on the pillars of fairness, accountability, disclosures and transparency. These pillars have been strongly cemented which is reflected in your Company's business practices and work culture. Strong leadership and effective corporate governance practices have been the Company's hallmark and it has inherited these from the Company's culture and ethos. The Company believes in adopting the 'best practices' that are followed in the area of corporate governance across various geographies.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Executive Directors, Non executive directors and Independent Directors. These codes are available on the Company's website. The Company's corporate governance philosophy has been further strengthened through the Flexituff Code of Conduct for Prevention of Insider Trading. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges with regard to corporate governance.

### 2. BOARD OF DIRECTORS

#### (a) Composition of Board, Meeting & Attendance:

- I. As on date your Board of Directors is comprised of Nine (9) directors, of which the Chairman is a Non-Executive Independent Director. In compliance with the requirements of Clause 49 of the Listing Agreement, your Company has three (3) Executive Director and Six (6) Non-Executive Directors of whom three (3) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement. None of the Non-Executive Directors are responsible for the day to day affairs of the Company.
- II. None of the Directors on the Board is member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he is a director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2014, have been made by the directors.
- III. The details of the composition, nature of directorship, number of Board Meeting attended, attendance at last AGM, directorships held in other companies by the directors of the Company and their shareholding are detailed below. Other directorships do not include alternate directorships, directorships of private limited companies, section 25 (now Section 8) companies and of companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Shareholders/Investors Grievance Committees.

Name of Director	DIN	Nature of Directorship	No. of Board Meetings attended	Attendance at last AGM	Directorship in other Companies (excluding private limited companies)	Member (M) / Chairmanship (C) in No. of Board Committees including other Companies (as declared to the Company)	Share Holding in Flexituff Int. Ltd.
Mr. Anirudh Sonpal	03367049	C, NE, I	5	No	1	2M	NIL
Mr. Sharat Anand	00083237	NE, I	4	Yes	0	2C	NIL
Mr. Kevan John Upperdine	01214264	NE, I	0	No	0	NIL	NIL



Name of Director	DIN	Nature of Directorship	No. of Board Meetings attended	Attendance at last AGM	Directorship in other Companies (excluding private limited companies)	Member (M) / Chairmanship (C) in No. of Board Committees including other Companies (as declared to the Company)	Share Holding in Flexituff Int. Ltd.
Mr. Kaushal Ganeriwal	03497193	CCP-ND	2	No	0	NIL	NIL
Mr. Saurabh Kalani	00699380	E, W	7	No	1	NIL	NIL
Mr. Kaushal Kishore Vijayvergiya	01941958	E, W	7	No	0	1M	NIL
Mr. Manoj Kumar Dwivedi	05290255	E, W	7	Yes	0	NIL	NIL
Mr. Manas Tandon	05254602	ID	7	No	2	1M	NIL
Mr. Vishwarupe Narain (w.e.f. 27.05. 2013)	03394320	BND	4	No	2	NIL	NIL

#### Abbreviations:

C: Chairman, E: Executive Director, NE: Non Executive Director, I: Independent Director, W: Whole Time Director, MD: Managing Director, CCP-ND: CCP Nominee Director, ID: Investor Director, BND: Bondholder Nominee Director

- IV. Seven (7) Board Meetings were duly held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held on 27th May, 2013, 2nd August, 2013, 30th October, 2013, 29th November, 2013, 24th December, 2013, 30th December, 2013 and 13th February, 2014.
- V. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- VI. During the year 2013-14, information as mentioned in Annexure 1A to clause 49 of the Listing Agreement has been placed before the Board for its consideration.

#### (b) Non Executive directors' Compensation and Disclosures

The sitting fees paid to Non-executive Directors was ₹5000/- per board meeting. No commission was paid or payable to the Non-executive Directors during the year 2013-14. During the year, sitting fees paid to Non-executive Directors was ₹45000/-\* details of which are as below;

S. No.	Name of Director	Amount
1	Mr. Anirudh Sonpal	25000/-
2	Mr. Sharat Anand	20000/-

\* Mr. Kaushal Ganeriwal has not taken any sitting fees.

### 3. AUDIT COMMITTEE

- I. The Audit Committee was reconstituted on 2nd August, 2013. In line with the provisions of clause 49 of the Listing Agreement.
- II. The terms of reference of the Audit Committee are broadly as per clause 49 of the Listing Agreement.
- III. The previous Annual General Meeting (AGM) of the Company was held on September 30, 2013 and was attended by Mr. Sharat Anand, Chairman of the Audit Committee.
- IV. The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Sharat Anand (Chairman)	Independent, Non Executive	4	3
Mr. Anirudh Sonpal	Independent, Non Executive	4	4
Mr. Kaushal Kishore Vijayvergiya (upto 12.08.2014)	Executive	4	4
Mr. Manas Tandon (w.e.f. 27.05.2013)	Non Executive	4	2

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

- V. Four Audit Committee Meetings were held during the year on 27th May, 2013, 2nd August, 2013, 30th October, 2013 and 13th February, 2014.

#### 4. COMPENSATION COMMITTEE

- I. The Company has a Compensation Committee of Directors.
- II. The broad terms of reference of the Compensation Committee are as under clause 49 of the Listing Agreement.
- III. The Compensation Committee was reconstituted on 2nd August, 2013.
- IV. The composition of the Compensation Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Sharat Anand (Chairman)	Independent, Non Executive	2	2
Mr. Anirudh Sonpal	Independent, Non Executive	2	2
Mr. Kevan John Upperdine	Independent, Non Executive	2	0
Mr. Vishwarupe Narain (w.e.f. 27.05.2013)	Nominee Director	2	1

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

- V. Two Compensation Committee Meetings were duly held on 27th May, 2013 and, 30th October, 2013.
- VI. Company has remuneration policy for all directors and key managerial personnel.
- VII. Remuneration to all the directors paid during the year is disclosed in this report in details.
- VIII. Board of Directors on its meeting held on 27.5.2014 changed its name from Compensation Committee to Nomination and Remuneration Committee. It inter-alia include the following-
  - a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employee.
  - b. Formulation of criteria for evaluation of Independent Directors and the Board;
  - c. Devising a policy on Board diversity;
  - d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

## 5. SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

- I. The Company has a Shareholders' & Investors' Grievance Committee of Directors headed by Mr. Sharat Anand, Non Executive and Independent Director.
- II. The broad terms of reference of the Committee are to look into the redressal of shareholder and investor complaints.
- III. Mr. D.K. Sharma, Asst. Vice President- Corporate Affairs is compliance officer.
- I. There were not any investor grievances received and pending for more than 21 days during the year.
- IV. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Sharat Anand (Chairman)	Independent, Non Executive	4	3
Mr. Anirudh Sonpal	Independent, Non Executive	4	4
Mr. Kaushal Kishore Vijayvergiya (Upto 12.08.2014)	Executive	4	4

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

- V. Four Committee Meetings were duly held on 27th May, 2013, 2nd August, 2013, 30th October, 2013 and 13th February, 2014.

## 6. MANAGEMENT COMMITTEE

- I. Management committee was reconstituted on 2nd August, 2013.
- II. It has been delegated with an authority in relation to procurement and management of funds for existing and future projects of the Company. It is also authorised to approve and execute deeds, documents, undertakings and declaration as may be required by the lender banks/ institutions in connection with the debt financing of the company.
- III. The committee also has the powers and authority in relation to day to day management of affairs such as:
  - a) Administration and management
  - b) Production
  - c) Strategic Planning Expansion and Performance review
  - d) Marketing
  - e) Fund & Project Execution etc.
- IV. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Saurabh Kalani (Chairman)	Executive	14	14
Mr. Kaushal Kishore Vijayvergiya (Upto 12.08.2014)	Executive	14	14
Mr. Manoj Kumar Dwivedi	Executive	14	14
Mr. Sharat Anand (Upto 02.08.2013)	Independent, Non Executive	14	0

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

## 7. ISSUE MANAGEMENT COMMITTEE

- I. The Issue Management Committee was re-constituted on 24th December, 2013 for various formalities relating to issue of equity shares on preferential basis and Foreign Currency Convertible Bonds.
- II. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Saurabh Kalani (Chairman)	Executive	3	3
Mr. Kaushal Kishore Vijayvergiya	Executive	3	3
Mr. Manoj Kumar Dwivedi	Executive	3	3
Mr. Kevan John Upperdine	Independent Director	3	1

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

III. Three meetings were duly held on 26th April, 2013, 24th December, 2013 and 30th January, 2014.

#### 8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR Committee)

I. As per Ministry of Corporate Affairs notification dated 27th February 2014 from 1st April 2014, the provisions of Section 135 and Schedule VII of Companies Act 2013 will be implemented. Board on its meeting held on 27th May, 2014 has approved constitution of CSR Committee. Constitution of Committee are as follows -

S. No.	Name of Director	Designation
1	Mr. Saurabh Kalani (Chairman)	Chairman
2	Mr. Manoj Kumar Dwivedi	Member
3.	Mr. Sharat Anand	Member

#### II. Role of CSR Committee

- To formulate and recommend to the board CSR Policy as per activities specified in Schedule VII.
- To recommend the amount of expenditure to be incurred on above activities.
- To monitor the policy from time to time.

#### III. Role of Board

- To approve the CSR Policy recommended by the committee.
- To disclose contents of the policy in the report & place it on website.
- To ensure that the company spends, in every FY, at least 2% of the average net profits of the company (as per section 198) made during the 3 immediately preceding FYs, in pursuance of its CSR Policy.
- For spending the amounts local area should be preferred.

#### 9. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

**Mr. Rishabh Kumar Jain**

Asstt. Company Secretary & Compliance Officer

Flexituff International Ltd

C 41-50, SEZ, Sector-3,

Pithampur, Dist. Dhar (M.P.) 454775

Contact No. 07292-420248

Fax: 07292- 401684

#### 10. LAST 3 YEARS ANNUAL GENERAL MEETINGS

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

AGM	Day, Date & Time	Venue	Special Resolution Passed
18th	Friday, September 30, 2011 at 11.00 A.M.	2nd floor of Main Building, 19 R.N. Mukherjee road, Kolkata-700 001 (W.B.)	NIL
19th	Tuesday, September 25, 2012 at 11.00 A.M.	304, Diamond Prestige, 41-A, A.J.C. Bose Road, Kolkata-700 017 (W. B.)	Appointment of Mr. Kartikeya Kalani as Manager (Product Development) Alteration in Existing Clause 165 of Articles of Association
20th	Monday, September 30, 2013 at 10:00 AM	Kalakunj- Kalamandir, 48 Shakespear Sarani, Kolkata-700017 (W.B.)	NIL

(b) Details of Extra Ordinary General Meeting held during the year are as under:

S. No.	Day, Date & Time	Venue	Special Resolution Passed
1	Friday, 5th April, 2013 at 11.00 A.M.	94, Industrial Area, Sector-1, Pithampur, Dist. Dhar (M.P.)	Adoption of new set of Articles of Association.
2	Monday, 23rd December, 2013 at 11.00 A.M.	94, Industrial Area, Sector-1, Pithampur, Dist. Dhar (M.P.)	Preferential Issue of Equity Shares/ CCD & Issue of Foreign Currency Convertible Bonds. Increase in the FII and NRI/ PIOs investment limit under Portfolio Investment Scheme. Increase in remuneration of Mr. Saurabh Kalani, Wholetime Director.
3	Saturday, 25th January, 2014 at 11.00 A.M.	94, Industrial Area, Sector-1, Pithampur, Dist. Dhar (M.P.)	Adoption of new set of Articles of Association
4	Tuesday, 11th March, 2014 at 11.00 A.M.	94, Industrial Area, Sector-1, Pithampur, Dist. Dhar (M.P.)	Appointment of Joint Statutory Auditor

## 11. DISCLOSURES

### a) Related Party Transactions

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

### b) 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) Risk Management

The Company has framed risk management policy for various risk exposures, hedging and cost reduction structure as permitted and defined by Reserve Bank of India.

### d) Proceeds from public Issue, right issues, preferential issues etc.

The uses/ application of proceeds from public issue and preferential issue of equity shares have been disclosed to the Audit Committee as a part of quarterly declaration of financial results.

### e) Remuneration of Directors

1) The details of remuneration paid/payable to the Executive Directors during the year are as under:

#### MR. SAURABH KALANI- WHOLE TIME DIRECTOR

Salary & Allowance	₹3,25,000 per month*(upto September, 2013) ₹6,00,000 per month (from October 2013 to March 2014)
Other benefits	Furnished accommodation Club fees (Up to 2 clubs), Reimbursement of expenses which includes telephone expenses, Car, Driver salary
Stock options	Growth-NIL Loyalty-NIL

**MR. KAUSHAL KISHORE VIJAYVERGIYA – WHOLE TIME DIRECTOR**

Salary & Allowance	₹1,25,000 per month
Other benefits	Reimbursement of expenses which includes telephone expenses, Car, Driver salary.
Stock Option	Growth- 13,500 Loyalty- NIL

**MR. MANOJ KUMAR DWIVEDI – WHOLE TIME DIRECTOR**

Salary & Allowance	₹1,73,353 per month
Other benefits	Reimbursement of expenses which includes telephone expenses, Car, Driver salary.
Stock Option	Growth- 17600 Loyalty- 11,800

Period: from 1st April, 2013 to 31st March, 2014

**12. CODE OF CONDUCT**

The Company has adopted Code of Conduct for members of the Board and Senior Management personnel. 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.flexituff.com](http://www.flexituff.com). The Board Members and Senior Management have affirmed their compliance with the code and a declaration signed by the Whole Time Director of the Company is annexed to this report.

**13. CEO/CFO CERTIFICATION**

Mr. Saurabh Kalani and Mr. Kaushal Kishore Vijayvergiya, Whole time Director have given certificate on the Financial Statements of the company as per format prescribed under Clause 49(V) of Listing Agreement to the Board at its meeting held on 27th May, 2014.

**14. MEANS OF COMMUNICATION**

The quarterly un-audited financial results duly approved by the Board of Directors are sent to all the Stock Exchanges where the Company's shares are listed immediately after the Board Meeting. The same are published in English and Bengali news papers in terms of Listing Agreement and in the format prescribed by the Stock Exchange. The Company also posts its financial results on its website i.e. [www.flexituff.com](http://www.flexituff.com) and on websites of stock exchanges where shares of the Company are listed.

**15. GENERAL SHAREHOLDER INFORMATION****a. Annual General Meeting**

Date: 30th September, 2014

Day: Tuesday

Time: 10.00 A.M.

Venue: Kalakunj, Kalamandir, 48 Shakespear Sarani, Kolkata – 700 017 (WB)

**b. Financial Calendar**

- Results for quarter ending 30.06.2014 : With in 45 Days from end of quarter

- Results for quarter ending 30.09.2014 : With in 45 Days from end of quarter

- Results for quarter ending 31.12.2014 : With in 45 Days from end of quarter

- Results for quarter ending 31.03.2015 : With in 60 Days from end of quarter

**c. Book Closure Date**

23rd September, 2014 to 30th September, 2014 (both days inclusive)

- E-voting: All information are available on Company's website.

**d. Dividend Payment Date**

Dividend for the financial year 2014, if declared will be paid/ credited to the account of the shareholders on or after 30th September, 2014.



**e. Listing of Equity Shares on Stock Exchanges**

The equity shares are listed on the following Stock Exchanges:

1. BSE Limited, Mumbai
2. National Stock Exchange of India Limited, Mumbai

Note: Annual Listing Fees for the Year 2014-15 have been duly paid to both the above Stock Exchanges.

**f. Stock Code**

- Trading Symbol- National Stock exchange of India Limited : FLEXITUFF

- Trading Symbol- BSE Limited: 533638

**g. ISIN Number of equity shares: INE060J01017**

**h. Stock Market Price data for the Year 2013-14**

Month and Year	BSE			NSE		
	High (₹)	Low (₹)	Traded Quantity	High (₹)	Low (₹)	Traded Quantity
Apr-13	230.00	210.25	513456	229.60	212.25	574547
May-13	235.00	211.00	330912	238.80	217.35	1002964
Jun-13	240.00	200.05	426659	231.90	190.10	722396
Jul-13	235.00	210.00	350667	227.00	210.00	600087
Aug-13	218.50	204.00	291958	217.50	203.00	412325
Sep-13	240.00	210.20	315424	238.25	210.25	433414
Oct-13	263.10	171.25	397085	229.65	171.55	510633
Nov-13	245.00	212.75	301339	245.50	211.15	362214
Dec-13	255.10	215.55	555143	268.70	215.10	796647
Jan-14	245.00	224.50	298982	237.80	223.50	529929
Feb-14	271.00	225.00	252882	236.95	225.00	351997
Mar-14	233.85	224.00	299597	235.95	223.00	353742

**i. Shareholding Pattern As on 31st March, 2014**

Category	No. of Shares	Percentage
Indian Promoters	7035038	28.27
Foreign Promoters	0	0.00
Mutual Funds & UTI	286	0.00
Banks, Fls, Insurance Companies	1599203	6.43
Central/State Govt. Institutions/ Non-Govt. Institutions	0	0.00
Foreign Institutional Investors	2425807	9.75
Domestic Bodies Corporate	8659695	34.80
NRIs/ OCB/ Foreign Companies	4589696	18.45
Clearing Members	150609	0.61
Other Individual	422472	1.70
Grand Total	24882806	100.00

**j. Distribution Schedule as on 31st March, 2014**

Nominal Value of Each Equity Share is ₹10/-

No. of equity shares held	No. of share holders	% of shareholders	No. of share held	% of total shares held	Amount
1 to 500	654	83.42	27429	0.11	274290
501 to 1000	4	0.51	3391	0.01	33910
1001 to 2000	20	2.55	26492	0.11	264920
2001 to 3000	5	0.64	12970	0.05	129700
3001 to 4000	3	0.38	11220	0.05	112200
4001 to 5000	4	0.51	18548	0.07	185480
5001 to 10000	23	2.93	185791	0.75	1857910
10001 and above	71	9.06	24596965	98.85	245969650
Total	784	784	24882806	100.00	248828060

**k. Dematerialization of shares and Liquidity**

The Company has entered into necessary agreements with NSDL and CDSL for dematerialization of the shares held by investors. Shares held in Demat form with NSDL and CDSL constitute 95.47% and in physical 4.53%. The Annual Custody Fee for the financial year 2014-15 has been paid to both NSDL and CDSL.

1902173 equity shares allotted to International Finance Corporation, for which corporate action was filed on 31st December, 2013 were credited to its account on 10th January, 2014.

**l. Share Transfer System**

The Share transfer document complete in all respects are registered and/or share transfers under objections are returned within stipulated time period.

**m. Status of Unpaid Dividend**

Dividend for the year	Total Amount of Dividend (₹ In lacs)	Amount of Unpaid Dividend as on 31.03.2014 (₹ In lacs)	% of Dividend Unpaid	Due date of transfer to IEPF
2011-12	21.75	0.02	0.01	01-11-2017
2012-13	22.98	0.00	0.00	N.A.

During the year your company has deposited ₹34500/- to Investor Protection fund regarding unclaimed amount of dividend for the year 2005-06.

**n. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments**

5.44% Foreign Currency Convertible Bonds (the "FCCBs") of USD 25 Million issued to TPG Growth SF II Pte. Ltd. are convertible at the option of Bondholder into fully paid up equity shares of the Company at a price of ₹218/- per equity share on or before 26th April, 2018.

5.34% Foreign Currency Convertible Bonds (the "FCCBs") of USD 9 Million issued to International Finance Corporation are convertible at the option of Bondholder into fully paid up equity shares of the Company at a price of ₹230/- per equity share on or before 30th January, 2019.

**o. Address for Correspondence**

Shareholder's correspondence should be addressed to the Company's RTA at the Address mentioned below:

**Link Intime India Private Limited**

(Formerly Intime Spectrum Registry Limited)

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West)

Mumbai-400078

Tel.: +91 22 2596 0320, Fax: +91 22 2596 0329

Email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

For any further assistance, the shareholder's may Contact:

Corporate Office: Flexituff International Limited. C-41-50, SEZ, Sector -3, Pithampur- 454775, Dist. Dhar (M.P.) Tel. +91 7292 420200, Fax : 07292-401684 Email: <a href="mailto:investors@flexituff.com">investors@flexituff.com</a> Website: <a href="http://www.flexituff.com">www.flexituff.com</a>	Registered Office: Flexituff International Limited, 304, Diamond Prestige, 41-A, A.J.C. Bose Road Kolkata-700 017 (W.B.) Tel.: 033 -32212690 Fax : 033 - 22313510 Email: <a href="mailto:investors@flexituff.com">investors@flexituff.com</a> Website: <a href="http://www.flexituff.com">www.flexituff.com</a>
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Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants.

In Compliance of Clause 47(f) of the listing Agreement, the Company has designated exclusive Email ID for redressal of Investor Grievances i.e. [investors@flexituff.com](mailto:investors@flexituff.com).

**FOR AND ON BEHALF OF THE BOARD**

Place: Pithampur

sd/-

sd/-

Date: 12th August, 2014

Whole Time Director

Whole Time Director

## CEO CERTIFICATION ON CODE OF CONDUCT

To,  
The Members of  
M/s. Flexituff International Limited

The Company has framed a specific Code of Conduct for the members of the Board of Directors and Key Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen Corporate Governance practices in the Company.

All the members of the Board and Key Management Personnel of the Company have affirmed due observation of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March 2014.

For Flexituff International Limited  
sd/-

Place: Pithampur  
Date: 27/05/2014

Saurabh Kalani  
Whole Time Director

## CERTIFICATION FROM CEO/CFO

We Mr. Saurabh Kalani and Mr. Kaushal Kishore Vijayvergiya, Wholetime Directors of the Company to the best of our knowledge and belief hereby certify to the Board of Directors of M/s. Flexituff International Limited that:

1. We have reviewed financial statements and the cash flow statement for the year ended on 31.03.2014 and that to the best of our knowledge and belief.
2. these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
3. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
4. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the years that are fraudulent, illegal or volatile of the Company's code of conduct.
5. we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiency in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
6. we have indicated to the auditors:
  - a. Significant changes in internal control over financial reporting during the year;
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

FOR AND ON BEHALF OF THE BOARD

Place: Pithampur  
Date: 12th August, 2014

sd/-  
Whole Time Director

sd/-  
Whole Time Director

# CERTIFICATE FROM PRACTISING COMPANY SECRETARY

To,  
The Members  
M/s. Flexituff International Limited

We have examined the Compliance of conditions of Corporate Governance by Flexituff International Limited for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

Ritesh Gupta & Co.  
Practicing Company Secretaries

Place: Indore  
Date: 12/08/2014

sd/-  
Ritesh Gupta  
Proprietor

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global economy overview

Global GDP, which expanded by 2.9% during 2013, is expected to do better as the economies around the globe start displaying signs of revival. The growth will be primarily led by a marked improvement in the mature economies of the eurozone and the US. The growth rate in the eurozone region is expected to turn positive after contracting by 0.3% in 2013, whereas the US economy is expected to expand by 3% in 2014, against 1.9% during the previous year. While the growth in the developed economies is expected to increase briskly, developing economies are expected to improve marginally to reach 4.8% during 2014. The tepid growth will be on account of a slowdown in the China – falling from 7.5% during 2013 to 7% during 2014. Among other emerging economies, India and the Latin America countries are expected to witness marginal growth during 2014. The culmination of the above factors is expected to result in global GDP growth by 3.5% during 2014.

## Indian economic overview

In 2013-14, India's economy grew by 4.7%, a shade better than the 4.5% growth for 2012-13, a 10-year low. The Indian economy was pulled down by the underperformance of the manufacturing, mining, and construction and logistics sectors. This was the second consecutive year that the Indian economy has recorded sub-5% growth.

## Sectoral overview

### Technical textiles

Technical textiles represent the next frontier for the contemporary textiles industry.

These textiles are slightly modified, high-performance textiles known for their special properties and functionalities. These textiles are among the top five technology-intensive markets with great potential for advancement.

These textiles enjoy increasing applications across end-user industries like healthcare, agriculture, construction, clothing, packaging, sportswear and sports equipment, automotives, environment protection and other such areas.

What makes this sector attractive is that with applications, demand is continuously growing, strengthening prospects for serious long-term players.

### Growth story

Though India is the second largest textile economy after China, its contribution to the global technical textile industry is only 9% of the global consumption, indicating ample room for players like India with abundant raw materials and a cost-competitive, skilled workforce.

India's production of different technical textile items has been increasing. The country's technical textile industry grew at an annual 11% to an estimated market size of ₹70,151 crore in 2012-13 from ₹41,756 crore in 2007-08 and projected to reach a market size of ₹1,58,540 crore by 2016-17.

### Growth enablers

There are a number of reasons why the prospects of technical textiles are bright in India.

**Product acceptance:** Growing awareness about the superior functionality of technical textiles will catalyse consumption.

**FDI promotion:** To facilitate higher integration of technology into manufacturing processes and end-products, the Government of India has allowed up to 100%-FDI under the automatic route for the technical textiles segment. This will make it possible for global manufacturers to establish manufacturing units in India (alone or through partnerships).

**Government support:** The Indian Government plans to increase the fund outlay for various schemes to over ₹700 crore during the 12th Five Year Plan period.

**Investment promotion schemes:** Investors establishing technical textile unit in India can avail several benefits from several Central Government schemes like:

- \*Technological Upgradation Fund Scheme (TUFS)
- \*Benefits under Special Economic Zones (SEZ)
- \*Scheme for Integrated Textile Parks (SITP)
- \*Technological Mission for Technical Textiles (TMTT)
- \*Coverage of machinery for technical textile manufacturing under concessional customs duty list of 5%
- \*Certain technical textile products are covered under the Focus Product Scheme, allowing export of products carrying duty credit scrips equivalent to 2% of FOB value of exports

Several states in India are also offering incentives and

assistance to investors, which include electricity and stamp duty exemptions, concessions in land registrations, and single window clearance facilities for project applications.

**Growth of industry sectors:** Technical textile products are consumed by diverse downstream industries (automotive, healthcare, infrastructure and petroleum, among others). The increased investments in these industry sectors, higher

consumption and growing exports are expected to catalyse the demand for technical textiles.

**Increasing per capita income:** India's per capita income is estimated at ₹74,830 in 2013-14, rising by 9.6% from ₹67,839 in 2012-13. This increase will enable consumers to spend more on technical textile products.

160.38

Expected global demand  
for technical textiles  
(USD billion) by 2018  
(USD 133.93 billion, 2012)

30.71

Expected global demand  
(million tonnes)  
of technical textiles  
by 2018

45%

Percentage of global  
technical textiles market  
accounted by Asia-Pacific  
in 2011

11.7

Indian market size for  
technical textiles  
(USD billion)  
in 2012

## Human progress. Infrastructure. Technical textiles.

How technical textiles form the bedrock of a progressive society

### Infrastructure and geotextiles

One of the widest applications of geotextiles over the last decade has been in the infrastructure sector. There is a growing recognition that geotextiles represent the best long-term material option in environment protection for some valid reasons – the material is enduring, it's more than useful alternative to materials like steel which is a steadily depleting resource. Moreover it can be easily recycled; it can be modified for different usages and ensures easy on-site application.

### Growing infrastructure thrust

India's infrastructure sector (coal, crude oil, oil refining, natural gas, steel, cement, electricity and fertilisers) accounts for 37.9 percent of India's industrial output. The Union Budget 2014-15 has emphasised the role of the infrastructure sector. The Central Government assured adequate coal supply for thermal projects, announced tax holidays for the power sector, allocated over ₹37,000 crore for building and renovating roads and focused on developing airports under PPPs in Tier-I and Tier-II cities.

Economic stability in India will boost demand for more roads, railways, highways, bridges, canals and dams, leading to increase in demand for technical textiles (especially geotextiles). As infrastructure growth drives the country ahead, there would be a growing use of geotextiles. Subsequently, the progress of the country will translate into a growing offtake of geotextiles.

56.3

Projected government  
investment (₹ in trillion) in  
Indian infrastructure,  
12th Five Year Plan

5,00,000

Projected government  
investment (₹ crore) in  
India's power sector  
by 2020

1,25,000

Projected government  
investment (₹ crore) in  
India's Metro rail network  
by 2020

1,20,000

Projected government  
investment (₹ crore)  
in India's roadways  
by 2020



# 1,00,000

Projected government investment (₹ crore) in India's water infrastructure by 2020

# 1,00,000

Projected government investment (₹ crore) in India's ports by 2020

# 50,000

Projected government investment (₹ crore) in dedicated freight corridors by 2020

# 65,445

Budgetary outlay (₹ crore) towards Indian Railways (₹63,363 crore in 2013-14)

## Our competencies

**Widespread portfolio:** The Company provides technical textiles across multidisciplinary fields with widening applications. Essentially Flexituff is a one-stop-shop for bulk industrial packaging needs – retail (BOPP) and industrial (FIBC). Besides, the Company is engaged in addressing the needs of the infrastructure (geotextiles) and agriculture (dripper and drip irrigation compounds) sector. The Company manufactured business support products (inks and compounds).

**Entrenched experience:** With two decades of collective business experience, the Company has a qualified and experienced management team at its helm.

**Comprehensively integrated:** The Company is one of the few fully-integrated technical textile manufacturers with direct ownership of the complete product manufacture chain (including inks and extrusion materials) to the last mile of marketing.

**Large capacity:** The Company owns the world's largest FIBC manufacturing capacity of 30,000 TPA at a single location, considerably higher than the second largest FIBC manufacturer.

**Stringent accreditations:** The Company is among the few FIBC companies to possess USFDA and ISO Food Grade certifications, enabling it to service the growing needs of food companies globally.

**Global player:** The Company exports products to 55 countries, the highest among global FIBC manufacturers. The result is a multi-continental insight into customer needs and the ability to seamlessly deal with the global order flow to capitalise on every possible demand upturn.

**Enduring customers:** The Company works with as many as 100 of the Fortune 500 companies. Over 95% of its revenues are derived from advanced economies.

**Value-accretive:** The Company graduated to the value-added FIBC segment; 60% of the Company's product mix comprised food and pharmaceutical grade FIBCs, enjoying superior realisations over the general variety.

**Research-oriented:** The Company invested more than ₹153.19 million in research and product development (including 20,000 square feet R&D centre)

**Fiscal efficiency:** The Company selected to commission manufacturing facilities in fiscally-efficient locations (Pithampur SEZ and Kashipur) with tax exemptions to enhance its cost-competitiveness, logistical efficiency and ease of material clearance.

**Quality-focused:** The Company's SEZ unit at Pithampur operates in a demanding 'cleanroom' environment in line with stringent quality requirements (dust and microorganism-free) with respect to the food and pharmaceutical industries of developed countries. This facility is also HACCP-enabled.

## Divisional overview

### Geotextiles

₹ **2,259** million

Revenues, 2013-14

**53.80%**

Contribution to the total revenue, 2013-14

#### Applications

For bulk packaging and transportation

#### Industries catered to

Chemicals, fertilisers, pharmaceuticals, polymers, cement and minerals, among others

#### Advantages

- Lower cost of packaging, faster loading and unloading, minimising spillage and pilferage-related losses
- Carrying capacity - 0.5 metric tonnes – 2 metric tonnes

#### Overview

Geotextiles are specially woven polypropylene fabrics that ensure the passage of only measured quantities of water or soil particles. The fabric is technical, used in infrastructure development (road and coastal development) to prevent soil erosion, separation and landslides, enhance river bank protection and strengthen road underlay, track bed and slope stabilisation.

Flexituff extended to the manufacture of geotextiles leveraging its extensive woven technical textile knowledge. The Company invested in 40 Sulzer looms to manufacture geotextile fabrics corresponding to a manufacturing capacity of around 1,680 MT per annum, making it the largest geotextiles manufacturing company in India.

Flexituff is unique from an Indian perspective as it is the only company to possess the capability to manufacture woven, non-woven and composites geo textiles and bags. Flexituff possesses global manufacturing rights to manufacture geotextiles for flood control in India, reinforcing its position to respond to orders within the quickest time frame.

Given the sector's nascence in India, Flexituff has assumed the leadership by taking an active part in educating governmental bodies and engineers on the features of geo-textiles.

#### Advantages of geotextiles

- Geotextiles are finding increasing applications in geographies marked by flooding, extreme temperatures, differential ground movements, non-uniform settlement problems, landslips, landslides and ground heaves.
- Geotextiles act as filters between the soil and gravel to prevent soil particles from percolating following the impact of running water.
- Geotextiles prevent mixing of two materials, such as a soft sub-grade with a clean base aggregate.
- Geotextiles minimize soil movement by confining, reinforcing and absorbing stress.
- Geotextiles are permeable; they act as drainage agents.
- Geotextiles minimise quarrying and the use of natural aggregates of which there is a limited and finite supply.
- Geotextiles can potentially reduce construction costs and influence the viability of proposed developments.

## Application of geotextiles

### Road construction

#### Scope of geotextiles

Geotextiles are used to enhance the earth's tensile strength in locations where shear stress can be generated. Geotextiles permit rapid dewatering of the roadbed, preserving permeability without losing separating functions.

#### Government initiatives

- ₹14,389 crore allotted under the Pradhan Mantri Gram Sadak Yojna(PMGSY) .
- Investment of ₹37,880 cr by NHAI towards the construction and refurbishment of State Roads (₹3000 crore allocated for North-Eastern India).
- ₹100 crore provided for setting up a National Industrial Corridor Authority. Perspective plan for the Bengaluru Mumbai Economic corridor (BMEC) and Vizag- Chennai corridor to be completed with the provision for 20 new industrial clusters.
- Targeted National Highway construction of 8,500 kilometres expected in the current financial year. Work on select expressways along with the development of the industrial corridors to be initiated.

### Coastal protection

#### Scope of geotextiles

Geotextiles protect river banks from erosion due to currents or lapping. When used in conjunction with natural or artificial enrockments, they act as a filter. For erosion prevention, either woven or nonwoven geotextiles can be used. The woven fabrics are recommended in soils of larger particle size as they usually have larger pore size. Non-wovens are used in the case of alluvial soils. Geotextiles are also used in the construction and repair of dams.

#### Government initiatives

- An inland navigation project on the river Ganga called Jal Marg Vikas (National Waterways-I) between Allahabad and Haldia to cover a distance of 1,620 kilometres has been envisaged to escalate the capacity of goods that can be transported; an allocation of ₹4,200 crore.

- As per the National Register of Large Dams (NRLD), India has 5,187 large dams, 371 of these dams are under construction and 194 large dams under the NRLD do not have any year of construction on record, which means most of these dams must have been built pre-1947 and in dire need of repairs.
- Its estimated that nearly 15% of India's landmass or 0.49 million square kilometre area is prone to landslides. This includes 0.098 million square kilometre of the North-Eastern Region, comprising the Arakan Yoma ranges, and 0.392 million square kilometre in the Himalayas, the Nilgiri Hills, the Ranchi Plateau and Eastern and Western Ghats. As many as 20 states are affected by different degrees of landslides.
- 16 new port projects have been proposed in 2014-15 which could bring in private investments worth ₹80,000 crore.

### Railways

#### Scope of geotextiles

The woven fabrics or non-wovens are used to separate the soil from the sub-soil without impeding the ground water circulation where ground is unstable. Enveloping individual layers with geotextiles prevents the material wandering off sideways due to shocks and vibrations from running trains.

#### Government initiatives

- Provision of ₹1,785 crore (US\$ 298.8 million) for road-over-bridges and road-under-bridges.
- Increasing of speed of trains to 160–200 kilometres per hour in nine sectors – raising requirement for new railway tracks
- 23 projects underway in the North-East; (₹5,100 crore)
- Diamond Quadrilateral network to connect major metros through high-speed railways
- The railways is engaged in setting up the eastern and western corridors by 2017-18. The 1,839km eastern corridor will connect Ludhiana in Punjab and Dankuni in West Bengal. The 1,499km western corridor will connect Jawaharlal Nehru Port near Mumbai to Dadri in Uttar Pradesh.

## Why is Flexituff in the right place and right time to address the needs of the rapidly growing geotextiles segment?

**Proven pedigree:** Geotextiles were used in ancient Egypt to stabilise roadways and edges. Geotextiles have been used successfully in modern road construction (separate the sub-base from the sub-grade resulting in stronger road construction)

**Longstanding relevance:** The use of geotextiles is cost-effective as it reduces construction time, material and maintenance costs.

**First-mover advantage:** Flexituff's hands-on approach to move into the high growth segment of the geotextiles market has helped it carve a niche for itself.

**Wide scope:** The consumption of geotextiles in India is negligible compared to the global consumption, indicating attractive headroom.

**All-weather durability:** Geotextiles ensure soil stabilisation, filtration, protection and separation despite meteorological uncertainties.

**Growth opportunity:** The global geotextiles market was valued at US\$3.2 billion in 2011 and is expected to reach US\$6.4 billion in 2018, growing at a CAGR of 10.3% from 2012 to 2018 (Source: Transparency Market Research)

### Divisional overview

#### FIBC

₹ **5,878** million  
Revenues, 2013-14

**53.80%**  
Contribution to the total revenue, 2013-14

#### Applications

For bulk packaging and transportation

#### Industries catered to

Chemicals, fertilisers, pharmaceuticals, polymers, cement and minerals, among others

#### Advantages

- Lower cost of packaging, faster loading and unloading, minimising spillage and pilferage-related losses
- Carrying capacity - 0.5 metric tonnes – 2 metric tonnes

### Overview

Flexible intermediate bulk containers (FIBC) are widely used for the storage, transportation and handling of amorphous, flaky or granular products. FIBCs are used to handle dry products in bulk at various stages of the manufacturing and production cycle, right through to the point of user consumption.

Flexituff is one of the largest FIBC suppliers, manufacturing the product in 'cleanroom' factory environments and possessing all necessary certifications like ISO 14001:2004, 22000:2005 and 9001-2008.

At Flexituff, we cater around to 55 geographies covering all six continents. With strategic capacity augmentations, entrenched industry experience and in-depth knowledge on FIBC usage across countries, Flexituff has emerged as a preferred vendor.

#### Advantages of FIBC

- Saves time and money due to ease of handling
- Safe and secure for material handling with a built-in safety factor of 5:1

- Eco-friendly and recyclable
- Suitable for industries which need large volume product packaging (over 25-50 kilograms) comprising speed and mechanical handling
- Ideal for food processing (condensed milk, starch and spices) and pharma industries (bulk drugs) as they are made from inert polypropylene and in certified 'cleanroom' conditions.
- UN certified bags are finding increasing use in packing hazardous goods
- Ensures efficient space usage; can be stacked 3 feet high and designed to fit a specified area (like container), saving freight costs.

### Flexituff, the preferred choice

**Power shift:** FIBC manufacturing was for years centred around high consumption markets in and around Europe. As labour costs increased, FIBC manufacturing extended into Mexico and Turkey and now into India and China, benefiting a serious manufacturer like Flexituff.

**On time, every time:** Flexituff services some of the largest downstream customers in and outside India who select vendors on the basis of hygiene and delivery standards. Over 80% of the Company's FIBC customers had been associated with Flexituff for over five years at the close of 2013-14.

**Purity first:** Flexituff has responded to the growing emphasis on product purity and quality, especially for food and pharmaceutical players, through manufacture in a 'cleanroom' environment (dust and microorganism-free), among the world's largest such integrated facilities.

**Supply competence:** Flexituff possesses the world's largest FIBC manufacturing capacity in a single location as well as a fully-integrated manufacturing unit, enhancing its ability to cater to diverse batch requirements (big and small).

**Keen understanding:** Flexituff engaged consultants to enhance overall competencies, enhancing inventory management and deliveries.

**Customised products:** Flexituff produces FIBCs across sizes (5-50 kilograms) enhancing its ability to customise products in line with diverse customer requirements.

**Pervasive presence:** Flexituff is present across the entire value chain (entry-level, mid-level and high-end products; cheapest to costliest). Flexituff manufactures one of the widest FIBC ranges within the global sector.

### Different FIBCs

**High-end bags for food and pharmaceutical industry:** Made with all relevant precautions to eliminate contamination. Normally laminated and lined; manufactured in a clean environment. Principal application in the packaging of food and pharmaceutical products as well as the packaging for special plastics used in the manufacture of specialised electronic items.

**Sift-proof bags:** Needed for amorphous products and stitched in a special manner to block needle holes, preventing spillages.

**Baffle bags:** Baffle restraints stitched onto all corners to prevent expansion. Largely used where cargo has to be containerised or space has to be saved.

**Form-fitted liner bags:** Special FIBCs where the bag liner is shaped in the form of a bag, attached by various methods (gluing, tabbing or sewing). Avoids extra liners inside the bag; liner assumes the shape of the bag rather than creating bulges.

**Builder bag/ tunnel-lift:** FIBCs with large volumes. Used in construction and aggregate industry for filling sand, construction waste or aggregates. A recent development is a tunnel-lift bag without a pallet using the body fabric as a lifting mechanism apart from four loops (saving costs).

**Single-loop bags:** Normally made for fertiliser or cement packaging. Different in construction where the body-fabric of the bag itself is formed into a lifting loop.

**Sling bags:** Used to carry 20-40 bags of 25-50 kg each. An outer bag enables easy carriage and mechanical handling of small bags without pallets.

## Divisional overview

### Reverse-printed BOPP-woven bags

₹ **1,390** million

Revenues, 2013-14

**12.72%**

Contribution to the total revenue, 2013-14

#### Applications

For packaging

#### Industries catered to

Dry chemicals, fertilisers, agro products, retail industry, among others.

#### Advantages

Provide better aesthetic appeal while retaining the strength for retail applications

#### Overview

Reverse-printed BOPP-woven bags are small polypropylene woven bags laminated with a reverse-printed BOPP film on the outer surface. The BOPP film is printed using roto-gravure printing technology with a facility to extend to nine colors, covering graphics and pictures. The use of reverse-printed BOPP-woven bags is ideal for packing products (in 5-50 kilogram capacities) where the customer seeks aesthetic appeal coupled with superior strength.

The Company leveraged its rich FIBC experience to enhance its presence in this segment, capitalising on the retail boom and industry growth following the imposition of an anti-dumping duty by the US on Chinese imports.

Flexituff possesses the largest scale within India, resulting in the ability to provide any quantity anytime and anywhere (5 kilo, 10 kilo and 25 kilo SKUs to address the growing opportunity arising from the Indian retail boom).

Deep experience in manual stitching efficiencies along with complete integration (comprising woven fabric manufacture, printing, inking, and lamination and stitching lines), Flexituff ramped capacities and addressed customer with speed. The Company also strengthened its cost management, product quality and timely delivery.

#### Industry overview

Reverse-printed BOPP-woven bags find extensive usage in the packaging of products marketed in retail chains, supermarkets and commercial establishments. The outlook for this product segment is optimistic given the growing consumerism in India catalysed by a young and working population, urbanisation, rising incomes, favourable demographics and growing brand orientation. The Indian retail market (estimated at US\$520 billion) is expected to grow at a CAGR of 13% to around US\$950 billion by 2018. Correspondingly, organised retail is expected to grow from 7.5% of all retail offtake in India to around 10% by 2018, strengthening the offtake of BOPP-woven bags.

#### Flexituff's niche

- Flexituff is the only company to manufacture BOPP bags - tubular and back seam construction.
- Flexituff is the only company to manufacture and use heavy metal-free ink in its BOPP bags, ensuring qualitative consistency.
- Flexituff is the only company in its sector to manufacture 100 million bags per annum from a single integrated unit, the highest in this country.
- Flexituff, an undisputed leader in this segment in India, accounts for more than 45% of the share of the domestic unorganised sector.



- Flexituff has grown BOPP applications from scratch to 26 categories.
- Flexituff pioneered the manufacture of re-closable bags; this patented technology was imported from its US subsidiary (possessing the technology to manufacture secondary closures).
- Flexituff is among few companies to enhance product aesthetics through in-house design team, making it possible for customers to increase their sales

#### Advantages of our BOPP product

- Tear-resistant
- Weather-resistant; can be stored in the open
- Resistant to water, grease and oils
- Superior shelf visibility
- Superior printability, excellent clarity and high-impact gloss finish
- Superior resistance against moisture; superior aroma retention

#### Divisional overview

### Polymer compound

₹ **183** million

Revenues, 2013-14

**1.68%**

Contribution to the total revenue, 2013-14

#### Applications

For producing filler compounds and masterbatches

#### Industries catered to

Automobiles, appliances, wires and cables among others.

#### Advantages

Part of backward integration and helps the Company in maintaining qualitative consistency

#### Overview

Compounding refers to the blending of polymers and additives that help create a homogenous mixture, which can be used to produce a specific product or be added in a fixed percentage in polymers as masterbatches.

The Company entered this segment with an integrated manufacturing model for captive usage. The Company has an cumulative installed machinery capacity to produce 10,000 million tonnes of various compounds at its Kashipur facility, any addition over the captive requirement is sold in the market.

#### Industry overview

Compounding has found mass use in the manufacture of different plastic grades - a quick, easy and low-cost alternative

over discovering new grades. Driven by the increasing use of plastics in automobiles, consumer packaging and government spending on infrastructure, India's plastics industry is set to double its per capita consumption over five years. India's per capita plastics consumption was estimated at 9.7 kilograms in 2012-13, well below the 109 kilograms in the US and 45 kilograms in China. India's plastics industry is poised to benefit from increasing per capita incomes, consumerism and modernisation, particularly in urban areas. The demand for polymers is expected to jump from 11 million tonnes in 2012-13 to 16.5 million tonnes by 2016-17, resulting in consumption rising at a rate of 10.8 percent compounded annually (Source: Report by Plastindia Foundation).

## Divisional overview

### Drip irrigation

₹ **16** million

Revenues, 2013-14

**0.15%**

Contribution to the total revenue, 2013-14

#### Applications

In drip irrigation

#### Industries catered to

Agricultural/ industrial

#### Advantages

Drippers save water, electricity and cultivation costs, among others

Drip irrigation is a technology widely used in agriculture, landscape, greenhouses and nurseries to apply water directly where it is needed in crop growth. Drip irrigation minimises water consumption and enables the injection of fertilisers through the drip irrigation system, growing crops and plants that are less disease-prone.

Flexituff has invested in an imported state-of-the-art technology to manufacture drippers, which is a component in the micro-irrigation system that enables to regulate the amount of water discharged. The company commenced the operation of drippers at Kashipur in 2013-14.

#### Industry overview

Drip irrigation is an alternative to flood irrigation; in this, water is applied directly to the root zone of plants in frequent intervals (daily) and precise quantities as per the crop's water requirement. Drip irrigation irrigates more than 600,000 hectares in India, enhancing agricultural yields.

There has been a growth in drip irrigation area in the last 15 years to around 3.51 lac hectares, increasing from 40 hectares in 1960. Maharashtra (94,000 hectares), Karnataka (66,000 hectares) and Tamil Nadu (55,000 hectares) are some of the states where large areas have been brought under drip irrigation. The National Committee on Plasticulture Applications

in Horticulture (NCPAH), Ministry of Agriculture, Government of India (GOI) estimated 27 million hectares where drip irrigation can be implemented in India.

#### Risks and concerns

##### Industry risk

Any slowdown in the industry may impact the Company's revenue growth.

##### Risk mitigation

- The Indian packaging industry is expected to become the fourth-largest packaging market in the world, growing its revenues to USD 43.7 billion by 2016
- The Indian Government has allocated ₹56.3 trillion towards infrastructure building during the 12th Five Year Plan period
- Global geotextiles demand is projected to reach 4,323 million square metre by 2020 growing at a 8.9% CAGR from 2014 to 2020.
- The Indian retail market (estimated at US\$520 billion) is expected to grow at a CAGR of 13% to around US\$950 billion by 2018. This should catalyse the offtake of BOPP bags.

### Quality risk

There is a growing need for FIBC products to be benchmarked with stringent global norms addressing the food and pharmaceutical industries

### Risk mitigation

The Company's product and process standards are benchmarked with the following demanding certifications:

1. AIB-USFDA for food contact packaging ('superior' category)
  2. BRC-IoP, UK, for food packaging system certificates for Category-I
  3. ISO 9001:2008 for quality systems from DNV
  4. Complies with ISO-6 (Class 1000) for internal bubble cooling system
  5. Complies with ISO-7 (Class 10000) for liner section
  6. Complies with ISO-8 (Class 100000) for liner section (other than liner forming)
  7. ISO 14001:2004-certified for conforming to environmental management systems
  8. ISO 18001:2007 for Industrial Health and safety
  9. ISO 22000:2005-certified for conforming to food safety standards
- The effectiveness of the Company's quality standards is reflected in the proportion of revenues derived from customers who have been associated with it for more than five years.

### Foreign currency fluctuation

Prices of raw material used by the Company are volatile in nature and any volatility in international market is an area of concern. The Company is exposed to foreign exchange fluctuations also.

### Internal controls system and adequacy

The Company's internal control systems are adequate and ensure that all corporate policies are strictly adhered to and

that transparency is maintained at all levels and functions throughout the organisation.

A system of checks and balances has been put in place encompassing all levels to ensure optimum usage of resources and to minimise risks across all activities undertaken by the Company. The internal control systems are designed to ensure the safeguarding of all assets of the Company and to ensure that all transactions are carried out as per the documented policies, guidelines and procedures.

### Financial performance with respect to operational performance

During FY 2013-14, on standalone basis, the Company has achieved well-rounded growth with steady profitability.

- \* Revenue from operations soared to ₹10,952 million rising by 13.02% over last year (₹9,690 million in 2012-13).
- \* Earnings before interest, tax, depreciation and amortisation (EBITDA) stood at ₹1,205.72 million (₹1,252.17 million in 2012-13).
- \* Profit after tax (PAT) for the year stood at ₹283.41 million increasing by 11.16% over last year (₹254.96 million in 2012-13).
- \* Net worth increased by 18.31% to reach ₹3,641.90 million (₹307.83 million in 2012-13).

### Material development in human resources/industrial relations

The information supposed to come under the above heading has been specifically dealt with in the Director's Report under the heading 'Human Resource Management'. Industrial relations remained cordial during the year under review.

As of 31st March 2014, there are 7,716 members employed in the Company.

# INDEPENDENT AUDITORS' REPORT

To

The Members of

Flexituff International Ltd.

1. We have audited the accompanying financial statements of M/s Flexituff International Limited, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principle Generally Accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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 Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order. As required by section 227(3) of the Act, 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 purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Act;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **L.K.Maheshwari & Co.**  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)

Partner

Place: Indore

Dated : 27th May 2014

Membership No 079873

## ANNEXURE TO THE AUDITORS REPORT

### Annexure to the Auditors report of even date to the Members of Flexituff International Ltd.

- |   |   |
|---|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details except the location of fixed assets, item-wise depreciation and accumulated depreciation. The management is in the process to comply the requirement as prescribed.</p> <p>(b) The fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.</p> <p>(c) In our opinion, there was no disposal of substantial part of fixed assets during the year, therefore, does not affect the going concern assumption.</p> | <p>internal control and procedures in relation to trading of goods, purchase of fixed assets and receivables needs to be strengthen.</p>  |
| <p>(ii) (a) As explained to us, the management has conducted physical verification of inventory at reasonable intervals during the year other than those kept with third parties.</p> <p>(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.</p> <p>(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p>  | <p>(v) (a) According to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Act have been so entered.</p> <p>(b) In our opinion and according to information and explanations given to us, the register is maintained the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act, an exceeding the value of Rupees Five Lacs in respect of any one party during the year have been made at prices which are reasonable having regard to the prevailing market at relevant time.</p>   |
| <p>(iii) (a) The company has not taken Inter Corporate Deposit from companies covered in the register maintained under section 301 of the Act.</p> <p>(b) According to the information and explanation given to us, Company has, during the year, not granted any loans, security or unsecured, to companies, firm and other parties covered in the register maintained under Section 301 of the Act.</p>   | <p>(vi) The Company has not accepted any deposits from public. Therefore, the provision of Clause of (vi) of paragraph 4 of the Order are not applicable to the company.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</p> |
| <p>(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. However as observed during the course of audit, the</p>  | <p>(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise duty, VAT, cess and other material statutory dues applicable to it.</p> <p>(b) According to the records of the Company, the dues outstanding of taxes on account of any dispute are as follows:</p>  |

Name of the statute	Nature of dues	Demand (₹ in million)	Amount Paid (₹ in million)	Period to which the Amount relates	Forum where dispute is pending
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year.	7.00	3.00	A.Y. 2004-05	CIT (A)
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year, SEZ Loss u/s 10A & 80HHC deduction.	10.13	3.90	A.Y. 2004-05	CIT (A)
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year.	2.66	1.33	A.Y. 2005-06	CIT (A)
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year.	12.73	Nil	A.Y. 2005-06	CIT (A)
Income Tax Act	Disallowances in respect of SEZ Loss u/s 10 A.	6.03	Nil	A.Y. 2006-07	CIT (A)
Income Tax Act	Departmental Appeal against penalty order decided in Company's favor by ITAT	1.45	-NA-	A.Y. 2003-04	M.P.HIGH COURT
Income Tax Act	Departmental Appeal against appeal allowed by ITAT in case of Investment made by certain companies in Equity Capital of Company and also against deduction allowed under Section 80 IB in Company's favor by ITAT	6.58	-NA-	A.Y. 2003-04	M.P.HIGH COURT
Income Tax TDS	Non Deduction of TDS on payment of Lease Rent to MPAKVN and Interest thereon.	0.71	NIL	A.Y. 2005-06 to A.Y. 2007-08	CIT(A)
M.P. Entry Tax Act, 1976 (U/s 21 Re-open)	Entry tax levied on job work done for SEZ unit	2.41	1.35	F.Y. 2006-07	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
M.P. commercial Tax Act, 1994 (U/s 21 Re-open)	Assessing Office has levied the tax on sale by SEZ unit in Domestic Area	3.83	0.98	F.Y. 2006-07	The Appellate Authority and Additional Commissioner of Commercial Tax, Indore Division
Central Sales Tax Act, (U/s 21 Re-open)	Assessing Office has levied the tax on sale by SEZ unit in Domestic Area	0.0002	0.00	F.Y. 2006-07	The Appellate Authority and Additional Commissioner of Commercial Tax, Indore Division
M.P. Entry Tax Act, 1976	Entry tax levied on job work done for SEZ unit	1.68	1.61	F.Y. 2007-08	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
M.P. Entry Tax Act, 1976 (U/s 21 Re-open)	Entry tax levied on job work done for SEZ unit	1.09	0.11	F.Y. 2007-08	The Appellate Authority and Additional Commissioner of Commercial Tax, Indore Division



Name of the statute	Nature of dues	Demand (₹ in million)	Amount Paid (₹ in million)	Period to which the Amount relates	Forum where dispute is pending
M.P. commercial Tax Act, 1994	Assessing Office has levied the tax on sale by SEZ unit in Domestic Area	1.96	1.96	F.Y. 2007-08	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
M.P. Entry Tax Act, 1976	Entry tax levied on job work done for SEZ unit	2.89	0.88	F.Y. 2008-09	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
M.P. Entry Tax Act, 1976 (U/s 21 Re-open)	Assessing Office has levied the tax on sale by SEZ unit in Domestic Area	1.73	0.43	F.Y. 2008-09	The Appellate Authority and Additional Commissioner of Commercial Tax, Indore Division
M.P. commercial Tax Act, 1994	Assessing Office has levied the tax on sale by SEZ unit in Domestic Area	1.06	1.06	F.Y. 2008-09	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
M.P. Entry Tax Act, 1976	Entry tax levied on job work done for SEZ unit	3.72	1.04	F.Y. 2009-10	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
M.P. commercial Tax Act, 1994	Tax Imposed on (a) sale by SEZ unit in Domestic Area ₹18.17 mln (b) Assessing Officer has not given the benefit of VAT out put ₹1.58 million (c) ITR Amt. Disallowed ₹0.07 mln (d) Tax Imposed on non receipts of form "H" ₹1.60 mln	4.30	1.20	F.Y. 2009-10	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
Central Sales Tax Act,	Tax imposed on non receipts of Form -H	0.08	0.08	F.Y. 2009-10	The Appellate Board, M.P. Tax Tribunal Bhopal
M.P. commercial Tax Act, 1994	VAT ITR Reversal on Job Work & Stock Transfer	0.61	0.61	F.Y. 2010-11	The Appellate Authority and Additional Commissioner of Commercial Tax, Indore Division
M.P. Entry Tax Act, 1976	Entry tax levied on job work done for SEZ unit	0.37	0.09	F.Y. 2010-11	The Appellate Authority and Additional Commissioner of Commercial Tax, Indore Division
Central Sales Tax Act,	Tax imposed on non receipts of Form -H	0.31	0.31	F.Y. 2010-11	The Appellate Authority and Additional Commissioner of Commercial Tax, Indore Division

Name of the statute	Nature of dues	Demand (₹ in million)	Amount Paid (₹ in million)	Period to which the Amount relates	Forum where dispute is pending
Uttarakhand VAT Act, 2005	Tax imposed on non receipts of C form	22.19	NIL	F.Y. 2009-10, 2010-11	The Joint Commissioner Appeal -1 Uttarakhand
Uttarakhand VAT Act, 2005	Demand u/s 10(A)/ 10(B)/10(D)/ & 24(3)	10.66	3.33	F.Y. 2009-10, 2010-11& 2011-12	The Joint Commissioner Appeal -1 Uttarakhand

- (x) The Company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the year and in the immediately preceding year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) Based on our examination and 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 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has given corporate guarantee on behalf of M/s Satguru Polyfab Private Limited for ₹60.00 million to State Bank of Patiala, Indore, and on behalf of Nanofil Technologies Private Limited for ₹0.02 million to Governor of Uttarakhand, which are not prima facie prejudicial to the interest of the company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) On the examination of books of accounts and the information and explanations given to us, in our opinion

the funds raised on short term basis have not been used for long term investment and vice versa;

- (xviii) During the year, the Company has not made any allotment of preferential shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any Debenture therefore the provision of clause 4(xix) of the companies (Auditor's Report) Order, 2003 are not applicable.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) We have been informed that the one of the staff of the company had misappropriated funds amounting to ₹4.67 million during the year under audit. Investigations are in progress and the staff has been dismissed, arrested and matter is under prejudice. The company has provided for the amount involved in books of account. Apart from above, as per the information and explanation given to us and examination of books of accounts carried by us in accordance in the generally accepted audit practices in India, no other fraud on or by the company has been noticed or reported during the course of our audit.

For **L.K.Maheshwari & Co.**  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)  
Partner

Place: Indore  
Dated : 27th May 2014

Membership No 079873

# BALANCE SHEET as at 31st March 2014

(₹ in million)

S N Particulars		Note No	As at 31.03.2014		As at 31.03.2013	
I. EQUITY AND LIABILITIES						
1 Shareholder's Fund						
a) Share Capital		2	248.83		229.81	
b) Reserve & Surplus		3	3350.51	3599.34	2,851.35	3,081.16
2 Non Current Liabilities						
a) Long Term Borrowings		4	2333.16		1,274.49	
b) Deferred Tax Liability (Net)			446.75		374.25	
c) Other Long Term Liabilities		5	1.66		2.33	
d) Long Term Provisions		6	34.34	2815.91	20.29	1,671.36
3 Current Liabilities						
a) Short Term Borrowing		7	2157.27		1,889.19	
b) Trade Payable		8	1314.84		1,312.12	
c) Other Current Liabilities		9	909.57		1,035.03	
d) Short Term Provisions		10	71.14	4452.82	100.41	4,336.75
Total				10868.07		9,089.27
II ASSETS						
1 Non Current Assets						
a) Fixed Assets		11				
I) Tangible Assets				4713.81		4,109.37
II) Intangible Assets				137.16		0.65
III) Capital Work in Progress				997.14		336.63
b) Non Current Investments		12		12.62		104.72
c) Long Term Loans and Advances		13		26.15		23.90
d) Other Non Current Assets				–		–
2 Current Assets						
a) Inventories		14	992.82		1,083.27	
b) Trade Receivable		15	2373.02		2,154.35	
c) Cash & Cash Equivalents		16	263.25		238.30	
d) Short Term Loans & Advances		17	1352.10	4981.18	1,038.08	4,513.99
Total				10868.07		9,089.27
Significant Accounting Policies and Notes on Financial Statements		1-27				

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)  
Partner  
Membership No. 079873

Place : Indore  
Date : 27th May 2014

For and on behalf of Board

Ajay Mundra  
Chief Financial Officer

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

Saurabh Kalani  
Whole Time Director

K. K. Vijayvergiya  
Whole Time Director

## STATEMENT OF PROFIT & LOSS for the year ended on 31st March 2014

(₹ in million)

S N	Particulars	Note No	Year ended 31.03.2014	Year ended 31.03.2013
I.	Revenue from Operation	18	9662.58	8,588.97
II.	Other Income	19	94.28	34.80
III.	Total Revenue (I +II)		9756.86	8,623.77
IV.	EXPENSES :			
	Cost of Material Consumed	20	4605.41	3,737.26
	Purchases of stock in trade	21	1670.32	1,978.63
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	104.07	-226.27
	Employee Benefit Expenses	23	1077.30	884.43
	Financial Costs	24	563.53	630.25
	Depreciation and Amortization Expenses	11	262.00	213.61
	Provision for Foreign Exchange Fluctuation		91.48	83.75
	Other Expenses	25	1082.20	954.00
	Total		9456.29	8,255.65
V.	Profit Before Tax (Prior to Extra Ordinary Item)		300.57	368.12
VI.	Tax Expenses			
	Current Tax		41.97	73.65
	Less : Mat Credit Entitlement		41.97	73.65
	Net Current Tax		—	—
	Deferred Tax		72.50	91.76
VII.	Profit After Tax (Prior to Extra Ordinary Item)		228.07	276.36
	Less :-			
	Extra Ordinary Items	26	100.37	—
VIII.	Net Profit for the year		127.70	276.36
	Earning per share			
	Basic		5.44	12.67
	Diluted		3.94	12.38
	Significant Accounting Policies and Notes on Financial Statements	1-27		

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)  
Partner  
Membership No. 079873

Place : Indore  
Date : 27th May 2014

For and on behalf of Board

Ajay Mundra  
Chief Financial Officer

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

Saurabh Kalani  
Whole Time Director

K. K. Vijayvergiya  
Whole Time Director

## CASH FLOW STATEMENT for the year ended on 31st March 2014

(₹ in million)

	Year ended 31.03.2014		Year ended 31.03.2013	
<b>A) CASH FLOW FROM OPERATING ACTIVITY</b>				
Net Profit before tax		300.57		368.12
Adjustment for :				
Depreciation & Amortisation		262.00		213.61
Loss on sale of Investment		45.49		-
Extra Ordinary Items		-100.37		-
Loss on Assets Retirement		4.39		0.42
		512.08		582.15
Interest & Financial Charges		563.53		630.25
<b>Operating Profit before Working Capital changes</b>		<b>1,075.61</b>		<b>1,212.40</b>
Adjustment for				
Trade Receivable	-218.67		-563.00	
Inventories	90.46		-274.74	
Other Assets	-274.30		-323.75	
Current Liabilities	-122.73	-525.25	690.38	-471.10
Cash from Operating Activity		550.36		741.30
Direct Taxes Paid (net)		-73.66		-89.77
<b>Net Cash from Operating Activity (A)</b>		<b>476.70</b>		<b>651.52</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITY</b>				
Purchase of Fixed Assets / CWIP	-1,668.85		-993.12	
Proceeds from sale of Investment	46.61		-	
Sale Proceed from Assets Retirement	1.00		5.17	
<b>Net Cash used in Investing Activity (B)</b>		<b>-1,621.25</b>		<b>-987.95</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITY</b>				
Equity Share Issued/Share Warrants/Share Premium	419.60		253.34	
Net Proceeds/Payment from Long Term Borrowing	1,072.05		192.70	
Net Proceeds from Short Term Borrowing	268.08		601.86	
Payment of Dividends	-26.71		-25.28	
Payment of Interest & Financial Charges	-563.53		-630.25	
<b>Net Cash used in Financing Activity (C)</b>		<b>1,169.49</b>		<b>392.36</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>24.95</b>		<b>55.93</b>
<b>Opening Balance in Cash &amp; Cash Equivalents</b>		<b>238.30</b>		<b>182.36</b>
<b>Closing Balance in Cash &amp; Cash Equivalents</b>		<b>263.25</b>		<b>238.30</b>

### Notes :

- 1 The Cash Flow Statement has been prepared in indirect method with corresponding adjustment in Assets & Liabilities.
- 2 Cash & Cash Equivalents represent Cash & Bank Balances which are short-term in nature.
- 3 Previous year figures have been regrouped & reclassified where ever necessary in confirmation with current year figures.

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)  
Partner  
Membership No. 079873

Place : Indore  
Date : 27th May 2014

For and on behalf of Board

Ajay Mundra  
Chief Financial Officer

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

Saurabh Kalani  
Whole Time Director

K. K. Vijayvergiya  
Whole Time Director

# NOTES FORMING PART OF ACCOUNTS for the year ended on 31st March 2014

## Note : I SIGNIFICANT ACCOUNTING POLICIES

### 1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ("GAAP"), comprising of the mandatory Accounting Standards, Guidance Notes etc. issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

### 2. REVENUE RECOGNITION

- a) Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer.
- b) Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.
- c) Claims and refunds due from Government authorities and parties, through receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favor of the Company.
- d) Claims lodged with insurance companies are recognized as income on acceptance by the Insurance Company.

### 3. FIXED ASSETS

- a) Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs and experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.
- b) Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalization rate to expenditure on that assets, for the period as per provisions of AS 16, untill all activities necessary to prepare qualifying assets for its intended use are complete.

### 4. DEPRECIATION / AMORTIZATION

- Depreciation is provided under the straight line method at the rates provided by Schedule XIV to the Companies Act, 1956 on pro-rata basis. On the basis of technical evaluation by Chartered Engineer, the plant and machineries of all the three divisions are categorized as continuous process plant and therefore the depreciation rate applied are for the continuous process.
- Leased assets are amortized over the operating period of 99 years.

### 5. EMPLOYEE BENEFITS

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b) The eligible employees of the company are entitled to receive benefits under the provident fund a defined contribution plan in which both the employees and the Company make monthly contribution at a specified percentage of the covered employees salary (currently 12% of the employee's basic salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner. The Company recognizes such contribution as expense of the year in which the liability is incurred.
- c) The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.
- d) Retirement benefit:- Contribution to Provident Fund is recognized in the accounts on actual liabilities basis.

### 6. INVESTMENT

Non Current Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline.

**7. VALUATION OF INVENTORY**

- a) Inventories are valued at historical cost and net realizable value whichever is lower. Historical cost is determined on FIFO/Weighted average basis on relevant categories of inventories and net realizable value, after providing for obsolete, slow moving and defective Inventories, wherever necessary on a consistent basis.
- b) Cost of raw materials includes duties net of Cenvat Credit available. Finished goods exclude "excise duty" thereon.

**8. FOREIGN CURRENCY TRANSACTIONS**

- a) All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.
- b) Monetary assets & liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognized in the financial statements.
- c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.
- d) The company uses foreign currency forward contracts/options to hedge its actual underlying exposure and not for trading or speculation purpose to movement in foreign currency rates. The use of these forward contracts/options reduces the risk and/or cost to the company. Exchange difference on such contracts is recognized in the reporting period in which exchange rates change.
- e) The Company, in view of uncertainty for conversion of FCCBs into equity and also due to chance of possible obligation, has decided to disclose as Contingent Liabilities, the difference between the amount at which FCCBs has been stated in the books and the amount of FCCBs as calculated on the basis of rate of Foreign Currency on the date of reporting period.

**9. TAXES ON INCOME**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. For this purpose, deferred tax liabilities and assets are reckoned on net basis, after inter-se set-off, for each component for the timing differences.

The Deferred Tax Liability comprise of the following:

	As at 31st March 2014	As at 31st March 2013
(₹ in million)		
<b>(A) Deferred Tax Liability</b>		
Net Block as per books	4668.06	3927.08
Net Block as per Income Tax	3023.95	2513.63
Less : Differences reversing during tax holiday period	61.88	56.27
Timing Difference	1582.23	1357.18
Deferred tax liabilities on the timing difference	513.35	440.34
Opening Balance	440.34	354.27
Deferred Tax Liability Created	73.02	86.06
Closing Balance (A)	513.35	440.34
<b>(B) Deferred Tax Assets</b>		
Opening Balance	66.08	71.78
Deferred Tax Assets created	0.52	(5.70)
Cumulative Deferred Tax Assets (B)	66.60	66.08
Net Deferred Tax Liability (A-B)	446.75	374.25

**10. IMPAIRMENT OF FIXED ASSETS**

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following Accounting Standard (AS) 28 "Impairment of Assets"



**Note : 1** **SIGNIFICANT ACCOUNTING POLICIES** (contd...)**11. REPLENISHMENT**

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

**12. OTHERS**

Besides debit / credit in previous year adjustment account, amounts related to previous years, arisen / settled during the year have been debited / credited to respective heads of accounts.

**Note : 2** **SHARE CAPITAL**

(₹ in million)

	As at 31.03.2014		As at 31.03.2013	
<b>AUTHORISED :</b>				
40000000 Equity Shares of ₹10/- each		400.00		300.00
(P.Y. 30000000 Equity Shares of ₹10/- each)				
<b>Total</b>		<b>400.00</b>		<b>300.00</b>
<b>ISSUED, SUBSCRIBED, CALLED &amp; PAID UP :</b>				
24882806 Equity Shares of ₹10/- each fully paid up		248.83		229.81
(Issue and allotment of 1902173 equity shares of ₹10/- each at a premium of ₹220/- per share during the year.)				
(Previous year 22980633 Equity Shares of ₹10/- each fully paid up)				
<b>Total</b>		<b>248.83</b>		<b>229.81</b>

**2.1 Details of Shareholders holding more than 5% shares :**

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	% Held	No. of Shares	% Held
A. Kalani Industries Pvt. Ltd.	3621730	14.56	3,621,730	15.76
B. Clearwater Capital Partners(Cyprus)Ltd.	2235754	8.99	2,236,592	9.73
C. Saurabh Properties Pvt. Ltd.	1746905	7.02	1,637,730	7.13
D. Miscellani Global Pvt. Ltd.	1359163	5.46	1,359,163	5.91
E. TPG Growth II SF Pte. Ltd.	1227273	4.93	1,227,273	5.34
F. International Finance Corporation.	1902173	7.64	NIL	NIL

**2.2 The reconciliation of the number of shares outstanding is set out below :-**

	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	% Held	No. of Shares	% Held
Equity Shares at the beginning of the year	22980633		21731810	
Add : Shares issued in Initial Public Offer	—		—	
Add: Conversion of Fully Convertible Debenture	—		—	
Add: Conversion of Warrants into Equity Shares	—		—	
Add: Allotment on Private placement basis	1902173		1227273	
Add : Shares issued on exercise of Employee Stock Options	—		21550	
Equity Shares at the end of the year	24882806		22980633	

**2.3 There are 799300 Options pending under Employees Stock Option Scheme (ESOP) 2011.**

<b>Note : 3 RESERVE &amp; SURPLUS</b>		<i>(₹ in million)</i>	
	As at 31.03.2014	As at 31.03.2013	
<b>i) Capital Reserve :-</b>			
a. SEZ Re-Investment Allowance Reserve	162.91	145.52	
Add :- Addition during the year	–	79.35	
	162.91	224.87	
Less :- Utilized during the year	103.33	61.96	162.91
<b>ii) Securities Premium Account :-</b>			
Opening Balance	1654.49	1,413.63	
Addition during the year	418.48	259.56	
Less : Utilization during the year against Private Placement	17.90	18.71	
Closing Balance		2055.07	1,654.49
<b>iii) Other Reserves :-</b>			
a. General Reserve Account		140.50	140.50
<b>iv) Profit &amp; Loss Account :-</b>			
Opening Balance	893.45	661.22	
Addition during the year	127.70	276.36	
Add : SEZ Re-Investment Allowance Reserve Utilization A/c	103.33	61.96	
Less : Utilization during the year :-			
a. Proposed Dividend	24.88	22.98	
b. Dividend for Earlier years	–	0.02	
c. Dividend Distribution Tax	4.23	3.73	
d. Transfer to General Reserve Account	–	–	
e. Transfer to SEZ Re-Investment Allowance Reserve	–	79.35	
Closing Balance		1095.36	893.45
		3350.51	2,851.35

<b>Note : 4 LONG TERM BORROWINGS</b>		<i>(₹ in million)</i>	
	As at 31.03.2014	As at 31.03.2013	
<b>A SECURED TERM LOANS :</b>			
<b>I FROM BANKS :</b>			
a UCO Bank, Indore -0030	–	34.25	
(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement i.e. 27.10.2007, present rate of Interest -14.50 % P A)			
b UCO Bank, Indore -1080 *	108.80	163.14	
(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement wef 11.07.2008, present rate of interest -14.50 % P A)			
c UCO Bank, Indore 1936 **	26.76	64.26	
(Payable in 24 unequal quarterly Instalments after 6 month from the date of disbursement wef 26.03.2009, present rate of interest - 14.50 % P A)			
d UCO Bank, Indore - 3428 *	122.50	172.50	
(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement wef 18.12.2009, present rate of interest -14.50 % P A)			
e UCO Bank, Indore 3923 **	49.59	89.58	
(Payable in 17 unequal Quarterly Instalments after 11 months from the date of disbursement i.e. 20.03.2010, present rate of interest -14.50 % P A)			

<b>Note : 4 LONG TERM BORROWINGS (contd...)</b>		<b>(₹ in million)</b>	
		<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
<b>A SECURED TERM LOANS :</b>			
<b>I FROM BANKS :</b>			
<b>f ING Vysya Bank Ltd, Indore</b>		99.39	133.13
(Payable in 16 quarterly Instalments of ₹84.35 lacs & 8 quarterly instalments of ₹18.80 lac, date of disbursement 13.08.2012, present rate of interest -14.20% PA)			
<b>g Axis Bank Ltd., Indore</b>		–	116.68
(Payable in 12 quarterly Instalments after 9 months from the date of disbursement i.e. 03.08.2010, present rate of interest - 14.50% P A)			
<b>h State Bank of India, Indore</b>		48.50	87.79
(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement wef 29.08.2008, present rate of interest -14.50 % P A)			
<b>i Central Bank of India, Indore</b>		26.05	50.67
(Payable in 24 quarterly Instalments, wef 30.08.2008, present rate of interest -14.50 % PA)			
<b>j Punjab National Bank, Indore</b>		82.30	124.92
(Payable in 24 quarterly Instalments after 1 year from the date of disbursement wef 03.09.2008, present rate of interest - 14.50 % P A)			
<b>k State Bank of India, Indore</b>		44.38	69.90
(Payable in 7 years (24 quarterly Instalments) after 1.25 year from the date of disbursement wef 31.12.2009, present rate of interest 14.50 % P A)			
<b>l State Bank of Patiala, Indore</b>		62.79	83.74
(Payable in 4 quarterly Instalments of ₹1.31 mln and 20 instalments of ₹5.238 mln after 1 year from the date of disbursement wef 26.03.2010, present rate of interest - 14.00 % P A)			
<b>m State Bank of Patiala, Indore</b>		27.40	–
(Payable in 11 quarterly Instalments of ₹25.00 lacs from the date of disbursement wef 30.03.2014, present rate of interest - 14.00 % P A)			
<b>n Punjab National Bank, Indore</b>		55.91	79.01
(Payable in 23 quarterly Instalments after 1.5 year from the date of disbursement wef 20.05.2010, present rate of interest -14.50 % P A)			
<b>o Central Bank of India, Indore</b>		75.43	91.37
(Payable in 24 quarterly Instalments, wef 31.12.12, present rate of interest - 14.50 % PA)			
Out of the above Secured Term Loans, the following amount have been converted into Foreign Currency Term Loans on 20.12.2013 :-			
*UCO Bank ₹231.30 mln on 24.02.2014			
**UCO Bank ₹76.33 mln on 24.02.2014			
<b>Sub Total</b>		<b>829.79</b>	<b>1,360.92</b>
<b>II FROM FINANCIAL INSTITUTIONS:</b>			
<b>a G E Capital Services, India</b>		114.81	191.36
(36 months from the date of first Drawdown dtd. 27.09.2012, present rate of interest @ 14.00 % PA)			
Less : Current maturities of long term debt		480.00	677.80
<b>Sub Total</b>		<b>464.60</b>	<b>874.49</b>

**Note : 4 LONG TERM BORROWINGS** (contd...) (₹ in million)

	As at 31.03.2014	As at 31.03.2013
<b>B UNSECURED LOANS :</b>		
i. Religare Finvest Limited	–	400.00
ii. TPG GROWTH II SF PTE. LTD, SINGAPORE (5.44% Foreign Currency Convertible Bonds of USD 25.00 million)	1338.75	–
iii. INTERNATIONAL FINANCE CORPORATION (IFC) (5.34% Foreign Currency Convertible Bonds of USD 9.00 million)	529.81	–
<b>TOTAL</b>	<b>2333.16</b>	<b>1,274.49</b>

**Nature of security on secured loans :**

1. Term Loans are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets & a second charge on all current assets of the company.
2. All term loans facilities are further secured by Personal Guarantee of Shri Manish Kalani, Shri Saurabh Kalani and corporate guarantee of M/S Kalani Industries Pvt. Ltd.
3. In case of G E Capital Services India - (i) First and exclusive charge over Equipment financed through the Facility in accordance with the Deed of Hypothecation. (ii) Personal Guarantee of Mr. Manish Kalani. (iii) Corporate Guarantee of M/s Kalani Industries Pvt Ltd.

**Note : 5 OTHER LONG TERM LIABILITY** (₹ in million)

	As at 31.03.2014	As at 31.03.2013
Vehicle Loans	3.39	3.93
(Vehicle Loan are secured by Hypothecation of the respective Vehicles of the Company)		
less : Current maturities of other long term debt	1.73	1.60
	<b>1.66</b>	<b>2.33</b>

**Note : 6 LONG TERM PROVISION** (₹ in million)

	As at 31.03.2014	As at 31.03.2013
Outstanding Group Gratuity Contribution	34.34	20.29

**Note : 7 SHORT TERM BORROWING**

(₹ in million)

		As at 31.03.2014		As at 31.03.2013	
(A) SECURED WORKING CAPITAL LOANS					
i) UCO Bank, Indore					
Cash Credit Loan	264.76		278.77		
Export Packing Credit	172.51		166.23		
(New Gold Card)	–	437.28	44.19	489.19	
ii) Punjab National Bank, Indore					
Cash Credit Loan	139.31		150.61		
Export Packing Credit	206.40	345.71	203.61	354.22	
iii) Central Bank of India, Indore					
Cash Credit Loan	194.62		191.69		
Export Packing Credit	192.23	386.85	115.08	306.77	
iv) State Bank of India, Indore					
Cash Credit Loan	–		65.26		
Export Packing Credit	–	–	–	65.26	
v) State Bank of India, Pithampur					
Cash Credit Loan		–		5.28	
vi) State Bank of Patiala, Indore					
Cash Credit Loan	20.88		68.79		
Export Packing Credit	57.88	78.76	58.33	127.12	
vii) Axis Bank Ltd., Indore					
Cash Credit Loan	145.61		55.51		
Export Packing Credit	–	145.61	21.33	76.85	
viii) ICICI Bank Ltd., Indore					
Cash Credit Loan	221.57		81.09		
EPC & PCFC	–	221.57	2.74	83.82	
ix) ING Vysya Bank, Indore					
Cash Credit Loan	141.53		74.42		
EPC & PCFC	109.44		20.94		
WCDL	–	250.97	72.50	167.86	
x) Chinatrust Commercial Bank, New Delhi					
Cash Credit Loan	-1.42				
W.C.D.L.	–		-0.11		
Export Packing Credit	30.40	28.98	198.45	198.33	
xi) SBER BANK NEWDELHI					
Cash Credit Loan		249.06		–	
TOTAL (A)		2144.77		1,874.69	
1. The Working capital facilities are secured by First charge on all current assets viz. Raw Material Stores & Spares, Work-in-Progress, Finished Goods and Book Debts & Second charge on all fixed assets of the Company.					
2. All working capital facilities are further secured by Personal Guarantee of Shri Manish Kalani, Shri Saurabh Kalani and corporate guarantee of M/S Kalani Industries Pvt. Ltd.					
(B) UNSECURED LOANS FROM OTHERS		12.50		14.50	
TOTAL (A +B)		2157.27		1,889.19	

<b>Note : 8 TRADE PAYABLES</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
Trade Creditors	1314.84	1,312.12	

<b>Note : 9 OTHER CURRENT LIABILITIES</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
i) Creditors for Capital Goods	57.70	58.37	
ii) Creditors for Supplies & Services	260.46	203.47	
iii) Tax Payable	11.69	15.16	
iv) Unpaid Dividend	–	0.04	
v) Current maturities of long term debt	480.00	677.80	
vi) Current maturities of other long term debt	1.73	1.60	
vii) Current maturities of long term debt related to forex fluctuation (FCTL)	85.92	69.03	
viii) Provision for M2M forex fluctuation	3.88	–	
ix) Accrued Interest on TL	8.19	9.57	
	<b>909.57</b>	<b>1,035.03</b>	

<b>Note : 10 SHORT TERM PROVISION</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
i) For Income Tax	41.97	73.65	
ii) For Wealth Tax	0.05	0.05	
iii) For Proposed Dividend	24.88	22.98	
iv) For Dividend Tax	4.23	3.73	
	<b>71.14</b>	<b>100.41</b>	

<b>Note : 11 FIXED ASSETS</b>		(₹ in million)									
Name of the Assets	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As on 01.04.2013	Addition	Deduction	As on 31.03.2014	As on 01.04.2013	Written Back	Amortisation	For the Period	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
<b>A. Tangible Assets</b>											
1 Land (Lease Hold)	24.75	–	–	24.75	2.25	–	0.02	–	2.27	22.47	22.50
2 Land (Free Hold)	160.44	–	–	160.44	–	–	–	–	–	160.44	160.44
3 Factory Building	848.07	35.96	–	884.03	108.88	–	–	27.57	136.45	747.59	739.20
4 Plant & Machinery	3488.30	799.74	16.54	4271.49	571.68	11.18	–	202.24	762.73	3508.75	2916.62
5 Electric Installation	200.37	6.26	–	206.63	33.65	–	–	10.82	44.47	162.16	166.72
6 Furniture & Fixtures	36.80	4.25	–	41.05	10.36	–	–	2.46	12.82	28.24	26.44
7 Office Equipments	68.25	6.62	–	74.87	9.76	–	–	3.38	13.13	61.74	58.49
8 Vehicles - Cars	17.35	1.69	–	19.05	5.88	–	–	1.69	7.57	11.47	11.47
9 Vehicles - Others	0.28	–	–	0.28	0.19	–	–	0.03	0.22	0.06	0.09
10 Computer	18.30	6.71	0.03	24.98	10.90	0.01	–	3.20	14.09	10.88	7.40
<b>Sub Total</b>	<b>4862.91</b>	<b>861.24</b>	<b>16.58</b>	<b>5707.57</b>	<b>753.54</b>	<b>11.19</b>	<b>0.02</b>	<b>251.38</b>	<b>993.76</b>	<b>4713.81</b>	<b>4109.37</b>
<b>B. Intangible Assets</b>											
1 Patent	0.97	–	–	0.97	0.32	–	–	0.10	0.42	0.55	0.65
2 Development Assets	–	147.11	–	147.11	–	–	–	10.50	10.50	136.61	–
<b>Sub Total</b>	<b>0.97</b>	<b>147.11</b>	<b>–</b>	<b>148.08</b>	<b>0.32</b>	<b>–</b>	<b>–</b>	<b>10.60</b>	<b>10.92</b>	<b>137.16</b>	<b>0.65</b>
<b>Total</b>	<b>4863.88</b>	<b>1008.34</b>	<b>16.58</b>	<b>5855.65</b>	<b>753.87</b>	<b>11.19</b>	<b>0.02</b>	<b>261.98</b>	<b>1004.67</b>	<b>4850.97</b>	<b>4110.02</b>
Previous year	4213.93	656.49	6.54	4863.88	541.21	0.95	0.02	213.58	753.87	4110.02	3672.73

<b>Note : 12 INVESTMENTS</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
In Subsidiary : unquoted (at Cost)			
i) Flexiglobal Holding Ltd.,Cyprus	12.52	12.52	
ii) Nanofil Technologies Private Limited, Kashipur	0.10	0.10	
iii) Satguru Polyfab Pvt. Ltd., Gandhidham	–	92.10	
	12.62	104.72	

<b>Note : 13 LONG TERM LOANS AND ADVANCES</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
Sundry Deposits	26.15	23.90	

<b>Note : 14 INVENTORIES</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
i) Raw Materials	130.43	148.89	
ii) a) Finished Goods	198.28	290.93	
b) Semi-Finished Goods	369.74	368.31	
c) Waste / Scrap	3.87	7.71	
d) Stock at Depot.	138.23	147.25	814.19
iii) Store & Spares parts & Stationary/Transit	150.73	118.66	
iv) Loose Tools / Paintings	1.53	1.53	
	992.82	1,083.27	

<b>Note : 15 TRADE RECEIVABLES</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
(Unsecured, Considered Good)			
i) Exceeding six months from the date they are due for payment	70.71	411.08	
ii) Others	2302.31	1,743.26	
	2373.02	2,154.35	

<b>Note : 16 CASH &amp; CASH EQUIVALENTS</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
i) Cash in Hand	2.57	3.88	
ii) Balance with Scheduled Banks :			
a) - In Current Accounts	60.49	29.23	
b) - In Margin Money Deposit Accounts	195.49	205.19	
c) - Other FDRs	4.70	–	234.42
	263.25	238.30	



**Note : 17** **SHORT TERM LOANS & ADVANCES** (₹ in million)

	As at 31.03.2014		As at 31.03.2013	
(Unsecured, Considered Good)				
i) Loans and advances to related parties :-				
a) Flexiglobal Holding Ltd., Cyprus		15.35		11.54
b) Satguru Polyfab Pvt. Ltd.		–		27.82
c) Nanofil Technology Kashipur		188.22		–
ii) Others :-				
a) Advance against Supplies & Expenses		479.52		353.99
b) Advance to Staff & Workers		11.01		17.25
c) Advance recoverable in cash or in kind or value to be received		25.57		24.35
d) Sundry Deposits		15.12		5.75
e) Sundry Recoverables		589.76		557.01
f) Tax Deducted at Source		5.30		7.70
g) Balance With Excise Authorities		22.25		32.66
		1352.10		1,038.08

**Note : 18** **REVENUE FROM OPERATIONS** (₹ in million)

	Year ended 31.03.2014		Year ended 31.03.2013	
SALE OF PRODUCTS :-				
i) Export Sales		5873.31		4,802.75
ii) Domestic Sales & Receipts		3956.71		3,903.01
Less : VAT		21.18		44.56
Less : Excise Duty		146.26		72.22
		9662.58		8,588.97

**Note : 19** **OTHER INCOME** (₹ in million)

	Year ended 31.03.2014		Year ended 31.03.2013	
i) Interest Income		24.29		21.01
ii) Other Non Operating Income :-				
a) Profit on sale of Agglo / Adv. Lic. etc		2.78		6.86
b) Sales of Licence (FPS Scheme) / Import Licence		52.39		–
c) Misc Receipts / Monopoly Rights		14.81		6.94
		94.28		34.80

**Note : 20** **COST OF MATERIAL CONSUMED** (₹ in million)

	Year ended 31.03.2014		Year ended 31.03.2013	
Raw Material Consumed :-				
i) Granuels, Master Batch etc.		3922.92		3,006.84
ii) Other Raw Materials		549.68		661.00
iii) Misc Consumable goods		132.81		69.42
		4605.41		3,737.26

<b>Note : 21 PURCHASES OF STOCK IN TRADE</b>		(₹ in million)	
	Year ended 31.03.2014	Year ended 31.03.2013	
i) Purchase of Traded goods	1670.32	1,978.63	
	1670.32	1,978.63	

<b>Note : 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK IN TRADE</b>		(₹ in million)	
	Year ended 31.03.2014	Year ended 31.03.2013	
i) a) Finished	198.28	290.93	
b) Semi Finished	369.74	368.31	
c) Waste/Scrap	3.87	7.71	
d) Stock at Depot / Transit	138.23	147.25	814.19
ii) Less : Opening Stock			
a) Finished	290.93	161.47	
b) Semi Finished	368.31	407.80	
c) Waste/Scrap	7.71	9.68	
d) Moulding Articles	–	0.03	
e) Stock at Depot / Transit	147.25	8.94	587.92
	-104.07		226.27

<b>Note : 23 EMPLOYEE BENEFIT EXPENSES</b>		(₹ in million)	
	Year ended 31.03.2014	Year ended 31.03.2013	
i) Labour charges	125.30	111.37	
ii) Factory Salary & Wages & Bonus	728.26	583.92	
iii) Provident Fund & ESI Contribution	51.66	43.52	
iv) Administrative Salaries & Allowances	130.77	117.11	
v) Staff & Workmen Welfare Expenses	41.31	28.51	
	1077.30	884.43	

<b>Note : 24 FINANCE COST</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
A Interest Expenses :-			
i) Interest on Term Loan	88.92	137.70	
ii) Interest on Working Capital	229.67	209.16	
iii) Interest to Others	9.11	7.20	
iv) Interest on Income Tax	7.06	10.84	
B Other Borrowing Cost :-			
i) Bills Discounting Charges	108.73	173.19	
ii) Misc Bank Charges	119.23	92.65	
C Foreign Exchange Fluctuation	0.81	-0.50	
	563.53	630.25	

**Note : 25 OTHER EXPENSES**

(₹ in million)

	Year ended 31.03.2014		Year ended 31.03.2013	
<b>(A) MANUFACTURING EXPENSES</b>				
i) Power & Fuel		287.58		251.01
ii) Rent, Rates and Taxes		4.76		9.19
iii) Jobwork expenses		78.93		78.29
iv) Consumption of Stores & Spare parts		97.06		66.91
v) Repairs & Maintenance		3.92		7.63
vi) Freight Inward		22.20		35.11
vii) Entry Tax		15.15		11.84
viii) Laboratory and R & D Expenses		0.84		0.62
ix) Factory Expenses		1.85		1.53
		<b>512.28</b>		<b>462.13</b>
<b>(B) ADMINISTRATIVE EXPENSES</b>				
i) Courier & Telephone Expenses		15.77		14.31
ii) Vehicle Running Expenses		8.40		6.46
iii) Insurance Charges		11.51		8.66
iv) Rent for Office / Guest House		5.63		2.67
v) Legal and Professional Charges		88.03		86.18
vi) Miscellaneous Expenses		48.82		49.64
vii) Provision for Wealth tax		0.05		0.05
		<b>178.21</b>		<b>167.97</b>
<b>(C) SELLING EXPENSES</b>				
i) Freight & Carriage Outward		308.49		278.11
ii) Travelling Expenses :				
a) Directors	3.19		4.49	
b) Staff	22.32	25.51	15.93	20.43
iii) Advt.,Newspaper & Periodicals		0.35		0.41
iv) Inspection Charges		5.62		3.30
v) ECGC Premium		7.79		5.95
vi) Tender Fees & Form Expenses		0.05		0.10
vii) Rebate & Discount on Sale :				
a) Domestic Sale	30.79		3.64	
b) Export sale	0.53	31.32	0.09	3.74
viii) Business Promotion Expenses		7.64		8.90
ix) Commission on Sales:				
a) Domestic Sale	4.60		1.70	
b) Export sale	0.34	4.94	1.28	2.97
		<b>391.71</b>		<b>323.90</b>
<b>Total of Other Expenses</b>		<b>1082.20</b>		<b>954.00</b>

**Note : 26 EXTRA ORDINARY ITEMS**

(₹ in million)

	Year ended 31.03.2014		Year ended 31.03.2013	
i) Prior Period Expenses		6.87		—
ii) Debtor settlement by US Court		43.34		—
iii) Misc. Balance w/o		4.67		—
iv) Loss on Sale of Investment		45.49		—
		<b>100.37</b>		<b>—</b>

**Note : 27** NOTES ON ACCOUNTS**A. CONTINGENT LIABILITIES AND COMMITMENTS :-**

- i. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹275.57 million (Previous Year ₹318.02 million)
- ii. Guarantee given by Banks on behalf of the Company for ₹47.06 million (Previous year ₹79.78 million)
- iii. On account of Letter of Credit for ₹40.36 million (Previous year ₹139.98 million).
- iv. Foreign Bills Discounted with Bank ₹225.33 million (Previous year ₹354.97 million).
- v. Claims against the Company /disputed liabilities not acknowledged as debts amounting to ₹ Nil (Previous year ₹21.76 million).
- vi. Difference between the amount at which FCCB has been stated in the books and the amount of FCCB as calculated on the basis of rate of Foreign Currency on the date of reporting period ₹174.74 million. (Previous year Nil)
- vii. Corporate Guarantee given by the Company is as under :

Sr.	GIVEN IN FAVOUR OF	GIVEN ON BEHALF OF	AMOUNT
1	Customs & Excise Department	Entertainment World Developers Limited, Mumbai	₹ Nil (Previous Year ₹4.55 million)
2	State Bank of Patiala	Satguru Polyfab Pvt. Ltd., Gandhidham	₹60.00 million (Previous Year ₹60.00 million)
3	Governor of Uttarakhand	Nanofil Technologies Pvt. Ltd., Kashipur	₹0.2 million (Previous Year ₹0.2 million)

**viii. Outstanding of Taxes on account of disputes are as follows-**

- (a) The company filed appeal before CIT(A) / ITAT and contested Income Tax demand for the A.Y. 2004-05, 2005-06 and 2006-07 for ₹17.14 million, ₹15.39 million & ₹6.03 million respectively and also contested TDS demand for the A.Y. 2005-06 to 2007-08 ₹0.71 million.
- (b) The Income Tax department has filed an appeal before the M. P.High Court, challenging the order of ITAT passed in favor of Company for the A.Y.2003-04. The amount of tax and penalty is ₹6.58 million and ₹1.45 million respectively.
- (c) The company has contested M.P.VAT/CST. demand for F.Y. 2006-07,2007-08, 2008-09, 2009-10 & 2010-11 for ₹3.85 million, ₹1.96 million, ₹1.06 million, ₹4.38 million & ₹0.92 million respectively and Entry Tax demand for F.Y. 2006-07, 2007-08, 2008-09, 2009-10 & 2010-11 for ₹2.41 million, ₹2.77 million, ₹4.62 million, ₹3.72 million & ₹0.38 million respectively as per legal opinion obtained.
- (d) The company has contested VAT/CST Demand for FY 2009-10, 2010-11& 2011-12 for ₹1.74 million, ₹23.30 million and ₹7.82 million respectively at Kashipur unit.

**B. In the opinion of the Board of Directors the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.****C. Earnings per Share (AS-20)**

(a) Net Profit after Tax (As per Profit / Loss Account)	₹127.70 million (Previous year ₹276.36 million)
Number of fully paid up equity share of ₹10/- each	24882806 Equity Shares (Previous year 22980633 Equity Shares)
(b) Weighted average number of equity Shares outstanding during the year	23460085 Equity Shares (Previous year 21803469 Equity shares)
(c) Effects of potential dilutive equity share	8943542 Equity Shares (Previous year 523179 Equity Shares)
(d) Weighted average number of equity in computing diluted earning per share	32403627 Equity Shares (Previous year 22326648 Equity Shares)
(e) Earning per share:	
- Basic [(a)/(b)]	₹5.44 (Previous year ₹12.67)
- Diluted [(a)/(d)]	₹3.94 (Previous year ₹12.38)

**Note : 27 NOTES ON ACCOUNTS**

- D. During the year the Company has booked amount of interest subsidy of ₹13.83 million (Previous year ₹20.65 million) and the same has been credited in interest paid on term loan account.
- E. During the year the Company has preferentially allotted 1902173 Equity shares of ₹10/- each at a premium of ₹220/- each through private placement to International Finance Corporation.
- F. The Company has fully disinvested from Satguru Polyfab Pvt. Ltd. on 02nd August 2013 hence it ceased to be subsidiary of the Company. Net loss on sale of investment of ₹45.49 million considered in extra ordinary item.
- G. The Company has issued 5.44% Foreign Currency Convertible Bonds of USD 25.00 million to TPG Growth II SF Pte. Ltd. on 26th April 2013. As per the term of issue, the holder has an option to convert FCCBs into Equity Shares at a predetermined conversion rate of ₹218/- per Equity Share on or before 5 years and one day.
- H. Similarly Company has issued 5.34% Foreign Currency Convertible Bonds of USD 9.00 million to International Finance Corporation on 31st January 2014. As per the term of issue, the holder has an option to convert FCCBs into Equity Shares at a predetermined conversion rate of ₹230/- per Equity Share on or before 5 years and one day.
- I. Segment Information (AS-17)  
As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

- J. Related Party Disclosure (AS-18) Transactions with related parties are shown in below:

(₹ in million)

	Subsidiaries	Associates	Key Management Personnel and their Relatives	Total
Sale of Goods	82.59	–	–	82.59
Purchases of Goods/Expenses	325.55	–	–	325.55
Rendering of services	13.92	–	–	13.92
Receiving of services	9.84	1.24	12.94	24.02

Names of related parties and description of relationship:

1. Subsidiaries	(i) Satguru Polyfab Pvt. Ltd. (till 02nd August 2013) (ii) Flexiglobal Holdings Ltd., Cyprus- Wholly Owned Subsidiary (iii) Nanofil Technologies Pvt. Ltd.- Wholly Owned Subsidiary
2. Associates	(i) Kalani Industries Pvt. Ltd.
3. Key Management Personnel	Mr. Saurabh Kalani, Mr. K K. Vijayvergiya and Mr. Manoj Dwivedi
4. Relatives of Key Management Personnel	Mrs. Padma Kalani, Mr. Manish Kalani, Mr Kartikeya Kalani, Mr. Vinayak Kalani and Mrs. Kaushalya Vijayvergiya

- K. Previous year figures are re-grouped or re-arranged to confirm to current year figures.

**Note : 27** NOTES ON ACCOUNTS

L Quantitative &amp; Other informations :

	Quantity		(₹ in million)
<b>(i) Turnover</b>			
Bags	113,877,399	Nos	7,444.41 *
	(97,776,190)	Nos	(5,834.58) *
Fabrics	9,088,354	Kgs	–
	(11,714,466)	Kgs	–
P.P.Compound/ Other	2,659,758	Kgs	–
	(2,289,575)	Kgs	2,217.49 *
Liner, Thread & Belts etc.	283,563	Kgs	(2,754.28) *
	(211,354)	Kgs	–
Waste & Reprocessed Granual	2,042,961	Kgs	–
	(3,045,515)	Kgs	–
Job Work Receipts			0.69
			(0.11)
* Amount Net of Excise Duty/VAT/CST etc. and Inclusive of Export Incentive.			
<b>(ii) Raw Material Consumed</b>			
Granuels, Master Batch etc.			3922.92
			(3,006.84)
Others Raw Material & Purchases			682.49
			(730.42)
<b>(iii) Op. &amp; Cl. Stock of Finished Goods</b>			
a. Opening Stock -			
- Bags			331.21
			(150.47)
- P.P.Compound/Thermoforming Product/Other			106.97
			(11.00)
b. Closing Stock			
- Bags			205.57
			(284.13)
- P.P.Compound/Thermoforming Product/Other			130.93
			(6.80)
<b>(iv) Value of Material Imported (CIF)</b>			363.14
			(416.94)
<b>(v) Expenditure in Foreign Currency</b>			
i) for Travelling			10.66
			(5.72)
ii) for Machinery & Spares			392.60
			(356.88)
iii) for Other Expenses			118.18
			(44.55)

**Note : 27 NOTES ON ACCOUNTS**

(vi) Value of imported and indigenous material consumed and percentage of total consumption

	Value (₹)	Imported (%)	Value (₹)	Indigenous (%)
a) Raw Material	251.52	6.41%	3,671.40	93.59%
	(192.36)	(6.40%)	(2,814.48)	(93.60%)
b) Stores & other Purchases	94.73	13.88%	587.76	86.12%
	(203.33)	(27.84%)	(527.09)	(72.16%)

(₹ in million)

	2013-14	2012-13
(vii) Earning in Foreign Exchange		
Export Sales (F.O.B)	5,403.61	(4,387.52)
(viii) Payment to Auditors		
i) Audit Fees	1.00	(0.43)
ii) Tax Audit Fees	0.15	(0.15)
iii) For Other Work	1.01	(0.41)
	2.16	(0.99)
(ix) Meeting Fees Paid to Directors	0.04	(0.02)

Figures given in brackets are pertaining to previous year and reclassify as per current year classification if any.

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)  
Partner  
Membership No. 079873

Place : Indore  
Date : 27th May 2014

For and on behalf of Board

Ajay Mundra  
Chief Financial Officer

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

Saurabh Kalani  
Whole Time Director

K. K. Vijayvergiya  
Whole Time Director



## STATEMENT PURSUANT TO SECTION 212

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO THE INTEREST IN THE SUBSIDIARY COMPANIES

1. Name of the subsidiary company	Flexiglobal Holdings Ltd.
2. The financial year of the subsidiary company ended on	31st March, 2014
3. Date from which it became subsidiary	22nd September, 2008
4. (a) No. of share held by Flexituff International Ltd. Holding Company) in subsidiary company	200000 Equity Shares of Euro 1/-each partly paid
(b) Extent of interest of Holding Company at the end of the financial year of the subsidiary company	100%
5. Net aggregate amount, so far as it concerns the member of Flexituff International Ltd. and is not dealt with in the Company account, of the Subsidiary's profit after deducting its losses or vice versa ;	
(a) Profit/(loss) for the Subsidiary' financial year	₹ 53.07 million
(b) Profit/(loss) for the previous financial year of subsidiary Since it became the Subsidiary of Flexituff International Ltd.	₹ 48.55 million
6. Net aggregate amount of the Profit of the subsidiary company dealt with in the Flexituff International Ltd. account after deducting its losses or vice versa:	
(a) For the financial year or years of Subsidiary aforesaid	Nil
(b) For the previous financial years since it became the subsidiary of Flexituff International Ltd.	Nil

For and on behalf of Board

Ajay Mundra  
Chief Financial Officer

Saurabh Kalani  
Whole Time Director

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

K. K. Vijayvergiya  
Whole Time Director

Place : Indore  
Date : 27th May 2014

## STATEMENT PURSUANT TO SECTION 212

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO THE INTEREST IN THE SUBSIDIARY COMPANIES

1. Name of the subsidiary company	Nanofil Technologies Pvt. Ltd.
2. The financial year of the subsidiary company ended on	31st March, 2014
3. Date from which it became subsidiary	15th December, 2009
4. (a) No. of share held by Flexituff International Ltd. Holding Company) in subsidiary company	10000 Equity Shares of Rupee 10/-each fully paid
(b) Extent of interest of Holding Company at the end of the financial year of the subsidiary company	100%
5. Net aggregate amount, so far as it concerns the member of Flexituff International Ltd. and is not dealt with in the Company account, of the Subsidiary's profit after deducting its losses or vice versa ;	
(a) Profit/(loss) for the Subsidiary' financial year	₹2.28 million
(b) Profit/(loss) for the previous financial year of subsidiary Since it became the Subsidiary of Flexituff International Ltd.	₹4.51 million
6. Net aggregate amount of the Profit of the subsidiary company dealt with in the Flexituff International Ltd. account after deducting its losses or vice versa:	
(a) For the financial year or years of Subsidiary aforesaid	Nil
(b) For the previous financial years since it became the subsidiary of Flexituff International Ltd.	Nil

For and on behalf of Board

Ajay Mundra  
Chief Financial Officer

Saurabh Kalani  
Whole Time Director

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

K. K. Vijayvergiya  
Whole Time Director

Place : Indore  
Date : 27th May 2014

# CONSOLIDATED INDEPENDENT AUDITORS' REPORT

To  
The Board of Directors of  
Flexituff International Ltd.

We have audited the accompanying consolidated financial statements of FLEXITUFF INTERNATIONAL LIMITED and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

We did not audit the financial statements of subsidiaries companies, whose financial statements reflect the total assets of ₹808.25 millions as at March 31, 2014 and total revenues of ₹1197.13 millions for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Company's management, and our opinion is based solely on the reports of the other auditors.

For **L.K.Maheshwari & Co.**  
*Chartered Accountants*  
FRN No. 000780C

(Abhay Singi)  
*Partner*

Place: Indore  
Dated : 27th May 2014

Membership No 079873

# CONSOLIDATED BALANCE SHEET as at 31st March 2014

(₹ in million)

₹ in million

S N	Particulars	Note No	As at 31.03.2014		As at 31.03.2013	
I. EQUITY AND LIABILITIES						
1	Shareholder's Fund					
a)	Share Capital	2	248.83		229.81	
b)	Reserve & Surplus	3	3,393.13	3,641.96	2,848.50	3,078.30
2	Minority Interest			–		12.56
3	Non Current Liabilities					
a)	Long Term Borrowings	4	2,397.32		1,395.80	
b)	Deferred Tax Liability (Net)		448.32		390.50	
c)	Other Long term liabilities	5	1.66		2.33	
d)	Long term provisions	6	34.34	2,881.64	20.29	1,808.92
4	Current Liabilities					
a)	Short Term Borrowing	7	2,157.27		1,967.62	
b)	Trade Payable	8	1,813.64		2,005.81	
c)	Other current liabilities	9	1,108.76		1,230.73	
d)	Short term Provisions	10	73.05	5,152.72	102.16	5,306.33
	Total			11,676.32		10,206.11
II ASSETS						
1	Non Current Assets					
a)	Fixed Assets	11				
I)	Tangible Assets		4,870.00		4,398.38	
II)	Intangible Assets		161.38		38.97	
III)	Capital Work in Progress		997.14	6,028.52	336.63	4,773.98
IV)	Goodwill on consolidation			–		6.75
b)	Non Current Investments			11.96		10.24
c)	Long term loans and advances	12		26.17		25.59
d)	Other non-current assets	13		0.01		0.64
2	Current Assets					
a)	Inventories	14	1,296.58		1,431.47	
b)	Trade Receivable	15	2,769.28		2,500.63	
c)	Cash & Cash Equivalents	16	279.44		262.35	
d)	Short term loans & Advances	17	1,264.36		1,194.45	
e)	Other Current Assets		–	5,609.66	–	5,388.90
	Total			11,676.32		10,206.11
	Significant Accounting Policies and Notes on Financial Statements	1-27				

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)  
Partner  
Membership No. 079873

Place : Indore  
Date : 27th May 2014

For and on behalf of Board

Ajay Mundra  
Chief Financial Officer

Saurabh Kalani  
Whole Time Director

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

K. K. Vijayvergiya  
Whole Time Director

# STATEMENT OF CONSOLIDATED PROFIT & LOSS for the year ended on 31st March 2014 (₹ in million)

S N	Particulars	Note No	Year ended 31.03.2014	Year ended 31.03.2013
I.	Revenue from Operation	18	10,859.72	9,654.72
II.	Other Income	19	92.21	35.78
III.	Total Revenue (I + II)		10,951.93	9,690.50
IV.	EXPENSES :			
	Cost of Material Consumed	20	5,626.62	4,847.40
	Purchases of Stock in Trade	21	1,670.32	1,846.86
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	103.83	-286.28
	Employee benefit expenses	23	1,124.93	931.10
	Financial costs	24	575.54	664.14
	Depreciation and amortization expenses	11	270.54	237.27
	Provision for Foreign Exchange Fluctuation		91.48	83.75
	Other expenses	25	1,129.03	1,015.51
	<b>Total</b>		<b>10,592.29</b>	<b>9,339.73</b>
V.	Profit Before Tax (III-IV)		359.64	350.77
VI.	Tax Expenses			
	Current Tax		45.43	75.29
	Mat Credit Entitlement		-41.97	-74.01
	Deferred Tax		72.77	94.54
VII.	Profit After Tax		283.42	254.96
	Less :-			
	Extra Ordinary Items	26	100.37	-
VIII.	Net Profit before Share of Minority		183.05	254.96
IX.	Pre-acquisition Profits & Share of Minority		-	-4.17
X.	Net Profit (+) / Loss (-) for the year		183.05	259.12
	Earning per share in ₹			
	Basic		7.80	11.88
	Diluted		5.65	11.61
	Significant Accounting Policies and Notes on Financial Statements	1-27		

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)  
Partner  
Membership No. 079873

Place : Indore  
Date : 27th May 2014

Ajay Mundra  
Chief Financial Officer

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

For and on behalf of Board

Saurabh Kalani  
Whole Time Director

K. K. Vijayvergiya  
Whole Time Director

# CONSOLIDATED CASH FLOW STATEMENT for the year ended on 31st March 2014

(₹ in million)

	Year ended 31.03.2014		Year ended 31.03.2013	
<b>A) CASH FLOW FROM OPERATING ACTIVITY</b>				
Net Profit before tax		359.64		350.77
Adjustment for :				
Depreciation & Amortisation		270.54		237.27
Foreign Currency Translation Reserve		-39.81		-7.75
Loss on sale of Investment		45.49		-
Extra Ordinary Items		-100.37		-
Profit/Loss on Assets Retirement		181.23		1.04
		716.72		581.33
Interest & Financial Charges		575.54		664.14
Operating Profit before Working Capital changes		1,292.26		1,245.47
Adjustment for				
Trade Receivable	-268.65		-449.34	
Inventories	134.89		-362.15	
Other Assets	-121.70		-507.58	
Current Liabilities	-314.58	-570.04	820.09	-498.98
Cash from Operating Activity		722.22		746.49
Direct Taxes Paid (net)		-75.09		-89.77
<b>Net Cash from Operating Activity (A)</b>		<b>647.13</b>		<b>656.72</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITY</b>				
Purchase of Fixed Assets / CWIP	-1,699.55		-997.68	
Proceed from sale of Investment	46.61		-	
Sale Proceed from Assets Retirement	1.00		5.61	
<b>Net Cash used in Investing Activity (B)</b>		<b>-1,651.95</b>		<b>-992.07</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITY</b>				
Equity Share Issued/Share Warrants/Share Premium	419.60		253.34	
Proceeds from Long Term Borrowing	1,014.90		166.95	
Proceeds from Short Term Borrowing	189.65		641.67	
Payment of Dividends	-26.71		-25.28	
Payment of Interest & Financial Charges	-575.54		-664.14	
<b>Net Cash used in Financing Activity (C)</b>		<b>1,021.91</b>		<b>372.54</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>17.09</b>	<b>(A+B+C)</b>	<b>37.19</b>
<b>Opening Balance in Cash &amp; Cash Equivalents</b>		<b>262.35</b>		<b>225.16</b>
<b>Closing Balance in Cash &amp; Cash Equivalents</b>		<b>279.44</b>		<b>262.35</b>

## Notes :

- 1 The Cash Flow Statement has been prepared in indirect method with corresponding adjustment in Assets & Liabilities.
- 2 Cash & Cash Equivalents represent Cash & Bank Balances which are short-term in nature.
- 3 Previous year figures have been regrouped & reclassified where ever necessary in confirmation with current year figures.

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)  
Partner  
Membership No. 079873

Place : Indore  
Date : 27th May 2014

Ajay Mundra  
Chief Financial Officer

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

For and on behalf of Board

Saurabh Kalani  
Whole Time Director

K. K. Vijayvergiya  
Whole Time Director

# NOTES FORMING PART OF CONSOLIDATED ACCOUNTS for the year ended on 31st March 2014

## Note : I SIGNIFICANT ACCOUNTING POLICIES

### I) SIGNIFICANT ACCOUNTING POLICES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

The Consolidated financial statements envisage combining of financial statements of Flexituff International Ltd and all its subsidiaries.

The following components are included in consolidation:

#### A. Direct Subsidiaries :-

Name of Company	Country of Incorporation	Nature of Business	Date of Becoming Subsidiary/Incorporation	Proportion of Ownership Interest
Flexiglobal Holdings Ltd.	Cyprus	Holding of Investment & Group financing	22 Sep., 2008/ 22 Sep., 2008	100%
Nanofil Technologies Pvt. Ltd.	India	Manufacturing of Chemical and Master Batches	15 Dec., 2009/ 15 Dec., 2009	100%

#### B. Indirect Subsidiaries (Subsidiaries of Flexiglobal Holdings Ltd.) :-

Name of Company	Country of Incorporation	Nature of Business	Date of Acquisition / Incorporation	Proportion of Ownership Interest
Lakshmi Incorporated -MDH Global Packaging Solutions	USA	Distribution of FIBC (Flexible Intermediate Bulk Container)	October 7th, 2009/ January 5th, 2009	100%
Flexiglobal (UK) Ltd.	UK	Distribution of FIBC (Flexible Intermediate Bulk Container)	December 1st, 2009/ August 4th, 2008	100%

### II) PRINCIPLES OF CONSOLIDATION

- The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 on "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.
- The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial Statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortised over a period of 10 years beginning first full year of operation under consolidation.
- Minority interests' share of the net profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Minority interests' share of net profit / loss of consolidated Subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the shareholders of the Company.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements. Variation in the respective accounting policies is given effect to in the consolidated financial statements only if the impact is significant.
- In case of foreign subsidiary, M/s. Flexiglobal Holdings Ltd. being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the "Foreign Currency Translation Reserve".

### III) SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Accounting

The audited financial statements of foreign subsidiaries have been prepared in accordance with the generally accepted accounting principle of its country of incorporation or International Financial Reporting Standards. The differences in accounting policies of the company and its subsidiaries are not material.



## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS for the year ended on 31st March 2014

### Note : 1 SIGNIFICANT ACCOUNTING POLICIES (contd...)

#### b. Going Concern

Since the Board of Directors of Laxmi Incorporated has ceased the operations of Laxmi Incorporated as of an undetermined date, hence going concern status of such indirect subsidiary is questionable.

#### c. Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

### Note : 2 SHARE CAPITAL

(₹ in million)

	As at 31.03.2014	As at 31.03.2013
<b>AUTHORISED :</b>		
40000000 Equity Shares of ₹10/- each	400.00	300.00
(P.Y. 30000000 Equity Shares of ₹10/- each)		
<b>Total</b>	<b>400.00</b>	<b>300.00</b>
<b>ISSUED, SUBSCRIBED, CALLED &amp; PAID UP :</b>		
24882806 Equity Shares of ₹10/- each fully paid up	248.83	229.81
(Issue and allotment of 1902173 equity shares of ₹10/- each at a premium of ₹220/- per share during the year.)		
(Previous year 22980633 Equity Shares of ₹10/- each fully paid up)		
<b>Total</b>	<b>248.83</b>	<b>229.81</b>

#### 2.1 Details of Shareholders holding more than 5% shares :

	As at 31.03.2014		As at 31.03.2013	
Name of the Shareholder	No. of Shares	% Held	No. of Shares	% Held
A. Kalani Industries Pvt. Ltd.	3,621,730	14.56	3,621,730	15.76
B. Clearwater Capital Partners (Cyprus) Ltd.	2,235,754	8.99	2,236,592	9.73
C. Saurabh Properties Pvt. Ltd.	1,746,905	7.02	1,637,730	7.13
D. Miscellani Global Pvt. Ltd.	1,359,163	5.46	1,359,163	5.91
E. TPG Growth II SF Pte. Ltd.	1,227,273	4.93	1,227,273	5.34
F. International Finance Corporation.	1,902,173	7.64	NIL	NIL

#### 2.2 The reconciliation of the number of shares outstanding is set out below :-

	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	% Held	No. of Shares	% Held
Equity Shares at the beginning of the year	22,980,633		21,731,810	
Add : Shares issued on exercise of Initial Public Offer	–		–	
Add: Conversion of Fully Convertible Debenture	–		–	
Add: Conversion of Warrants into Equity Shares	–		–	
Add: Allotment on Private placement basis	1,902,173		1,227,273	
Add : Shares issued on exercise of Employee Stock Options	–		21,550	
Equity Shares at the end of the year	24,882,806		22,980,633	

#### 2.3 There are 799300 options pending under Employees Stock Option Scheme 2011.

**Note : 3 RESERVE & SURPLUS**

(₹ in million)

	As at 31.03.2014		As at 31.03.2013	
i) Capital Reserve :-				
a. SEZ Re-Investment Allowance Reserve	162.91		145.52	
Add :- Addition during the year	–		79.35	
	162.91		224.87	
Less :- Utilized during the year	103.33		61.96	
Closing Balance		59.58		162.91
ii) Securities Premium Account :-				
Opening Balance	1,654.49		1,413.63	
Addition during the year	418.48		259.56	
Less : Utilization during the year against Private Placement	17.90		18.71	
Closing Balance		2,055.07		1,654.49
iii) Other Reserves :-				
a. General Reserve Account		140.50		140.50
b. Foreign Currency Translation Reserve		-65.79		-25.98
iv) Profit & Loss Account				
Opening Balance	916.58		701.58	
Addition during the year	183.04		259.12	
Add : SEZ Re-Investment Allowance Reserve Utilization A/c	103.33		61.96	
Add : Share in subsidiary reserve	29.93		–	
Less : Utilization during the year				
a. Proposed Dividend	24.88		22.98	
b. Dividend for Earlier years	–		0.02	
c. Dividend Distribution Tax	4.23		3.73	
d. Transfer to General Reserve Account	–		–	
e. Transfer to SEZ Re-Investment Allowance Reserve	–		79.35	
Closing Balance		1,203.77		916.58
		3,393.13		2,848.50

**Note : 4 LONG TERM BORROWINGS**

(₹ in million)

	As at 31.03.2014	As at 31.03.2013
<b>SECURED TERM LOANS :</b>		
<b>A I FROM BANKS :</b>		
a UCO Bank, Indore -0030	–	34.25
b UCO Bank, Indore -1080 *	108.80	163.14
c UCO Bank, Indore 1936 **	26.76	64.26
d UCO Bank, Indore - 3428 *	122.50	172.50
e UCO Bank, Indore 3923 **	49.59	89.58
f ING Vysya Bank, Indore	99.39	133.13
g Axis Bank Ltd. Indore	–	116.68
h State Bank of India, Indore	48.50	87.79
i Central Bank of India, Indore	26.05	50.67
j Punjab National Bank, Indore	82.30	124.92
k State Bank of India, Indore	44.38	69.90
l State Bank of Patiala, Indore	62.79	83.74
m State Bank of Patiala, Indore	27.40	–
n Punjab National Bank, Indore	55.91	79.01
o Central Bank of India, Indore	75.43	91.37
Out of the above Secured Term Loans, the following amount have been converted into Foreign Currency Term Loans on 20.12.2013 :-		
*UCO Bank ₹231.30 mln on 24.02.2014		
**UCO Bank ₹76.33 mln on 24.02.2014		
<b>A (ii) Term Loan for Satguru, Kandla</b>		
a State Bank of Patiala, Orbit Mall Indore	–	37.44
b State Bank of Travancore, Indore	–	33.13
<b>Sub Total</b>	<b>829.79</b>	<b>1,431.49</b>
<b>B FROM FINANCIAL INSTITUTIONS:</b>		
i) G E Capital Services	114.81	191.36
<b>C Secured Term Loan / Hire Purchase and Leasing</b>	<b>74.01</b>	<b>69.14</b>
Less : Current maturities of long term debt	489.85	696.20
<b>Sub Total</b>	<b>528.77</b>	<b>995.80</b>
<b>D UNSECURED LOANS :</b>		
i. Religare Finvest Limited	–	400.00
ii. TPG GROWTH II SF PTE. LTD, SINGAPORE (5.44% Foreign Currency Convertible Bonds of USD 25.00 million)	1,338.75	–
iii. INTERNATIONAL FINANCE CORPORATION (IFC) (5.34% Foreign Currency Convertible Bonds of USD 9.00 million)	529.81	–
<b>TOTAL</b>	<b>2,397.32</b>	<b>1,395.80</b>

**Nature of security on secured loans :**

1. Term Loans are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets & a second charge on all current assets of the company.
2. All term loans facilities are further secured by Personal Guarantee of Shri Manish Kalani, Shri Saurabh Kalani and corporate guarantee of M/S Kalani Ind. Pvt. Ltd.
3. In case of G E Capital Services India - (i) First and exclusive charge over Equipment financed through the Facility in accordance with the Deed of Hypothecation. (ii) Personal Guarantee of Mr. Manish Kalani. (iii) Corporate Guarantee of M/s Kalani Industries Pvt. Ltd.

<b>Note : 5 OTHER LONG TERM LIABILITY</b>		<i>(₹ in million)</i>	
	As at 31.03.2014	As at 31.03.2013	
Vehicle Loans	3.39	3.93	
(Vehicle Loan are secured by Hypothecation of the respective Vehicles of the Company)			
less : Current maturities of other long term debt	1.73	1.60	
	<b>1.66</b>	<b>2.33</b>	

<b>Note : 6 LONG TERM PROVISION</b>		<i>(₹ in million)</i>	
	As at 31.03.2014	As at 31.03.2013	
Outstanding Group Gratuity Contribution	34.34	20.29	

<b>Note : 7 SHORT TERM BORROWING</b>		<i>(₹ in million)</i>	
	As at 31.03.2014	As at 31.03.2013	
<b>(A) SECURED WORKING CAPITAL LOANS :-</b>			
i) UCO Bank, Indore	437.28	489.19	
ii) Punjab National Bank, Indore	345.71	354.22	
iii) Central Bank of India, Indore	386.85	306.77	
iv) State Bank of India, Indore	–	65.26	
v) State Bank of India, Pithampur	–	5.28	
vi) State Bank of Patiala, Indore	78.76	148.86	
vii) State Bank of Patiala, Gandhidham	–	1.80	
viii) State Bank of Travancore, Indore	–	16.07	
ix) Axis Bank Ltd., Indore	145.61	76.85	
x) ICICI Bank Ltd., Indore	221.57	83.82	
xi) ING Vysya Bank, Indore	250.97	167.86	
xii) Chinatrust Commercial Bank -New Delhi	28.98	198.33	
xiii) SBER Bank New Delhi	249.06	–	
<b>TOTAL (A)</b>	<b>2,144.77</b>	<b>1,914.31</b>	

1. The Working capital facilities are secured by First charge on all current assets viz. Raw Material Stores & Spares, Work-in-Progress, Finished Goods and Book Debts & Second charge on all fixed assets of the Company.
2. All working capital facilities are further secured by Personal Guarantee of Shri Manish Kalani, Shri Saurabh Kalani and corporate guarantee of M/S Kalani Industries Pvt. Ltd.

<b>(B) UNSECURED LOANS FROM OTHERS</b>	12.50	53.32	
<b>TOTAL(A+B)</b>	<b>2,157.27</b>	<b>1,967.62</b>	

<b>Note : 8 TRADE PAYABLES</b>		<i>(₹ in million)</i>	
	As at 31.03.2014	As at 31.03.2013	
Trade Creditors	1,813.64	2,005.81	

**Note : 9 OTHER CURRENT LIABILITIES**

(₹ in million)

	As at 31.03.2014		As at 31.03.2013	
i) Creditors for Capital Goods	57.70		58.37	
ii) Sundry Liabilities	447.88		354.17	
iii) Tax Payable	13.61		40.83	
iv) Unpaid Dividend	–		0.04	
v) Current maturities of long term debt	489.85		696.20	
vi) Current maturities of other long term debt	1.73		1.60	
vii) Current maturities of long term debt related to forex fluctuation (FCTL)	85.92		69.03	
viii) Provision for M2M forex fluctuation	3.88		–	
ix) Accrued Interest on TL	8.19		10.50	
		1,108.76		1,230.73

**Note : 10 SHORT TERM PROVISION**

(₹ in million)

	As at 31.03.2014		As at 31.03.2013	
i) For Income Tax	43.89		75.41	
ii) For Wealth Tax	0.05		0.05	
iii) For Proposed Dividend	24.88		22.98	
iv) For Dividend Tax	4.23		3.73	
		73.05		102.16

**Note : 11 FIXED ASSETS**

(₹ in million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01.04.2013	Addition/ Adjustment	Deduction	As on 31.03.2014	As on 01.04.2013	Written Back	Amortisation	For the Year	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
<b>TANGIBLE ASSETS</b>											
1 Land (Lease Hold)	24.75	–	–	24.75	2.25	–	0.02	–	2.27	22.47	22.50
2 Land (Free Hold)	160.44	–	–	160.44	–	–	–	–	–	160.44	160.44
3 Factory Building	958.61	62.73	28.52	992.82	116.94	4.28	–	30.42	143.09	849.74	841.68
4 Plant & Machinery	3,695.66	800.62	171.02	4,325.26	605.73	44.29	–	202.80	764.25	3,561.01	3,089.93
5 Electric Installation	215.30	6.26	14.82	206.74	37.84	4.19	–	10.83	44.48	162.26	177.45
6 Furniture & Fixtures	38.89	4.25	0.75	42.39	10.47	0.53	–	2.76	12.69	29.70	28.42
7 Office Equipments	68.98	6.62	0.43	75.17	10.02	0.25	–	3.43	13.21	61.97	58.96
8 Vehicles - Cars	17.40	1.69	0.05	19.05	5.93	0.05	–	1.69	7.57	11.47	11.47
9 Vehicles - Others	0.28	–	–	0.28	0.20	–	–	0.03	0.22	0.06	0.08
10 Computer	18.32	6.71	0.16	24.87	10.87	0.08	–	3.20	14.00	10.88	7.45
Sub Total (A)	5,198.62	888.89	215.75	5,871.77	800.24	53.66	0.02	255.17	1,001.77	4,870.00	4,398.38
<b>INTANGIBLE ASSETS</b>											
11 Patent	0.97	–	–	0.97	0.32	–	–	0.10	0.42	0.55	0.65
12 Development Assets	47.59	150.15	17.34	180.40	9.28	4.95	–	15.25	19.58	160.83	38.32
Sub Total (B)	48.56	150.15	17.34	181.37	9.60	4.95	–	15.35	20.00	161.38	38.97
TOTAL C= (A+B)	5,247.19	1,039.04	233.09	6,053.14	809.84	58.62	0.02	270.52	1,021.77	5,031.38	4,437.35
<b>OTHER</b>											
13 Goodwill on Consolidation	9.26	–	9.26	–	2.51	2.51	–	–	–	–	6.75
Sub Total (D)	9.26	–	9.26	–	2.51	2.51	–	–	–	–	6.75
GRAND TOTAL E= (C+D)	5,256.45	1,039.04	242.35	6,053.14	812.35	61.13	0.02	270.52	1,021.77	5,031.38	4,444.10
PREVIOUS YEAR	4,614.56	661.05	9.50	5,266.11	586.89	2.15	0.02	237.24	822.01	4,444.10	4,027.67

Note : Adjustment representing the fluctuation in currency rate.

<b>Note : 12 LONG TERM LOANS AND ADVANCES</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
Sundry Deposits	26.17	25.59	

<b>Note : 13 OTHER NON CURRENT ASSETS</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
Miscellaneous Expenditure :	0.02	0.73	
(To the extent not written off or adjusted)			
Less : Written Off During the period	0.01	0.09	
	0.01	0.64	

<b>Note : 14 INVENTORIES</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
i) Raw materials	149.10	204.95	
ii) a) Finished Goods	570.92	564.29	
b) Semi-Finished Goods	380.07	382.84	
c) Waste / Scrap	3.87	7.71	
d) Stock at Depot.	37.33	147.25	1,102.09
iii) Store & Spares parts	153.75		122.89
iv) Loose Tools / Paintings	1.53		1.53
	1,296.58	1,431.47	

<b>Note : 15 TRADE RECEIVABLES</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
(Unsecured, Considered Good)			
i) Exceeding six months from the date they are due for payment	86.06	462.18	
ii) Others	2,683.23	2,038.45	
	2,769.28	2,500.63	

<b>Note : 16 CASH &amp; CASH EQUIVALENTS</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
i) Cash in Hand	2.65	4.57	
ii) Balance with Scheduled Banks:			
a) - In Current Accounts	76.60	48.07	
b) - In Margin Money Deposit Accounts	195.49	209.37	257.44
c) - Other FDRs	4.70	0.34	
	279.44	262.35	

<b>Note : 17</b> <b>SHORT TERM LOANS &amp; ADVANCES</b>		(₹ in million)	
	As at 31.03.2014	As at 31.03.2013	
(Unsecured, Considered Good)			
i) Advance against Supplies & Expenses	591.08	541.32	
ii) Advance to Staff & Workers	11.12	17.34	
iii) Advance recoverable in cash or in kind or value to be received	25.63	24.55	
iv) Sundry Deposits	15.12	5.75	
v) Other Advances / Recoverables	589.94	557.41	
vi) Tax Deducted at Source	5.76	8.32	
vii) Balance With Excise Authorities	25.70	39.75	
	<b>1,264.36</b>	<b>1,194.45</b>	

<b>Note : 18</b> <b>REVENUE FROM OPERATIONS</b>		(₹ in million)	
	Year ended 31.03.2014	Year ended 31.03.2013	
<b>SALE OF PRODUCTS :-</b>			
i) Export Sales	7,067.38	5,711.98	
ii) Domestic Sales & Receipts	3,994.53	4,094.28	
Less : VAT	21.18	52.48	
Less : Excise Duty	181.02	99.06	
	<b>10,859.72</b>	<b>9,654.72</b>	

<b>Note : 19</b> <b>OTHER INCOME</b>		(₹ in million)	
	Year ended 31.03.2014	Year ended 31.03.2013	
i) Interest Received	24.38	21.75	
ii) Other Non Operating Income :-			
a) Profit on sale of Agglomerates / Scrap	2.78	6.86	
b) Sales of Licence (FPS Scheme) / Import Licence	52.39	–	
c) Misc Receipts / Monopoly Rights	12.66	7.17	
	<b>92.21</b>	<b>35.78</b>	

<b>Note : 20</b> <b>COST OF MATERIAL CONSUMED</b>		(₹ in million)	
	Year ended 31.03.2014	Year ended 31.03.2013	
<b>Raw Material Consumed :-</b>			
i) Granuels, Master Batch & fabric	4,879.89	4,042.98	
ii) Others Raw Material	613.92	729.47	
iii) Misc Consumable goods	132.81	74.95	
	<b>5,626.62</b>	<b>4,847.40</b>	

<b>Note : 21 PURCHASES OF STOCK IN TRADE</b>		<i>(₹ in million)</i>	
	Year ended 31.03.2014	Year ended 31.03.2013	
i) Purchase of Traded goods	1,670.32	1,846.86	
	1,670.32	1,846.86	

<b>Note : 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK IN TRADE</b>		<i>(₹ in million)</i>	
	Year ended 31.03.2014	Year ended 31.03.2013	
i) Finished Goods & Work in Progress			
a) Finished	570.92	564.29	
b) Semi Finished	380.07	382.84	
c) Waste/Scrap	3.87	7.71	
d) Stock at Depot	37.33	147.25	1,102.09
ii) Less : Opening Stock			
a) Finished	558.23	382.37	
b) Semi Finished	382.84	414.79	
c) Waste/Scrap	7.71	9.68	
d) Moulding Articles/ Other	–	0.03	
e) Stock at Depot	147.25	8.94	815.81
	-103.83		286.28

<b>Note : 23 EMPLOYEE BENEFIT EXPENSES</b>		<i>(₹ in million)</i>	
	Year ended 31.03.2014	Year ended 31.03.2013	
i) Labour charges	125.74	113.20	
ii) Factory Salary, Wages & Bonus	768.09	619.96	
iii) Provident Fund & ESI Contribution	52.51	44.76	
iv) Administrative Salaries & Allowances	137.18	124.53	
v) Staff & Workmen Welfare Expenses	41.41	28.64	
	1,124.93		931.10

<b>Note : 24 FINANCE COST</b>		<i>(₹ in million)</i>	
	As at 31.03.2014	As at 31.03.2013	
A Interest Expenses :-			
i) Interest on Term Loan	96.52	149.48	
ii) Interest on Working Capital	233.29	224.93	
iii) Interest to Others	9.11	11.49	
iv) Interest on Income Tax	7.06	10.84	
B Other Borrowing Cost :-			
i) Bills Discounting Charges	108.75	173.35	
ii) Misc Bank Charges	120.04	94.93	
C Foreign Exchange Fluctuation	0.77	-0.88	
	575.54		664.14



**Note : 25 OTHER EXPENSES**

(₹ in million)

	Year ended 31.03.2014		Year ended 31.03.2013	
<b>(A) MANUFACTURING EXPENSES</b>				
i) Power & Fuel		300.51		266.28
ii) Rent, Rates and Taxes		9.85		18.42
iii) Jobwork expenses		69.09		72.71
iv) Consumption of Stores & Spare parts		97.20		67.18
v) Repairs & Maintenance		4.62		9.09
vi) Freight Inward		23.23		36.65
vii) Entry Tax		15.15		11.84
viii) Laboratory and R & D Expenses		0.84		0.62
ix) Factory Expenses		1.86		1.63
		<b>522.34</b>		<b>484.41</b>
<b>(B) ADMINISTRATIVE EXPENSES</b>				
i) Courier & Telephone Expenses		16.99		16.13
ii) Vehicle Running Expenses		8.55		6.58
iii) Insurance Charges		14.27		11.13
iv) Rent for Office / Guest House		5.63		3.09
v) Legal and Professional Fees		90.24		88.76
vi) Miscellaneous Expenses		65.19		66.14
vii) Provision for Wealth tax		0.05		0.05
		<b>200.93</b>		<b>191.87</b>
<b>(C) SELLING EXPENSES</b>				
i) Freight & Carriage Outward		318.90		283.56
ii) Travelling Expenses:				
a) Directors	3.19		4.49	
b) Staff	24.15	27.33	18.76	23.25
iii) Advt.,Newspaper & Periodicals		0.35		0.78
iv) Inspection Charges		5.62		3.93
v) ECGC Premium		7.79		5.95
vi) Tender Fees & Form Expenses		0.05		0.10
vii) Rebate & Discount on Sale:				
a) Domestic Sale	32.06		6.82	
b) Export sale	0.53	32.60	0.09	6.91
viii) Business Promotion Expenses		8.18		9.05
ix) Commission on Sales:				
a) Domestic Sale	4.60		1.70	
b) Export sale	0.34	4.94	3.99	5.69
		<b>405.76</b>		<b>339.22</b>
<b>Total of Other Expenses</b>		<b>1,129.03</b>		<b>1,015.51</b>

**Note : 26 EXTRA ORDINARY ITEMS**

(₹ in million)

	Year ended 31.03.2014		Year ended 31.03.2013	
a. Prior Period Expenses		6.87		—
b. Debtor settlement by US Court		43.34		—
c. Misc. Balance w/o		4.67		—
d. Loss on Sale of Investment		45.49		—
		<b>100.37</b>		<b>—</b>

**Note : 27** **NOTES ON ACCOUNTS****A. CONTINGENT LIABILITIES AND COMMITMENTS :-**

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹275.57 million (Previous Year ₹318.02 million).
- ii) Guarantee given by Banks on behalf of the Company for ₹47.06 million (Previous year ₹79.78 million).
- iii) On account of Letter of Credit for ₹40.36 million (Previous year ₹139.98 million).
- iv) Foreign Bills Discounted with Bank ₹225.33 million (Previous year ₹354.97 million).
- v) Claims against the Company /disputed liabilities not acknowledged as debts amounting to ₹ NIL (Previous year ₹21.76 million).
- vi) Difference between the amount at which FCCB has been stated in the books and the amount of FCCB as calculated on the basis of rate of Foreign Currency on the date of reporting period ₹174.74 million (Previous year ₹ NIL)
- vii) Corporate Guarantee given by the Company is as under :

Sr.	GIVEN IN FAVOUR OF	GIVEN ON BEHALF OF	AMOUNT
1	Customs & Excise Department	Entertainment World Developers Limited, Mumbai	₹ Nil (Previous Year ₹4.55 million)
2	Governor of Uttarakhand	Nanofil Technologies Pvt.Ltd., Kashipur	₹0.2 million (Previous Year ₹0.2 million)

## viii. Outstanding of Taxes on account of disputes are as follows-

- (a) The company filed appeal before CIT(A) / ITAT and contested Income Tax demand for the A.Y. 2004-05, 2005-06, 2006-07 and 2011-12 (Nano) for ₹17.14 million, ₹15.39 million & ₹6.03 million & ₹0.23 million respectively and also contested TDS demand for the A.Y.2005-06 to 2007-08 ₹0.71 million.
- (b) The Income Tax department has filed an appeal before the M.P.High Court, challenging the order of ITAT passed in favor of Company for the A.Y.2003-04. The amount of tax and penalty is ₹6.58 million and ₹1.45 million respectively.
- (c) The company has contested M.P.VAT/CST. demand for F.Y. 2006-07,2007-08, 2008-09, 2009-10 & 2010-11 for ₹3.85 million, ₹1.96 million, ₹1.06 million, ₹4.38 million & ₹0.92 million respectively and Entry Tax demand for F.Y. 2006-07, 2007-08, 2008-09, 2009-10 & 2010-11 for ₹2.41 million, ₹2.78 million, ₹4.62 million, ₹3.72 million & ₹0.38 million respectively as per legal opinion obtained.
- (d) The company has contested VAT/CST Demand for FY 2009-10, 2010-11& 2011-12 for ₹1.74 million, ₹23.30 million and ₹7.82 million respectively at Kashipur unit.

- B. In the opinion of the Board of Directors the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**C. Earnings per Share (AS-20)**

(a) Net Profit after Tax (As per Profit / Loss Account)	₹183.04 million (Previous year ₹259.12 million)
Number of fully paid up equity share of ₹10/- each	24882806 Equity Shares (Previous year 22980633 Equity Shares)
(b) Weighted average number of equity Shares outstanding during the year	23460085 Equity Shares (Previous year 21803469 Equity shares)
(c) Effects of potential dilutive equity share	8943542 Equity Shares (Previous year 523179 Equity Shares)
(d) Weighted average number of equity in computing diluted earning per share	32403627 Equity Shares (Previous year 22326648 Equity Shares)
(e) Earning per share:	
- Basic [(a)/(b)]	₹7.80 (Previous year ₹11.88)
- Diluted [(a)/(d)]	₹5.65 (Previous year ₹11.61)

- D) During the year the Company has booked the amount of interest subsidy of ₹13.84 million (Previous year ₹20.65 million) and the same has been credited in interest paid on term loan account.
- E) During the year the Company has preferentially allotted 1902173 Equity shares of ₹10/- each at a premium of ₹220/- each through private placement to International Finance Corporation.

**Note : 27 NOTES ON ACCOUNTS**

- F) The Company has fully disinvested from Satguru Polyfab Pvt. Ltd. on 02nd August 2013 hence it ceased to be subsidiary of the Company. Net loss on sale of investment of ₹45.49 million considered in extra ordinary item.
- G) The Company has issued 5.44% Foreign Currency Convertible Bonds of USD 25.00 million to TPG Growth II SF Pte. Ltd. on 26th April 2013. As per the term of issue, the holder has an option to convert FCCBs into Equity Shares at a predetermined conversion rate of ₹218/- per Equity Share on or before 5 years and one day.
- H) Similarly Company has issued 5.34% Foreign Currency Convertible Bonds of USD 9.00 million to International Finance Corporation on 31st January 2014. As per the term of issue, the holder has an option to convert FCCBs into Equity Shares at a predetermined conversion rate of ₹230/- per Equity Share on or before 5 years and one day.

**I) Segment Information (AS-17)**

The Company is principally engaged in the business of Manufacturing of HD/PP Woven sacks and FIBC/Jumbo Bags. There is no primary segment for reporting, However the Company has identified Geographical segments as a Secondary reportable Segment, taking into account nature of operations and services, the differing risks and returns. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company. (₹ in Million)

Particulars	WITHIN INDIA		OUTSIDE INDIA		TOTAL	
	2014	2013	2014	2013	2014	2013
<b>Segment Revenue</b>						
Revenue from Operations	9,665.65	8,797.97	1,194.06	916.07	10,859.72	9,714.04
Less : Inter Segment Turnover	–	6.01	–	0.84	–	6.85
<b>Net Turnover</b>	<b>9,665.65</b>	<b>6,521.75</b>	<b>1,194.06</b>	<b>915.24</b>	<b>10,859.72</b>	<b>9,707.19</b>
<b>Segment Results before Interest, Tax and other</b>						
<b>Income &amp; Extra Ordinary Item</b>	774.71	969.05	68.25	10.09	842.97	979.13
Less : Interest Expenses	562.76	649.95	12.78	14.19	575.54	664.14
Add : Other Income	91.73	34.50	0.49	1.27	92.21	35.78
Profit Before Tax	303.68	353.60	55.96	-2.83	359.64	350.77
(Prior to Extra Ordinary Items)						
Less : Tax						
Current Tax	42.67	74.57	2.76	0.71	45.43	75.29
MAT Credit Entitlement	-41.97	-74.01	–	–	-41.97	-74.01
Deferred Tax	72.63	94.54	0.13	–	72.77	94.54
<b>Net Tax</b>	<b>73.33</b>	<b>95.10</b>	<b>2.89</b>	<b>0.71</b>	<b>76.22</b>	<b>95.81</b>
<b>Profit After Tax before adjustment for Minority</b>	<b>230.34</b>	<b>258.50</b>	<b>53.07</b>	<b>-3.54</b>	<b>283.41</b>	<b>254.96</b>
<b>Interest &amp; Extra Ordinary Items</b>						
Extra Ordinary Items	100.37		–	–	100.37	
Less : Pre acquisition Profit/ Loss & Share of Minority		-4.17	–	–		-4.17
<b>Profit After Tax after adjustment for Minority</b>	<b>129.97</b>	<b>262.67</b>	<b>53.07</b>	<b>-3.54</b>	<b>183.04</b>	<b>259.12</b>
<b>Interest</b>						
<b>Other Information</b>						
Segment Assets	10,894.23	9,553.49	782.09	652.62	11,676.32	10,206.11
Segment Liabilities	7,300.62	6,521.81	733.74	605.99	8,034.36	7,127.81
Depreciation & Amortisation	267.05	231.36	3.49	5.90	270.54	237.27
Capital Expenditure	1,672.78	996.26	26.77	1.42	1,699.55	997.68

**Note : 27** **NOTES ON ACCOUNTS****J) Related Party Disclosure (AS-18)**

Name of Related Parties &amp; Transaction with them shown in below:

(₹ in million)

Discription	Associates	Key Management Personnel and their Relatives	Total
Sale of Goods	–	–	–
Receiving of services	1.24	12.94	14.18

**Names of related parties and description of relationship:**

1. Associates	(i) Kalani Industries Pvt. Ltd.
2. Key Management Personnel	Mr. Saurabh Kalani, Mr. K K. Vijayvergiya and Mr. Manoj Dwivedi
3. Relatives of Key Management Personnel	Mrs. Padma Kalani, Mr. Manish Kalani, Mr Kartikeya Kalani, Mr. Vinayak Kalani and Mrs. Kaushalya Vijayvergiya

**K)** Previous year figures are re-grouped or re-arranged to confirm to current year figures.

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

(Abhay Singi)  
Partner  
Membership No. 079873

Place : Indore  
Date : 27th May 2014

Ajay Mundra  
Chief Financial Officer

Dinesh Kumar Sharma  
AVP-Corporate Affairs &  
Company Secretary

For and on behalf of Board

Saurabh Kalani  
Whole Time Director

K. K. Vijayvergiya  
Whole Time Director





CIN:L25202WB1993PLC111382

Regd. Office: 304, Diamond Prestige, 41-A, A. J. C. Bose Road, Kolkata- 700 017 West Bengal

**PROXY FORM**

(Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s): .....  
Registered address: .....  
Email Id: .....  
Folio No./ Client Id: .....  
DP Id:.....

I/We being the member(s) of.....shares of  
the above named Company hereby appoint:

- (1) Name .....  
Address.....  
Email id:.....or failing him/her
- (2) Name .....  
Address.....  
Email id:.....or failing him/her
- (3) Name .....  
Address.....  
Email id:.....or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held on Tuesday, the 30th day of September, 2014 at 10.00 A.M. at 'Kalakunj, Kalamandir, 48 Shakespear Sarani, Kolkata- 700 017 West Bengal, and at any adjournment thereof.

At WITNESS my/our hand (s) this.....day of.....2014.

\* Applicable for investors holding shares in electronic form.

Revenue  
Stamp of  
₹ 1

Signed by the said.....

Note: The proxy must be / returned so as to reach at 304, Diamond Prestige, 41-A, A.J. C. Bose Road, Kolkata- 700 017 (WB) India not less than FORTY EIGHT HOURS before the time of holding the aforesaid meeting.



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**ATTENDANCE SLIP**  
(to be present at the entrance)

Regd. Folio No./ DP ID\*, Client ID\* .....  
No. of Share (s) held .....

**ANNUAL GENERAL MEETING – 30th September, 2014**

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company at 'Kalakunj, Kalamandir, 48 Shakespear Sarani, Kolkata- 700 017 West Bengal, held on 30th September, 2014.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTERANCE OF THE MEETING HALL. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

Revenue  
Stamp of  
₹ 1

Member's/ Proxy's Signature .....

\* Applicable for investors holding shares in electronic form









**Flexituff International Limited**

CIN:L25202WB1993PLC111382

C-41-50, Special Economic Zone, Sector-III, Industrial Area,  
Pithampur-454775, Dist. Dhar-Madhya Pradesh