

August 26, 2017

To, BSE Limited Floor 25, P.J. Towers, Dalal Street, Mumbai-400 001	To, The Manager - Corporate Compliance National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051
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REF: Flexituff International Limited (ISIN – INE060J01017), BSE Code-533638, NSE Scrip- FLEXITUFF

**Sub: Submission of Annual Report**

Dear Sir/Mam,

Please find enclosed herewith Annual report of the Financial Year 2016-17 under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Thanking you,

For Flexituff International Limited



**CS Madhuri Jethani**  
Company Secretary  
[Membership No: A43118]

Encl: Mentioned as above

# Growth, woven with values




Annual Report 2016-17





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## FORWARD-LOOKING STATEMENT

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 statement - written and oral - that we periodically make, may content 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 realised, 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 materialised, 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.

# LETTER TO THE STAKEHOLDERS



**Anirudh Sonpal**  
Chairman

## *Dear Shareholders,*

It gives me great pleasure to present to you your Company's Annual Report for the Financial Year ended 31st March, 2017. I am pleased to share that even in the face of global and economic headwinds, we have achieved a remarkable performance, underlining our success in building a resilient business capable of generating long-term value.

The year 2016 was marked by unexpected developments led by the unanticipated outcome of the BREXIT referendum and the U.S. Presidential elections later in the year. Relatively slow growth, weak business investment, steady rise in oil prices, and recovery of headline inflation rates in advanced economies with the bottoming out of commodity prices were the other highlights shaping the global economy. In addition, a new wave of protectionism and trade tensions in advanced economies has emerged as the new threat to global growth. Closer home, the government's surprise demonetisation move impacted economic activities in the short-run. Deferment of several government projects to FY 18 from FY 17 due to State elections in our key domestic markets was another challenge beyond our control.



**Total revenue on a standalone basis for the FY 2016-17 has grown to ₹ 1335 crore from ₹ 1175 crore in the previous year, registering a growth of 14%.**

In the backdrop of this tough environment, your Company demonstrated remarkable agility and business acumen to deliver a satisfactory financial performance. Total revenue on a standalone basis for the FY 2016-17 has grown to ₹ 1,335 crore from ₹ 1,175 crore in the previous year, registering a growth of 14%. This increase in our topline, as well as our sharp focus on improving efficiency, facilitated EBITDA to increase to ₹ 184.66 crore in FY 2016-17 from ₹ 158.30 crore in the previous year. Profit before Tax (PBT) has also recorded an impressive growth to ₹ 9.32 crore in FY 2016-17 from ₹ 1.36 crore in the previous year.

Our encouraging performance even in the face of significant external pressure reaffirms our business strengths. Our global scale of operations, niche product portfolio with high quality certifications and state-of-the-art manufacturing facilities enables us to navigate successfully the toughness in the market. Further, our sharp focus on innovation and research & development allows us to understand and respond rapidly to market and customer demands, thus improving our value proposition. Endorsing our excellent competencies, robust growth and promising potential, a recent survey conducted by Dun & Bradstreet placed us among 'India's Top 500 Companies 2016'.

Going forward, the Company will continue to focus on operational efficiencies and cost reduction. We have already initiated several steps in this direction by successfully implementing 'Just-in-time' approach – a production methodology that reduces inventory costs by avoiding the waste associated with overproduction, waiting and excess inventory. We are also working towards reducing our finance costs by switching over to financing through low cost borrowing schemes. The year also saw a paradigm shift in our pricing process by taking into consideration labour involvement as against only taking into account the weight of final output. This superior pricing methodology is expected to pave the way for improved profitability.

Our core strength is in the manufacture of Flexible Intermediate Bulk Containers (FIBC). Standing tall as India's largest FIBC manufacturer and the second largest player globally, our products find a place in over 60 countries spread across five continents. Always looking to raise the bar on performance, we are continually making efforts to augment our capabilities, markets and product offerings. Aligned to this approach, during the review period, we successfully diversified to new geographies as well as increased the scope of applications of our product offerings thus expanding our addressable market. Notwithstanding that the current use of FIBC in India is still at a nascent stage, their demand is expected to catapult in the coming decade to make India the world's largest FIBC consuming market. Leveraging our international track record, we remain confident of unearthing attractive growth opportunities in the domestic circuit as well.

Leveraging our core competence of polymer processing in the field of bulk packaging, foray into geo-textiles was a natural progression for our business. The infrastructure industry is the biggest user of geo-textiles. Our expertise lies in providing complete end-to-end solutions which are proprietary in nature, undertaking supply and commissioning geo-infra projects in India and neighbouring countries. As India stands at

the cusp of major infrastructural development to take its rightful place among the developed nations of the world, we see a huge opportunity for our geo-textile business. The opportunities are expected to multiply manifold as geo-textiles gain increased acceptance by infrastructure contractors driven by its benefits over the maintenance cycle. Additionally, geo-textile solutions are an eco-friendly, cheaper alternative to conventional materials. Based on these fundamentals, we expect the geo-textile business to be a significant contributor to our revenue in the next two-three years. Backed by our capabilities, we are bidding aggressively for projects in the geo-textiles segment to ensure that we create a strong order book that provides robust revenue visibility for the coming years.

In conclusion, the opportunities are enormous for our business, both in the FIBC as well as the geo-textiles market. Our robust infrastructure facilities, the enduring nature of our customer relationships, and our global platform will serve us well in the years ahead, enabling us to create higher value. Moreover, we are committed to innovating and remaining on the path of relevance to our customers.

On behalf of the Board, I would like to thank the entire team of Flexituff for the dedication and professionalism that they have demonstrated throughout another successful year. I would also like to express my gratitude to our shareholders, partners, vendors, creditors and customers for their continued support. You can be assured that we shall work diligently to take this Company to greater heights.

With regards,

**Anirudh Sonpal**  
Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC REVIEW

The world witnessed tectonic shifts in the geo-political trends during the year under review. The World Bank expects the global economy to advance at 2.7% in 2017 as against the growth of 2.4% recorded in 2016.

During the review period, the global trade came under severe pressure due to conservative policies adopted by few advanced economies. Electors in advanced countries voted in favour of preferential treatment for local businesses perceiving job-related migration as a threat to local employment generation. In FY 2016-17, older trade blocs in advanced economies disintegrated and reducing trade deficits with emerging world economies acquired a priority in many developed economies.

Amidst such challenging global environment, the Indian economy did well in FY 2016-17. Despite the transient negative impact of demonetisation on economic activities, the Indian economy grew by 7.1% in FY 2016-17. In the previous Financial Year, retail inflation moderated to 4.5% and stayed within the comfort zone of the RBI. Over the medium term, the RBI aims to contain inflation at around 4% mark. Industrial growth remained lack lustre at 5.1%.

The World Bank expects the Indian economy to grow at 7.2% in FY 2017-18. Factors such as higher government spending on infrastructure, the measured response by the government to negate the effects of demonetisation, implementation of Goods and Services Tax (GST), and recovery in the private sector capex cycle are likely to help India record high growth in FY 2017-18.

Going forward, moderating inflation, falling interest rates, various government initiatives such as Make in India, Skill India, Smart Cities Mission, Digital India and Housing for All among others are likely to drive the industrial growth and help the private sector companies attract foreign investments. Higher consumption demand, continued government spending on infrastructure and revival in the private sector capex cycle may serve as growth catalysts. Stable commodity prices and lower currency fluctuations would further facilitate the economic growth in India.

## INDUSTRIAL REVIEW

Textile materials which are manufactured entirely for their technical applications and functional usage are known as technical textiles. They are not produced for aesthetic or decorative qualities thus the demand for them depends chiefly on the pace of economic growth and industrialisation. At present, North America is the biggest

### Segments of Technical Textiles by End-use Application (in descending order as per their expected market share in next 10 years)



#### Mobiltech

Cars, Ships, Aircraft, Trains, Space Travel



#### Indutech

Filtration, Cleaning, Mechanical engineering, Chemical industry



#### Packtech

Packaging, Protective-cover systems, Sacks, Big bags, Container systems



#### Buildtech

Membrane, Lightweight + Massive construction, Engineering + Industrial building



#### Sporttech

Sport and Leisure, Active wear, Outdoor, Sport articles



#### Meditech

Hygiene, Medicine



#### Homotech

Furniture, Upholstery + Interior furnishing, Rugs, Floor coverings



#### Clothtech

Garments, Shoes



#### Agrotech

Horticulture + Landscape gardening, Agriculture + Forestry, Animal keeping



#### Protech

Person and Property protection



#### Oekotech

Environmental protection, Recycling, Waste disposal



#### Geotech

Road infrastructure, Railways, Irrigation and Hydraulic structures, Waste Landfills, Dams etc



consumer of technical textiles followed by Western Europe and Asia-Pacific respectively. This situation is likely to change though, over next one decade.

As per the research report published by Future Market Insights, the Asia-Pacific market is expected to emerge as the world's most prominent market for technical textiles with a revenue share of more than 50%, over next one decade. The report titled "Technical Textiles Market: Global Industry Analysis and Opportunity Assessment, 2017-2027," predicts the global technical textile market to grow at 4.6% compounded annualized rate until 2027 to become worth US\$ 260.3 billion from the current level of US\$ 166 billion.

Factors such as rapid development of infrastructure and growing awareness about the environmental issues are likely to push the demand for technical textiles in the emerging markets higher.

#### **Indian Technical Textile Industry**

The technical textile sector in India is expected to grow at a compounded annualised rate of 9.6% to become US\$ 32 billion market by FY 2022-23. India may continue to remain a major market for the technical textiles in the global context due to cost-effectiveness, durability and versatility of the products manufactured in India. As per the report published by the Federation of Indian Chambers of Commerce and Industry (FICCI), Packtech is the largest segment of the Indian technical textile market, followed by Indutech, Mobitech and Hometech.

#### **Government Support**

Out of 2,500 larger industries engaged in producing various textile products nearly 1,000 have already received the financial assistance under Amended Technology Upgradation Fund Scheme (ATUFS). Simultaneously, the Ministry of Textiles has been promoting the technical textiles and creating awareness about their utility in improving productivity, health standards and the state of infrastructure. The relaxed FDI policy may further boost the growth of the technical textile sector.

The government slashed income tax rates for the Small and Medium Enterprises (SMEs) by 5% in the Union Budget 2017-18. Therefore, now all SMEs with an annual turnover upto ₹ 50 crore would be liable to pay just 25% tax. This is expected to give a considerable boost to SMEs engaged in the textiles manufacturing. Indian technical textiles industry is highly fragmented in nature and dominated mostly by the SMEs.

## **COMPANY OVERVIEW**

Flexituff International Limited (hereinafter called as "FIL" or "Company") is one of India's finest manufacturers and exporters of technical textile products. Being a 100% vertically-integrated company – engaged in manufacturing woven, non-woven and composite fabrics, FIL caters to the demand of 4 segments—retail, industrial, agriculture and infrastructure. It has 4 manufacturing facilities in India and has 2 direct and 2 indirect subsidiaries. FIL provides employment to more than 7,000 people. It exports its products to over 60 countries and derives more than half of its revenues from exports. Based on its robust financial performance, FIL featured in "Dun & Bradstreet India's Top 500 Companies 2016." In 2017 the position is expected to consolidate further.

FIL has an installed polymer processing capacity of more than 74,000 metric tonnes per annum. It also owns the world's largest FIBC clean-room manufacturing facility. Besides, it is India's largest producer of geo-textiles and Injection-moulded drippers. FIL has to its credit the industry's largest Research and Development (R&D) centre in India and owns several patents and proprietary rights of technologies.

## **SEGMENTAL GROWTH DRIVERS**

### **FIBC**

FIBCs find applications in food, pharmaceutical, agriculture and chemical industry. They are primarily used for the shipment and intermediate storage of dry and flowing products which are in powder, flake, or granular form. According to the Flexible Intermediate Bulk Container Association (FIBCA), FIBCs have the "lowest package to product weight ratio", and they can be handled, transported and stored without pallets—thus they are the most preferred option. As per the report "Global FIBC Market 2017-2021" published by Reports n Reports, the global FIBC market is expected to grow at a compounded annualised rate of 6.3% between 2017 and 2021. The FIBC industry has been witnessing a high demand from the agricultural and chemical industries which have been posting above-average growth lately. On the back of firm domestic demand and closure of FIBC production facilities in neighboring and advanced economies, the Indian FIBC industry is expected to post a steady growth even in future.

### **GEO-TEXTILES**

Geo-textiles are widely used in road construction, pavement repairs, erosion control, drainage systems and agriculture. Thus, the demand for geo-textiles is primarily driven by the pace

of industrialisation and the public spending on infrastructure projects. Factors such as durability, consumption of biodegradable raw material and cost-effectiveness are also expected to show a positive impact on the demand for geo-textiles.

As per the report “Geotextile Market Forecast, 2017 – 2024” published by the Global Market Insights, Inc., the global geo-textiles market may value over US\$ 12 billion by 2024, Out of which over 1/4<sup>th</sup> of demand is likely to come from the road construction industry. Usage of geo-textiles in road building improves structural integrity, load-bearing capacity and enhances the longevity as well. Since it assists in building roads faster, cost-efficiency is an added advantage of using geo-textiles.

Various government initiatives such as Affordable Housing and the Smart Cities Mission will create a consistent demand for geo-textiles in India. Moreover, government's thrust on building infrastructure will open up exciting growth opportunities for the geo-textiles manufacturers in India.

## REVERSE-PRINTED BOPP WOVEN BAGS

Reverse-printed BOPP woven bags are in high demand for their impactful advertising effect, pleasing appearance, flatness, high gloss surface and superior quality printing. Besides, factors such as high tensile strength, water proofness and moisture resistant properties make reverse-printed BOPP woven bags one of the most preferred choices in the packaging industry. Retail sector and commercial establishments drive the demand for reverse-printed BOPP woven bags.

India ranks as the fifth largest market among the preferred retail markets globally. Favourable demographics, rapid urbanisation, higher disposable income are expected to boost the growth in India's organised retail. As per India Brand Equity Foundation (IBEF) report, Indian retail industry would become ₹ 1.3 trillion worth industry by 2020—thereby growing at a compounded annualised rate of 16.7%. Cost competitiveness and rapid growth experienced in the online retail may continue to drive the overall growth of India's retail industry. Reforms introduced in the Foreign Direct Investment (FDI) policy will further facilitate the growth.

The high demand trends in the Indian retail industry will continue to push demand for reverse-printed BOPP woven bags higher.

## POLYMER COMPOUNDS

According to IBEF, Indian plastics industry provides employment opportunity to over 4 million people and constitutes over 30,000 processing units—out of which around 85%-90% are Small and Medium Enterprises (SMEs).

Contrary to the sluggish growth trend experienced across the global plastics industry, the industry in India is growing at a healthy pace. Strong demand from the sectors such as automobiles, e-commerce and packaging helped Indian plastics market grow at 12% this year.

As per the Plast India Foundation's estimates, consumption of plastics in India is set to grow to 20 Metric Tonnes Per Annum (MMTPA) from the current level 12 MMTPA, by 2020. As a result of various government initiatives such as Skill India, Digital India, Make in India and Smart Cities Mission, India's plastics consumption will increase in future. Post demonetisation and the implementation of GST, the plastics and polymers market is likely to become more transparent and organised.

## DRIP IRRIGATION

India has been facing serious problems pertaining to the availability of ground water. Contamination and overdraw of ground water have pushed India in a worrisome state. Close to 62% of ground water is utilised for the farm irrigation in India. Agricultural states such as Punjab, Haryana, Rajasthan and Tamil Nadu have witnessed high ground water development in the recent past. Ground water development suggests the amount of ground water extraction vis-à-vis the quantum of net annual ground water availability.

### Inefficient use of water makes drip irrigation more compelling...

Crop	Water used (in cubic metres per tonne of produce)			
	Brazil	India	China	U.S
Rice	3,082	2,800	1,321	1,275
Sugarcane	155	159	117	103
Wheat	1,616	1,654	690	849
Cotton	2,777	8,264	1,419	2,535

(Source: PRS; National Water Footprint Account, UNESCO-Institute for Water Education)

According to a research report “Overview of Ground Water in India” published by PRS in 2016, the per capita annual availability of water has depleted by 15% in a decade. This calls for the measured use of water resources.

Drip irrigation helps save 40%-70% water and improves the quality and productivity of the produce. It also assists in eliminating soil erosion, and since it indirectly helps in curbing the weed growth, it assists in saving fertiliser and labour cost.

## OUTLOOK

FIL has a presence across 7 high-growth potential segments of the technical textiles industry viz—Packtech, Geotech, Hometech,



Buildtech, Mobitech, Indutech and Agrotech among others. As the Ministry of Textiles is determined to create awareness about technical textiles products in India and assist Indian companies in achieving higher exports in this segment, specialised companies such as FIL are likely to benefit. Apart from that, the Company is likely to gain mileage after the implementation of GST which will bring all manufacturers at par. Various government programmes such as Skill India, Make In India, Housing For All and Smart Cities Mission among others are also expected to offer multiple growth opportunities to FIL.

Company's constant focus on R&D coupled with various government initiatives will help it remain highly competitive amidst constantly changing market conditions. FIL endeavours to drive growth in revenue by capitalising on the various government initiatives targeted at ramping up country's infrastructure facilities. The Company aims to offer end-to-end solutions right from the supply of material to commissioning of geo-infra projects in India and neighboring countries.

In the Union Budget 2017-18, the government has allocated massive ₹ 3.96 lakh crore for the infrastructure development and ₹ 58,663 crores for the development of agriculture and allied sectors. This bodes well for FIL.

## RISK REVIEW

**Changing business environment:** Trans-Pacific Partnership (TPP) may have an adverse impact on Indian textile industry. India's competitiveness at the global landscape may be severely challenged by the countries that have signed the TPP. Moreover, backdoor entry of Chinese goods through Bangladesh is another cause of concern. Post-Brexit, India's dependence on the U.S. market has increased further. FIL endeavors to maintain its good performance through diversifying its export market thereby reducing the reliance on a particular country. Thrust on R&D and product superiority is also expected to help FIL.

**Slower than expected global recovery:** Since industrialisation and overall economic growth are the biggest drivers of technical textile products, slower than expected growth in export markets can dampen the prospects. As a part of its de-risking strategy, FIL derives a significant portion of its revenue from the domestic market and its export market is adequately diversified as well.

**Currency fluctuation:** Artificially supported currency and unprecedented volatility in the value of the domestic currency can potentially hamper Company's business. To deal with the cost pressures arising out of adverse currency movements, the Company has adopted a prudent foreign exchange policy.

**Volatility in raw material prices:** The technical textiles industry works on very competitive cost structure and unanticipated rise in the raw material prices can cause shrinkage in margins since costs can't be fully transferred to the customers. The Company deals with this challenge through careful inventory management.

## INTERNAL CONTROL SYSTEMS AND ADEQUACY

FIL has established a system of adequate and effective internal controls befitting to the nature and size of its business along with the complexities involved in its operations. The internal controls are designed to ensure that all assets are verified to ascertain their veracity, safeguarding and protection against any unauthorised use and disposition. A system of checks and balances is also in place covering all levels and functions. This enables to minimise business risks and ensure that every single transaction is duly authorised, recorded and reported. The Company strictly adheres to all rules, policies, statutes and laws to make sure that all statutory compliances are fulfilled and transparency is maintained.

## FINANCIAL REVIEW

- In FY 2016-17, Company's revenues from operations increased from ₹ 11562.40 million in FY 2015-16 to ₹ 13,263.77 million in FY 2016-17, thereby recording a growth of 14.71%.
- The company reported a growth of 16.58% in EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) in FY 2016-17 which reached to ₹ 1846.60 million. In FY 2015-16, the Company had recorded the EBITDA of ₹ 1584.01 million.
- By recording an increase of 2.28% in FY 2016-17, the net worth of the Company climbed to ₹ 3867.09 million.

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The greatest asset of the Company is its people who always play a crucial role in putting the Company on a growth path. The industrial relations remained cordial in FY 2016-17.

# DIRECTORS' REPORT

To,  
The Members,  
**Flexituff International Limited**

The Board of Directors hereby presents its 24<sup>th</sup> Director's Report on business & operations of your Company ('the Company' or 'FIL') alongwith Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2017.

## FINANCIAL RESULTS AND APPROPRIATION

(₹ In Millions)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Sales & other Incomes	13,351.43	11,751.10	14,639.14	13,315.64
Profit before Interest, Depreciation & Tax	1,846.60	1,584.01	1,847.45	1,619.00
Profit before Tax	93.19	13.63	70.47	25.83
Profit for the year / Balance available for Appropriation	86.12	40.13	57.34	48.22
Less: Appropriation				
Proposed dividend on equity shares & tax thereon	-	-	-	-
Surplus carried to Balance Sheet	86.12	40.13	57.34	48.22

**Note: Figures of the year 2015-16 are regrouped or reclassified.**

### 1. STATE OF COMPANY'S AFFAIRS

During the year under review, your company has achieved Consolidated total revenue and profit before interest, depreciation and tax of ₹ 14,639.14 Million and ₹ 1,847.45 Million respectively as against total revenue and profit before interest, depreciation and tax of ₹ 13,315.64 Million and ₹ 1,619 Million respectively during the previous Financial Year ended on 31<sup>st</sup> March, 2016.

Further, your company has achieved Standalone total revenue and profit before interest, depreciation and tax of ₹ 13,351.43 Million and ₹ 1,846.60 Million respectively as against total revenue and profit before interest, depreciation and tax of ₹ 11,751.10 Million and ₹ 1,584.01 Million respectively during the previous Financial Year ended on 31<sup>st</sup> March, 2016.

### 2. DIVIDEND

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore do not propose any dividend for the Financial Year ended 31<sup>st</sup> March, 2017.

### 3. SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2017 was ₹ 24.88 Crore divided into 2,48,82,806 shares of ₹ 10/- each. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

### 4. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 forms part of the Notes to the Financial Statements provided in this Annual Report.

### 5. CREDIT RATING

As per Audited Financials of March 2016, ICRA Limited has assigned "BBB+" rating for the Long term loan, "BBB+" for Fund Based Limits (Cash Credit) and "A2" for Short Term Non-Fund Based Limits, which indicates "stable" outlook regarding timely servicing of financial obligations.

### 6. AWARDS & CERTIFICATIONS

**On 31<sup>st</sup> May, 2016, Company was featured in the list of India's Top 500 Companies, 2016 published by Dun & Bradstreet.**

Further Company is certified for British Retail Consortium Certificate (BRC), ISO 14001:2004 (for Environmental Management), ISO 22000:2005 (for Food and Safety Management), OHSAS 18001:2007 (for Industrial Health and Safety) and ISO 9001:2008 (for Quality Management System).

During the year, Company achieved A Grade under Global Standard for Packaging & Packaging Material.

### 7. SUBSIDIARIES/JOINT VENTURE/ASSOCIATES

During the year under review,

- Flexituff Sailendra Kalita LLP, Ujjivan LUIT LLP, Budheswar Das Flexituff International Limited JV, Sanyug Enterprises Flexituff International Limited JV, Vishnu Construction Flexituff International Limited JV and Mayur Kartick Barooah Flexituff International Limited have become Joint Ventures of Flexituff International Limited.
- There were no such companies which have become Subsidiaries and Associate Companies.

3. There were no such companies which have ceased to become Subsidiaries and Associate Companies.

Your Company has 2 Direct Subsidiaries, 1 Indirect Subsidiary & 9 Joint Ventures of which 5 are in the form of LLPs, as on 31<sup>st</sup> March, 2017. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries and Joint Ventures.

#### Direct Subsidiaries

M/s Nanofil Technologies Private Limited, Kolkata

M/s Flexiglobal Holdings Limited, Cyprus

#### Indirect Subsidiaries

M/s Flexiglobal (UK) Limited, UK

#### Joint Venture

Flexituff Javed Ahmed LLP

Flexituff Hi-Tech LLP

Flexituff SA Enterprise LLP

Flexituff Sailendra Kalita LLP

Ujjivan LUIT LLP

Budheswar Das Flexituff International Limited JV

Sanyug Enterprises Flexituff International Limited JV

Vishnu Construction Flexituff International Limited JV

Mayur Kartick Barooah Flexituff International Limited JV

Pursuant to the provisions of Section 136 of the Companies Act, 2013 the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company and shall be made available upon request of any member of the Company interested in obtaining the same and shall also be kept for inspection at the Registered Office of the Company and that of the Subsidiary Company concerned.

Further, pursuant to provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial data of the Company's Subsidiaries & Joint Ventures is mentioned in Form AOC-1 as Annexure A of the board's report.

#### 8. EMPLOYEE STOCK OPTION SCHEME, 2011

The Nomination and Remuneration Committee of the Board of Directors of the Company inter alia monitors and administers the Employee stock option scheme of the Company.

In the Financial Year 2016-17, outstanding 167625 numbers of ESOP options were lapsed due to resignation, non exercise etc. As on 31<sup>st</sup> March, 2017 no ESOP was outstanding.

#### 9. DIRECTORS / KEY MANAGERIAL PERSONNEL (KMPS)

During the Year under review, the following changes occurred in the position of Directors/KMPS of the Company.

S. No.	Name of Director/ KMPS	Date of Event	Event
1.	Mr. Rishabh Kumar Jain	09/08/2016	Resigned from the post of Company Secretary (CS).
2.	Ms. Madhuri Jethani	09/08/2016	Appointed as Company Secretary (CS).
3.	Mr. D. K. Sharma (DIN: 00028152)	09/08/2016	Resignation from Directorship.
4.	Mr. Mahesh Sharma (DIN: 07610685)	16/09/2016	Appointed as Additional Director
5.	Mr. Mahesh Sharma (DIN: 07610685)	11/11/2016	Appointed as Whole-Time Director
6.	Mr. Akhilesh Agnihotri (DIN: 07637010)	11/11/2016	Appointed as Additional Director and Whole-Time Director
7.	Mr. Ritesh Pandey (DIN: 07088000)	30/03/2017	Resignation from Directorship due to his resignation from TPG Growth Funds SF Pte Ltd.

The Board has placed on record its sincere appreciation for the invaluable contribution and guidance provided by Mr. D.K. Sharma & Mr. Ritesh Pandey during their tenure.

#### 10. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board & its Committees, execution and performance of specific roles, duties, obligations and governance.

The performance evaluation of Committees, Executive Directors, Non-Executive Directors and Independent Directors was completed. The Performance evaluation of the Chairman, Non-Executive Directors & Board as a whole was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process

Directors of the Company has carried their own performance evaluation too known as "Self Assessment"

#### 11. POLICY ON DIRECTORS' APPOINTMENT & REMUNERATION

The Nomination and Remuneration Committee of Board of Directors of the Company leads the process for appointment of Directors and Key Managerial Personnel and Senior Management personnel in accordance with the requirements of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws.

Nomination & Remuneration Policy is available on the website of the Company on the below link: ([http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme\\_Nomination%20and%20Remuneration%20Policy.pdf](http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Nomination%20and%20Remuneration%20Policy.pdf))

## 12. RISK MANAGEMENT

In today's economic environment, Risk Management is a very important part of business. The main aim of risk management is to identify, monitor & take precautionary measures in respect of the events that may pose risks for the business. The Board & Audit Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis by keeping Risk Management Report before the Board & Audit Committee periodically.

## 13. RELATED PARTY TRANSACTION

There have been no materially significant Related Party Transactions between the Company & the Directors, Management, Subsidiaries or relatives except for those disclosed in the Financial Statements.

Accordingly, particulars of Contracts or Arrangements with Related Party Transactions referred to in Section 188(1) of the Act in Form AOC-2 does not form part of Directors' Report.

A Policy on Related Party Transactions as approved by the Board is available on the Company's website on the below link: [http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme\\_Related%20Party%20Transactions%20Policy.pdf](http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Related%20Party%20Transactions%20Policy.pdf)

## 14. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

## 15. AUDITORS

### STATUTORY AUDITOR

At the Annual General Meeting held on 30<sup>th</sup> September, 2014 M/s. L.K. Maheshwari & Co., Chartered Accountants, Indore were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2017. In terms of the provision of Section 139 of the Companies Act, 2013 M/s. L.K. Maheshwari & Co., Chartered Accountants, Indore is not eligible for the reappointment. Hence Board is proposing appointment of M/s Kailash Chand Jain & Co, Chartered Accountants, Indore as Joint Statutory Auditor for a term of 5 years subject to the ratification by members every year.

Further M/s MZSK & Associates, Chartered Accountants, Mumbai were appointed as Joint Statutory Auditor of the Company in the 23<sup>rd</sup> Annual General Meeting (AGM) of the Company held on 30<sup>th</sup> July, 2016 to audit the books of accounts for the Financial Year 2016-17. Accordingly your Board is proposing re-appointment of M/s MZSK &

Associates, Chartered Accountants, Mumbai as Joint Statutory Auditor for a term of 3 years subject to the ratification by members every year.

M/s Kailash Chand Jain & Co., Chartered Accountants, Indore & M/s MZSK & Associates, Chartered Accountants, Mumbai have confirmed that they are eligible for having their appointment & reappointment as Joint Statutory Auditors respectively at this Annual General Meeting.

The Auditors' Report for the financial year ended 31<sup>st</sup> March, 2017 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statement in this Annual Report.

### SECRETARIAL AUDITOR

M/s. Ritesh Gupta & Company, Company Secretaries were appointed to conduct the secretarial audit of the Company for the Financial Year 2016-17, as required under Section 204 of the Companies Act, 2013 and rules made thereunder. The Secretarial Audit Report for the Financial Year 2016-17 forms part of the Annual Report as Annexure B to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has appointed M/s. Ritesh Gupta & Company, Company Secretaries as secretarial auditor of the Company for the Financial Year 2017-18.

## 16. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the financial year 2016-17 forms part of the Corporate Governance Report.

## 17. AUDIT COMMITTEE

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

## 18. CORPORATE SOCIAL RESPONSIBILITY

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure C of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company ([www.flexituff.com](http://www.flexituff.com)).

## 19. DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

## 20. DISCLOSURE REQUIREMENTS

Corporate Governance Report and Management Discussion and Analysis Report form part of this Annual Report for the year ended 31<sup>st</sup> March, 2017.

The Company has a whistle blower policy/vigil mechanism to report genuine concerns or grievances. The Whistle Blower Policy/vigil mechanism has been posted on the website of the Company ([http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme\\_Vigil%20Mechanism%20Policy.pdf](http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Vigil%20Mechanism%20Policy.pdf)).

The Board has laid down a code of conduct for Board members & Senior Management Personnel as per Regulation 17 & 26 (3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 & has been posted on the website of the Company ([http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme\\_Director%20and%20Senior%20Management.pdf](http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Director%20and%20Senior%20Management.pdf)).

All the Board members & Senior Management Personnel have affirmed compliance with the said code of conduct for the year ended on 31<sup>st</sup> March, 2017. **A declaration to this effect, signed by the CEO, forms part of this Annual Report.**

The Board has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Insider trading Policy of the Company covering code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information and Code of Conduct for the prevention of Insider Trading has been posted on the website of the Company. ([http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme\\_Insider%20Trading-%20Schedule%20B.pdf](http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Insider%20Trading-%20Schedule%20B.pdf)).

All the Board members & KMPs have affirmed compliance with the said code of conduct for the year ended on 31<sup>st</sup> March, 2017.

## 21. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has put in place an adequate system of Internal Financial Control commensurate with the size and nature of business which helps in ensuring the orderly and efficient conduct of its business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention & detection of frauds, accuracy & completeness of accounting records and ensuring compliance with corporate policies.

The Company has an Internal Audit Department with a dedicated Internal Audit Team which is commensurate with the size, nature & complexity of operations of the Company. The Internal Audit Report is submitted to the Audit

Committee on quarterly basis, the Audit Committee reviews the performance of internal audit function.

The Audit Committee reviews adherence to internal control systems and internal audit reports.

## 22. PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are set out in the annexure to this report. In terms of the provisions of Section 136(1) of the Companies Act, 2013, the Board's Report is being sent to the shareholders without this annexure. Shareholders interested in obtaining a copy of the annexure may write to Director or Company Secretary of the Company.

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

In compliance with Section 134 of The Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules 2014, a statement giving information regarding Energy Conservation, Technology Absorption and Foreign Exchange earnings and out go is given in Annexure D forming part of this Annual Report.

## 24. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

1. In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.
5. The Company has established internal financial controls and the said controls are adequate and are operating effectively.
6. A proper compliance system is established to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.



## 25. DEMATERIALISATION AND ELECTRONIC REGISTRAR

The equity shares of your Company are available for dematerialization with both NSDL and CDSL under ISIN INE060J01017. As on 31<sup>st</sup> March 2017, 95.48% equity shares are in demat-form and remaining 4.52% equity shares are in physical form.

Our registrar for electronic connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) is M/s Link Intime India Private Limited, Mumbai (Formerly M/s Intime Spectrum Registry Limited).

## 26. HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATION

Human Resource plays vital role in your company. If finance is the blood of any organization then Human Resource is not less than pulse which keeps running production by their hard work day and night. Your company focuses on creating best health and safety standards and also has performance management process to motivate people to give their best output and encourages innovation and meritocracy.

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

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

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC) to inquire into complaints of sexual harassment and recommend appropriate action.

During the year under review, no compliant was received from any employee and hence no compliant is outstanding as on 31<sup>st</sup> March, 2017.

## 28. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 as required under Section 92 of the Companies Act, 2013 is included in this report as Annexure E and forms an integral part of this report.

## 29. MATERIAL CHANGES AND COMMITMENTS

After the end of the Financial Year and as on the date of this report, Your Board has approved subsidiarization of Pithampur FIBC Division into a wholly owned subsidiary company. This would be subject to approval of members by way of postal ballot and other statutory and regulatory authorities, if any.

## APPRECIATION

The Board takes this opportunity to express its sincere appreciation for the excellent support and cooperation received from company's bankers, investors, customers, suppliers, statutory authorities for their consistent support to the Company.

The Directors also sincerely acknowledge the outstanding support and services of the workers, staff and executives of the Company, which have together contributed to the efficient operations and management of the Company.

For and On Behalf of The Board of Directors of  
**Flexituff International Limited**

Mahesh Sharma  
Whole-Time Director & CEO

Saurabh Kalani  
Whole-Time Director

Place: Pithampur

DIN: 07610685

DIN: 00699380

Date: 24/07/2017

# Annexure A - Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) - Form AOC-1

## Part "A": Subsidiaries

(Amounts in Millions)

S. NO	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
<b>Direct Subsidiaries</b>														
1	Nanofil Technologies Private Limited	N.A.	INR	0.10	16.19	252.89	236.60	2.63	449.97	1.82	0.66	1.16	-	100 %
2	Flexiglobal Holdings Limited	N.A.	GBP-INR/ 1 GBP = 80.8797	12.52	(8.56)	25.89	21.93	8.09	0.14	(1.49)	(0.01)	(1.50)	-	100 %
<b>Indirect Subsidiaries</b>														
3	Flexiglobal (UK) Limited, UK	N.A.	GBP-INR/ 1 GBP = 80.8797	8.09	50.04	660.82	602.69	—	1213.89	(12.13)	(5.40)	(17.53)	-	100 %

## Part "B": Associates and Joint Ventures

(Amounts in millions)

S. No.	Name of Company	Latest Audited Balance Sheet Date	Shares of Associate/ joint Ventures held by the Company on the year end			Description of how there is significant influence		Reason why the Associate/ joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit/loss for the year	Considered in Consolidation	Not considered in Consolidation
			No.	Amount of Investment in Associates/ Joint Venture	Extend of Holding%							
1	Flexituff Javed Ahmed LLP	March 31, 2017	N.A.	0.08	80%	Flexituff holds 80% of capital & interest in Profit/Loss of the J V		N.A.	(3.29)	(5.38)	(4.30)	(1.08)
2	Flexituff HI-Tech LLP		N.A.	0.08	80%			N.A.	3.01	(0.41)	(0.33)	(0.08)
3	Flexituff SA Enterprise LLP		N.A.	0.075	75%	Flexituff holds 75% of capital & interest in Profit/Loss of the J V		N.A.	(3.46)	(6.76)	(5.07)	(1.69)
4	Flexituff Sailendra Kalita LLP		NA	0.08	80%	Flexituff holds 80% of capital & interest in Profit/Loss of the J V		N.A.	(0.81)	(1.12)	(0.90)	(0.22)
5	Ujjivan Luit LLP		NA	0.05	51%	Flexituff holds 51% of capital & interest in Profit/Loss of the J V		N.A.	(0.28)	(0.65)	(0.33)	(0.32)

For and On Behalf of the Board of Directors of **Flexituff International Limited**

Saurabh Kalani  
Whole-Time Director  
DIN: 00699380

Mahesh Sharma  
Whole-Time Director & CEO  
DIN: 07610685

Place: Pithampur  
Date: 24/07/2017

Ajay Mundra  
Chief Financial Officer

Madhuri Jethani  
Company Secretary

Annexures to the Board's Report**ANNEXURE - B****FORM No. MR-3****SECRETARIAL AUDIT REPORT**

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

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

To,  
The Members,  
**Flexituff International Limited**  
C41-50, Sec No III SEZ  
Industrial Area Pithampur  
Dhar (MP)-454775

We have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **Flexituff International Limited (CIN:L25202MP1993PLC034616)** (hereinafter called "**The Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on **31<sup>st</sup> March, 2017** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under.
5. The Provisions of the Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
6. Secretarial standards 1 & 2 pertaining to Board and General Meetings issued by the Institute of Company Secretaries of India were applicable during the year.
7. Other laws applicable specifically to the Company (as given in '**Annexure-I**' to the Report).

We have also examined compliance with the applicable clauses of The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

We report that during the period under review the Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company during the Financial Year under report;

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

**Annexures to the Board's Report**

- c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We further report that during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations Guidelines, Standards, etc. which are applicable on the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act. During the period under review the Company has appointed a Whole time Director on the Board of the Company and paid remuneration to them subject to approval of shareholders in the ensuing Annual General Meeting.

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

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

Based on the information, representation, clarifications and reports provided by the Company, its Board of Directors, its designated officers, and authorized representatives during the conduct of audit we further report that, adequate systems and processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules and Regulations, guidelines and happening of events etc. to the Company.

We further report that during the year under report, Company has not undertaken event/ actions having a major bearing in the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For Ritesh Gupta & Co.  
Company Secretaries**

**Date: 24/07/2017**

**Place: Indore**

**Ritesh Gupta  
CP:3764, FCS:5200**

Note: This report to be read with our letter of even date which is annexed as 'Annexure-A' and forms part of this report.

**Annexures to the Board's Report****ANNEXURE-I****IMPORTANT LAWS APPLICABLE SPECIFICALLY TO THE COMPANY**

We have relied on the representation made and information, clarifications and reports provided by the Company, its Board of Directors, its designated officers, and authorized representatives during the conduct of audit and also quarterly compliance report submitted by the department heads and taken on record by the Board of Directors of the Company to monitor and ensure compliances under other applicable Acts, Laws and regulations to the Company. Based on above we report that The Company has complied with the following laws and legislations applicable specifically to the Company.

1. The Factories Act, 1948
2. The Environmental (Protection) Act, 1986
3. The Hazardous Wastes (Management, Handling and Trans-boundary Movements) Rules, 2008
4. The Water (Prevention & Control of Pollution) Act, 1974
5. The Air (Prevention & Control of Pollution) Act, 1981
6. The Explosive Act, 1884
7. Special Economic Zones Act, 2005

**For Ritesh Gupta & Co.  
Company Secretaries**

**Date: 24/07/2017  
Place: Indore**

**Ritesh Gupta  
CP:3764, FCS:5200**

**'Annexure-A' to the Secretarial Audit Report**

To,  
The Members,  
Flexituff International Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practice and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company since the same have been subject to review by statutory financial auditor, Cost auditor and other designated professionals.
4. The compliances of subsidiaries companies not been reviewed in this audit since the same have been subject to review by other designated professionals and not a part of our audit assignment.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future liability of the Company nor of the efficiency of effectiveness with which the management has conducted the affairs of the Company.

**For Ritesh Gupta & Co.  
Company Secretaries**

**Date: 24/07/2017  
Place: Indore**

**Ritesh Gupta  
CP:3764, FCS:5200**



**Annexures to the Board's Report****ANNEXURE - C****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE FINANCIAL YEAR 2016-17****1. A Brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes;**

CSR has been a way of life at Flexituff International Limited ("FIL" or "the Company") ingressed into its philosophy and vision.

The 'headline' objective of FIL's CSR policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Company's business strategy for overall value creation for all stakeholders. FIL believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the people, preferably in the immediate vicinity in which the Company operates but at the same time ensure widespread spatial distribution of its CSR activities pan-India befitting its status as a conscientious corporate citizen.

***CSR Policy is stated herein below:***

[http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme\\_Corporate%20Social%20Responsibility%20Policy.pdf](http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Corporate%20Social%20Responsibility%20Policy.pdf)

**2. Composition of CSR Committee as on 31<sup>st</sup> March, 2017 :**

S. No	Name	Chairman/Member	Status
1.	Mr. Saurabh Kalani	Chairman	Whole-Time Director
2.	Mr. Sharat Anand	Member	Non Executive Independent Director
3.	Ms. Alka Sagar	Member	Woman Non-Executive Director

**3. Average net profit for last 3 financial years:**

Average net profit: ₹ 1266.54 Lakhs

**4. Prescribed CSR expenditure (2% of the of average net profit as given in point no. 3)**

The Company is required to spend ₹ 25.33 Lakhs towards CSR.

**5. Details of CSR Spent for the financial year :**

A. Total amount to be spent for the financial year: ₹ 25.33 Lakhs

B. Amount unspent if any: ₹ 9.7 Lakhs

Company has undertaken various CSR activities for the year 2016-17. But as few of the activities were rescheduled or postponed due to circumstance beyond control. Hence there was shortfall of ₹ 9.7 Lakhs in CSR Activities.

C. Manner in which the amount is spent during the year:

(Amount in Lakhs)

S. No	CSR Project/ Activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) Projects or programmes wise	Amount spent on the projects or programmes	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing Agency
1.	Operation Procedure Charges	cl.(i) promoting health care including preventive health care.	Mahuakhera ganj, Dist. Udham Singh nagar in Uttrakhand	2.00	0.64	0.64	Direct
2.	Food to under privileged	cl.(i) eradicating hunger.	Mahuakhera ganj, Dist. Udham Singh nagar in Uttrakhand	6.00	1.00	1.00	Direct
3.	Other initiatives - CSR	cl.(i) promoting livelihood	Mahuakhera ganj, Dist. Udham Singh nagar in Uttrakhand	5.20	4.46	4.46	Direct

S. No	CSR Project/ Activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) Projects or programmes wise	Amount spent on the projects or programmes	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing Agency
4.	Making of toilets, doors/partition walls etc. in School Building	cl.(ii) promoting education cl.(x) rural development	Mahuakhera ganj, Dist. Udham Singh nagar in Uttarakhand	3.00	2.57	2.57	Direct
5.	Education	cl.(ii) promoting education	Mahuakhera ganj, Dist. Udham Singh nagar in Uttarakhand	2.11	1.80	1.80	Direct
6.	Training	cl.(ii) enhancing vocation skills	Mahuakhera ganj, Dist. Udham Singh nagar in Uttarakhand	3.01	2.58	2.58	Direct
7.	Environment Sustainability	cl. (iv) Environmental sustainability	Mahuakhera ganj, Dist. Udham Singh nagar in Uttarakhand	3.01	2.44	2.44	Direct
8.	Environment Sustainability	cl. (iv) Environmental sustainability	SEZ, Pithampur, Dist Dhar, MP	1.00	0.14	0.14	Direct
TOTAL				25.33	15.63	15.63	Direct

6. *In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.*

Please refer to item no. 5(B) above.

7. *A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company:*

We hereby declare that implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the company.

For and On Behalf of the Board of Directors of  
***Flexituff International Limited***

Place: Pithampur  
Date: 24/07/2017

Saurabh Kalani  
Chairman, CSR Committee

**Annexures to the Board's Report****ANNEXURE - D****ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO****A. CONSERVATION OF ENERGY****POWER CONSUMPTION-**

<b>Electricity</b>	<b>Current Year</b>	<b>Previous Year</b>
Unit Purchased (in KW)	68,719.71	68,288.32
Total Amount (₹ in Millions)	347.10	334.90
Rate per Unit (in ₹)	5.05	4.90

Plant & Machinery were handled effectively to improve the productivity and your 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. Your Company also continuously upgraded the technologies which use in manufacturing of products and ready to accept global market challenges.

- Regular maintenance of machines which results reduction in power consumption.
- Replacement of old screw & Barrel to ensure higher productivity.

**B. TECHNOLOGY ABSORPTION**

The Company continues to import technically upgrade machines for its products and performance. New technology so adopted has enabled us to produce and market our products in various new markets.

**Research & Development**

1. Company has emerged as significant player in the field of Geotextiles products
2. The geo – textiles products are utilized for erosion control, Costal Control, Roadways, River Bank Protection, Reinforcement, Dewatering and Hill Slope stabilization.

**C. FOREIGN EXCHANGE EARNING AND OUTGO (On standalone basis)**

(₹ in Millions)

<b>Particulars</b>	<b>FY 2016-17</b>	<b>FY 2015-16</b>
Earning in Foreign exchange	6471.05	5908.84
Expenditure in Foreign Currency	153.97	201.30

For and On Behalf of The Board of Directors of

**Flexituff International Limited**

Place: Pithampur  
Date: 24/07/2017

**Saurabh Kalani**  
Whole-Time Director  
DIN: 00699380

**Mahesh Sharma**  
Whole-Time Director & CEO  
DIN: 07610685

Letter	MDA	Directors' Report	Corporate Governance Report	Financial Statements	Notice
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## Annexures to the Board's Report

# ANNEXURE-E

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31/03/2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

#### I. REGISTRATION & OTHER DETAILS:

1.	CIN	L25202MP1993PLC034616
2.	Registration Date	08/04/1993
3.	Name of the Company	Flexituff International Limited
4.	Category/Sub-category of the Company	Company Limited by Shares and Indian Non Government Company
5.	Address of the Registered office & contact details	C 41-50, SEZ, Sector-3, Pithampur, Dist. Dhar, (M.P.) - 454775. Tel: 07292-420200, Fax: 07292-401684
6.	Whether listed company	Yes (At Bombay Stock Exchange Limited & NSE Limited)
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 1 <sup>st</sup> Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (W), Mumbai-400083 Tel: 022 4918 6000

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing & Textiles	139	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	NANOFIL TECHNOLOGIES PRIVATE LIMITED	U25194WB2009PTC140211	Direct Subsidiary	100%	2(87)
2	FLEXIGLOBAL HOLDINGS LIMITED	HE238405	Direct Subsidiary	100%	2(87)
3	FLEXIGLOBAL (UK) LIMITED, UK	06663662	Indirect Subsidiary	100%	2(87)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter's</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	8181603	-	8181603	32.88	8181603	-	8181603	32.88	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	8181603	-	8181603	32.88	8181603	-	8181603	32.88	-
(2) <b>Foreign</b>									
a) NRI-Individual	-	-	-	-	-	-	-	-	-
b) Other-Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any others	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A1) + (A2)</b>	<b>8181603</b>	<b>0</b>	<b>8181603</b>	<b>32.88</b>	<b>8181603</b>	<b>-</b>	<b>8181603</b>	<b>32.88</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	244	0	244	0.00	-	-	-	-	-
b) Banks / FI	1993388	0	1993388	8.01	1993388	0	1993388	8.01	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	2546283	0	2546283	10.23	2271283	0	2271283	9.13	1.1
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>4539915</b>	<b>0</b>	<b>4539915</b>	<b>18.24</b>	<b>4264671</b>	<b>0</b>	<b>4264671</b>	<b>17.14</b>	<b>(1.1)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	6616924	0	6616924	26.59	7237914	0	7237914	29.09	2.5
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	681487	3	681490	2.74	626735	3	626738	2.52	(0.22)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	78172	0	78172	0.31	82560	0	82560	0.33	0.02
c) Others (specify)									
(i) Director/Relatives	7600	0	7600	0.03	7600	0	7600	0.03	-
(ii) Clearing Member	514928	0	514928	2.07	186283	0	186283	0.75	(1.32)
(iii) Market Makers, Office Bearers	-	-	-	-	-	-	-	-	-
(iv) Foreign Nationals- NRI, Foreign Companies	3108217	1125795	4234012	17.01	3141844	1125795	4267639	17.15	0.14
(v) HUF	28162	0	28162	0.11	27798	0	27798	0.11	-
<b>Sub-total (B)(2):-</b>	<b>11035490</b>	<b>1125798</b>	<b>12161288</b>	<b>48.87</b>	<b>11310734</b>	<b>1125798</b>	<b>12436532</b>	<b>49.98</b>	<b>1.1</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>15575405</b>	<b>1125798</b>	<b>16701203</b>	<b>67.12</b>	<b>15575405</b>	<b>1125798</b>	<b>16701203</b>	<b>67.12</b>	<b>00.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>23757008</b>	<b>1125798</b>	<b>24882806</b>	<b>100.0</b>	<b>23757008</b>	<b>1125798</b>	<b>24882806</b>	<b>100.00</b>	<b>00.00</b>

**B) Shareholding of Promoter-**

SN	Shareholder's Name	Shareholding at the beginning of the year (01/04/2016)			Shareholding at the end of the year (31/03/2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	KALANI INDUSTRIES PRIVATE LIMITED	3621730	14.56	14.56	3621730	14.56	14.56	0.00
2	MISCELLANI GLOBAL PRIVATE LIMITED	1359163	5.46	5.46	1359163	5.46	5.46	0.00
3	HIGH SKEY PROPERTIES PRIVATE LIMITED	1044775	4.20	4.20	1044775	4.20	4.20	0.00
4	SANOVI TRADING PRIVATE LIMITED	1009370	4.06	4.06	1009370	4.06	4.06	0.00
5	ANSHUMAN PROPERTIES PRIVATE LIMITED	1146565	4.61	4.61	1146565	4.61	4.61	0.00



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C) **Change in Promoters' Shareholding (please specify, if there is no change)**

Particulars	Shareholding at the beginning of the year (01/04/2015)		Cumulative Shareholding during the year (31/03/2016)	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
No Change				

D) **Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date Wise Increase/decrease in shareholding due to buy & sell				Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. Of Shares	% increase/decrease	Reason	No. of shares	% of total shares of the company
1	International Finance Corporation	1902173	7.64	-	-	-	-	1902173	7.64
2	Clearwater Capital Partners Cyprus Ltd	1880314	7.56	-	-	-	-	1880314	7.56
3	Saurabh Properties Private Limited	1637905	6.58	-	-	-	-	1637905	6.58
4	TPG Growth II Sf Pte Ltd	1227273	4.93	-	-	-	-	1227273	4.93
5	Life Insurance Corporation Of India	1193388	4.79	-	-	-	-	1193388	4.79
6	Fantasy Real Estates Private Limited	915800	3.68	-	-	-	-	915800	3.68
7	Seven Star Properties Private Limited	952470	3.83	-	-	-	-	952470	3.83
8	General Insurance Corporation Of India	800000	3.21	-	-	-	-	800000	3.21
9	Sorley Holdings Limited	653607	2.63	-	-	-	-	653607	2.63
10	Sunrise Properties Pvt. Ltd.	958630	3.85	-	-	-	-	958630	3.85

E) **Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	None of the Directors and Key Managerial Personnel holds Shares in the Company.			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				

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

(Amount in Millions)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3722.55	2539.78	-	6262.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10.27	49.45	-	59.72
<b>Total (i+ii+iii)</b>	<b>3732.82</b>	<b>2589.23</b>	<b>-</b>	<b>6322.05</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	2071.10	377.34	-	2448.44

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
* Reduction	-835.42	-319.44	-	-1154.86
<b>Net Change</b>	<b>1235.68</b>	<b>57.9</b>	<b>-</b>	<b>1293.58</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4965.40	2598.90	-	7564.30
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.10	48.23	-	51.33
<b>Total (i+ii+iii)</b>	<b>4968.50</b>	<b>2647.13</b>	<b>-</b>	<b>7615.63</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL- (Amount in Rupees)

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Mr. Saurabh Kalani WTD	Mr. Mahesh Sharma WTD (w.e.f 16/09/2016)	Mr. D.K. Sharma WTD (upto 09/08/2016)	Mr. Akhilesh Agnihotri WTD (w.e.f 11/11/2016)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,06,51,114	52,70,712	7,95,274	7,17,564	1,74,34,664
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-			
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-			
2	Stock Option	-	-			
3	Sweat Equity	-	-			
4	Commission - as % of profit - others, specify...	-	-			
5	Others, please specify	-	-			
	<b>Total (A)</b>	<b>1,06,51,114</b>	<b>52,70,712</b>	<b>7,95,274</b>	<b>7,17,564</b>	<b>1,74,34,664</b>
	Ceiling as per Companies Act, 2013	1,25,84,506	1,25,84,506	1,25,84,506	1,25,84,506	50,33,80,244

Note:

During the year under review,

- Total Salary drawn by Mr. Mahesh Sharma was ₹ 98,41,000 in FY 2016-17. (₹ 45,70,288 upto 15<sup>th</sup> September 2016 in the capacity of CEO & ₹ 52,70,712 w.e.f 16<sup>th</sup> September 2016 in the capacity of CEO & Whole-Time Director). Approval of Shareholders for the appointment (including remuneration) of Mr. Mahesh Sharma as Whole-Time Director will be taken in the ensuing General Meeting.
- As Mr. Akhilesh Agnihotri has resigned from the post of Director on 30<sup>th</sup> May, 2017. Approval for ratification of remuneration paid to Mr. Akhilesh Agnihotri will be taken in the ensuing General Meeting.

### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	Mr. Anirudh Sonpal	Mr. Sharat Anand	Mr. Kevan Upperdine	
	Fee for attending board committee meetings	20,000	15,000	-	35,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>20,000</b>	<b>15,000</b>	<b>-</b>	<b>35,000</b>
2	Other Non-Executive Directors	Mr. Vishwarupe Narain	Mr. Ritesh pandey (upto 30 <sup>th</sup> March 2017)	Mrs Alka Sagar	
	Fee for attending board committee meetings	-	-	20,000	20,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>20,000</b>
	<b>Total (B)=(1+2)</b>	<b>20,000</b>	<b>15,000</b>	<b>20,000</b>	<b>55,000</b>

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**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Amount in Rupees)**

SN	Particulars of Remuneration	Key Managerial Personnel				
		Mr. Mahesh Sharma CEO	Mr. Ajay Mundra CFO	Mr. Rishabh Kumar Jain CS (upto 9 <sup>th</sup> Aug 2016)	Ms. Madhuri Jethani CS (w.e.f 9 <sup>th</sup> Aug 2016)	Total
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45,70,288	31,25,611	2,39,206	2,48,404	81,83,509
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	others, specify...	-	-	-	-	-
5	Others - (Incentives)	-	-	-	-	-
	<b>Total</b>	<b>45,70,288</b>	<b>31,25,611</b>	<b>2,39,206</b>	<b>2,48,404</b>	<b>81,83,509</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and On Behalf of The Board of Directors of

**Flexituff International Limited**

Place: Pithampur  
Date: 24/07/2017

Saurabh Kalani  
Whole-Time Director  
DIN: 00699380

Maresh Sharma  
Whole-Time Director & CEO  
DIN: 07610685

# CORPORATE GOVERNANCE REPORT FOR THE YEAR 2016-17

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

The Company seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent and also perceived to be such by others.

## 2. BOARD OF DIRECTORS

A. As on March 31, 2017 Your Board of Directors is comprised of Eight (8) directors, of which the Chairman is an Independent Non-Executive Director. In compliance with the requirements of Regulation 17 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, your Company has Three (3) Executive Directors; Five (5) Non-Executive Directors of whom three (3) are Independent Directors, One (1) Woman Non Executive Director and One (1) Bondholder Nominated Director. None of the Non-Executive Directors are responsible for the day to day affairs of the Company.

B. In accordance with the provisions of The Companies Act, 2013 ('Act') and the Company's Articles of Association, Ms. Alka Sagar (DIN: 07138477), Woman

Non Executive Director, retires by rotation and is eligible for re-appointment. Pursuant to regulation 36 (3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, profile of the director seeking re-appointment, has been given alongwith the notice of Annual General Meeting.

C. 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/she is a director. Necessary disclosures regarding their position in various Committees across other public companies as on March 31, 2017, have been made by the directors.

D. The details of the composition, nature of directorship, number of Board Meetings attended, 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 8 companies and of companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Stakeholders' Relationship Committee (formerly known as Shareholders/Investors Grievance Committee).

Name of Director	Date of Appointment	Category	No. of Board meetings attended during the year 2016-17	Attendance at last AGM	No of Directorship in other Companies excluding private limited companies	Member (M) / Chairmanship (C) in Audit and Stakeholders' Relationship Committee including other Companies (As declared to the Company)
Mr. Anirudh Sonpal# DIN: 03367049	30.09.2011	C, NE, I	4	No	1	1C and 3M
Mr. Sharat Anand# DIN: 00083237	20.01.2011	NE, I	3	Yes	0	2C
Mr. Kevan John Upperdine# DIN: 01214264	20.09.2007	NE, I	1	No	0	1M
Mr. Saurabh Kalani DIN: 00699380	30.05.2012	E, W	4	No	0	1M
Mr. Mahesh Sharma DIN: 07610685	16.09.2016	E, W	1	No	0	0
Mr. Akhilesh Agnihotri DIN: 07637010	11.11.2016	E, W	1	No	0	0
Mr. Vishwarupe Narain DIN: 03394320	30.09.2013	NE, BND	1	No	3	0
Mrs. Alka Rajesh Sagar DIN: 07138477	30.09.2015	NE	4	No	0	0
Mr. D.K. Sharma ## DIN: 00028152	12.08.2014	E, W	2	Yes	0	1M
Mr. Ritesh Pandey### DIN: 07088000	12.02.2015	NE, IND	4	No	0	1M

# Re-appointed as ID of the company pursuant to Section 149 of the Companies Act, 2013 on 30.09.2014 for the term of 5 years.

##Resigned as director of the Company w.e.f. 09.08.2016.

###Resigned as director of the Company w.e.f. 30.03.2017.

### Abbreviations:

C: Chairman, P: Promoter, E: Executive Director, NE: Non Executive Director, I: Independent Director, W: Whole Time Director, MD: Managing Director, IND: Investor Nominated Director, BND: Bondholder Nominated Director

E. During the year, Four board meetings were held & 1 time Resolutions were passed by Circulation and the gap between two meetings did not exceed one hundred twenty days.

The dates on which the said meetings were held:

20<sup>th</sup> May, 2016; 9<sup>th</sup> August, 2016; 11<sup>th</sup> November, 2016 and 14<sup>th</sup> February, 2017.

Necessary quorum was present for all the meetings.

The date on which the said resolutions were passed by circulation was 16<sup>th</sup> September, 2016

F. The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company at the following link:

[http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme\\_Terms-Conditions-of-appointment-of-Independent-Directors.pdf](http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Terms-Conditions-of-appointment-of-Independent-Directors.pdf)

G. During the year, a separate meeting of Independent Directors was held inter-alia to review the performance of Chairperson, Non-Independent Directors and the Board as a whole etc

H. The Board periodically reviews compliance reports of all laws applicable to the Company.

I. The details of familiarization programme is available on the website of the Company at the following link:

[http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme\\_Familiarisation-Programme.pdf](http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Familiarisation-Programme.pdf)

J. None of our directors is holding shares & convertible instruments of the Company

K. None of our directors are related to one another.

L. The previous Annual General Meeting (AGM) of the Company was held on 30<sup>th</sup> July, 2016 and was attended by Mr. Sharat Anand, Chairman of the Audit committee, Nomination & Remuneration Committee & Stakeholders Relationship Committee.

### 3. COMMITTEES OF THE BOARD

Currently, the Board has five committees: Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee & Management Committee. Meeting of each of these Committee are administered by the respective Chairman of the Committee. The minutes of the Committee meetings are sent to all directors individual & tabled at the Board Meetings.

### I. AUDIT COMMITTEE

A. The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

B. The terms of reference of the Audit Committee are broadly as per Part C of Schedule II of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 & Section 177 of Companies Act, 2013.

C. The audit committee invites executives, as it considers appropriate (particularly the head of the finance function, Chief Executive Officer & Chief Financial Officer), and representatives of the statutory auditors to be present at its meetings.

D. The composition of the audit committee and the details of meetings attended by its members are given below:

Name of director	Category	No. of meetings during the Financial Year 2016-17	
		Held	Attended
Mr. Sharat Anand	Chairman	4	3
Mr. Anirudh Sonpal	Member	4	4
Mr. Ritesh Pandey*	Member	4	4
Mr. Saurabh Kalani	Member	4	4
Mr. Kevan John Upperdine	Member	4	1

\*Mr. Ritesh Pandey ceased to be member of Audit Committee w.e.f. 30<sup>th</sup> March, 2016 due to his resignation.

Secretary to the Committee: Mr. Rishabh Kumar Jain, Company Secretary (upto 9<sup>th</sup> August, 2016) and Ms. Madhuri Jethani, Company Secretary (w.e.f. 9<sup>th</sup> August, 2016).

E. During the year, Four Audit Committee Meetings were held and the gap between two meetings did not exceed 120 days. The dates on which the said meetings were held are as follows:

20<sup>th</sup> May, 2016; 9<sup>th</sup> August, 2016; 11<sup>th</sup> November, 2016 and 14<sup>th</sup> February, 2017.

Necessary quorum was present for all the meetings.

### II. NOMINATION AND REMUNERATION COMMITTEE

A. The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

B. The terms of reference of the Nomination and Remuneration Committee are broadly as per Part D of Schedule II of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 & Section 178 of Companies Act, 2013.

C. The composition of the nomination and remuneration committee and the details of meetings attended by its members are given below:-



Name of director	Category	No. of meetings during the Financial Year 2016-17	
		Held	Attended
Mr. Sharat Anand	Chairman	3	3
Mr. Anirudh Sonpal	Member	3	3
Mr. Kevan John Upperdine	Member	0	0
Mr. Vishwarupe Narain	Member	3	0

Secretary to the Committee: Mr. Rishabh Kumar Jain, Company Secretary (upto 9<sup>th</sup> August, 2016) and Ms. Madhuri Jethani, Company Secretary (w.e.f. 9<sup>th</sup> August, 2016).

During the year, the Committee was reconstituted on 20<sup>th</sup> May, 2016 in which Mr. Kevan John Upperdine ceased to be a member of the Committee

- D. During the year, Three Nomination and Remuneration Committee meetings were held. The dates on which the said meetings were held are as follows:

9<sup>th</sup> August, 2016; 11<sup>th</sup> November, 2016 and 14<sup>th</sup> February, 2017

Necessary quorum was present for all the meetings.

- E. Nomination and Remuneration Committee has set criteria for evaluation of performance of Independent Directors which broadly covers their participation in board meeting/other committee meeting, knowledge & skill, adherence to the applicable code of conduct for independent directors and maintenance of confidentiality etc.

### III. STAKEHOLDERS' RELATIONSHIP COMMITTEE

- A. The Company had a Shareholders / Investors Grievance Committee of directors to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend / notices / annual reports, etc.
- B. The constitution of the Committee is in line with Regulation 20 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.
- C. The composition of the Stakeholders' Relationship Committee and the details of meetings attended by its members are given below:

Name of director	Category	No. of meetings during the Financial Year 2016-17	
		Held	Attended
Mr. Sharat Anand	Chairman	3	3
Mr. Anirudh Sonpal	Member	3	3
Mr. D.K. Sharma	Member	2	2

Secretary to the Committee: Mr. Rishabh Kumar Jain, Company Secretary (upto 9<sup>th</sup> August, 2016) and Ms. Madhuri Jethani, Company Secretary (w.e.f. 9<sup>th</sup> August, 2016).

During the year, the Committee was reconstituted on 9<sup>th</sup> August, 2016 due to cessation of Mr. D.K. Sharma.

- D. During the year, Three Stakeholders' Relationship Committee Meetings were held. The dates on which the said meetings were held are as follows:

20<sup>th</sup> May, 2016; 9<sup>th</sup> August, 2016 and 11<sup>th</sup> November, 2016.

Necessary quorum was present for all the meetings.

- E. Details of investor complaints received and redressed during the year 2016-17 are as follows:

Opening balance	Received during the year	Resolved during the year	Closing balance
NIL	NIL	NIL	NIL

### IV. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

- A. The Constitution of CSR Committee is in line with Section 135 of the Companies Act, 2013 comprising of Mr. Saurabh Kalani (Executive Director), Mr. Sharat Anand (Non Executive Independent Director) and Mrs. Alka Sagar (Woman Non Executive Director).
- B. The composition of the CSR Committee and details of the meeting attended by its members are given below:

Name of director	Category	No. of meetings during the Financial Year 2016-17	
		Held	Attended
Mr. Saurabh Kalani	Chairman	4	4
Mr. Sharat Anand	Member	4	4
Ms. Alka Sagar	Member	4	4

Secretary to the Committee: Mr. Rishabh Kumar Jain, Company Secretary (upto 9<sup>th</sup> August, 2016) and Ms. Madhuri Jethani, Company Secretary (w.e.f. 9<sup>th</sup> August, 2016).

- C. During the year, Four Corporate Social Responsibility (CSR) Committee Meetings were held. The dates on which the said meetings were held are as follows:

20<sup>th</sup> May, 2016; 9<sup>th</sup> August, 2016; 11<sup>th</sup> November, 2016 and 14<sup>th</sup> February, 2017.

Necessary quorum was present for all the meetings.

### V. MANAGEMENT COMMITTEE

- A. The powers of the Board which can be delegated to Committees of Board of Directors in accordance with relevant provisions of the Companies Act, 1956 and 2013. The said powers have been delegated with an authority in relation to procurement and management of funds for existing and future projects of the Company. The Committee is also authorized 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.
- B. The Management Committee invites executives, as it considers appropriate (particularly the head of the

finance function, Chief Executive Officer & Chief Financial Officer), and any other personnel to be present at its meetings.

- C. The Committee also has the powers and authority in relation to day to day management of affairs such as:
- Administration and management
  - Production
  - Strategic Planning Expansion and Performance review
  - Marketing
  - Fund & Project Execution etc.

- D. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the financial year 2016-17	
		Held	Attended
Mr. Saurabh Kalani	Chairman	18	18
Mr. D.K. Sharma	Member	5	5
Mr. Mahesh Sharma	Member	13	13
Mr. Akhilesh Agnihotri	Member	8	8

Secretary to the Committee: Mr. Rishabh Kumar Jain, Company Secretary (upto 9<sup>th</sup> August, 2016) and Ms. Madhuri Jethani, Company Secretary (w.e.f. 9<sup>th</sup> August, 2016).

During the year, the Committee was reconstituted 3times (i.e. on 9<sup>th</sup> August, 2016, 16<sup>th</sup> September, 2016 and 11<sup>th</sup> November, 2016).

- On 9<sup>th</sup> August 2016, Mr. D.K. Sharma ceased to be a member of the Committee;
- On 16<sup>th</sup> September 2016 (Resolution passed by Circulation), Mr. Mahesh Sharma was inducted as member of the Committee; and
- On 11<sup>th</sup> November 2016, Mr. Akhilesh Agnihotri was inducted as member of the Committee.

- E. During the year, Eighteen Management Committee Meetings were held. The dates on which the said meetings were held are as follows:

2<sup>nd</sup> April, 2016; 22<sup>nd</sup> April, 2016; 14<sup>th</sup> May, 2016; 24<sup>th</sup> May, 2016; 8<sup>th</sup> August, 2016; 16<sup>th</sup> September, 2016; 26<sup>th</sup> September, 2016; 25<sup>th</sup> October, 2016; 7<sup>th</sup> November, 2016; 11<sup>th</sup> November, 2016; 5<sup>th</sup> December, 2016; 21<sup>st</sup> December, 2016; 10<sup>th</sup> January, 2017; 15<sup>th</sup> February, 2017; 22<sup>nd</sup> February, 2017; 9<sup>th</sup> March, 2017; 18<sup>th</sup> March, 2017 and 25<sup>th</sup> March, 2017.

Necessary quorum was present for all the meetings.

#### 4. NAME, DESIGNATION AND ADDRESS OF COMPLIANCE OFFICER:

Ms. Madhuri Jethani  
Company Secretary & Compliance Officer  
Flexituff International Ltd  
C 41-50, SEZ, Sector-3,  
Pithampur, Dist. Dhar (M.P.) 454775  
Email- [investors@flexituff.com](mailto:investors@flexituff.com)  
Contact No. 07292-420248,  
Fax: 07292- 401684

### 5. GENERAL BODY MEETINGS

#### i. General meeting

##### a) Annual General Meeting:

AGM	Financial Year	Date	Time	Venue
21 <sup>st</sup>	2013-14	September 30, 2014	10:00 A.M.	Kalakunj- Kalamandir, 48 Shakespear Sarani, Kolkata- (W.B.) – 700017
22 <sup>nd</sup>	2014-15	September 30, 2015	10:00 A.M.	C41-50, SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) - 454775
23 <sup>rd</sup>	2015-16	July 30, 2016	11:00 A.M.	C41-50, SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) - 454775

##### b) Extraordinary General Meeting:

No extraordinary general meeting was held during the financial year 2016-17.

#### ii. Special resolutions:

AGM	Financial Year	Special Resolution Passed
21 <sup>st</sup>	2013-14	Approval for borrowing Limits upto ₹ 2000 Crores
		Creation of Charge/security upto ₹ 2000 Crores.
		Approval for remuneration to Non Executive Directors
		Approval for amendments in the Article of Association
22 <sup>nd</sup>	2014-15	NIL
23 <sup>rd</sup>	2015-16	Issue of Secured or Unsecured Non-Convertible Debentures/Bonds
		Approval for payment of remuneration to Mr. Saurabh Kalani, Whole-time Director of the Company in case of inadequate profits for the Financial year 2015-16
		Approval for payment of remuneration to Mr. Saurabh Kalani, Whole-time Director of the Company in case of inadequate profits from 1 <sup>st</sup> April, 2016 to 30 <sup>th</sup> May, 2017

iii. **Details of special resolution passed through postal ballot, the person who conducted the postal ballot exercise and details of the voting pattern:**

During the year under review, no special resolution has been passed through the exercise of postal ballot.

Company is required to pass special resolution by way of postal ballot for subsidiarization of Pithampur FIBC Division into a wholly owned subsidiary company. Notice of Postal Ballot will be displayed on the Company's website i.e. www.flexituff.com in due course of time.

## 6. DISCLOSURES

A. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the securities and exchange board of India or any statutory authority, on any matter related to capital markets, during the last three years 2014-15, 2015-16 and 2016-17 respectively: NIL

B. Reconciliation of share capital audit:

A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the national securities depository limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

C. Proceeds from Public Issue, Right Issues, Preferential Issues etc.

There is no information to be given under this heading.

D. 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 at the following link:

[http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme\\_Director-and-Senior-Management.pdf](http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Director-and-Senior-Management.pdf)

The Board Members and Senior Management have affirmed their compliance with the code and a declaration signed by the Chief Executive Officer of the Company is annexed to this report.

E. Disclosures

The Whistle Blower Policy/vigil mechanism has been posted on the website of the Company on link given below & affirming that no personnel has been denied access to the Audit Committee.

<http://flexituff.com/wp-content/uploads/2016/11/Vigil-Mechanism-Policy.pdf>

The policy for determining material subsidiaries has been

posted on the website of the Company under below link:

[http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme\\_Determining-Material-Subsidiary.pdf](http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Determining-Material-Subsidiary.pdf)

The policy on dealing Related Party Transactions has been posted on the website of the Company under below link:

<http://flexituff.com/wp-content/uploads/2016/11/Policy-on-Related-Party-Transactions.pdf>

The company has complied with all the mandatory and non-mandatory requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance and also complied with Clause (b) to (i) of Regulation 46 (2) relating to dissemination of information on the website of the Company. The status of Compliance with the non-mandatory requirements listed in Part E of Schedule II of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is as under:

- The Non-Executive Chairman maintains a separate office for which the Company is not required to reimburse expenses.
- The financial statements of the Company are with unmodified audit opinion
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Whole-time Director & Chief Executive Officer.
- The Internal Auditor reports to the Audit Committee.

F. Remuneration & Sitting Fees of Directors

i. During the year, No pecuniary transaction was held between Company & its Non-Executive director.

ii. Criteria for making payment to Non-Executive Directors has been posted on the website of the Company under below link:

[http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme\\_Nomination-and-Remuneration-Policy.pdf](http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Nomination-and-Remuneration-Policy.pdf)

i. **Executive Directors:**

The details of remuneration paid to the Executive Directors during the financial year 2016-17 are as under:

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

**(Period from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017)**

Salary & Allowance	₹ 6.00 Lacs per month
Other benefits	Furnished accommodation Club fees (Upto 3 clubs), LIC premium, Contribution towards NPS, Reimbursement of expenses which includes gas, electricity, water, expenses, Car plus Chauffer salary and society maintenance and all expenses incurred for business purpose of the Company
Stock options	Growth-NIL

Notice Period	2 Months
---------------	----------

**MR. D.K. SHARMA – WHOLE TIME DIRECTOR**

(Period from 1<sup>st</sup> April, 2016 to 9<sup>th</sup> August, 2016)

Salary & Allowance	₹ 2.06 Lacs per month
Other benefits	Reimbursement of expenses which includes telephone, Diesel for Car plus Driver salary etc.
Stock Option	Growth- NIL
Notice Period	2 Months

**MR. MAHESH SHARMA – WHOLE-TIME DIRECTOR & CHIEF EXECUTIVE OFFICER**

(Period from 11<sup>th</sup> November, 2016 to 31<sup>st</sup> March, 2017)

Salary & Allowance	₹ 9.4 Lakhs per month
Other benefits	Reimbursement of expenses which includes telephone, Diesel for Car plus Driver salary etc.
Stock Option	Growth- NIL
Notice Period	2 Months

Mr. Mahesh Sharma was appointed as Additional Director on 16<sup>th</sup> September, 2016 and Whole-time Director on 11<sup>th</sup> November, 2016.

**MR. AKHILESH AGNIHOTRI – WHOLE-TIME DIRECTOR**

(Period from 11<sup>th</sup> November to 31<sup>st</sup> March, 2017)

Salary & Allowance	₹ 1.6 Lakhs per month
Other benefits	Reimbursement of expenses which includes telephone, Diesel for Car plus Driver salary etc.
Stock Option	Growth- NIL
Notice Period	2 Months

**ii. Non-Executive Directors**

The sitting fees paid to Independent Directors & Non-executive Directors was ₹ 5000/- per board meeting.

During the year, a sum of Rs 55000/- was paid to Independent Directors & Non-Executive Directors, details of which are as below:

S. No.	Name of Director	Amount
1	Mr. Anirudh Sonpal	20000/-
2	Mr. Sharat Anand	15000/-
3	Mrs. Alka Rajesh Sagar	20000/-

Company has a policy to reimburse expenses incurred by Non-Executive Directors for the purpose of Board Meeting, if claimed.

**7. PCS CERTIFICATE ON CORPORATE GOVERNANCE**

As required by Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Practicing Company Secretary (PCS) Certificate on Corporate Governance is annexed to this Annual Report.

**8. CEO AND CFO CERTIFICATION**

As required by SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the CEO and CFO Certification is provided in this Annual Report.

**9. MEANS OF COMMUNICATION**

The quarterly, half-yearly and annual results duly approved by the Board of Directors are sent immediately after the Board Meeting to both the Stock Exchanges where the Company's shares are listed. The same are published in English and Regional News Papers in terms of Listing Agreement or SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and Secretarial Standards in the format as prescribed by the Stock Exchange. The Company also posts its financial results on its website i.e. [www.flexituff.com](http://www.flexituff.com).

**10. GENERAL SHAREHOLDER INFORMATION**

**i. Annual General Meeting:**

Date : August 22, 2017

Day : Tuesday

Time : 12:30 P.M.

Venue : C41-50, SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) 454775

As required under Regulation 36 (3) of the SEBI (Listing obligation and disclosure requirements) Regulations, 2016, particulars of directors seeking appointment / re-appointment at the forthcoming AGM are given in the Annexure to the notice of the AGM.

**ii. Financial Calendar:**

Year ending : March 31, 2017

AGM in : August

Dividend payment : Nil

**iii. Date of book closure / record date :** As mentioned in the notice of the AGM to be

from 18<sup>th</sup> August, 2017 to 22<sup>nd</sup> August, 2017 (Both days inclusive).

**iv. Listing on stock exchanges**

Name & address of the Stock Exchange	Stock Code / Scrip Code	ISIN Number for NSDL/ CDSL (Dematerialized shares)
The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	FLEXITUFF	INE060J01017
BSE Limited 25 <sup>th</sup> Floor, P.J. Towers, Dalal Street, Mumbai 400 001	533638	

Company has made payment of listing fees to both the Stock Exchanges on time.

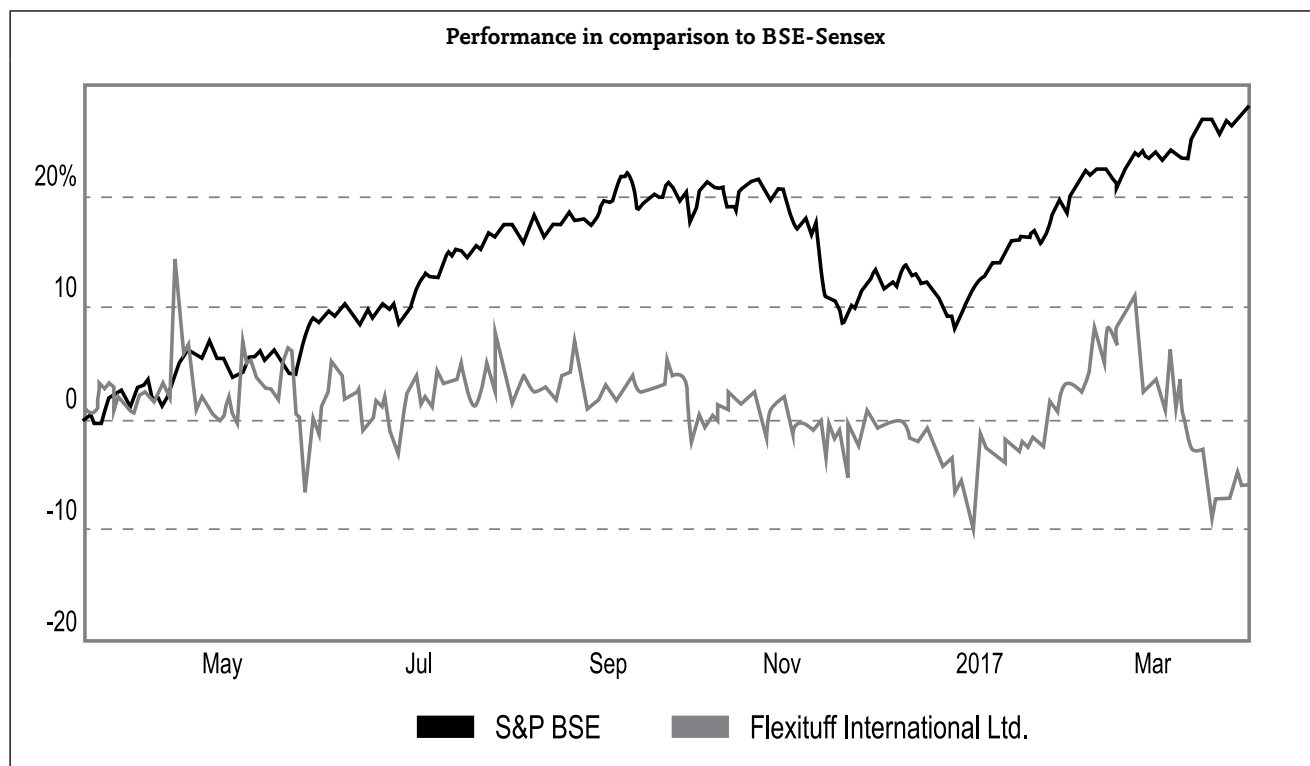
v. **Corporate Identification Number (CIN)** : L25202MP1993PLC034616

vi. **Market Price Data**

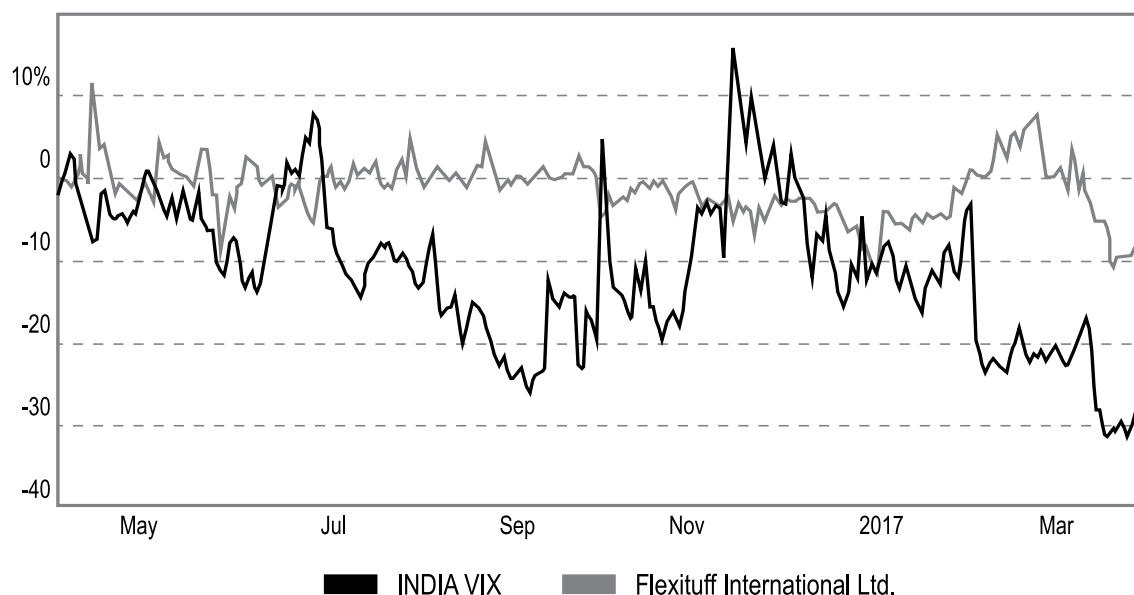
High, low (based on monthly closing prices) and number of equity shares traded during each month in the year 2016-17 on BSE Ltd. and National Stock Exchange of India Limited:-

Month and Year	BSE			NSE		
	High (₹)	Low (₹)	Traded Quantity	High (₹)	Low (₹)	Traded Quantity
Apr-16	229.00	192.50	224833	224.45	192.00	423031
May-16	220.00	180.00	290469	212.00	179.00	598092
Jun-16	214.00	185.10	311637	209.00	186.25	540818
Jul-16	233.90	191.10	319391	225.05	192.00	488292
Aug-16	213.00	191.00	747977	214.00	185.60	952014
Sep-16	209.08	182.25	360411	206.00	183.20	537256
Oct-16	214.95	188.00	321025	204.00	190.00	675829
Nov-16	204.00	176.50	328003	203.00	176.90	454435
Dec-16	199.50	171.20	281774	198.70	175.00	458005
Jan-17	215.00	175.05	129483	205.00	175.15	395087
Feb-17	220.00	195.05	105384	216.80	191.10	232290
Mar-17	211.00	175.00	221647	213.50	174.00	300945

vii. **Performance in comparison to BSE-Sensex and NSE-Nifty**



Performance in comparison to NSE-Nifty

**viii. Registrar and Share Transfer Agent****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)**ix. Share Transfer system:**

The transfer system is with the registrar & transfer agent. As on 31<sup>st</sup> March 2017, 95.47% of the equity shares are in the electronic form and transfer of these shares is done through the depository with no involvement of the Company.

As regards to the transfer of shares in the physical form, if the documents are complete in all respects, transfer is normally processed within stipulated time period.

**x. Distribution of equity shareholding as on 31<sup>st</sup> March, 2017**

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	838	86.3028	38583	0.1551	385830
501 to 1000	10	1.0299	8518	0.0342	85180
1001 to 2000	15	1.5448	19210	0.0772	192100
2001 to 3000	6	0.6179	15263	0.0613	152630
3001 to 4000	2	0.2060	6983	0.0281	69830
4001 to 5000	3	0.3090	14250	0.0573	142500
5001 to 10000	18	1.8538	145864	0.5862	1458640
10001 and above	79	8.1359	24634135	99.0006	246341350
Total	971	100.00	24882806	100.00	248828060



**Categories of equity shareholders as on 31<sup>st</sup> March, 2017**

Category	No. of Equity Shares held	Percentage of holding
Indian Promoters	8181603	32.88
Foreign Promoters	0	0.00
Mutual Funds & UTI	0	0.00
Banks, FIs, Insurance Companies	1993388	8.01
Central/State Govt. Institutions/ Non-Govt. Institutions	0	0.00
Foreign Institutional Investors	403110	1.62
Domestic Bodies Corporate	7237914	29.09
Foreign Companies	6135555	24.66
Non Resident	257	0.00
Clearing Members	186283	0.75
Hindu Undivided Family	27798	0.11
Other Individual	716898	2.88
Grand Total	24882806	100.00

**Status of Dividend**

Dividend for the year	Total Amount of Dividend (₹ In lacs)	Amount of Unpaid Dividend as on 31.03.2017 (Amount in ₹)	% of Dividend Unpaid	Due date of transfer to IEPF
2013-14	24.88	4794	0.01	01-11-2021
2014-15	24.88	337	0.00	01-11-2022
2015-16	00.00	00.00	00.00	N.A.

**xi. Dematerialization of Shares and Liquidity**

The equity shares of your Company are available for dematerialization with both NSDL and CDSL under ISIN INE060J01017. As on 31<sup>st</sup> March 2017, 95.47% equity shares are in Demat form and remaining 4.53 % equity shares are in physical form.

Our registrar for electronic connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) is M/s Link Intime India Private Limited, Mumbai (Formerly M/s Intime Spectrum Registry Limited).

**xii. 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 26<sup>th</sup> 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 30<sup>th</sup> January, 2019.

**xiii. Plant locations:**

Please refer corporate information.

**xiv. 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:

Registered Office:

Flexituff International Limited.  
C-41-50, SEZ, Sector -3,  
Pithampur- 454775, Dist. Dhar (M.P.)  
Tel. +91 7292 420200, Fax : 07292-401684  
Email: [investors@flexituff.com](mailto:investors@flexituff.com)  
Website: [www.flexituff.com](http://www.flexituff.com)

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants.

Email ID for redressal of Investor Grievances i.e. [investors@flexituff.com](mailto:investors@flexituff.com).

For and On Behalf of The Board of Directors of  
**Flexituff International Limited**

**Mahesh Sharma**

Date: 24/07/2017  
Place: Pithampur  
Whole-Time Director & CEO  
(DIN: 07610685)

**Saurabh Kalani**

Whole-Time Director  
(DIN: 00699380)

## CEO & CFO CERTIFICATION

We here by certify that:

- a) We have reviewed the Financial Statement and Cash Flow statement for the year ended on 31<sup>st</sup> March, 2017 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
  - ii. 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.
- b) To the best of our knowledge and belief, no transaction entered into by the company during the year ended on 31<sup>st</sup> March, 2017 are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee, and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the period under reference;
  - ii) There has not been any significant change in accounting policies during the period; and
  - iii) We are not aware of any instance during the period of significant fraud with involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.

**Date: 30/05/2017**  
**Place: Pithampur**

**Mahesh Sharma**  
**Whole-Time Director & CEO**

**Ajay Mundra**  
**Chief Financial Officer**

## **COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

{Under Regulation 34(3) and Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}

To,  
The Members  
Flexituff International Limited

We have examined the compliance of conditions of Corporate Governance by Flexituff International Limited (The Company), for the year ended March 31, 2017, as stipulated in Regulation 34 (3) read with Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the company has complied with conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

**For Ritesh Gupta & Co.**  
**Company Secretaries**

**Place: Indore**  
**Date: 10/07/2017**

**Ritesh Gupta**  
**CP:3764, FCS:5200**

## **DECLARATION ON CODE OF CONDUCT**

I, Mahesh Sharma, Chief Executive Officer and Whole-time Director of Flexituff International Limited ("the Company") affirms that the members of Board of Directors and Senior Management Personnel have complied with the Code of Conduct of Board of Directors and Senior Management in the Financial Year 2016-17.

**For Flexituff International Limited**

**Place: Pithampur**  
**Date: 24/07/2017**

**Mahesh Sharma**  
**Whole-Time Director & CEO**

# INDEPENDENT AUDITOR'S REPORT

## **To the Members of Flexituff International Limited Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Flexituff International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments,

the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) In our opinion, there are no matters that may have an adverse effect on the functioning of the Company.
  - (f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 29 to the standalone financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period November 8,

2016 to December 30, 2016 and these are in accordance with the books of account maintained by the company - Refer note 18 to the standalone financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure B', a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.105047W

**Amrish Vaidya**  
Partner  
Membership No.: 101739

Place: Pithampur  
Date: May 30, 2017

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

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF FLEXITUFF INTERNATIONAL LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Flexituff International Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

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

### **Qualified Opinion on adequacy and therefore operating effectiveness of Internal Financial Controls Over Financial Reporting**

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2017:

The internal control process with respect to vendor selection and analysis of quotation in relation to purchase of stores and spares, consumables and fixed assets are not adequately documented. These could result in misstatements in the related financial statement areas in the books of account of the Company such as trade payables, consumption, fixed assets, etc.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 standalone financial

statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.105047W

**Amrish Vaidya**  
Partner  
Membership No.: 101739

Place: Pithampur  
Date: May 30, 2017

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

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017



## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Flexituff International Limited on the financial statements for the year ended March 31, 2017]

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory (excluding stocks with third parties), has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. The Company has granted loans, secured or unsecured to a company and five LLPs covered in the register maintained under section 189 of the Act.
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the rate of interest and other terms and conditions on which the loans have been granted to company and LLPs covered in the register maintained under section 189 of the Companies Act, 2013 are not, prima facie, prejudicial to the interest of the Company.
  - (b) In the case of the loans granted to company and LLPs covered in the register maintained under section 189 of the Companies Act, 2013, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the payment of the principal and interest.
  - (c) There are no amounts overdue for more than ninety days in respect of the loans granted to company and LLPs covered in the register maintained under section 189 of the Companies Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 73, 74, 75 and 76 of the Act, the rules

framed thereunder and the Circulars, notifications issued from time to time with regard to the deposits accepted. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.

- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.

According to the information and explanation given to us, no undisputed amounts are payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which were applicable to it were in arrears, as at March 31, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues of service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. However, according information and explanation given to us and the records of the Company examined by us, the dues outstanding of income-tax, sales-tax, value added tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount in INR million	Period to which the amount relates	Forum where dispute is pending
Income tax Act	Income tax, penalty and interest thereon <sup>1</sup>	31.38	AY 2005-06 to 07-08, AY 2009-10, AY 2010-11, AY 13-14	CIT (A)
	Income tax, penalty and interest thereon <sup>1</sup>	8.03	AY 2003-04	Madhya Pradesh High Court
	Income tax, penalty and interest thereon <sup>1</sup>	20.62	AY 2004-05, AY 2005-06	ITAT & CIT(A)

Name of the statute	Nature of dues	Amount in INR million	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales tax <sup>2</sup>	31.97	FY 2009-10 to FY 2014-15	Deputy Commissioner (Appeal) Haldwani
	Sales tax <sup>2</sup>	0.28	FY 2010-11 to FY 2014-15	The Appellate Authority and Additional commissioner of commercial tax, Indore division
	Sales tax <sup>2</sup>	0.01	FY 2006-07, FY 2009-10	The Appellate Board M.P. Tax Tribunal, Bhopal
M.P. commercial Tax Act, 1994	Sales tax <sup>3</sup>	-	FY 2010-11, FY 2012-13 to 2014-15	The Appellate Authority and Additional commissioner of commercial tax, Indore division
	Sales tax <sup>3</sup>	5.39	FY 2006-07 and FY 2009-10	The Appellate Board M.P. Tax Tribunal, Bhopal
Uttarakhand VAT Act, 2005	Sales tax <sup>4</sup>	1.91	FY 2010-11 to FY 2014-15	Deputy Commissioner (Appeal) Haldwani
M.P. Entry Tax Act, 1976	Entry tax <sup>5</sup>	-	FY 2010-11	The Appellate Authority and Additional commissioner of commercial tax, Indore division
	Entry tax <sup>5</sup>	9.04	FY 2006-07, FY 2009-10	The Appellate Board M.P. Tax Tribunal, Bhopal

<sup>1</sup>Amount disclosed is net of amount paid under protest of ₹ 44.21 million

<sup>2</sup>Amount disclosed is net of amount paid under protest of ₹ 8.86 million

<sup>3</sup>Amount disclosed is net of amount paid under protest of ₹ 12.81 million

<sup>4</sup>Amount disclosed is net of amount paid under protest of ₹ 7.85 million

<sup>5</sup>Amount disclosed is net of amount paid under protest of ₹ 5.09 million

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution and bank. The Company does not have any outstanding debentures during the year.

ix. In our opinion, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid managerial remuneration to two of its whole-time directors, which is within the limits prescribed under section 197 read with Schedule V of the Act. However, the Company had not obtained requisite approvals of the shareholders for payment of such remuneration as stated under the provisions of section 197 read with Schedule V of the Act, as these whole-time directors were appointed during the year. The Company is in the process of obtaining necessary approvals for the remuneration paid to its whole-time directors.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.105047W

**Amrish Vaidya**  
Partner  
Membership No.: 101739

Place: Pithampur  
Date: May 30, 2017

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

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

# BALANCE SHEET

as at 31st March, 2017

₹ (Millions)

	Note	March 31, 2017	March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	248.83	248.83
Reserves and surplus	4	3,618.26	3,532.14
		<b>3,867.09</b>	<b>3,780.97</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	4,494.55	2,849.72
Deferred tax liabilities (net)	6	349.26	342.19
Long-term provisions	7	75.93	63.89
		<b>4,919.74</b>	<b>3,255.80</b>
<b>Current liabilities</b>			
Short-term borrowings	8	2,603.72	2,710.11
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	9	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	9	1,542.01	1,574.45
Other current liabilities	10	889.13	1,023.08
Short-term provisions	7	18.45	5.97
		<b>5,053.31</b>	<b>5,313.61</b>
<b>Total</b>		<b>13,840.14</b>	<b>12,350.38</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment			
Tangible assets	11	6,279.48	6,620.41
Intangible assets	12 (a)	134.75	195.55
Intangible assets under development	12 (b)	303.03	123.90
Non-current investments	13	12.99	12.86
Long-term Loans and advances	14	432.33	64.69
Other non-current assets	15	100.17	18.61
		<b>7,262.75</b>	<b>7,036.02</b>
<b>Current assets</b>			
Inventories	16	1,521.96	1,067.63
Trade receivables	17	3,825.95	3,197.32
Cash and bank balances	18	238.49	262.10
Short-term Loans and advances	14	971.69	782.65
Other current assets	15	19.30	4.66
		<b>6,577.39</b>	<b>5,314.36</b>
<b>Total</b>		<b>13,840.14</b>	<b>12,350.38</b>
<b>Summary of significant accounting policies</b>	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.: 105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**For L.K. Maheshwari & Co.**  
Chartered Accountants  
Firm Registration No.: 000780C

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

For and on behalf of the Board of Directors of  
**Flexituff International Limited**  
CIN – L25202MP1993PLC034616

**Saurabh Kalani**  
Whole Time Director  
DIN: 699380

**Ajay Mundra**  
Chief Finance Officer

Place: Pithampur  
Date: May 30, 2017

**Mahesh Sharma**  
Whole Time Director & CEO  
DIN: 7610685

**Madhuri Jethani**  
Company Secretary  
Membership No: A43118

# STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2017

₹ (Millions)

	Note	March 31, 2017	March 31, 2016
<b>Revenue:</b>			
Revenue from operations (gross)		13,329.73	11,641.83
Less: Excise duty		(65.96)	(79.43)
Revenue from operations (net)	19	<b>13,263.77</b>	<b>11,562.40</b>
Other income	20	87.66	188.70
<b>Total revenue</b>		<b>13,351.43</b>	<b>11,751.10</b>
<b>Expenses:</b>			
Cost of materials consumed	21	5,577.06	5,228.09
Purchase of stock-in-trade	22	3,037.64	2,124.10
Changes in inventories of finished goods, work-in-progress and stock-in-trade (increase)/decrease	23	(422.86)	5.98
Employee benefits expense	24	1,791.61	1,487.08
Finance costs	25	1,065.70	920.61
Corporate social responsibility expenditure	26	1.56	4.15
Depreciation and amortization	27	687.71	649.77
Other expenses	28	1,519.82	1,317.69
<b>Total expenses</b>		<b>13,258.24</b>	<b>11,737.47</b>
<b>Profit for the year before tax</b>		<b>93.19</b>	<b>13.63</b>
<b>Tax expense:</b>			
<u>Current tax:</u>			
- For current year profits		19.51	3.48
- MAT credit		(19.51)	(3.48)
- Adjustments for earlier years		-	1.01
Deferred tax charge/(benefit)	6	7.07	(27.51)
		<b>7.07</b>	<b>(26.50)</b>
<b>Profit for the year after tax</b>		<b>86.12</b>	<b>40.13</b>
<b>Earnings per equity share (in Rupees):</b>	34		
Basic earning per share		3.46	1.61
Diluted earning per share		3.46	1.61
Nominal value per share		10	10
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.: 105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**For L.K. Maheshwari & Co.**  
Chartered Accountants  
Firm Registration No.: 000780C

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

For and on behalf of the Board of Directors of  
**Flexituff International Limited**  
CIN – L25202MP1993PLC034616

**Saurabh Kalani**  
Whole Time Director  
DIN: 699380

**Ajay Mundra**  
Chief Finance Officer

Place: Pithampur  
Date: May 30, 2017

**Mahesh Sharma**  
Whole Time Director & CEO  
DIN: 7610685

**Madhuri Jethani**  
Company Secretary  
Membership No: A43118

# CASH FLOW STATEMENT

for the year ended March 31, 2017

	₹ (Millions)	
	March 31, 2017	March 31, 2016
<b>Cash flow from operating activities</b>		
Profit before tax	93.19	13.63
<b>Adjustments for:</b>		
Depreciation and amortisation	687.71	649.77
Interest and finance charges	1,065.70	920.61
Interest income	(39.70)	(22.90)
Provision for doubtful debts	2.50	2.60
Bad debts	-	6.54
Loss on sale of Property, plant & equipment	0.01	0.44
Unrealized foreign exchange loss/(gain)	70.10	(2.28)
Provision for retirement benefits	8.75	8.91
<b>Operating profit before working capital changes</b>	<b>1,888.26</b>	<b>1,577.32</b>
Changes in working capital:		
Increase / (Decrease) in trade payables	(31.29)	(0.53)
Increase / (Decrease) in other current liabilities	110.93	(261.49)
Decrease / (Increase) in trade receivables	(702.38)	(571.57)
Decrease / (Increase) in inventories	(454.33)	150.83
Decrease / (Increase) in loans and advances	(540.65)	495.08
<b>Cash generated from operations</b>	<b>270.54</b>	<b>1,389.64</b>
Income taxes paid (net)	(0.24)	(3.90)
<b>Net cash generated from operating activities (A)</b>	<b>270.30</b>	<b>1,385.74</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including capital work in progress and capital advances	(515.94)	(649.91)
Investment in joint venture	(0.13)	-
Proceeds from sale of fixed assets	-	0.64
Interest income on fixed deposit & loans	25.07	22.53
Investments in bank deposits (having original maturity of more than three months)	(100.61)	108.62
<b>Net cash outflow from investing activities (B)</b>	<b>(591.61)</b>	<b>(518.12)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long-term borrowings	2,320.00	468.90
Repayment of long-term borrowings	(860.83)	(460.52)
Proceeds from short-term borrowings	57.35	132.00
Repayment of short-term borrowings	(234.83)	(121.00)
Proceeds from cash credit/overdraft facility (net)	71.10	156.32
Payment of dividend and dividend tax	-	(29.86)
Interest and finance charges paid	(1,074.14)	(916.16)
<b>Net cash inflow/ (outflow) from financing activities (C)</b>	<b>278.65</b>	<b>(770.32)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(42.66)</b>	<b>97.30</b>

	₹ (Millions)	
	March 31, 2017	March 31, 2016
Cash and cash equivalents at the beginning of the year	171.68	74.38
<b>Cash and cash equivalents at the end of the year</b>	<b>129.02</b>	<b>171.68</b>
Balances with banks:		
On unpaid dividend accounts	0.01	0.01
Margin money or under lien deposits	109.46	90.41
<b>Total cash and bank balances at end of the year (refer note 18)</b>	<b>238.49</b>	<b>262.10</b>

**Notes :**

1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3, "Cash Flow Statement".
2. Notes to the financials statements are an integral part of the Cash Flow Statement.
3. The figures for the previous year have been regrouped where necessary to confirm the current year classification.

As per our report of even date

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.: 105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**For L.K. Maheshwari & Co.**  
Chartered Accountants  
Firm Registration No.: 000780C

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

For and on behalf of the Board of Directors of  
**Flexituff International Limited**  
CIN – L25202MP1993PLC034616

**Saurabh Kalani**  
Whole Time Director  
DIN: 699380

**Ajay Mundra**  
Chief Finance Officer

Place: Pithampur  
Date: May 30, 2017

**Mahesh Sharma**  
Whole Time Director & CEO  
DIN: 7610685

**Madhuri Jethani**  
Company Secretary  
Membership No: A43118



# SIGNIFICANT ACCOUNTING POLICIES

## 1) Corporate Information

Flexituff International Limited ('the Company'), is a public company domiciled in India. Its shares are listed in two stock exchanges in India. The Company is engaged in manufacturing of technical textile. Manufacturing units are located at Pithampur in Madhya Pradesh and at Kashipur in Uttarakhand.

## 2) Summary of significant accounting policies

### a. Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The accounting policies adopted in the preparation of financial statements have been consistently applied. The accounting policies adopted in the preparation of financial statements have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy until now (hitherto) in use with those of previous year.

### b. Use of estimates

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumption and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ noncurrent classification of assets and liabilities.

## c. Property, plant and equipment

### Tangible assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price, borrowing costs, if capitalization criteria are met and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure during construction/ acquisition and exclusive of CENVAT credit or other tax credit available to the Company.

When parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed asset.

Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

### Intangible assets

An intangible asset is recognized when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure during construction/ acquisition and exclusive of CENVAT credit or other tax credit available to the Company.

Subsequent expenditure relating to intangible assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

## d. Depreciation on fixed asset

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under the schedule II to the Companies Act, 2013 except for plant and machinery and servers where useful life is estimated by the management, which is different as compared to those prescribed under the Schedule II to the Companies Act, 2013.

Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

Block of assets	Useful life (in years)
Factory building	30
Office equipment	5
Plant and machinery	15
Electrical installations	10
Furniture and fittings	10
Motor vehicles	8
Computers	3

Depreciation on addition to tangible fixed assets is provided on pro-rata basis from the subsequent month of the assets are ready for intended use. Depreciation on sale/discard from tangible fixed assets is provided upto the previous month of sale date, deduction or discard of tangible fixed assets as the case may be.

#### e. Amortization of Intangible assets

Amortization of intangible assets has been calculated on straight line basis at the following rates, based on management estimates, which in the opinion of the management are reflective of the estimated useful lives of the Intangible assets.

Block of assets	Useful life (in years)
Development assets	5
Computer software	3
Patents	5

Amortization on addition to intangible assets is provided on pro-rata basis from the subsequent month of the assets are ready for intended use. Amortization on sale/discard from intangible assets is provided upto the previous month of sale, deduction or discard of intangible assets as the case may be.

#### f. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date for if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation/amortization is provided on the revised carrying amount of the asset over its remaining useful life.

#### g. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalized. All other borrowing costs are recognised as expenditure in the period in which they are incurred.

#### h. Assets taken on lease

##### (i) Operating leases – where the Company is a lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Rentals and all other expenses in respect of assets taken on lease are debited to statement of Profit and Loss on straight line basis over the lease term.

##### (ii) Finance leases – where the company is a lessee

Assets acquired under finance leases which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized and a corresponding loan liability is recognized. The lease rentals paid are bifurcated into principal and interest component by applying an implicit rate of return. The interest is charged as a period cost and the principal amount is adjusted against the liability recognized in respect of assets taken on financial lease.

A leased asset is depreciated on a straight-line basis over the useful life of the asset assessed by the management. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset.

#### i. Foreign currency translation

##### Initial recognition:

Foreign currency transactions are recorded in the reporting currency by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when such values were determined.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

**Exchange differences:**

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they occur.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

**Forward exchange contracts**

The Company uses foreign exchange forward contracts derivative instruments to hedge its exposure on account of movements in foreign exchange. These derivatives are generally entered with banks and not used for trading or speculation purposes. These derivative instruments are accounted as follows:

For forward contracts which are entered into to hedge the foreign currency risk of the underlying instrument outstanding on the date of entering into that forward contract, the premium or discount on such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as an income or expense for the period. The exchange difference on such a forward exchange contract is calculated as the difference between-

- i. the foreign currency amount of the contract translated at the exchange rate at the Balance Sheet date, or the settlement date where the transaction is settled during the reporting period, and

- ii. the same foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Forward contracts which are entered into to hedge the foreign currency risk of the highly probable transactions or firm commitments are valued at fair value at each Balance Sheet date. The resultant loss from these transactions is recognised in the Statement of Profit and Loss. However, in case of resultant gains, such gains are not accounted in the books of accounts of the Company. Decrease in fair valuation loss already recognised in earlier years are reversed in the year of such decrease in fair valuation loss.

**j. Investments****Accounting treatment**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

**Classification in the financial statements**

Investments that are realisable within the period of twelve months from the balance sheet date are classified as current investment. All other investments are classified as non-current investments.

**k. Sale of trade receivables**

Sale of insured trade receivables to banks whereby significant risks and rewards are transferred is treated as "true sale" for both legal and financial reporting purposes and accordingly, these receivables are not reflected on the balance sheet of the Company.

**l. Export benefits**

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy

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Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

are matched with the exports made against the said licenses and the net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Focus Market Scheme, Merchandise Exports from India Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

#### **m. Revenue recognition**

Revenue is recognised to the extent, that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### **Revenue from sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer and are recorded net of trade discounts, rebates, Sales Tax, Value Added Tax and gross of Excise Duty.

##### **Revenue from sale of services**

Income from services are recognized as and when the services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

##### **Interest Income**

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and applicable interest rate.

#### **n. Retirement and other employee benefits**

##### **Defined contribution plan**

The Company makes defined contribution to Government Employee Provident Fund, Employee Deposit Linked Insurance, Employee state insurance and labour welfare funds which are recognised in the Statement of Profit and Loss on accrual basis.

The Company has no further obligations under these plans beyond its monthly contributions.

##### **Defined benefit plan - Gratuity**

The Company provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial

valuation as at the Balance Sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation or change in return of the plan assets is recognised as an income or expense in the Statement of Profit and Loss. The expected return on plan assets is based on the assumed rate of return of such assets. The Company contributes to a fund set up by Life Insurance Company of India.

##### **Other long term benefits**

##### **Leave encashment - Encashable**

The employees are entitled for 15 days leave during the calendar year, which can be accumulated up to 75 days. The company provides for the liability at year end on account of unavailed leave as per the actuarial valuation using the Projected Unit Credit Method. Liabilities in respect of this kind of leave are unfunded.

Actuarial gains and losses are recognised in the Statement of Profit and Loss as and when incurred.

#### **o. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

#### **p. Research and development expenditure**

Research Costs are charged as an expense in the year in which they are incurred and are reflected under the appropriate heads of account. Development expenditure is carried forward when its future recoverability can reasonably be regarded as assured and is amortized over the period of expected future benefit.

#### **q. Inventories**

Raw materials, consumables and stores and spares are valued at lower of cost or net realizable value. However, these items are considered to be realisable at replacement cost if the finished goods, in which they will be used, are expected to be sold below cost.

Cost of inventories is computed on a moving weighted-average basis. Cost includes purchase price, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.

Work in progress and manufactured finished goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods is determined on the moving weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition.

Cost of traded goods is valued at lower of cost or net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

Excise duty liability, wherever applicable, is included in the valuation of closing inventory of finished goods.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.

#### r. Income taxes

Tax expense for the period comprises of current tax, deferred tax and Minimum alternate tax credit.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the reporting date.

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance

sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

At each reporting date, the Company reassesses the unrecognized deferred tax assets, if any.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

#### s. Contingent liability, provisions and contingent asset

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets are neither recorded nor disclosed in the financial statements.

#### t. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.



Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**u. Government grants and subsidies**

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy related to revenue, it is netted off from respective expenditure on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant is related to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

**v. Employee stock compensation cost**

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is

the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

**w. Segment reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based.

Unallocated items include general corporate income and expense items, which are not allocated to any business segment.

**x. Corporate social responsibility**

All expenditure are recognized in Statement of profit on loss on accrual basis and hence no provision is made against unspent amount, if any.

**y. Accounting for Interest in Joint Ventures**

Type of Joint Venture	Accounting treatment
Jointly controlled entities	<ul style="list-style-type: none"> <li>Company's share in profits or losses of joint ventures is accounted on determination of the profits or losses by the joint ventures.</li> <li>Investments in integrated joint ventures are carried at cost net of Company's share in recognised profits or losses.</li> </ul>
Jointly controlled operations	<ul style="list-style-type: none"> <li>Company's share of revenues, common expenses, assets and liabilities are included in revenues, expenses, assets and liabilities respectively.</li> </ul>



**Note 3 Share capital**

	March 31, 2017	March 31, 2016
The Company has only one class of share capital having a par value of ₹ 10 per share, referred to herein as equity shares.		
<b>Authorised</b>		
40,000,000 (March 31, 2016: 40,000,000) equity shares of ₹ 10 each	400.00	400.00
<b>Issued, subscribed and paid up</b>		
24,882,806 (March 31, 2016: 24,882,806) equity shares of ₹ 10 each fully paid	248.83	248.83
<b>Total</b>	<b>248.83</b>	<b>248.83</b>

**(a) Reconciliation of shares outstanding at the beginning and at the end of the year**

	March 31, 2017		March 31, 2016	
	Number of shares in millions	Amount	Number of shares in millions	Amount
Outstanding at the beginning of the year	24.88	248.83	24.88	248.83
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>24.88</b>	<b>248.83</b>	<b>24.88</b>	<b>248.83</b>

**(b) Rights, preferences and restrictions attached to shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is entitled to one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2017, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2016: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	March 31, 2017		March 31, 2016	
	Number of shares in millions	% of holding in the class	Number of shares in millions	% of holding in the class
1. Kalani Industries Pvt Ltd	3.62	14.55	3.62	14.55
2. International Finance Corporation	1.90	7.64	1.90	7.64
3. Clearwater Capital Partners(Cyprus) Ltd	1.88	7.56	1.88	7.56
4. Saurabh Properties Pvt Ltd	1.64	6.59	1.64	6.59
5. Miscellani Global Pvt Ltd	1.36	5.47	1.36	5.47

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

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Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

#### Note 4 Reserves and surplus

	March 31, 2017	March 31, 2016
<b>(a) Capital reserves</b>		
<b>SEZ Re-Investment Allowance Reserve</b>		
Opening balance	-	26.26
Less: Transferred to Statement of Profit & Loss on utilisation on account of investment in Plant & Machinery	-	(26.26)
<b>Closing balance</b>	-	-
<b>(b) Securities premium account</b>	2,055.07	2,055.07
<b>Closing balance</b>	<b>2,055.07</b>	<b>2,055.07</b>
<b>(c) General reserves</b>		
Opening balance	114.24	114.24
<b>Closing balance</b>	<b>114.24</b>	<b>114.24</b>
<b>(d) Surplus in the Statement of Profit and Loss</b>		
Opening balance	1,362.83	1,296.44
Add: Net Profit for the current year	86.12	40.13
Add: Transfer from SEZ Re-Investment Allowance Reserve	-	26.26
<b>Closing balance</b>	<b>1,448.95</b>	<b>1,362.83</b>
<b>Total Reserves and surplus</b>	<b>3,618.26</b>	<b>3,532.14</b>

#### Note 5 Long-term borrowings

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Secured</b>				
Term loans				
- From banks (refer note a & c below)	109.03	277.64	71.97	355.29
- From other parties (refer note a, b & c below)	1,879.15	289.64	352.88	100.86
<b>Unsecured</b>				
Foreign Currency Convertible Bonds (refer note d below)	2,204.52	2,255.32	-	-
Finance lease obligations	8.47	16.47	8.35	8.93
From other parties	292.00	-	24.52	229.17
Deferred payment liabilities	1.38	10.65	8.31	8.26
<b>Total long term borrowings including its current maturities</b>	<b>4,494.55</b>	<b>2,849.72</b>	<b>466.03</b>	<b>702.51</b>
Amount disclosed under the head other current liability (refer note 10)	-	-	(466.03)	(702.51)
<b>Net amount</b>	<b>4,494.55</b>	<b>2,849.72</b>	<b>-</b>	<b>-</b>

#### Notes:

- Term Loans from banks amounting to ₹ 176.90 (March 31, 2016 : ₹ 628.40) and term loan from other parties amounting to ₹ 2,131.58 (March 31, 2016 : ₹ 189.17) are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets and a second charge on all current assets of the company. Above Term loans are further secured by Personal Guarantee of Mr. Manish Kalani and corporate guarantee of M/s Kalani Industries Private Limited.

Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

- b. Term Loan from other parties amounting to ₹ 100.00 (March 31, 2016: 200.00) is secured by pari passu first charge on all current assets and pari passu second charge on entire fixed assets and further secured by personal guarantee of Mr. Saurabh Kalani and corporate guarantee of Kalani Industries Private Limited.
- c. Term loan from banks amounting to ₹ 4.10 (March 31, 2016 ₹ 4.53) and term loans from others amounting to ₹ 0.45 (March 31, 2016: ₹ 1.33) is secured by hypothecation of vehicles.
- d. As at March 31, 2017, the Company has two foreign currency convertible bonds aggregating USD 34 million :
- The Company has issued 9,000, 5.34% foreign currency convertible bond of USD 1,000 each aggregating to USD 9 million on December 24, 2013. The bonds are convertible at the option of bondholders into equity shares of ₹ 10 each fully paid at the conversion price of ₹230 per share, subject to terms of issue, with fixed rate of exchange of ₹ 61.86 equal to USD 1 on January 30, 2019.
  - The Company has issued 25,000, 5.44% foreign currency convertible bond of USD 1,000 each aggregating to USD 25 million on April 26, 2013. The bonds are convertible at the option of bondholders into equity shares of ₹ 10 each fully paid at the conversion price of ₹ 218 per share, subject to terms of issue, with fixed rate of exchange of ₹ 54.16 equal to USD 1 on April 26, 2018.

	March 31, 2017	March 31, 2016
<b>From Banks</b>		
(a) <b>UCO Bank, Indore</b>	-	87.15
[Payable in Nil Instalments, present rate of interest Nil rate (March 31, 2016: 7.75% p.a.)]		
(b) <b>Kotak Mahindra Bank (erstwhile ING Vysya Bank)</b>	-	31.91
[Payable in Nil Instalments, present rate of interest Nil rate March 31, 2016: 11.85% p.a.]		
(c) <b>Central Bank of India</b>	27.61	43.57
[Payable in 7 quarterly Instalments of ₹ 4.00 each, present rate of interest 14.20% p.a. (March 31, 2016: 13.90% p.a.)]		
(d) <b>Punjab National Bank, Indore</b>	-	12.11
[Payable in Nil Instalments, present rate of interest Nil rate (March 31, 2016: 10.85% p.a.)]		
(e) <b>State Bank of India</b>	-	4.37
[Payable in Nil Instalments, present rate of interest Nil rate (March 31, 2016: 13.70% p.a.)]		
(f) <b>State Bank of Patiala</b>	-	20.91
[Payable in Nil Instalments, present rate of interest Nil rate (March 31, 2016: 14.05% p.a.)]		
(g) <b>State Bank of Patiala</b>	-	7.40
[Payable in Nil Instalments, present Rate of interest Nil rate (March 31, 2016: 14.05% p.a.)]		
(h) <b>Central bank of India</b>	149.30	211.80
[Payable in 12 quarterly Instalments of ₹ 12.50 each, present rate of interest 14.20% p.a. (March 31, 2016: 13.90% p.a.)]		
(i) <b>Bank of Baroda</b>	-	209.18
[Payable in Nil Instalments, present rate of interest Nil (March 31, 2016: 13.50% p.a.)]		
(j) <b>Vehicles loan from banks</b>	4.09	4.53
[Repayable in 36 to 60 equated monthly instalments, present rate of interest 8.0% to 10.0% p.a. (March 31, 2016: 8.0% to 10.0% p.a.)]		
<b>Total</b>	<b>181.00</b>	<b>632.93</b>

Letter	MDA	Directors' Report	Corporate Governance Report	Financial Statements Standalone	Notice
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Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

	March 31, 2017	March 31, 2016
<b>From other parties</b>		
(a) <b>Clix Capital Services Private Limited (Formerly known as GE Money Financial Services Private Limited)</b>	131.58	189.17
[Payable in 30 monthly instalments, present rate of interest 15.30% p.a. (March 31, 2016: 15.30% p.a.)]		
(b) <b>IREP Credit Capital Private Limited</b>	100.00	200.00
[Repayable in 10 instalments of ₹ 10.00, present rate of interest is 14.75% (March 31, 2016: 14.75%)]		
(c) <b>KKR India Financial Service Private Limited, Mumbai</b>	1,500.00	-
[(Repayable in 15 equated quarterly instalments of ₹ 99.90 from November 2017, rate of interest 15.25 % p.a (March 31, 2016: Nil)]		
(d) <b>Daimler Financial Services India Private Limited</b>	0.45	1.33
[Repayable in 6 instalments of ₹ 0.08 present rate of interest is 9.25% p.a (March 31, 2016: 9.25% p.a.)]		
(e) <b>IFCI Limited</b>	500.00	-
[Repayable in 14 instalments from December 2018 of ₹ 30.00, present rate of interest is 13.15% p.a (March 31, 2016: Nil)]		
<b>Total</b>	<b>2,232.03</b>	<b>390.50</b>

#### Note 6 Deferred tax liabilities

	March 31, 2017	Charge/ (benefit) for the year	March 31, 2016
<b>Deferred tax asset</b>			
Unabsorbed depreciation & losses	324.40	(18.70)	343.10
Expenses provided but allowable in Income Tax Act on payment basis	26.48	18.84	7.64
Provision for doubtful debts	7.82	0.77	7.05
<b>Gross deferred tax asset (A)</b>	<b>358.70</b>	<b>0.91</b>	<b>357.79</b>
<b>Deferred tax liability</b>			
Difference between book depreciation & tax depreciation	707.96	7.98	699.98
<b>Gross deferred tax liability (B)</b>	<b>707.96</b>	<b>7.98</b>	<b>699.98</b>
<b>Net deferred tax liability (B-A)</b>	<b>349.26</b>	<b>7.07</b>	<b>342.19</b>

#### Note 7 Provisions

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(a) <b>Provision for employee benefits (refer note 36)</b>				
Provision for gratuity (funded)	56.24	46.25	-	3.48
Provision for leave encashment (unfunded)	19.69	17.64	2.11	1.92
(b) <b>Other provisions</b>				
Provision for Income tax [net of advance tax of ₹ 3.17 (March 31, 2016: ₹ 2.92)]	-	-	16.34	0.57
<b>Total provisions</b>	<b>75.93</b>	<b>63.89</b>	<b>18.45</b>	<b>5.97</b>

#### Note 8 Short-term borrowings

Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

	March 31, 2017	March 31, 2016
<b>Secured</b>		
Loans repayable on demand		
On cash credit, packing credit and working capital demand loan accounts from banks (refer note a, b, c & d below)	2,552.37	2,699.11
<b>Unsecured</b>		
Loans repayable on demand		
From other parties (refer note e below)	51.35	11.00
<b>Total short term borrowings</b>	<b>2,603.72</b>	<b>2,710.11</b>

**Notes**

- Outstanding loans 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
- Outstanding loans are further secured by personal guarantee of Mr. Manish Kalani and corporate guarantee of M/s Kalani Industries Private Limited.
- Outstanding loans are further secured by personal guarantee of Mr. Saurabh Kalani, director of the Company
- Outstanding loans from banks carry interest from 8% to 15% p.a., repayable on demand
- Outstanding loans other parties carry interest rate of 12% to 18% p.a., repayable within 30 to 90 days

**Note 9 Trade payables**

	March 31, 2017	March 31, 2016
(a) Total outstanding dues of micro enterprises and small enterprises (refer note 38)	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,542.01	1,574.45
<b>Total trade payables</b>	<b>1,542.01</b>	<b>1,574.45</b>

**Note 10 Other current liabilities**

	March 31, 2017	March 31, 2016
(a) Current maturities of long-term debt (refer note 5)	466.03	702.50
(b) Interest accrued but not due	51.32	59.72
(c) Unpaid dividends	0.01	0.01
(d) Statutory liabilities (VAT, TDS, Service tax, etc)	53.46	41.15
(e) Advance from customers	48.65	58.40
(f) Salary and wages payable	208.96	143.98
(g) Creditor for capital goods	54.48	13.66
(h) Other payables	6.22	3.66
<b>Total other current liabilities</b>	<b>889.13</b>	<b>1,023.08</b>

**Note 11 : Tangible assets**

Letter	MDA	Directors' Report	Corporate Governance Report	Financial Statements Standalone	Notice
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Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

Particulars	Land free hold	Land lease hold	Buildings	Plant and Machinery	Electrical installations	Furniture fixtures	Office equipments	Vehicles	Computer	Total
<b>Cost (gross block)</b>										
At April 1, 2015	161.73	24.75	1,216.37	6,168.85	235.97	42.98	79.23	24.17	27.31	7,981.36
Additions	-	-	91.28	517.55	31.25	3.15	12.06	2.23	3.04	660.56
Disposals	-	-	-	1.65	-	-	-	1.56	-	3.21
<b>At March 31, 2016</b>	<b>161.73</b>	<b>24.75</b>	<b>1,307.65</b>	<b>6,684.75</b>	<b>267.22</b>	<b>46.13</b>	<b>91.29</b>	<b>24.84</b>	<b>30.35</b>	<b>8,638.71</b>
Additions	-	-	24.11	229.47	18.65	2.87	3.73	2.94	2.74	284.51
Disposals	-	-	-	-	-	-	-	0.62	-	0.62
<b>At March 31, 2017</b>	<b>161.73</b>	<b>24.75</b>	<b>1,331.76</b>	<b>6,914.22</b>	<b>285.87</b>	<b>49.00</b>	<b>95.02</b>	<b>27.16</b>	<b>33.09</b>	<b>8,922.60</b>
<b>Depreciation</b>										
At April 1, 2015	-	2.99	163.79	1,081.62	80.54	20.31	48.14	9.01	21.98	1,428.38
Charge for the year	-	0.26	41.73	475.77	35.16	5.50	25.52	4.03	3.42	591.39
Disposals	-	-	-	0.40	-	-	-	1.07	-	1.47
<b>At March 31, 2016</b>	<b>-</b>	<b>3.25</b>	<b>205.52</b>	<b>1,556.99</b>	<b>115.70</b>	<b>25.81</b>	<b>73.66</b>	<b>11.97</b>	<b>25.40</b>	<b>2,018.30</b>
Charge for the year	-	0.26	44.13	519.67	45.04	6.80	3.99	2.61	2.93	625.43
Disposals	-	-	-	-	-	-	-	0.61	-	0.61
<b>At March 31, 2017</b>	<b>-</b>	<b>3.51</b>	<b>249.65</b>	<b>2,076.66</b>	<b>160.74</b>	<b>32.61</b>	<b>77.65</b>	<b>13.97</b>	<b>28.33</b>	<b>2,643.12</b>
<b>Net Block</b>										
<b>At March 31, 2016</b>	<b>161.73</b>	<b>21.50</b>	<b>1,102.13</b>	<b>5,127.76</b>	<b>151.52</b>	<b>20.32</b>	<b>17.63</b>	<b>12.87</b>	<b>4.95</b>	<b>6,620.41</b>
<b>At March 31, 2017</b>	<b>161.73</b>	<b>21.24</b>	<b>1,082.11</b>	<b>4,837.56</b>	<b>125.13</b>	<b>16.39</b>	<b>17.37</b>	<b>13.19</b>	<b>4.76</b>	<b>6,279.48</b>

Note: 1. The company has recognised currency translation gain of ₹ 50.81 (March 31, 2016: loss of ₹113.22) on foreign currency convertible bonds by capitalising it to fixed assets.

#### Note 12 (a) : Intangible assets

Particulars	Patents	Computer Software	Development Assets	Total
<b>Cost (gross block)</b>				
At April 1, 2015	0.97	-	266.70	267.67
Additions	-	2.61	35.71	38.32
Disposals	-	-	-	-
<b>At March 31, 2016</b>	<b>0.97</b>	<b>2.61</b>	<b>302.41</b>	<b>305.99</b>
Additions	-	1.49	-	1.49
Disposals	-	-	-	-
<b>At March 31, 2017</b>	<b>0.97</b>	<b>4.10</b>	<b>302.41</b>	<b>307.48</b>
<b>Amortisation</b>				
At April 1, 2015	0.52	-	51.55	52.07
Charge for the year	0.10	0.24	58.04	58.38
Disposals/adjustments	-	-	-	-
<b>At March 31, 2016</b>	<b>0.62</b>	<b>0.24</b>	<b>109.59</b>	<b>110.45</b>
Charge for the year	0.10	0.98	61.20	62.28
Disposals/adjustments	-	-	-	-
<b>At March 31, 2017</b>	<b>0.72</b>	<b>1.22</b>	<b>170.79</b>	<b>172.73</b>
<b>Net Block</b>				
<b>At March 31, 2016</b>	<b>0.35</b>	<b>2.37</b>	<b>192.82</b>	<b>195.55</b>
<b>At March 31, 2017</b>	<b>0.25</b>	<b>2.88</b>	<b>131.62</b>	<b>134.75</b>

#### (b) Intangible assets under development:

Particulars	March 31, 2017	March 31, 2016
Opening balance	123.90	-
Add: Additions during the year	179.13	159.61
Less: Capitalised during the year	-	35.71
<b>Closing balance</b>	<b>303.03</b>	<b>123.90</b>

#### Note 13 : Non-current investments



Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

(valued at historical cost unless stated otherwise)

	March 31, 2017	March 31, 2016
<b>Trade investments - Unquoted</b>		
<b>(a) Investments in subsidiaries</b>		
200,000 (March 31, 2016: 200,000) Equity shares of Euro 1 each fully paid-up in Flexiglobal Holding Ltd., Cyprus	12.52	12.52
10,000 (March 31, 2016: 10,000) Equity shares of ₹ 10 each fully paid-up in Nanofil Technologies Private Limited	0.10	0.10
<b>(b) Investments in joint ventures entities</b>		
Flexituff SA Enterprises LLP	0.08	0.08
Flexituff Javed LLP	0.08	0.08
Flexituff Hi Tech LLP	0.08	0.08
Ujjivan Luit LLP	0.05	-
Flexituff Sailendra Kalita LLP	0.08	-
<b>Total non-current investments</b>	<b>12.99</b>	<b>12.86</b>
<b>Aggregate book value as at the end of the year:</b>		
Un-quoted investments	12.99	12.86
Provision for diminution in value of investments	-	-

**Note 14 : Loans and advances**

(Unsecured, considered good, unless stated otherwise)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(a) Capital advances	-	4.57	61.18	-
(b) Security deposits	117.98	40.10	30.54	28.64
(c) Loans and advances to related parties (refer footnote 1)	-	20.02	176.23	77.43
(d) Other loans and advances:				
- Prepaid expenses	36.17	-	25.45	10.52
- Advance to suppliers	-	-	175.59	68.72
- Balances with statutory / government authorities	-	-	457.66	283.17
- Minimum alternative tax credit entitlement	278.18	-	-	258.67
- Advance income tax	-	-	35.38	35.36
- Staff advance	-	-	8.73	9.94
- Inter corporate deposits	-	-	-	7.24
- Other recoverable in cash or in kind	-	-	0.93	2.96
<b>Total loans and advances</b>	<b>432.33</b>	<b>64.69</b>	<b>971.7</b>	<b>782.65</b>
<b>Footnote 1</b>				
Includes advances given to directors (refer note 37)*	-	-	0.90	4.45
<b>* Either severally or jointly</b>	<b>-</b>	<b>-</b>	<b>0.90</b>	<b>4.45</b>

**Note 15 : Other assets**

(Unsecured, considered good, unless stated otherwise)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Interest accrued but not due	-	-	19.30	4.66
Non-current bank balance (refer note 18)	100.17	18.61	-	-
<b>Total other assets</b>	<b>100.17</b>	<b>18.61</b>	<b>19.30</b>	<b>4.66</b>

**Note 16 : Inventories**

Letter	MDA	Directors' Report	Corporate Governance Report	Financial Statements Standalone	Notice
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Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

	March 31, 2017	March 31, 2016
(Valued at lower of cost and net realisable value, unless stated otherwise)		
(a) Raw materials and components	152.48	157.63
(b) Work-in-progress	428.16	500.69
(c) Finished goods	799.71	304.32
(d) Stock-in-trade	-	-
(e) Consumables	76.17	40.96
(f) Stores and Spares	65.44	64.03
<b>Total inventories</b>	<b>1,521.96</b>	<b>1,067.63</b>

#### Note 17 : Trade receivables

	March 31, 2017	March 31, 2016
<b>Outstanding for a period more than six months from the date they are due for payment</b>		
Unsecured, considered good	689.18	297.63
Unsecured, considered doubtful	25.30	22.81
	<b>714.48</b>	<b>320.44</b>
Less: Provision for doubtful receivables	(25.30)	(22.81)
	<b>689.18</b>	<b>297.63</b>
<b>Others</b>		
Unsecured, considered good	3,136.77	2,899.69
	<b>3,136.77</b>	<b>2,899.69</b>
<b>Total trade receivables</b>	<b>3,825.95</b>	<b>3,197.32</b>

#### Note 18 : Cash and bank balances

	March 31, 2017	March 31, 2016
<b>Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	56.98	38.14
- Margin money or deposits of less than three months under lien	70.53	130.50
Cash on hand	1.51	3.04
<b>Total cash and cash equivalents</b>	<b>129.02</b>	<b>171.68</b>
<b>Other bank balances</b>		
Current maturities		
- Margin money or under lien deposits for more than 3 months but less than 12 months	109.46	90.41
- Unpaid dividend accounts	0.01	0.01
<b>Total current maturities of other bank balances</b>	<b>109.47</b>	<b>90.42</b>
- Non-current maturities		
Margin money or under lien deposits after 12 months from reporting date	100.17	18.61
<b>Total gross non current maturities of other bank balances</b>	<b>100.17</b>	<b>18.61</b>
Less: Amount disclosed under non-current assets (refer note 15)	(100.17)	(18.61)
<b>Total non current maturities of other bank balances included in cash and bank balances</b>	<b>-</b>	<b>-</b>
<b>Total cash and bank balances</b>	<b>238.49</b>	<b>262.10</b>

Details of Specified Bank Notes (SBN) held and transacted during the period November 08, 2016 to December 30, 2016:

Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

Particulars	SBN's	Other denomination notes	Total
<b>Closing cash in hand as on November 08, 2016</b>	<b>13.79</b>	<b>3.26</b>	<b>17.05</b>
(+) Permitted receipts	0.05	11.03	11.08
(-) Permitted payments	0.01	12.07	12.08
(-) Amount deposited in banks	13.83	-	13.83
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>2.22</b>	<b>2.22</b>

**Note 19 : Revenue from operations**

	March 31, 2017	March 31, 2016
(a) Sale of products		
- Finished goods	10,033.66	9,227.73
- Traded goods	3,090.64	2,338.56
Less: Excise duty	(65.96)	(79.43)
(b) Sale of services	8.08	2.35
(c) Other operating revenues	197.35	73.19
<b>Total revenue from operations (net)</b>	<b>13,263.77</b>	<b>11,562.40</b>
<b>Details of products sold</b>		
<b>Finished goods sold</b>		
Technical textile (gross of excise duty)	10,033.66	9,227.73
<b>Traded goods sold</b>		
Fabrics	3,090.64	2,338.56

**Note 20 : Other income**

	March 31, 2017	March 31, 2016
Interest income	39.70	22.90
Gain on foreign exchange transactions and translations other than those considered as finance cost (net)	-	87.00
Others	47.96	78.80
<b>Total other income</b>	<b>87.66</b>	<b>188.70</b>

**Note 21 : Cost of materials consumed**

	March 31, 2017	March 31, 2016
<b>(a) Raw materials consumed</b>		
Inventory at the beginning of the year	157.63	291.95
Add : Purchases during the year	4,437.92	4,298.69
Less: Inventory at the end of the year	152.48	157.63
<b>Cost of raw materials consumed</b>	<b>4,443.07</b>	<b>4,433.01</b>
<b>(b) Consumables consumed</b>		
Inventory at the beginning of the year	40.96	39.38
Add : Purchases during the year	1,169.20	796.66
Less: Inventory at the end of the year	76.17	40.96
<b>Cost of consumables consumed</b>	<b>1,133.99</b>	<b>795.08</b>
<b>Total cost of materials consumed</b>	<b>5,577.06</b>	<b>5,228.09</b>
	<b>March 31, 2017</b>	<b>March 31, 2016</b>

Letter	MDA	Directors' Report	Corporate Governance Report	Financial Statements Standalone	Notice
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Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

<b>Details of material consumed</b>		
Polymer granules	4,443.07	4,433.01
Yarn	226.17	141.64
Others	907.82	653.44
<b>Total</b>	<b>5,577.06</b>	<b>5,228.09</b>

**Note 22 : Purchases of stock-in-trade**

	March 31, 2017	March 31, 2016
Purchases of stock-in-trade	3,037.64	2,124.10
<b>Total purchases of stock-in-trade</b>	<b>3,037.64</b>	<b>2,124.10</b>
	March 31, 2017	March 31, 2016
<b>Details of traded products purchased</b>		
Fabrics	3,037.64	2,124.10
	<b>3,037.64</b>	<b>2,124.10</b>

**Note 23 : Changes in inventories of finished goods, work in progress and stock-in trade (increase)/decrease**

	March 31, 2017	March 31, 2016
<b>Inventories at the beginning of the year:</b>		
Stock-in-trade	-	150.93
Work in progress	500.69	452.49
Finished goods	304.32	207.57
	<b>805.01</b>	<b>810.99</b>
<b>Inventories at the end of the year:</b>		
Stock-in-trade	-	-
Work in progress	428.16	500.69
Finished goods	799.71	304.32
	<b>1,227.87</b>	<b>805.01</b>
<b>(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>(422.86)</b>	<b>5.98</b>
	March 31, 2017	March 31, 2016
<b>Details of closing inventory of:</b>		
<b>Work in progress:</b>		
Technical textile	428.16	500.69
<b>Total</b>	<b>428.16</b>	<b>500.69</b>
<b>Finished goods:</b>		
Technical textile	799.71	304.32
<b>Total</b>	<b>799.71</b>	<b>304.32</b>

**Note 24 : Employee benefits expense**

	March 31, 2017	March 31, 2016
Salaries, wages, bonus and other allowances	1,595.69	1,319.36
Contribution to provident and other funds	115.19	96.20
Gratuity expenses (refer note 36)	20.86	13.25
Staff welfare expenses	59.87	58.27
<b>Total employee benefits expense</b>	<b>1,791.61</b>	<b>1,487.08</b>

**Note 25 : Finance costs**

Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

	March 31, 2017	March 31, 2016
Interest expense		
- On borrowings	748.02	587.17
- On others	197.86	194.36
Bank charges	107.54	113.48
Other borrowing charges	12.28	25.60
<b>Total finance costs</b>	<b>1,065.70</b>	<b>920.61</b>

**Note 26 : Corporate social responsibility**

	March 31, 2017	March 31, 2016
Gross amount required to be spent	2.59	4.90
Amount spent during the year	1.56	4.15
<b>Total corporate social responsibility</b>	<b>1.56</b>	<b>4.15</b>

**Note 27 : Depreciation and amortization**

	March 31, 2017	March 31, 2016
on tangible assets (refer note 11)	625.43	591.39
on intangible assets (refer note 12)	62.28	58.38
<b>Total depreciation and amortization</b>	<b>687.71</b>	<b>649.77</b>

**Note 28 : Other expenses**

	March 31, 2017	March 31, 2016
<b>Other expenses</b>		
Consumption of store & spares parts	154.84	140.98
Power and fuel	368.14	350.16
Rent	26.15	18.50
Repairs and maintenance		
- Buildings	3.09	8.76
- Machinery	15.47	12.05
- Others	2.46	2.66
Job work charges	115.45	147.38
Insurance	20.31	19.73
Rates and taxes	16.40	12.15
Freight outward	393.60	316.87
Travelling expenses	62.47	48.31
Auditor's remuneration (refer note below)	3.82	3.14
Printing and stationery	6.11	4.76
Communication expenses	21.06	19.88
Legal and professional charges	108.17	115.56
Advertisement and publicity	0.64	0.92
Business promotion expenses	16.98	15.14
Commission on sales	34.60	8.13
Loss on sale of Property, Plant & Equipment	0.01	0.44

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Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

	March 31, 2017	March 31, 2016
Provision for doubtful debts	2.50	2.60
Bad debts	-	6.54
Research & development expenses	3.84	3.54
Loss on foreign exchange transactions and translations other than those considered as finance cost (net)	76.63	-
Miscellaneous expenses	67.08	59.49
<b>Total other expenses</b>	<b>1,519.82</b>	<b>1,317.69</b>

Note : The following is the break-up of Auditors remuneration (exclusive of service tax)

	March 31, 2017	March 31, 2016
<b>As auditor (exclusive of service tax):</b>		
Statutory audit fees	1.58	1.55
Limited review	1.43	1.15
Certification fees	0.03	0.05
Tax audit fee	0.33	0.33
Other Services	0.40	-
Reimbursement of expenses	0.05	0.06
<b>Total</b>	<b>3.82</b>	<b>3.14</b>

**Note 29 : Contingent liabilities**

Particulars	March 31, 2017	March 31, 2016
Corporate guarantees given on behalf of subsidiary	0.20	0.20
Disputed tax demands:		
- Income tax	104.24	95.69
- Sales tax/ VAT	69.33	67.36
- Entry tax	13.89	13.89
Foreign bills discounted with bank	66.05	125.25
Export obligation against Advance License	83.84	76.27
<b>Total</b>	<b>337.55</b>	<b>378.66</b>

**Note 30 : Capital and other commitments**

Particulars	March 31, 2017	March 31, 2016
Estimated amount of contracts remaining to be executed on capital account	4.13	20.55
<b>Total</b>	<b>4.13</b>	<b>20.55</b>

**Note 31 : Value of imports calculated on C.I.F basis**

Particulars	March 31, 2017	March 31, 2016
Raw materials	466.35	481.44
Stores and spares	137.30	169.93
Capital goods	170.32	309.32
<b>Total</b>	<b>773.97</b>	<b>960.69</b>

**Note 32 : Expenditure in foreign currency (on accrual basis)**



Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

Particulars	March 31, 2017	March 31, 2016
Interest expense	106.42	144.99
Legal and professional fees	17.62	16.91
Export commission	6.68	3.51
Inspection charges	1.34	2.33
Travelling and conveyance	21.85	19.67
Freight	0.06	13.89
<b>Total</b>	<b>153.97</b>	<b>201.30</b>

**Note 33 : Earnings in foreign currency (on accrual basis)**

Particulars	March 31, 2017	March 31, 2016
Exports at F.O.B. value	6,470.13	5,908.31
Interest income from subsidiary	0.92	0.53
<b>Total</b>	<b>6,471.05</b>	<b>5,908.84</b>

**Note 34 : Earnings per share (EPS)**

Particulars	March 31, 2017	March 31, 2016
Profit after tax	86.12	40.13
<b>Net profit for calculation of basic and diluted EPS</b> (A)	<b>86.12</b>	<b>40.13</b>
Weighted average number of equity shares in calculating basic EPS (In Nos.) (B)	24,882,806	24,882,806
<b>Effect of dilution:</b>		
Stock options granted under ESOP (In Nos.)		97,720
Shares to be issued to foreign currency convertible bondholder* (In Nos.)		
Weighted average number of equity shares in calculating diluted EPS (In Nos.) (C)	24,882,806	24,980,526
Basic EPS (In ₹) (A)/(B)	<b>3.46</b>	<b>1.61</b>
Diluted EPS (In ₹) (A)/(C)	<b>3.46</b>	<b>1.61</b>

\*In current year the same results is anti dilutive and hence ignored for calculation &amp; reporting purpose.

**35) Leases****Operating lease: Company as lessee**

The Company has entered into commercial leases on certain Land and Building. These leases have an average life of 29 to 87 years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases. Lease rental expenses for the year ended March 31, 2017 was ₹ 26.15 (March 31, 2016 ₹18.50)

**Future minimum rentals payable under non-cancellable operating leases are as follows:**

Particulars	March 31, 2017	March 31, 2016
Within one year	5.57	1.68
After one year but not more than five years	8.17	2.80
More than five years	42.94	44.00

**36) In accordance with the Accounting Standard-15 'Employee Benefits', the Company has calculated the various benefits provided to employees as under:****A. Defined contribution plans**

- Provident fund
- Employees' state insurance fund

During the period the Company has recognized the following amounts in the Statement of profit and loss:-

Particulars	March 31, 2017	March 31, 2016
Employers Contribution to Provident fund	83.40	68.92
Employers Contribution to Employees' state insurance fund	31.79	27.28
	<b>115.19</b>	<b>96.20</b>

**B. Defined benefit plans and other long term benefits**

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- a) Contribution to gratuity funds – Employee's gratuity fund (funded) (Defined benefit plan)
- b) Leave Encashment (unfunded) (Other long-term benefit)

In accordance with Accounting Standard 15, an actuarial valuation was carried out in respect of the aforesaid defined benefit plans based on the following assumptions.

**i. Actuarial assumptions**

Particulars	Employee gratuity (funded) and Compensated absences (unfunded)	
	March 31, 2017	March 31, 2016
Discount rate (per annum)	7.50%	8.00 %
Expected Rate of increase in compensation levels	4.00%	5.00 %
Expected Rate of return on plan assets.	8.00%	8.50 %
Mortality Rate	Indian Assured Lives Mortality (2006-2008) Unit	Indian Assured Lives Mortality (2006-2008) Unit
Retirement age	60 Years	60 Years
Withdrawal Rate- Ages		
- Up to 30 Years	3.00%	3.00 %
- From 31 to 44 Years	2.00%	2.00 %
- Above 44 Years	1.00%	1.00 %

The discount rate assumed is 7.50% per annum (March 31, 2016: 8.00%) which is determined by reference to market yield at the Balance Sheet date on government bonds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**ii. Changes in the present value of the defined benefit obligation in respect of Gratuity (funded) are as follows:**

Particulars	March 31, 2017	March 31, 2016
Present value obligation as at the beginning of the year	69.30	58.45
Interest cost	5.54	4.68
Current service cost	20.22	17.21
Benefits paid	(8.33)	(4.03)
Actuarial loss/ (gain) on obligations	(3.02)	(7.01)
Present value obligation as at the end of the year	83.71	69.30

**iii. Changes in the fair value of plan assets**

Particulars	March 31, 2017	March 31, 2016
Fair value of plan assets as at the beginning of the year	19.57	18.79
Expected return on plan assets	1.66	1.60
Contributions	14.36	3.17
Benefits paid	(8.33)	(4.03)
Actuarial gain/ (loss) on plan assets	0.21	0.04
Fair value of plan assets as at the end of the year	27.47	19.57

**iv. Reconciliation of present value of defined benefit obligation and fair value of assets**

Particulars	March 31, 2017	March 31, 2016
Present value obligation as at the end of the year	83.71	69.30
Fair value of plan assets as at the end of the year	27.47	19.57
Funded status/(deficit) or Unfunded net liability	(56.24)	(49.73)
Excess of actual over estimated	0.21	0.04
Unfunded net liability recognized in balance sheet	(56.24)	(49.73)
Amount classified as:		
Short term provision (refer note 7)	-	3.48
Long term provision (refer note 7)	56.24	46.26

**v. Expenses recognized in Statement of profit and loss**

Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

Particulars	March 31, 2017	March 31, 2016
Current service cost (including risk premium for fully insured benefits)	20.22	17.21
Interest cost	5.54	4.68
Expected return on plan assets	(1.66)	(1.60)
Net actuarial loss/(gain) recognized during the year	(3.23)	(7.05)
<b>Total expense recognized in Statement of profit and loss.</b>	<b>20.87</b>	<b>13.24</b>

**vi. Investment details of the plan assets**

Particulars	March 31, 2017	March 31, 2016
Insurer managed fund	100 %	100 %
<b>Total fund balance</b>	<b>100 %</b>	<b>100 %</b>

**General description of the plan**

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Company's scheme is more favorable as compared to the obligation under Payment of Gratuity Act, 1972.

**vii. Experience adjustment**

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined benefit obligation	83.71	69.30	58.25	54.48
Fair value of plan assets	27.47	19.57	18.79	20.14
Surplus/(deficit)	(56.24)	(49.73)	(39.46)	(34.34)
Experience gain/(loss) on Defined benefit obligation	(2.68)	(16.48)	6.44	*
Experience gain/(loss) on plan assets	0.21	0.04	(0.12)	*

\*The said data is not available with the Company. The data is also not available for the year ended March 31, 2013.

**viii. Employer's best estimate for contribution during next year**

Particulars	₹ in Million
Employees gratuity fund	32.71

**37) Related party disclosures**

In accordance with the requirement of Accounting Standard (AS)- 18 on "Related Party Disclosures" the names of the related parties where control exists/ able to exercise significant influence along with the aggregate transactions/ year end balances with them as identified and certified by the management are given below:

**(a) Names of the related parties and related party relationship**

Sr	Relationship	Name of party
1)	Subsidiaries	1) Flexiglobal Holdings Limited. Cyprus 2) Flexiglobal (UK) Limited (Subsidiary of Flexiglobal Holding Limited) 3) Nanofil Technologies Private Limited
2)	Entities over which Key Management Personnel and their relatives have significant influence	1) Kalani Industries Private Limited 2) Ecstasy Heights LLP 3) Venetian Realty LLP 4) Ambika Commercial LLP 5) Rising Sun Properties LLP 6) Chitrakoot Mercantiles LLP

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₹ in Millions

Sr	Relationship	Name of party
3)	Jointly controlled entities	1) Flexituff S.A. Enterprises LLP 2) Flexituff Javed Ahmed LLP 3) Flexituff Hi-Tech LLP 4) Flexituff Sailendra Kalita LLP 5) Ujjivan LUIT LLP
4)	Jointly controlled operations	1) Budheswar Das Flexituff International Limited JV 2) Sanyug Enterprise Flexituff International Limited JV 3) Vishnu Construction Flexituff International Limited JV 4) Mayur Kartick Barooah Flexituff International Limited JV
5)	Key Management Personnel and their relative:	<b>Key Management Personnel-</b> 1) Mr. Saurabh Kalani (Whole Time Director) 2) Mr. Mahesh Sharma (Chief Executive Officer & Whole Time Director w.e.f. 16.09.2016) 3) Mr. Ajay Mundra (Chief Financial officer) 4) Mr. Dinesh Kumar Sharma (Executive Director) (Resigned w.e.f. 09.08.2016) 5) Mr. Akhilesh Agnihotri (Whole Time Director) (Joined w.e.f. 11.11.2016) 6) Mr. Rishabh Jain (Company Secretary) (Resigned w.e.f. 09.08.2016) 7) Ms. Madhuri Jethani (Company Secretary) (Joined w.e.f. 09.08.2016) <b>Relatives of Key Management Personnel</b> 1) Mrs. Padma Kalani (Mother of Mr. Saurabh Kalani) 2) Mr. Manish Kalani (Brother of Mr. Saurabh Kalani) 3) Mr. Kartikeya Kalani (Son of Mr. Saurabh Kalani) 4) Mrs. Devakshi Kalani (Daughter in Law of Mr. Saurabh Kalani) 5) Mr. Vinayak Kalani (Son of Mr. Saurabh Kalani) 6) Mrs. Monica Sharma (Wife of Mr. Dinesh Kumar Sharma) 7) Mrs. Manju Mundra (Wife of Mr. Ajay Mundra)

(b) Transactions with the related parties

Sr.No	Particulars	March 31, 2017	March 31, 2016
(i)	<b>Sale of goods</b>		
	Flexituff Javed Ahmed LLP	1.45	0.50
	Flexituff Sa S.A. Enterprises LLP	-	16.38
	Nanofil Technologies Private Limited	172.76	97.26
	Flexituff Sailendra Kalita LLP	21.15	-
	Budheswar Das Flexituff International Limited JV	7.47	-
	Mayur Kartick Barooah Flexituff International Limited JV	1.80	-
	Sanyug Enterprise Flexituff International Limited JV	0.81	-
	Vishnu Construction Flexituff International Limited JV	2.27	-
	<b>Total</b>	<b>207.71</b>	<b>114.14</b>
(ii)	<b>Sales return</b>		
	Flexituff Javed Ahmed LLP	2.82	-
	<b>Total</b>	<b>2.82</b>	-
(iii)	<b>Purchase of goods</b>		
	Nanofil Technologies Private Limited	213.50	235.75
	<b>Total</b>	<b>213.50</b>	<b>235.75</b>
(iv)	<b>Purchase of capital goods</b>		
	Flexiglobal (UK) Limited, U.K.	36.61	-
	<b>Total</b>	<b>36.61</b>	-

Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

Sr.No	Particulars	March 31, 2017	March 31, 2016
(v)	<b>Recovery of expenses</b>		
	Nanofil Technologies Private Limited	17.03	15.97
	Ecstasy Heights LLP	-	0.00*
	Venetian Realty LLP	-	0.00*
	Ambika Commercial LLP	-	0.00*
	Rising Sun Properties LLP	-	0.00*
	Chitrakoot Mercantiles LLP	-	0.00*
	<b>Total</b>	<b>17.03</b>	<b>15.97</b>
(vi)	<b>Reimbursement of expenses</b>		
	Mr. Manish Kalani	0.50	0.29
	Mrs. Padma Kalani	0.17	0.17
	<b>Total</b>	<b>0.67</b>	<b>0.46</b>
(vii)	<b>Lease rent paid</b>		
	M/s Kalani Industries Private Limited	0.85	0.90
	<b>Total</b>	<b>0.85</b>	<b>0.90</b>
(viii)	<b>Commission paid on sales</b>		
	Indore Treasure Town Private Limited	19.63	-
	<b>Total</b>	<b>19.63</b>	<b>-</b>
(ix)	<b>Job work expenses</b>		
	Nanofil Technologies Private Limited	2.47	7.30
	<b>Total</b>	<b>2.47</b>	<b>7.30</b>
(x)	<b>Salaries, wages, bonus and other allowances</b>		
	Mr. Kartikeya Kalani	2.39	0.99
	Mrs. Monica Sharma	0.24	0.67
	Mr. Ajay Mundra	3.13	2.76
	Mrs. Manju Mundra	0.95	0.86
	Mr. Mahesh Sharma	4.57	15.61
	Mr. Dilip Parikh	-	0.77
	Mr. Rishabh Jain	0.24	0.56
	Ms. Madhuri Jethani	0.25	-
	Mrs. Devakshi Kalani	0.43	-
	<b>Total</b>	<b>12.20</b>	<b>22.22</b>
(xi)	<b>Managerial remuneration</b>		
	Mr. Saurabh Kalani	10.65	6.41
	Mr. Dinesh Kumar Sharma	0.80	2.20
	Mr. Mahesh Sharma	5.27	-
	Mr. Akhilesh Agnihotri	0.72	-
	<b>Total</b>	<b>17.44</b>	<b>8.61</b>
(xii)	<b>Advance given during the period</b>		
	Flexituff Javed Ahmed LLP	27.49	31.80
	Flexituff Hi-Tech LLP	2.96	1.31
	Flexituff S.A. Enterprises LLP	15.10	11.56
	Flexituff Sailendra Kalita LLP	4.73	-
	Ujjivan Luit LLP	10.09	-
	Budheswar Das Flexituff International Limited JV	12.17	-
	Sanyug Enterprises Flexituff International Limited JV	2.72	-
	Vishnu Const Flexituff International Limited JV	2.54	-
	Mayur Kartick Barooah Flexituff International Limited JV	3.24	-
	<b>Total</b>	<b>81.04</b>	<b>44.67</b>
(xiii)	<b>Interest income</b>		
	Flexiglobal Holdings Limited	0.92	0.53
	Flexituff Javed Ahmed LLP	5.66	-

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₹ in Millions

Sr.No	Particulars	March 31, 2017	March 31, 2016
	Flexituff Hi-Tech LLP	0.32	-
	Flexituff S.A. Enterprises LLP	5.41	-
	Flexituff Sailendra Kalita LLP	0.41	-
	Ujjivan Luit LLP	0.48	-
	<b>Total</b>	<b>13.20</b>	<b>0.53</b>
(xiv)	<b>Non current investment</b>		
	Flexituff Sailendra Kalita LLP	0.08	-
	Ujjivan Luit LLP	0.05	-
	<b>Total</b>	<b>0.13</b>	<b>-</b>

\* Amount is having a value less than ₹ 5,000.

(c) **Outstanding balances**

Sr. No	Particulars	March 31, 2017	March 31, 2016
(i)	<b>Trade payables</b>		
	Mr. Manish Kalani	-	0.02
	Flexiglobal (UK) Limited, U.K.	12.29	0.45
	Nanofil Technologies Private Limited	-	20.24
	Flexituff Javed Ahmed LLP	0.86	-
	<b>Total</b>	<b>13.15</b>	<b>20.71</b>
(ii)	<b>Other current liabilities</b>		
	Mr. Dinesh Kumar Sharma	-	0.15
	Mr. Kartikeya Kalani	-	0.08
	Mrs. Monica Sharma	-	0.05
	Mr. Ajay Mundra	0.35	0.17
	Mrs. Manju Mundra	0.12	0.06
	Mr. Mahesh Sharma	0.38	0.09
	Mr. Rishabh Jain	-	0.04
	Mrs. Devakshi Kalani	0.07	-
	<b>Total</b>	<b>0.92</b>	<b>0.64</b>
(iii)	<b>Loans and advances</b>		
(a)	<b>Loans</b>		
	Flexituff Javed Ahmed LLP	59.47	31.98
	Flexituff Hi-Tech LLP	4.38	1.41
	Flexituff S.A. Enterprises LLP	52.61	37.51
	Flexiglobal Holdings Limited	17.91	20.01
	Nanofil Technologies Private Limited	34.93	-
	Flexituff Sailendra Kalita LLP	5.16	-
	Ujjivan Luit LLP	10.04	-
	Budheswar Das Flexituff International Limited JV	12.17	-
	Sanyug Enterprises Flexituff International Limited JV	2.72	-
	Vishnu Const Flexituff International Limited JV	2.54	-
	Mayur Kartick Barooah Flexituff International Limited JV	3.24	-
	Ecstasy Heights LLP	-	0.00*
	Venetian Realty LLP	-	0.00*
	Ambika Commercial LLP	-	0.00*
	Rising Sun Properties LLP	-	0.00*
	Chitrakoot Mercantiles LLP	-	0.00*
	<b>Total</b>	<b>205.17</b>	<b>90.91</b>



Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

Sr. No	Particulars	March 31, 2017	March 31, 2016
(b)	<b>Staff advances</b>		
	Mr. Saurabh Kalani	0.90	4.22
	Mr. Kartikeya Kalani	0.77	-
	Mr. Mahesh Sharma	0.12	-
	Mr. Dinesh Kumar Sharma	-	0.23
	Mrs. Monica Sharma	-	0.08
	<b>Total</b>	<b>1.79</b>	<b>4.53</b>
(iv)	<b>Other receivables</b>		
	Flexiglobal Holdings Limited	2.83	-
	Flexituff Javed Ahmed LLP	5.66	
	Flexituff Hi-Tech LLP	0.32	
	Flexituff S.A. Enterprises LLP	5.41	
	Flexituff Sailendra Kalita LLP	0.41	
	Ujjivan Luit LLP	0.48	
	<b>Total</b>	<b>15.11</b>	<b>-</b>
* Amount is having a value less than ₹ 5,000.			
(v)	<b>Trade receivables</b>		
	Flexituff Javed Ahmed LLP	-	0.50
	Flexituff Sailendra Kalita LLP	21.15	-
	Flexituff S.A. Enterprises LLP	16.38	16.38
	Budheswar Das Flexituff International Limited JV	8.59	-
	Mayur Kartick Barooah Flexituff International Limited JV	2.07	-
	Sanyug Enterprise Flexituff International Limited JV	0.93	-
	Vishnu Construction Flexituff International Limited JV	2.61	-
	<b>Total</b>	<b>51.73</b>	<b>16.88</b>
(vi)	<b>Investments</b>		
	Flexiglobal Holding Ltd., Cyprus	12.52	12.52
	Nanofil Technologies Private Limited	0.10	0.10
	Flexituff S.A. Enterprises LLP	0.07	0.07
	Flexituff Javed Ahmed LLP	0.08	0.08
	Flexituff Hi Tech LLP	0.08	0.08
	Flexituff Sailendra Kalita LLP	0.08	-
	Ujjivan LUIT LLP	0.05	-
	<b>Total</b>	<b>12.98</b>	<b>12.85</b>

**38) Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

The Company is in the process of rolling out confirmation to suppliers in order to ascertain whether they are micro, small and medium as per the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any relating to amounts unpaid as at the yearend along with interest paid / payable have not been provided by the Company.

**39) Statement of Derivatives and un-hedged foreign currency exposure**

The Company uses forward contracts to hedge its exposure to movements in foreign exchange rates. These derivatives are not used for trading or speculation purposes. During the current year, the Company has booked amount of ₹ 16.34 as mark to market profit based on principal of prudence based on amount of mark to market of ₹ 16.34 as on March 31, 2017 confirmed by the bank on forward cover taken on basis of probable exposures. There is no un-hedged foreign currency exposure in relation to forward exchange contracts as on March 31, 2017.

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₹ in Millions

### Foreign Currency Exposure which are not hedged

Pursuant to the announcement on "Disclosure regarding Derivatives Instruments" issued by the Institute of Chartered Accountants of India, the Company has the following foreign currency exposure that are not hedged by a derivative instrument or otherwise as at March 31, 2017:

Particulars	Currency	March 31, 2017		March 31, 2016	
		Foreign currency in Millions	Rupees in Millions	Foreign currency in Millions	Rupees in Millions
Foreign Currency Convertible Bonds	USD	34.00	2,204.51	34.00	2,255.32
Trade payables	USD	0.73	47.31	0.51	3.35
	Euro	0.00#	0.29	0.36	26.91
	GBP	0.15	12.29		
	CHF	-	-	0.02	1.19
Payable for capital goods	USD	0.40	26.12	-	-
Advance from customers	USD	0.06	3.70	0.31	20.26
	Euro	0.05	3.69	0.07	4.53
Foreign currency term loan	USD	-	-	1.29	56.90
Finance lease obligations	CHF	0.26	16.82	0.39	25.40
Deferred payment liabilities	Euro	0.14	9.69	0.25	18.89
Foreign currency with Bank	USD	-	-	0.00**	0.01
Other current liability	USD	0.70	45.43	0.72	47.70
Outstanding Expenses	USD	0.05	3.00	0.07	4.77
Trade receivables	Euro	0.51	35.36	0.49	36.27
	GBP	8.89	719.34	6.28	599.17
	USD	14.33	927.63	13.76	922.61
Loan & Advances to Subsidiary	USD	0.20	12.97	0.21	20.02
	GBP	0.06	4.69	-	-
Other receivables	USD	0.04	2.83	-	-
Capital advance	USD	-	-	0.08	5.43

#Value less than Euro 5000

\*\* USD 135

NOTE- ₹ figures as per books of accounts, where it is converted at closing rate of ₹ 64.8386/USD, ₹ 80.8797/GBP, ₹ 69.2476/CHF.

Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

**40) Details of loans given, investment made and guarantee given covered u/s 186(4) of the Companies Act, 2013**

Loans given by the Company as at March 31, 2017

Sr. No.	Name of the company	March 31, 2017	March 31, 2016
	Flexiglobal Holding Limited, Cyprus	17.91	20.02
	Flexituff Javed Ahmed LLP	59.47	-
	Flexituff Hi-Tech LLP	4.38	-
	Flexituff S.A. Enterprises LLP	52.61	-
	Flexituff Sailendra Kalita LLP	5.16	-
	Ujjivan Luit LLP	10.04	-

Corporate Guarantees given by the Company as at March 31, 2017

Sr. No.	Name of the company	March 31, 2017	March 31, 2016
	Nanofil Technologies Private Limited	0.20	0.20

**41) Imported and indigenous raw materials, components and spare parts consumed**

Particulars	% of total consumption March 31, 2017	Value 31 March, 2017	% of total consumption March 31, 2016	Value March 31, 2016
<b>Raw materials</b>				
Imported	11.04%	490.35	11.53 %	511.30
Indigenously obtained	88.96%	3,952.72	88.47 %	3,921.71
<b>Spare parts</b>				
Imported	20.31 %	31.46	33.01 %	46.54
Indigenously obtained	79.69 %	123.38	66.99 %	94.44
<b>Consumables</b>				
Imported	7.48 %	84.85	18.27%	145.26
Indigenously obtained	92.52 %	1,049.14	81.73%	649.82

**42) Employee stock option plan**

- a) The Company instituted an Employees Stock Option Scheme ("ESOPS") for certain employees as approved by the shareholders on January 7, 2011. During the year ended March 31, 2017, the following scheme is under operation:

Particulars	March 31, 2017	March 31, 2016
Dates of Grant	January 7, 2011	January 7, 2011
Dates of Board Approval	9-Dec-10	9-Dec-10
Date of Shareholders Approval	7-Jan-11	7-Jan-11
Total number of options under the plan	1.08	1.08
Number of options granted	1.06	1.06
Method of Settlement (Cash / Equity)	Equity	Equity
Vesting Period (Growth)	1 Years	1 Years
Exercise Period (Growth)	2 years	2 years
Vesting Period (loyalty)	1 Years	1 Years
Exercise Period (Loyalty)	1 years	1 years
Vesting Conditions	Employment	Employment

Letter	MDA	Directors' Report	Corporate Governance Report	Financial Statements Standalone	Notice
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Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

**b) The details of the activity have been summarized below:**

Particulars	March 31, 2017 (No. of equity shares)	March 31, 2016 (No. of equity shares)
Outstanding at the beginning of the year	167,625	335,250
Exercisable at the beginning of the year	167,625	335,250
Granted during the year	-	-
Options lapsed during the year due to resignation, surrender etc.	-	-
Vested during the year	-	-
Options vested and outstanding during the year	-	-
Expired during the year due to not exercise of the option	167,625	167,625
Outstanding at the end of the year	-	167,625
Exercisable at the end of the year	-	167,625
Weighted average remaining contractual life (in years)	-	1 year

**c) Stock options granted:**

The Black Scholes Options Pricing valuation model has been used for computing the weighted average intrinsic value considering the following inputs:

Particulars	March 31, 2017	March 31, 2016
Weighted average share price/market price (₹ per share)	193.54	218.50
Exercise Price (₹ Per share)	95.00	95.00
Expected Volatility	-	-
Life of the options granted (Vesting and exercise period) in years	-	-
Expected Dividends	-	-
Average risk-free interest rate	6.18%	7.79%

**d) Effect of the employee option plan on the statement of profit and loss and on its financial position:**

Particulars	March 31, 2017	March 31, 2016
Total employee compensation cost pertaining to stock option plan	-	-
Liability for employee stock option plan outstanding as at the year end	-	-

**e) Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value method is as under:**

Particulars	March 31, 2017	March 31, 2016
Net Profit for the year after tax as reported	86.12	40.12
Less – Employee stock compensation under intrinsic method	-	-
Proforma Profit/(Loss)	86.12	40.12
Earnings per share (₹) (refer note 34)	3.46	1.61
Basic		
- as reported	3.46	1.61
- Proforma	3.46	1.61
Diluted		
- as reported	3.46	1.61
- Proforma	3.46	1.61

**43) Disclosure in respect of joint ventures pursuant to Accounting Standard (AS) 27 “Financial Reporting of Interest in Joint ventures”**

**a) List of Joint ventures**

Name of Joint venture	Description of interest	Proportion of interest	Country of residence
Flexituff S.A. Enterprises LLP	Jointly controlled entity	75%	India
Flexituff Javed Ahmed LLP	Jointly controlled entity	80%	India
Flexituff Hi Tech LLP	Jointly controlled entity	80%	India
Flexituff Sailendra Kalita LLP	Jointly controlled entity	80%	India
Ujjivan LUIT LLP	Jointly controlled entity	51%	India

Notes forming part of Financial Statements for the year ended March 31, 2017

₹ in Millions

**b) Financial interest in jointly controlled entities (to the extent of Company's share):**

Name of Joint venture	As at March 31, 2017		For the year ended March 31, 2017	
	Assets	Liabilities	Income	Expenses
Flexituff S.A. Enterprises LLP	236.94 (213.91)	240.40 (212.31)	9.89 (141.57)	14.96 (138.82)
Flexituff Javed Ahmed LLP	142.42 (164.74)	145.71 (163.73)	24.87 (115.67)	29.17 (113.90)
Flexituff Hi Tech LLP	45.85 (68.79)	42.85 (65.47)	3.82 (61.82)	4.14 (56.95)
Flexituff Sailendra Kalita LLP	21.17 (-)	21.99 (-)	3.74 (-)	4.64 (-)
Ujjivan LUIT LLP	5.13 (-)	5.41 (-)	- (-)	0.33 (-)
<b>Total</b>	451.51 (447.44)	456.36 (441.51)	42.32 (319.06)	53.24 (309.67)

Note: Figures in bracket ( ) relate to March 31, 2016.

**44) Current assets and loans and advance**

In the opinion of the Board, the Current assets and loans and advances are approximately of the value stated, if realized in the ordinary course or business, except otherwise stated. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.

**45) Managerial remuneration**

The Company has paid managerial remuneration to two of its whole-time directors, which is within the limits prescribed under section 197 read with Schedule V of the Act. However, the Company had not obtained requisite approvals of the shareholders for payment of such remuneration as stated under the provisions of section 197 read with Schedule V of the Act, as these whole-time directors were appointed during the year. The Company is in the process of obtaining necessary approvals for the remuneration paid to its whole-time directors.

**46) Segment information**

As per Accounting Standard 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statement

**47) Previous year figures**

Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

As per our report of even date

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.: 105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**For L.K. Maheshwari & Co.**  
Chartered Accountants  
Firm Registration No.: 000780C

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

For and on behalf of the Board of Directors of  
**Flexituff International Limited**  
CIN – L25202MP1993PLC034616

**Saurabh Kalani**  
Whole Time Director  
DIN: 699380

**Ajay Mundra**  
Chief Finance Officer

Place: Pithampur  
Date: May 30, 2017

**Mahesh Sharma**  
Whole Time Director & CEO  
DIN: 7610685

**Madhuri Jethani**  
Company Secretary  
Membership No: A43118

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Flexituff International Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Flexituff International Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and jointly controlled entities comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entities in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group and jointly controlled entities as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matter

- a. We did not audit the financial statements of a subsidiary company and five jointly controlled entities, whose financial statements reflect total assets of ₹ 704.41 million as at March 31, 2017 and total revenues of ₹ 492.28 million and net cash flows amounting to ₹ 2.30 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this subsidiary and five jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary and jointly controlled entities, is based solely on the report of other auditors.
- b. We did not audit financial statements of two subsidiary companies (including one step down subsidiary). Aggregate amount of total assets, revenue and net cash flows of these two subsidiaries for the year ended on March 31, 2017 are ₹ 677.36 million, ₹ 1,213.62 million and ₹ 25.54 million



respectively whose financial statements are prepared under Generally Accepted Accounting Principles (GAAPs) accepted in the respective countries. These financial statements have been audited by other auditors, who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the Board of Directors of the respective companies, copies of which have been provided to us by the Holding Company. The management of the Holding Company has converted these audited financial statements of two subsidiaries, to accounting principles generally accepted in India, for the purpose of preparation of the Holding Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors under the aforementioned GAAPs in respective countries and the aforesaid conversion undertaken by the management; examined by us on a test basis.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities – Refer Note 28 to the consolidated financial statements.
  - ii. The Group and its jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group and its jointly controlled entities.
  - iv. The Group and its jointly controlled entities has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 with respect to its subsidiaries and jointly controlled entities incorporated in India. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the Management – Refer note 17.

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.105047W

**Amrish Vaidya**  
Partner  
Membership No.: 101739

Place: Pithampur  
Date: May 30, 2017

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

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FLEXITUFF INTERNATIONAL LIMITED ("the Holding Company")

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company which is incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary Company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Qualified Opinion on adequacy and therefore operating effectiveness of Internal Financial Controls Over Financial Reporting

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2017:

The internal control process with respect to vendor selection and analysis of quotation in relation to purchase of stores and spares, consumables and fixed assets are not adequately documented by the Holding Company. These could result in misstatements in the

related consolidated financial statement areas such as trade payables, consumption, fixed assets, etc.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the respective companies incorporated in India has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies incorporated in India considering the essential components of internal control stated in the Guidance Note.

#### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, which is company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.105047W

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

**Amrish Vaidya**  
Partner  
Membership No.: 101739

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

Place: Pithampur  
Date: May 30, 2017

# CONSOLIDATED BALANCE SHEET

as at 31st March, 2017

₹ in Millions

	Note	March 31, 2017	March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	248.83	248.83
Reserves and surplus	4	3,669.26	3,581.84
		<b>3,918.09</b>	<b>3,830.67</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	4,531.53	2,901.60
Deferred tax liabilities (net)	6	351.48	344.10
Long-term provisions	7	75.93	63.89
		<b>4,958.94</b>	<b>3,309.59</b>
<b>Current liabilities</b>			
Short-term borrowings	8	2,783.34	2,893.83
Trade payables	9	2,418.62	2,503.14
Other current liabilities	10	897.32	1,087.57
Short-term provisions	7	24.50	10.26
		<b>6,123.78</b>	<b>6,494.80</b>
<b>Total</b>		<b>15,000.81</b>	<b>13,635.06</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment			
Tangible assets	11	6,406.91	6,770.93
Intangible assets	12 (a)	145.09	210.73
Intangible assets under development	12 (b)	303.03	123.90
Long-term Loans and advances	13	432.34	44.68
Other non-current assets	14	102.79	21.23
		<b>7,390.16</b>	<b>7,171.47</b>
<b>Current assets</b>			
Inventories	15	2,143.92	1,668.93
Trade receivables	16	4,230.91	3,704.06
Cash and bank balances	17	274.25	274.63
Short-term loans and advances	13	912.95	810.12
Other current assets	14	48.62	5.84
		<b>7,610.65</b>	<b>6,463.58</b>
<b>Total</b>		<b>15,000.81</b>	<b>13,635.06</b>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.: 105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**For L.K. Maheshwari & Co.**  
Chartered Accountants  
Firm Registration No.: 000780C

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

For and on behalf of the Board of Directors of  
**Flexituff International Limited**  
CIN – L25202MP1993PLC034616

**Saurabh Kalani**  
Whole Time Director  
DIN: 699380

**Ajay Mundra**  
Chief Finance Officer

Place: Pithampur  
Date: May 30, 2017

**Mahesh Sharma**  
Whole Time Director & CEO  
DIN: 7610685

**Madhuri Jethani**  
Company Secretary  
Membership No: A43118

# STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2017

₹ in Millions

	Note	March 31, 2017	March 31, 2016
<b>Revenue:</b>			
Revenue from operations (gross)		14,672.81	13,248.28
Less: Excise duty		(112.19)	(121.15)
Revenue from operations (net)	18	<b>14,560.62</b>	<b>13,127.13</b>
Other income	19	78.52	188.51
<b>Total revenue</b>		<b>14,639.14</b>	<b>13,315.64</b>
<b>Expenses:</b>			
Cost of materials consumed	20	5,573.76	5,220.10
Purchase of stock-in-trade	21	4,180.58	3,818.68
Changes in inventories of finished goods, work-in-progress and stock-in-trade (increase)/decrease	22	(447.92)	(310.18)
Employee benefits expense	23	1,866.17	1,555.24
Finance costs	24	1,079.75	933.66
Corporate social responsibility expenditure	25	1.56	4.15
Depreciation and amortization	26	697.23	659.51
Other expenses	27	1,617.55	1,408.65
<b>Total expenses</b>		<b>14,568.68</b>	<b>13,289.81</b>
<b>Profit for the year before tax</b>		<b>70.47</b>	<b>25.83</b>
<b>Tax expense:</b>			
Current tax:			
- For current year profits		25.26	7.19
- MAT credit		(19.51)	(3.48)
- Adjustments for earlier years		-	1.01
Deferred tax charge/(benefit)	6	7.38	(27.11)
		<b>13.13</b>	<b>(22.39)</b>
<b>Profit for the year after tax</b>		<b>57.34</b>	<b>48.22</b>
<b>Earnings per equity share (in Rupees):</b>	30		
Basic earning per share		2.30	1.94
Diluted earning per share		2.30	1.93
Nominal value per share		10	10
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.: 105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**For L.K. Maheshwari & Co.**  
Chartered Accountants  
Firm Registration No.: 000780C

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

For and on behalf of the Board of Directors of  
**Flexituff International Limited**  
CIN – L25202MP1993PLC034616

**Saurabh Kalani**  
Whole Time Director  
DIN: 699380

**Ajay Mundra**  
Chief Finance Officer

Place: Pithampur  
Date: May 30, 2017

**Mahesh Sharma**  
Whole Time Director & CEO  
DIN: 7610685

**Madhuri Jethani**  
Company Secretary  
Membership No: A43118

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2017

₹ in Millions

	March 31, 2017	March 31, 2016
<b>Cash flow from operating activities</b>		
Profit before tax	70.47	25.83
Adjustments for:		
Depreciation and amortization expenses	697.23	659.51
Interest expenses and finance charges	1,079.75	933.66
Interest income	(31.72)	(24.28)
Provision for doubtful debts	2.49	2.60
Bad debts	-	6.45
Loss on sale of property, plant & equipment	0.01	0.44
Unrealized foreign exchange loss/(gain)	70.10	(2.28)
Foreign currency translation reserve loss/(gain)	30.08	(6.49)
Provision for retirement benefits	8.75	6.97
<b>Operating profit before working capital changes</b>	<b>1,927.16</b>	<b>1,602.41</b>
Changes in working capital		
Increase / (decrease) in trade payables	(83.36)	452.36
Increase / (decrease) in other current liabilities	48.59	(229.07)
Decrease / (increase) in trade receivables	(600.59)	(731.43)
Decrease / (increase) in inventories	(474.99)	(178.61)
Decrease / (increase) in loans and advances	(490.49)	509.71
Decrease / (Increase) in other current assets	(22.50)	(1.14)
<b>Cash generated from operations</b>	<b>303.82</b>	<b>1,424.23</b>
Income tax paid (net)	(5.93)	(4.72)
<b>Net cash flows from operating activities (A)</b>	<b>297.89</b>	<b>1,419.51</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including movement in CWIP and capital advances	(497.50)	(659.77)
Proceeds from sale of fixed assets	-	0.64
Interest income on fixed deposit & loans	28.97	23.89
Investments in margin money under lien	(100.61)	106.01
<b>Net cash flow used in investing activities (B)</b>	<b>(569.14)</b>	<b>(529.23)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long-term borrowings	2,321.47	468.90
Repayment of long-term borrowings	(871.02)	(468.62)
Proceeds from short-term borrowings	57.35	132.00
Repayment of short-term borrowings	(238.93)	(121.00)
Proceeds from cash credit/overdraft facility (net)	71.10	156.76
Payment of dividend and dividend tax	-	(29.86)
Interest paid	(1,088.15)	(929.20)
<b>Net cash flow from /(used in) financing activities (C)</b>	<b>251.82</b>	<b>(791.02)</b>

₹ in Millions

	March 31, 2017	March 31, 2016
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	(19.43)	99.26
Cash and cash equivalents at the beginning of the year	184.21	84.95
<b>Cash and cash equivalents at the end of the year</b>	<b>164.78</b>	<b>184.21</b>
Balances with banks		
On unpaid dividend accounts	0.01	0.01
Margin money or under lien deposits	109.46	90.41
<b>Total cash and bank balances at end of the year (refer note 17)</b>	<b>274.25</b>	<b>274.63</b>

**Notes :**

1. The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard-3, "Cash Flow Statement" notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.
2. Notes to the financials statements are an integral part of the Cash Flow Statement.
3. The figures for the previous year have been regrouped where necessary to confirm the current year classification.

As per our report of even date

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.: 105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**For L.K. Maheshwari & Co.**  
Chartered Accountants  
Firm Registration No.: 000780C

**Abhay Singi**  
Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 30, 2017

For and on behalf of the Board of Directors of  
**Flexituff International Limited**  
CIN – L25202MP1993PLC034616

**Saurabh Kalani**  
Whole Time Director  
DIN: 699380

**Ajay Mundra**  
Chief Finance Officer

Place: Pithampur  
Date: May 30, 2017

**Mahesh Sharma**  
Whole Time Director & CEO  
DIN: 7610685

**Madhuri Jethani**  
Company Secretary  
Membership No: A43118



Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

# SIGNIFICANT ACCOUNTING POLICIES

## 1. Corporate Information

Flexituff International Limited (the Company or Holding Company) is a public company domiciled in India. Its shares are listed in two stock exchanges in India. The Holding Company is engaged in manufacturing of technical textile and it operates from central India. Manufacturing units are located at Pithampur in Madhya Pradesh and at Kashipur in Uttarakhand

## 2. Summary of significant accounting policies

### a. Basis of preparation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The accounting policies adopted in the preparation of consolidated financial statements have been consistently applied except a revision to an existing accounting standard requires a change in the accounting policy until now in use with those of previous year.

All assets and liabilities have been classified as current or non-current as per the Group and jointly controlled entities' normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group and joint ventures has ascertained its operating cycle as 12 months for the purpose of current/ noncurrent classification of assets and liabilities. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained above.

### b. Basis of consolidation

The consolidated financial statements relate to the Holding Company, its subsidiary companies (collectively referred herein under as the 'Group') and joint ventures. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Holding Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits have been fully eliminated.
- The financial statements of the joint venture entities have been combined by using proportionate

consolidation method as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".

- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- In case of foreign subsidiaries, 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 Exchange Fluctuation Reserve.
- The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated Profit and Loss Statement being the profit or loss on disposal of investment in subsidiary.
- 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 Group and jointly controlled entities' separate financial statements.

The following subsidiary companies are considered in the consolidated financial statements:

Sr No.	Name of the company	Country of Incorporation	% of holding either directly or through subsidiaries	
			March 31, 2017	March 31, 2016
Direct subsidiaries				
1	Flexiglobal Holdings Limited	Cyprus	100%	100%
2	Nanofil Technologies Private Limited	India	100%	100%
Indirect subsidiaries*				
1	Lakshmi Incorporated – previously known as MDH Global packaging Solutions. (liquidated on November 1, 2015)	USA	-	100%
2	Flexiglobal (UK) Limited	UK	100%	100%

\*Effective holding % of the Company directly and through its subsidiaries.

The following Joint venture entities are considered in the consolidated financial statements:

Sr No.	Name of the entity	Country of Incorporation	% of holding	
			March 31, 2017	March 31, 2016
1	Flexituff S.A. Enterprises LLP	India	75%	75%
2	Flexituff Javed Ahmed LLP	India	80%	80%
3	Flexituff Hi-Tech LLP	India	80%	80%
4	Flexituff Sailendra Kalita LLP	India	80%	-
5	Ujjivan LUIT LLP	India	51%	-

**c. Use of estimates**

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumption and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**d. Property, plant and equipment**

**Tangible assets**

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, borrowing costs, if capitalization criteria are met and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure during construction/ acquisition and exclusive of CENVAT credit or other tax credit available to the Group and jointly controlled entities.

When parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed asset.

Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**e. Intangible assets**

An intangible asset is recognized when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can

be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure during construction/ acquisition and exclusive of CENVAT credit or other tax credit available to the Group and jointly controlled entities.

Subsequent expenditure relating to intangible assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**f. Depreciation on Property, plant and equipment**

For Group and joint ventures except, Flexiglobal (UK) Limited, Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under the schedule II to the Companies Act, 2013 except for plant & machinery and server where useful life is estimated by the management, which is different as compared to those prescribed under the Schedule II to the Companies Act, 2013.

Block of assets	Useful life (in years)
Factory building	30
Office equipment	5
Plant and machinery	15
Electrical installations	10
Furniture and fittings	10
Motor vehicles	8
Computers & Server	3

Leasehold improvements are depreciated over their estimated useful life, or the remaining period of lease from the date of capitalization, whichever is shorter.

In case of Flexiglobal (UK) Limited, a foreign subsidiary, depreciation on fixed assets is calculated as follows:

Block of assets	Basis of depreciation	Useful life (in years)
Freehold property	Straight-line	50
Plant and machinery	Written down	10
Furniture and fittings	Written down	10

Depreciation on addition to tangible fixed assets is provided on pro-rata basis from the subsequent month of the assets are ready for intended use. Depreciation on sale/discard from tangible fixed assets is provided upto the previous month of sale date, deduction or discard of tangible fixed assets as the case may be.

**g. Amortisation of intangible assets**

Amortisation of intangible assets has been calculated on straight line basis at the following rates, based on

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

management estimates, which in the opinion of the management are reflective of the estimated useful lives of the Intangible assets.

Block of assets	Useful life (In years)
Development Assets	5-7
Computer Software	3
Patent	5

Amortisation on addition to intangible assets is provided on pro-rata basis from the the subsequent month of the assets are ready for intended use. Amortisation on sale/discard from intangible assets is provided upto the previous month of sale, deduction or discard of intangible assets as the case may be.

#### h. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date for if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

#### i. Borrowing Costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. All other borrowing costs are recognised as expenditure in the period in which they are incurred.

#### j. Assets taken on lease

##### (i) Operating leases – where Group and jointly controlled entities are lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Rentals and all other expenses in respect of assets taken on lease are debited to statement of Profit and Loss on straight line basis over the lease term.

##### (ii) Finance leases

Assets acquired under finance leases which effectively transfer to the Group and jointly controlled entities substantially all the risks and benefits incidental to ownership of the leased item, are capitalised and a corresponding loan liability is recognised. The lease rentals paid are bifurcated into principal and interest component by applying an implicit rate of return. The interest is charged as a period cost and the principal amount is adjusted against the liability recognised in respect of assets taken on financial lease.

#### k. Foreign currency translation

##### Initial recognition:

Foreign currency transactions are recorded in the reporting currency by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when such values were determined.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

##### Exchange differences:

Exchange differences arising on the settlement of monetary items or on reporting the Group and jointly controlled entities' monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they occur.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

**Forward exchange contracts**

The Group and jointly controlled entities uses foreign exchange forward contracts derivative instruments to hedge its exposure on account of movements in foreign exchange. These derivatives are generally entered with banks and not used for trading or speculation purposes. These derivative instruments are accounted as follows:

For forward contracts which are entered into to hedge the foreign currency risk of the underlying instrument outstanding on the date of entering into that forward contract, the premium or discount on such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as an income or expense for the period. The exchange difference on such a forward exchange contract is calculated as the difference between:

- i. the foreign currency amount of the contract translated at the exchange rate at the Balance Sheet date, or the settlement date where the transaction is settled during the reporting period, and
- ii. the same foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Forward contracts which are entered into to hedge the foreign currency risk of the highly probable transactions or firm commitments are valued at fair value at each Balance Sheet date. The resultant loss from these transactions is recognised in the Statement of Profit and Loss. However, in case of resultant gains, such gains are not accounted in the books of accounts of the Group and jointly controlled entities. Decrease in fair valuation loss already recognised in earlier years are reversed in the year of such decrease in fair valuation loss.

**l. Sale of trade receivables**

Sale of insured trade receivables to banks whereby significant risks and rewards are transferred is treated as "true sale" for both legal and financial reporting purposes and accordingly, these receivables are not reflected on the balance sheet of the Group and jointly controlled entities.

**m. Export benefits**

Duty free imports of raw materials under Advance Licence for imports as per the Import and Export Policy are matched with the exports made against the said licences and the net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Focus Market Scheme, Merchandise Exports from India Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

**n. Revenue recognition**

Revenue is recognised to the extent, that it is probable that the economic benefits will flow to the Group and jointly controlled entities and the revenue can be reliably measured.

**a) Revenue from sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer and are recorded net of trade discounts, rebates, Sales Tax, Value Added Tax and gross of Excise Duty.

**b) Revenue from sale of services**

Income from services are recognized as and when the services are rendered. The Group and jointly controlled entities collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group and jointly controlled entities. Hence, it is excluded from revenue.

**c) Interest Income**

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and applicable interest rate.

**o. Retirement and other employee benefits****Defined contribution plan:**

The Group and jointly controlled entities makes defined contribution to Government Employee Provident Fund, Employee Deposit Linked Insurance, Employee state insurance and labour welfare funds which are recognised in the Statement of Profit and Loss on accrual basis.

The Group and jointly controlled entities has no further obligations under these plans beyond its monthly contributions.

**Defined benefit plan - Gratuity:**

The Group and jointly controlled entities provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the Group and jointly controlled entities with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the Balance Sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment an amount equivalent to 15 days basic salary for

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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation or change in return of the plan assets is recognised as an income or expense in the Statement of Profit and Loss. The expected return on plan assets is based on the assumed rate of return of such assets. The Group and jointly controlled entities contributes to a fund set up by Life Insurance Corporation of India.

**Other long term benefits: Leave encashment – Encashable**

The Group and jointly controlled entities provides for the liability at year end on account of unavailed leave as per the actuarial valuation using the Projected Unit Credit Method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss as and when incurred.

**p. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

**q. Research and development**

Research Costs are charged as an expense in the year in which they are incurred and are reflected under the appropriate heads of account. Development expenditure is carried forward when its future recoverability can reasonably be regarded as assured and is amortized over the period of expected future benefit.

**r. Inventories**

Raw materials, consumables and stores and spares are valued at lower of cost or net realisable value. However, these items are considered to be realisable at replacement cost if the finished goods, in which they will be used, are expected to be sold below cost.

Cost of inventories is computed on a moving weighted-average basis. Cost includes purchase price, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.

Work in progress and manufactured finished goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods is determined on the moving weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition.

Cost of traded goods is valued at lower of cost or net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

Excise duty liability, wherever applicable, is included in the valuation of closing inventory of finished goods.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.

**s. Income taxes**

Tax expense for the period comprises of current tax, deferred tax and Minimum alternate tax credit.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the reporting date.

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

At each reporting date, the Group and jointly controlled entities reassesses the unrecognized deferred tax assets, if any.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group and jointly controlled entities recognizes MAT credit available as an asset only to the extent that there



is convincing evidence that the Group and jointly controlled entities will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group and jointly controlled entities recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Group and jointly controlled entities reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group and jointly controlled entities does not have convincing evidence that it will pay normal tax during the specified period.

**t. Contingent liability, provisions and contingent asset**

The Group and jointly controlled entities creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets are neither recorded nor disclosed in the financial statements.

**u. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**v. Government grants and subsidies**

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group and jointly controlled entities will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy related to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant is related to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

**w. Segment reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group and jointly controlled entities. The Group and jointly controlled entities' operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group and jointly controlled entities operate.

Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based.

Unallocated items include general corporate income and expense items, which are not allocated to any business segment.

**x. Corporate social responsibility**

All expenditure are recognized in Statement of profit on loss on accrual basis and hence no provision is made against unspent amount, if any

**y. Employee stock compensation cost**

Employees (including senior executives) of the Group and jointly controlled entities receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group and jointly controlled entities' best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

### Note 3 : Share capital

	March 31, 2017	March 31, 2016
The Company has only one class of share capital having a par value of ₹ 10 per share, referred to herein as equity shares.		
<b>Authorised</b>		
40,000,000 (March 31, 2016: 40,000,000) equity shares of ₹ 10 each	400.00	400.00
<b>Issued, subscribed and paid up</b>		
24,882,806 (March 31, 2016: 24,882,806) equity shares of ₹ 10 each fully paid	248.83	248.83
<b>Total</b>	<b>248.83</b>	<b>248.83</b>

#### (a) Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2017		March 31, 2016	
	Number of shares in millions	Amount	Number of shares in millions	Amount
Outstanding at the beginning of the year	24.88	248.83	24.88	248.83
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>24.88</b>	<b>248.83</b>	<b>24.88</b>	<b>248.83</b>

#### (b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is entitled to one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2017, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2016: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	March 31, 2017		March 31, 2016	
	Number of shares in millions	% of holding in the class	Number of shares in millions	% of holding in the class
1. Kalani Industries Pvt Ltd	3.62	14.55	3.62	14.55
2. International Finance Corporation	1.90	7.64	1.90	7.64
3. Clearwater Capital Partners(Cyprus) Ltd	1.88	7.56	1.88	7.56
4. Saurabh Properties Pvt Ltd	1.64	6.59	1.64	6.59
5. Miscellani Global Pvt Ltd	1.36	5.47	1.36	5.47

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

**Note 4 : Reserves and surplus**

	March 31, 2017	March 31, 2016
<b>(a) Capital reserves</b>		
<b>SEZ Re-investment allowance reserve</b>		
Opening balance	-	26.26
Less: Transferred to Statement of Profit & Loss on utilisation on account of investment in Plant & Machinery	-	(26.26)
<b>Closing balance</b>	-	-
<b>(b) Securities premium account</b>	2,055.07	2,055.07
<b>Closing balance</b>	<b>2,055.07</b>	<b>2,055.07</b>
<b>(c) General reserves</b>		
Opening balance	114.24	114.24
<b>Closing balance</b>	<b>114.24</b>	<b>114.24</b>
<b>(d) Surplus in the Statement of Profit and Loss</b>		
Opening balance	1,469.76	1,395.27
Add: Net Profit for the current year	57.34	48.22
Add: Transfer from SEZ Re-investment allowance reserve	-	26.26
<b>Closing balance</b>	<b>1,527.10</b>	<b>1,469.75</b>
<b>(e) Foreign currency translation reserve</b>	(27.14)	(57.22)
<b>Total reserves and surplus</b>	<b>3,669.26</b>	<b>3,581.84</b>

**Note 5 : Long-term borrowings**

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Secured</b>				
Term loans				
- From banks (refer note a, c & e below)	146.01	329.52	88.03	365.33
- From other parties (refer note a, b & c below)	1,879.15	289.64	352.88	100.86
<b>Unsecured</b>				
Foreign Currency Convertible Bonds (refer note d below)	2,204.52	2,255.32	-	-
Finance lease obligations	8.47	16.47	8.35	8.93
From other parties	292.00	-	24.52	229.17
Deferred payment liabilities	1.38	10.65	8.31	8.26
<b>Total long term borrowings including its current maturities</b>	<b>4,531.53</b>	<b>2,901.60</b>	<b>482.09</b>	<b>712.55</b>
Amount disclosed under the head other current liability (refer note 10)	-	-	(482.09)	(712.55)
<b>Net amount</b>	<b>4,531.53</b>	<b>2,901.60</b>	<b>-</b>	<b>-</b>

**Notes: (Amount in ₹ Millions)**

- a. Term Loans from banks amounting to ₹ 176.91 (March 31, 2016 : ₹ 628.40) and term loan from other parties amounting to ₹ 2,131.58 (March 31, 2016 : ₹ 189.17) are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets and a second charge on all current assets of the company. Above Term loans are further secured by Personal Guarantee of Mr. Manish Kalani and corporate guarantee of M/s Kalani Industries Private Limited.

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- b. Term Loan from other parties amounting to ₹ 100.00 (March 31, 2016: 200.00) is secured by pari passu first charge on all current assets and pari passu second charge on entire fixed assets and further secured by personal guarantee of Mr. Saurabh Kalani and corporate guarantee of Kalani Industries Private Limited.
- c. Term loan from banks amounting to ₹ 8.09 (March 31, 2016 ₹ 7.06) and term loans from others amounting to ₹ 0.45 (March 31, 2016: ₹ 1.33) is secured by hypothecation of vehicles.
- d. As at March 31, 2017, the Company has two foreign currency convertible bonds aggregating USD 34 million :
  - i) The Company has issued 9,000, 5.34% foreign currency convertible bond of USD 1,000 each aggregating to USD 9 million on December 24, 2013. The bonds are convertible at the option of bondholders into equity shares of ₹ 10 each fully paid at the conversion price of ₹230 per share, subject to terms of issue, with fixed rate of exchange of ₹ 61.86 equal to USD 1 on January 30, 2019.
  - ii) The Company has issued 25,000, 5.44% foreign currency convertible bond of USD 1,000 each aggregating to USD 25 million on April 26, 2013. The bonds are convertible at the option of bondholders into equity shares of ₹ 10 each fully paid at the conversion price of ₹ 218 per share, subject to terms of issue, with fixed rate of exchange of ₹ 54.16 equal to USD 1 on April 26, 2018.
- e. Term loan with Flexiglobal (UK) Limited amounting Rs 49.04 (previous year ₹ 59.37) are secured against the Company premises, together with a debenture in the bank's standard form.

	March 31, 2017	March 31, 2016
<b>From Banks</b>		
(a) <b>UCO Bank, Indore</b> [Payable in Nil Instalments, present rate of interest Nil rate (March 31, 2016: 7.75% p.a.)].	-	87.15
(b) <b>Kotak Mahindra Bank (erstwhile ING Vysya Bank)</b> [Payable in Nil Instalments, present rate of interest Nil rate March 31, 2016: 11.85% p.a.)]	-	31.91
(c) <b>Central Bank of India</b> [Payable in 7 quarterly Instalments of ₹ 4.00 each, present rate of interest 14.20% p.a. (March 31, 2016: 13.90% p.a.)]	27.61	43.57
(d) <b>Punjab National Bank, Indore</b> [Payable in Nil Instalments, present rate of interest Nil rate (March 31, 2016: 10.85% p.a.)]	-	12.11
(e) <b>State Bank of India</b> [Payable in Nil Instalments, present rate of interest Nil rate (March 31, 2016: 13.70% p.a.)]	-	4.37
(f) <b>State Bank of Patiala</b> [Payable in Nil Instalments, present rate of interest Nil rate (March 31, 2016: 14.05% p.a.)]	-	20.91
(g) <b>State Bank of Patiala</b> [Payable in Nil Instalments, present Rate of interest Nil rate (March 31, 2016: 14.05% p.a.)]	-	7.40
(h) <b>Central bank of India</b> [Payable in 12 quarterly Instalments of ₹ 12.50 each, present rate of interest 14.20% p.a. (March 31, 2016: 13.90% p.a.)]	149.30	211.80
(i) <b>Bank of Baroda</b> [Payable in Nil Instalments, present rate of interest Nil (March 31, 2016: 13.50% p.a.)]	-	209.18
(j) <b>Vehicles loan from banks</b> [Repayable in 36 to 60 equated monthly instalments, present rate of interest 8.0% to 10.0% p.a. (March 31, 2016: 8.0% to 10.0% p.a.)]	8.09	7.06
(k) <b>National Westminster Bank PLC, UK</b>	49.04	59.37
<b>Total</b>	<b>234.04</b>	<b>694.83</b>

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

	March 31, 2017	March 31, 2016
<b>From other parties</b>		
(a) <b>Clix Capital Services Private Limited (Formerly known as GE Money Financial Services Private Limited)</b>	131.58	189.17
[Payable in 30 monthly instalments, present rate of interest 15.30% p.a. (March 31, 2016: 15.30% p.a.)]		
(b) <b>IREP Credit Capital Private Limited</b>	100.00	200.00
[Repayable in 10 instalments of ₹ 10.00, present rate of interest is 14.75% (March 31, 2016: 14.75%)]		
(c) <b>KKR India Financial Service Private Limited, Mumbai</b>	1,500.00	-
[(Repayable in 15 equated quarterly instalments of ₹ 99.90 from November 2017, rate of interest 15.25 % p.a (March 31, 2016: Nil)]		
(d) <b>Daimler Financial Services India Private Limited</b>	0.45	1.33
[Repayable in 6 instalments of ₹ 0.08 present rate of interest is 9.25% p.a (March 31, 2016: 9.25% p.a.)]		
(e) <b>IFCI Limited</b>	500.00	-
[Repayable in 14 instalments from December 2018 of ₹ 30.00, present rate of interest is 13.15% p.a (March 31, 2016: Nil)]		
<b>Total</b>	<b>2,232.03</b>	<b>390.50</b>

**Note 6 : Deferred tax liabilities**

	March 31, 2017	Charge/(benefit) for the year	March 31, 2016
<b>Deferred tax asset</b>			
Unabsorbed depreciation & losses	324.40	(18.70)	343.10
Expenses provided but allowable in Income Tax Act on payment basis	26.48	18.84	7.64
Provision for doubtful debts	7.82	0.77	7.05
<b>Gross deferred tax asset (A)</b>	<b>358.70</b>	<b>0.91</b>	<b>357.79</b>
<b>Deferred tax liability</b>			
Difference between book depreciation & tax depreciation	710.18	8.29	701.89
<b>Gross deferred tax liability (B)</b>	<b>710.18</b>	<b>8.29</b>	<b>701.89</b>
<b>Net deferred tax liability (B-A)</b>	<b>351.48</b>	<b>7.38</b>	<b>344.10</b>

**Note 7 : Provisions**

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(a) <b>Provision for employee benefits (refer note 32)</b>				
Provision for gratuity (funded)	56.24	46.25	-	3.48
Provision for leave encashment (unfunded)	19.69	17.64	2.11	1.92
(b) <b>Other provisions</b>				
Provision for Income tax [net of advance tax of ₹ 3.17 (March 31, 2016: ₹ 3.40)]	-	-	22.39	4.86
<b>Total provisions</b>	<b>75.93</b>	<b>63.89</b>	<b>24.50</b>	<b>10.26</b>

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₹ in Millions

**Note 8 : Short -term borrowings**

	March 31, 2017	March 31, 2016
<b>Secured</b>		
Loans repayable on demand		
On cash credit, packing credit and working capital demand loan accounts from banks (refer note a,b,c & d below)	2,732.93	2,882.68
<b>Unsecured</b>		
Loans repayable on demand		
From other parties (refer note e below)	50.41	11.15
<b>Total short term borrowings</b>	<b>2,783.34</b>	<b>2,893.83</b>

**Notes:**

- Outstanding loans 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.
- Outstanding loans are further secured by personal guarantee of Mr. Manish Kalani and corporate guarantee of M/s Kalani Industries Private Limited.
- Outstanding loans are further secured by personal guarantee of Mr. Saurabh Kalani, director of the Company.
- Outstanding loans from banks carry interest from 8% to 15% p.a., repayable on demand.
- Outstanding loans other parties carry interest rate of 12% to 18% p.a., repayable within 30 to 90 days.

**Note 9 : Trade payables**

	March 31, 2017	March 31, 2016
<b>Trade payables</b>		
Trade payables	2,418.62	2,503.14
<b>Total trade payables</b>	<b>2,418.62</b>	<b>2,503.14</b>

**Note 10 : Other current liabilities**

	March 31, 2017	March 31, 2016
<b>Other current liabilities</b>		
(a) Current maturities of long-term debt (refer note 5)	482.09	712.55
(b) Interest accrued but not due	51.32	59.72
(c) Unpaid dividends	0.01	0.01
(d) Statutory liabilities (VAT, TDS, Service tax, etc)	43.67	66.80
(e) Advance from customers	60.91	84.68
(f) Salary and wages payable	210.97	145.86
(g) Creditor for capital goods	42.19	13.66
(h) Other payables	6.16	4.29
<b>Total other current liabilities</b>	<b>897.32</b>	<b>1,087.57</b>

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

**Note 11 : Tangible assets**

Particulars	Freehold Property	Land free hold	Land lease hold	Buildings	Plant and Machinery	Electrical installations	Furniture fixtures	Office equipments	Vehicles	Computer	Total
<b>Cost (gross block)</b>											
At April 1, 2015	144.94	161.73	24.75	1,216.37	6,177.41	236.08	45.20	79.24	27.80	27.36	8,140.88
Additions	-	-	-	91.28	521.57	31.25	4.92	12.27	2.23	3.04	666.56
Disposals	-	-	-	-	1.65	-	-	-	1.56	-	3.21
Foreign exchange adjustment	4.12	-	-	-	0.08	-	0.09	-	-	-	4.29
<b>At March 31, 2016</b>	<b>149.06</b>	<b>161.73</b>	<b>24.75</b>	<b>1,307.65</b>	<b>6,697.41</b>	<b>267.33</b>	<b>50.21</b>	<b>91.51</b>	<b>28.47</b>	<b>30.40</b>	<b>8,808.52</b>
Additions	-	-	-	24.11	228.73	18.65	2.98	3.75	5.58	2.79	286.59
Disposals	-	-	-	-	-	-	-	-	0.62	-	0.62
Foreign exchange adjustment	20.05	-	-	-	0.18	-	0.30	-	-	-	20.52
<b>At March 31, 2017</b>	<b>129.01</b>	<b>161.73</b>	<b>24.75</b>	<b>1,331.76</b>	<b>6,925.96</b>	<b>285.98</b>	<b>52.89</b>	<b>95.26</b>	<b>33.43</b>	<b>33.19</b>	<b>9,073.97</b>
<b>Depreciation</b>											
At April 1, 2015	10.15	-	2.99	163.78	1,084.07	80.57	21.64	48.15	9.01	21.99	1,442.35
Charge for the year	2.94	-	0.26	41.73	476.87	35.17	5.96	25.54	4.38	3.42	596.27
Disposals	-	-	-	-	0.40	-	-	-	1.07	-	1.47
Foreign exchange adjustment	0.33	-	-	-	0.05	-	0.04	-	-	-	0.42
<b>At March 31, 2016</b>	<b>13.42</b>	<b>-</b>	<b>3.25</b>	<b>205.51</b>	<b>1,560.59</b>	<b>115.74</b>	<b>27.64</b>	<b>73.69</b>	<b>12.32</b>	<b>25.41</b>	<b>2,037.57</b>
Charge for the year	2.76	-	0.26	44.82	519.89	45.05	7.32	3.99	3.04	2.97	630.10
Disposals	-	-	-	-	-	-	-	-	0.61	-	0.61
Foreign exchange adjustment	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2017</b>	<b>16.18</b>	<b>-</b>	<b>3.51</b>	<b>250.33</b>	<b>2,080.48</b>	<b>160.79</b>	<b>34.96</b>	<b>77.68</b>	<b>14.77</b>	<b>28.38</b>	<b>2,667.06</b>
<b>Net Block</b>											
At March 31, 2016	135.64	161.73	21.50	1,102.14	5,136.82	151.59	22.57	17.82	16.15	4.99	6,770.93
At March 31, 2017	112.83	161.73	21.24	1,081.43	4,845.48	125.19	17.93	17.58	18.66	4.81	6,406.91

Note: 1. The company has recognised currency translation gain of ₹ 50.81 (March 31, 2016: loss of ₹113.22) on foreign currency convertible bonds by capitalising it to fixed assets.

**Note 12(a) : Intangible assets**

Particulars	Patents	Computer Software	Development Assets	Total
<b>Cost (gross block)</b>				
At April 1, 2015	0.97	-	300.66	301.63
Additions	-	2.61	35.71	38.32
Disposals	-	-	-	-
<b>At March 31, 2016</b>	<b>0.97</b>	<b>2.61</b>	<b>336.37</b>	<b>339.95</b>
Additions	-	1.49	-	1.49
Disposals	-	-	-	-
<b>At March 31, 2017</b>	<b>0.97</b>	<b>4.10</b>	<b>336.37</b>	<b>341.44</b>
<b>Amortisation</b>				
At April 1, 2015	0.52	-	65.49	66.00
Charge for the year	0.10	0.24	62.90	63.22
Disposals/adjustments	-	-	-	-
<b>At March 31, 2016</b>	<b>0.62</b>	<b>0.24</b>	<b>128.39</b>	<b>129.22</b>
Charge for the year	0.10	0.98	66.02	67.13
Disposals/adjustments	-	-	-	-
<b>At March 31, 2017</b>	<b>0.72</b>	<b>1.22</b>	<b>194.41</b>	<b>196.35</b>
<b>Net Block</b>				
At March 31, 2016	0.35	2.37	207.98	210.73
At March 31, 2017	0.25	2.88	141.96	145.09

**(b) Intangible assets under development:**

Particulars	March 31, 2017	March 31, 2016
Opening balance	123.90	-
Add: Additions during the year	179.13	159.61
Less: Capitalised during the year	-	35.71
<b>Closing balance</b>	<b>303.03</b>	<b>123.90</b>

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₹ in Millions

**Note 13 : Loans and Advances**

(Unsecured, considered good, unless stated otherwise)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(a) Capital advances	-	4.57	61.18	-
(b) (Security deposits	117.99	40.11	31.44	29.18
(c) Loans and advances to related parties (refer footnote 1)	-	-	58.55	22.59
(d) Other loans and advances:				
- Prepaid expenses	36.17	-	30.46	17.19
- Advance to suppliers	-	-	207.86	123.33
- Balances with statutory / government authorities	-	-	462.70	287.30
- Minimum alternative tax credit entitlement	278.18	-	-	258.67
- Advance income tax	-	-	37.37	38.19
- Staff advance	-	-	8.89	10.01
- Inter corporate deposits	-	-	13.56	20.69
- Other recoverable in cash or in kind	-	-	0.94	2.97
<b>Total loans and advances</b>	<b>432.34</b>	<b>44.68</b>	<b>912.95</b>	<b>810.12</b>
<b>Footnote 1</b>				
Includes advances given to directors (refer note 33)*	-	-	0.90	4.45
<b>* Either severally or jointly</b>	<b>-</b>	<b>-</b>	<b>0.90</b>	<b>4.45</b>

**Note 14 : Other Assets**

(Unsecured, considered good, unless stated otherwise)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Interest accrued but not due	-	-	7.44	4.68
Non-current bank balance (refer note 17)	102.79	21.23	-	-
Unbilled revenue	-	-	41.18	1.16
<b>Total other assets</b>	<b>102.79</b>	<b>21.23</b>	<b>48.62</b>	<b>5.84</b>

**Note 15 : Inventories**

(Valued at lower of cost and net realisable value, unless stated otherwise)

	March 31, 2017	March 31, 2016
(a) Raw materials and components	212.78	191.02
(b) Work-in-progress	467.71	524.24
(c) Finished goods	1,099.03	551.35
(d) Stock-in-trade	217.09	294.52
(e) Consumables	76.17	40.96
(f) Stores and Spares	71.14	66.84
<b>Total inventories</b>	<b>2,143.92</b>	<b>1,668.93</b>

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

**Note 16 : Trade receivables**

	March 31, 2017	March 31, 2016
<b>Outstanding for a period more than six months from the date they are due for payment</b>		
Unsecured, considered good	792.50	311.77
Unsecured, considered doubtful	25.30	22.81
	<b>817.80</b>	<b>334.58</b>
Less: Provision for doubtful receivables	(25.30)	(22.81)
	<b>792.50</b>	<b>311.77</b>
<b>Others</b>		
Unsecured, considered good	3,438.41	3,392.29
	<b>3,438.41</b>	<b>3,392.29</b>
<b>Total trade receivables</b>	<b>4,230.91</b>	<b>3,704.06</b>

**Note 17 : Cash and bank balances**

	March 31, 2017	March 31, 2016
<b>Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	92.49	50.47
- Margin money or deposits of less than three months under lien	70.53	130.50
Cash on hand	1.76	3.24
<b>Total cash and cash equivalents</b>	<b>164.78</b>	<b>184.21</b>
<b>Other bank balances</b>		
Current maturities		
- Margin money or under lien deposits for more than 3 months but less than 12 months	109.46	90.41
- Unpaid dividend accounts	0.01	0.01
<b>Total current maturities of other bank balances</b>	<b>109.47</b>	<b>90.42</b>
<b>- Non-current maturities</b>		
Margin money or under lien deposits after 12 months from reporting date	100.17	18.61
<b>Total gross non current maturities of other bank balances</b>	<b>100.17</b>	<b>18.61</b>
Less: Amount disclosed under non-current assets (refer note 14)	(100.17)	(18.61)
<b>Total non current maturities of other bank balances included in cash and bank balances</b>	<b>-</b>	<b>-</b>
<b>Total cash and bank balances</b>	<b>274.25</b>	<b>274.63</b>

**Details of Specified Bank Notes (SBN) held and transacted during the period November 08, 2016 to December 30, 2016: (Amount in ₹ Million)**

Particulars	SBN's	Other denomination notes	Total
<b>Closing cash in hand as on November 08, 2016</b>	<b>13.97</b>	<b>3.26</b>	<b>17.23</b>
(+) Permitted receipts	0.07	11.78	11.85
(-) Permitted payments	0.01	12.24	12.25
(-) Amount deposited in banks	14.03	-	14.03
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>2.80</b>	<b>2.80</b>



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**Note 18 : Revenue from operations**

	March 31, 2017	March 31, 2016
(a) Sale of products		
- Finished goods	10,120.79	9,305.88
- Traded goods	4,304.26	3,547.80
Less: Excise duty	(112.19)	(121.15)
(b) Sale of services	50.40	321.41
(c) Other operating revenues	197.36	73.19
<b>Total revenue from operations (net)</b>	<b>14,560.62</b>	<b>13,127.13</b>
	March 31, 2017	March 31, 2016
<b>Details of products sold</b>		
<b>Finished goods sold</b>		
Technical textile (gross of excise duty)	10,120.79	9,305.88
<b>Traded goods sold</b>		
Fabrics	4,304.26	3,547.80

**Note 19 : Other income**

	March 31, 2017	March 31, 2016
Interest income	31.72	24.28
Gain on foreign exchange transactions and translations other than those considered as finance cost (net)	-	87.00
Others	46.80	77.23
<b>Total other income</b>	<b>78.52</b>	<b>188.51</b>

**Note 20 : Cost of materials consumed**

	March 31, 2017	March 31, 2016
(a) <b>Raw materials consumed</b>		
Inventory at the beginning of the year	191.02	309.76
Add : Purchases during the year	4,636.13	4,513.05
Less: Inventory at the end of the year	212.78	191.02
<b>Cost of raw materials consumed</b>	<b>4,614.37</b>	<b>4,631.79</b>
(b) <b>Consumables consumed</b>		
Inventory at the beginning of the year	69.96	42.48
Add : Purchases during the year	969.25	589.60
Less: Inventory at the end of the year	79.82	43.77
<b>Cost of consumables consumed</b>	<b>959.39</b>	<b>588.31</b>
<b>Total cost of materials consumed</b>	<b>5,573.76</b>	<b>5,220.10</b>
	March 31, 2017	March 31, 2016
<b>Details of material consumed</b>		
Polymer granules	4,614.37	4,631.79
Yarn	226.17	141.65
Others	733.22	446.66
<b>Total</b>	<b>5,573.76</b>	<b>5,220.10</b>

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

**Note 21 : Purchases of stock-in-trade**

	March 31, 2017	March 31, 2016
Purchases of stock-in-trade	4,180.58	3,818.68
<b>Total purchases of stock-in-trade</b>	<b>4,180.58</b>	<b>3,818.68</b>
	March 31, 2017	March 31, 2016
<b>Details of traded products purchased</b>		
Fabrics	4,180.58	3,818.68
	<b>4,180.58</b>	<b>3,818.68</b>

**Note 22 : Changes in inventories of finished goods, work in progress and stock-in trade (increase)/decrease**

	March 31, 2017	March 31, 2016
<b>Inventories at the beginning of the year:</b>		
Stock-in-trade	498.43	379.58
Work in progress	524.24	464.00
Finished goods	313.24	216.36
	<b>1,335.91</b>	<b>1,059.94</b>
<b>Inventories at the end of the year:</b>		
Stock-in-trade	505.26	532.64
Work in progress	467.71	524.24
Finished goods	810.86	313.24
	<b>1,783.83</b>	<b>1,370.12</b>
<b>(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>(447.92)</b>	<b>(310.18)</b>
<b>Details of closing inventory of:</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Traded goods:</b>		
Fabrics	505.26	532.64
<b>Total</b>	<b>505.26</b>	<b>532.64</b>
<b>Work in progress:</b>		
Technical textile	467.71	524.24
<b>Total</b>	<b>467.71</b>	<b>524.24</b>
<b>Finished goods:</b>		
Technical textile	810.86	313.24
<b>Total</b>	<b>810.86</b>	<b>313.24</b>

**Note 23 : Employee benefits expense**

	March 31, 2017	March 31, 2016
Salaries, wages, bonus and other allowances	1,667.89	1,385.69
Contribution to provident and other funds	116.99	97.56
Gratuity expenses (refer note 32)	20.86	13.25
Staff welfare expenses	60.43	58.74
<b>Total employee benefits expense</b>	<b>1,866.17</b>	<b>1,555.24</b>

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**Note 24 : Finance costs**

	March 31, 2017	March 31, 2016
Interest expense		
- On borrowings	748.82	592.30
- On others	197.88	194.37
Bank charges	120.45	121.30
Other borrowing charges	12.28	25.60
Gain on foreign exchange transactions and translations considered as finance cost (net)	0.32	0.09
<b>Total finance costs</b>	<b>1,079.75</b>	<b>933.66</b>

**Note 25 : Corporate social responsibility**

	March 31, 2017	March 31, 2016
<b>Corporate social responsibility</b>		
Gross amount required to be spent	2.59	4.90
Amount spent during the year	1.56	4.15
<b>Total corporate social responsibility</b>	<b>1.56</b>	<b>4.15</b>

**Note 26 : Depreciation and amortization**

	March 31, 2017	March 31, 2016
on tangible assets (refer note 11)	630.10	596.28
on intangible assets (refer note 12)	67.13	63.23
<b>Total depreciation and amortization</b>	<b>697.23</b>	<b>659.51</b>

**Note 27 : Other expenses**

	March 31, 2017	March 31, 2016
Consumption of store & spares parts	154.83	140.98
Power and fuel	385.03	367.06
Rent	33.15	27.49
Repairs and maintenance		
- Buildings	3.09	8.76
- Machinery	17.40	13.96
- Others	4.47	4.29
Job work charges	124.24	148.62
Insurance	22.22	21.80
Rates and taxes	17.15	20.21
Freight outward	410.89	330.14
Travelling expenses	64.45	49.80
Auditor's remuneration (refer note below)	4.63	4.48
Printing and stationery	7.47	6.76
Communication expenses	21.97	20.76
Legal and professional charges	125.61	131.40
Advertisement and publicity	0.89	1.47
Business promotion expenses	21.10	17.04
Commission on sales	39.99	9.42
Loss on sale of property, plant & equipment	0.01	0.44

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

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	March 31, 2017	March 31, 2016
Provision for doubtful debts	2.49	2.60
Bad debts	-	6.45
Research & development expenses	3.84	3.54
Loss on foreign exchange transactions and translations other than those considered as finance cost (net)	76.63	-
Miscellaneous expenses	76.00	71.18
<b>Total other expenses</b>	<b>1,617.55</b>	<b>1,408.65</b>
Note : The following is the break-up of Auditors remuneration (exclusive of service tax)		
	March 31, 2017	March 31, 2016
<b>As auditor (exclusive of service tax):</b>		
Statutory audit fees	2.39	2.88
Limited review	1.43	1.15
Certification fees	0.03	0.05
Tax audit fee	0.33	0.33
Other services	0.40	-
Reimbursement of expenses	0.05	0.07
<b>Total</b>	<b>4.63</b>	<b>4.48</b>

**28. Contingent liabilities not provided for in respect of:**

Particulars	March 31, 2017	March 31, 2016
Corporate guarantees given on behalf of subsidiary	0.20	0.20
Disputed tax demands:		
- Income tax	104.24	95.69
- Sales tax/VAT	73.69	69.98
- Entry tax	13.89	13.89
Foreign bills discounted with bank	66.05	125.25
Export obligation against advance license	83.84	76.27
<b>Total</b>	<b>341.91</b>	<b>381.28</b>

**29. Commitments**

Particulars	March 31, 2017	March 31, 2016
Estimated amount of contracts remaining to be executed on capital account	4.13	20.55
<b>Total</b>	<b>4.13</b>	<b>20.55</b>

**30. Earnings per share (EPS)**

Particulars		March 31, 2017	March 31, 2016
Profit after tax		57.34	48.22
<b>Net profit for calculation of basic and diluted EPS</b>	<b>(A)</b>	<b>57.34</b>	<b>48.22</b>
Weighted average number of equity shares in calculating basic EPS (Nos.)	<b>(B)</b>	<b>24,882,806</b>	<b>24,882,806</b>
<b>Effect of dilution:</b>			
Stock options granted under ESOP (Nos.)			97,720
Shares to be issued to foreign currency convertible bondholder*			
Weighted average number of equity shares in calculating diluted EPS (Nos.)	<b>(C)</b>	<b>24,882,806</b>	<b>24,980,526</b>
Basic EPS (in ₹)	<b>(A)/(B)</b>	<b>2.30</b>	<b>1.94</b>
Diluted EPS (in ₹)	<b>(A)/(C)</b>	<b>2.30</b>	<b>1.93</b>

\*In current year the same result is anti dilutive and hence ignored for calculation &amp; reporting purpose.

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### 31. Leases

#### Operating lease: Group and jointly controlled entities as lessee

The Group and jointly controlled entities has entered into commercial leases on certain Land and Building. These leases have an average life of 29 to 87 years with no renewal option included in the contracts. There are no restrictions placed upon the Group and jointly controlled entities by entering into these leases. Lease rental expenses for the year ended March 31, 2017 was ₹ 33.15 (March 31, 2016: ₹27.49)

#### Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	March 31, 2017	March 31, 2016
Within one year	5.57	1.68
After one year but not more than five years	8.17	2.80
More than five years	42.94	44.00

32. In accordance with the Accounting Standard-15 'Employee Benefits', the Group and jointly controlled entities has calculated the various benefits provided to employees as under:

#### A. Defined contribution plans:

- Provident fund
- Employees' State Insurance Fund

During the period the Group and jointly controlled entities has recognized the following amounts in the Statement of profit and loss:

Particulars	March 31, 2017	March 31, 2016
Employers contribution to provident fund	84.70	69.86
Employers contribution to employees' state insurance	32.29	27.70
<b>Total</b>	<b>116.99</b>	<b>97.56</b>

#### B. Defined benefit plans and Other long term benefits

- Contribution to gratuity funds – Employee's gratuity fund, funded (Defined benefit plan)
- Leave encashment, unfunded (Other long-term benefit)

In accordance with Accounting Standard 15, an actuarial valuation was carried out in respect of the aforesaid defined benefit plans based on the following assumptions.

#### i. Actuarial assumptions

Particulars	Employee gratuity (funded) and leave encashment (unfunded)	
	March 31, 2017	March 31, 2016
Discount rate (per annum)	7.50 %	8.00 %
Expected Rate of increase in compensation levels	4.00 %	5.00 %
Expected Rate of return on plan assets.	8.00 %	8.50 %
Mortality Rate	Indian Assured Lives Mortality (2006-2008) Unit	Indian Assured Lives Mortality (2006-2008) Unit
Retirement age	60 Years	60 Years
Withdrawal Rate- Ages		
- Up to 30 Years	3.00 %	3.00 %
- From 31 to 44 Years	2.00 %	2.00 %
- Above 44 Years	1.00 %	1.00 %

The discount rate assumed is 7.50% per annum (March 31, 2016: Year 8.00%) which is determined by reference to market yield at the Balance Sheet date on government bonds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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ii. **Changes in the present value of the defined benefit obligation in respect of Gratuity (funded) are as follows:**

Particulars	March 31, 2017	March 31, 2016
Present value obligation as at the beginning of the year	69.30	58.45
Interest cost	5.54	4.68
Current service cost	20.22	17.21
Benefits paid	(8.33)	(4.03)
Actuarial loss/(gain) on obligations	(3.02)	(7.01)
Present value obligation as at the end of the year	<b>83.71</b>	<b>69.30</b>

iii. **Changes in the fair value of plan assets**

Particulars	March 31, 2017	March 31, 2016
Fair value of plan assets as at the beginning of the year	19.57	18.79
Expected return on plan assets	1.66	1.60
Contributions	14.36	3.17
Benefits paid	(8.33)	(4.03)
Actuarial gain/ (loss) on plan assets	0.21	0.04
Fair value of plan assets as at the end of the year	<b>27.47</b>	<b>19.57</b>

iv. **Reconciliation of present value of defined benefit obligation and fair value of assets**

Particulars	March 31, 2017	March 31, 2016
Present value obligation as at the end of the year	83.71	69.30
Fair value of plan assets as at the end of the year	27.47	19.57
Funded status/(deficit) or Unfunded net liability	(56.24)	(49.73)
Excess of actual over estimated	0.21	0.04
Unfunded net liability recognized in balance sheet	(56.24)	(49.73)
Amount classified as:		
Short term provision (refer note 7)	-	3.48
Long term provision (refer note 7)	56.24	46.25

v. **Expenses recognized in Statement of profit and loss**

Particulars	March 31, 2017	March 31, 2016
Current service cost (including risk premium for fully insured benefits)	20.22	17.21
Interest cost	5.54	4.68
Expected return on plan assets	(1.66)	(1.60)
Net actuarial loss/ (gain) recognized during the year	(3.24)	(7.06)
<b>Total expense recognised in Statement of Profit and Loss</b>	<b>20.86</b>	<b>13.25</b>

vi. **Investment details of the plan assets**

Particulars	March 31, 2017	March 31, 2016
Insurer Managed Fund	100 %	100 %
<b>Total fund balance</b>	<b>100 %</b>	<b>100 %</b>

**General description of the plan**

The Group and jointly controlled entities operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Group and jointly controlled entities' scheme is more favorable as compared to the obligation under Payment of Gratuity Act, 1972.

vii. **Experience adjustment**

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined benefit obligation	83.71	69.30	58.45	54.48
Fair Value of plan assets	27.47	19.57	18.79	20.14
Surplus / (deficit)	(56.24)	(49.73)	(39.46)	(34.84)
Experience gain/(loss) on defined benefit obligation	(2.68)	(16.48)	6.44	*
Experience gain/(loss) on plan assets	0.21	0.04	(0.12)	*

\*Information for March 31, 2013 is not available with the Holding Company.

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viii. **Employer's best estimate for contribution during next year**

Particulars	Rupees in million
Employees gratuity fund	32.71

The above gratuity disclosure is with respect to Holding Company only, as financials of the subsidiaries and joint ventures do not contain the above details.

33. **Related party disclosures:**

(a) **Names of the related parties and related party relationship**

Sr. no.	Relationship	Name of party
1)	Entities over which Key Management Personnel and their relatives have significant influence:	1) Kalani Industries Private Limited 2) Ecstasy Heights LLP 3) Venetian Realty LLP 4) Ambika Commercial LLP 5) Rising Sun Properties LLP 6) Chitrakoot Mercantiles LLP 7) Indore Treasure Town Private Limited 8) B W Davis Management Consultants
2)	Jointly controlled entities	1) Flexituff S.A. Enterprises LLP 2) Flexituff Javed Ahmed LLP 3) Flexituff Hi-Tech LLP 4) Flexituff Sailendra Kalita LLP 5) Ujjivan LUIT LLP
3)	Jointly controlled operations	1) Budheswar Das Flexituff International Limited JV 2) Sanyug Enterprise Flexituff International Limited JV 3) Vishnu Construction Flexituff International Limited JV 4) Mayur Kartick Barooah Flexituff International Limited JV
4)	Key Management Personnel and their relative:	<b>Key Management Personnel-</b> 1) Mr. Saurabh Kalani (Whole Time Director) 2) Mr. Mahesh Sharma ( Chief Executive Officer & Whole Time Director w.e.f. 16.09.2016 ) 3) Mr. Ajay Mundra (Chief Financial officer) 4) Mr. Dinesh Kumar Sharma (Executive Director) (Resigned w.e.f. 09.08.2016) 5) Mr.Akhilesh Agnihotri (Whole Time Director) (Joined w.e.f. 11.11.2016) 6) Mr. Rishabh Jain (Company Secretary) (Resigned w.e.f. 09.08.2016) 7) Ms. Madhuri Jethani (Company Secretary) (Joined w.e.f. 09.08.2016) 8) Mr. Kevan John Upperdine  <b>Relatives of Key Management Personnel</b> 1) Mrs. Padma Kalani (Mother of Mr. Saurabh Kalani) 2) Mr. Manish Kalani (Brother of Mr. Saurabh Kalani) 3) Mr. Kartikeya Kalani (Son of Mr. Saurabh Kalani) 4) Mrs. Devakshi Kalani (Daughter in Law of Mr. Saurabh Kalani) 5) Mr. Vinayak Kalani (Son of Mr. Saurabh Kalani) 6) Mrs. Monica Sharma (Wife of Mr. Dinesh Kumar Sharma) 7) Mrs. Manju Mundra (Wife of Mr. Ajay Mundra)

(b) **Transactions with the related parties**

Particulars	March 31, 2017	March 31, 2016
(i) <b>Sale of goods</b>		
Flexituff Javed Ahmed LLP	0.29	0.10
Flexituff S.A. Enterprises LLP	-	4.10
Flexituff Sailendra Kalita LLP	4.23	-
Budheswar Das Flexituff International Limited JV	7.47	-
Mayur Kartick Barooah Flexituff International Limited JV	1.80	-
Sanyug Enterprise Flexituff International Limited JV	0.81	-
Vishnu Construction Flexituff International Limited JV	2.27	-
<b>Total</b>	<b>16.87</b>	<b>4.20</b>



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	Particulars	March 31, 2017	March 31, 2016
(ii)	<b>Sales Return</b>		
	Flexituff Javed Ahmed LLP	0.56	-
	<b>Total</b>	<b>0.56</b>	<b>-</b>
(iii)	<b>Recovery of expenses</b>		
	Ecstasy Heights LLP	-	0.00*
	Venetian Realty LLP	-	0.00*
	Ambika Commercial LLP	-	0.00*
	Rising Sun Properties LLP	-	0.00*
	Chitrakoot Mercantiles LLP	-	0.00*
	<b>Total</b>	<b>-</b>	<b>0.01</b>
(iv)	<b>Reimbursement of expenses</b>		
	Mr. Manish Kalani	0.50	0.29
	Mrs. Padma Kalani	0.17	0.17
	<b>Total</b>	<b>0.67</b>	<b>0.46</b>
(v)	<b>Lease rent paid</b>		
	M/s Kalani Industries Private Limited	0.85	0.90
	<b>Total</b>	<b>0.85</b>	<b>0.90</b>
(vi)	<b>Commission paid</b>		
	Indore Treasure Town Private Limited	19.63	-
	<b>Total</b>	<b>19.63</b>	<b>-</b>
(vii)	<b>Payment for services</b>		
	B W Davis Management Consultants	12.26	11.45
	<b>Total</b>	<b>12.26</b>	<b>11.45</b>
(viii)	<b>Salaries, wages, bonus and other allowances</b>		
	Mr. Kartikeya Kalani	2.39	1.00
	Mrs. Monica Sharma	0.24	0.67
	Mr. Ajay Mundra	3.13	2.76
	Mrs. Manju Mundra	0.95	0.86
	Mr. Mahesh Sharma	4.57	15.61
	Mr. Dilip Parikh	-	0.77
	Mr. Rishabh Jain	0.24	0.56
	Ms. Madhuri Jethani	0.25	-
	Mrs. Devakshi Kalani	0.43	-
	<b>Total</b>	<b>12.20</b>	<b>22.23</b>
(ix)	<b>Managerial remuneration</b>		
	Mr. Saurabh Kalani	10.65	6.41
	Mr. Dinesh Kumar Sharma	0.80	2.20
	Mr. Mahesh Sharma	5.27	-
	Mr. Akhilesh Agnihotri	0.72	-
	<b>Total</b>	<b>17.44</b>	<b>8.61</b>

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	Particulars	March 31, 2017	March 31, 2016
(x)	<b>Loans &amp; Advances given during the period</b>		
	Flexituff Javed Ahmed LLP	5.50	6.36
	Flexituff Hi-Tech LLP	0.59	0.26
	Flexituff S.A. Enterprises LLP	3.77	2.88
	Flexituff Sailendra Kalita LLP	0.95	-
	Ujjivan LUIT LLP	4.94	-
	Budheswar Das Flexituff International Limited JV	12.17	-
	Sanyug Enterprises Flexituff International Limited JV	2.72	-
	Vishnu Const Flexituff International Limited JV	2.54	-
	Mayur Kartick Barooah Flexituff International Limited JV	3.24	-
	<b>Total</b>	<b>36.42</b>	<b>9.50</b>
(xi)	<b>Interest income</b>		
	Flexituff Javed Ahmed LLP	1.13	-
	Flexituff Hi-Tech LLP	0.06	-
	Flexituff S.A. Enterprises LLP	1.35	-
	Flexituff Sailendra Kalita LLP	0.08	-
	Ujjivan LUIT LLP	0.24	-
	<b>Total</b>	<b>2.86</b>	<b>-</b>

\* Amount is having a value less than ₹ 5,000

(c) **Outstanding balances**

	Particulars	March 31, 2017	March 31, 2016
(i)	<b>Trade payables</b>		
	Mr. Manish Kalani	-	0.02
	Flexituff Javed Ahmed LLP	0.17	-
	<b>Total</b>	<b>0.17</b>	<b>0.02</b>
(ii)	<b>Other current liabilities</b>		
	Mr. Kartikeya Kalani	-	0.08
	Mr. Ajay Mundra	0.35	0.17
	Mrs. Manju Mundra	0.12	0.06
	Mr. Mahesh Sharma	0.38	0.09
	Mr. Rishabh Jain	-	0.04
	Mr. Dinesh Kumar Sharma	-	0.15
	Mrs. Monica Sharma	-	0.05
	Mrs. Devakshi Kalani	0.07	-
	<b>Total</b>	<b>0.92</b>	<b>0.64</b>
(iii)	<b>Loans and advances</b>		
(a)	<b>Loans:</b>		
	Flexituff Javed Ahmed LLP	11.89	6.40
	Flexituff Hi-Tech LLP	0.88	0.28
	Flexituff S.A. Enterprises LLP	13.15	9.38
	Flexituff Sailendra Kalita LLP	1.03	-
	Ujjivan LUIT LLP	4.92	-
	Budheswar Das Flexituff International Limited JV	12.17	-
	Sanyug Enterprises Flexituff International Limited JV	2.72	-
	Vishnu Const Flexituff International Limited JV	2.54	-

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	Particulars	March 31, 2017	March 31, 2016
	Mayur Kartick Barooah Flexituff International Limited JV	3.24	-
	Ecstasy Heights LLP	-	0.00*
	Venetian Realty LLP	-	0.00*
	Ambika Commercial LLP	-	0.00*
	Rising Sun Properties LLP	-	0.00*
	Chitrakoot Mercantiles LLP	-	0.00*
	<b>Total</b>	<b>52.54</b>	<b>16.06</b>
<b>(b)</b>	<b>Staff advances</b>		
	Mr. Saurabh Kalani	0.90	4.22
	Mr. Kartikeya Kalani	0.77	-
	Mr. Mahesh Sharma	0.12	-
	Mr. Dinesh Kumar Sharma	-	0.23
	Mrs. Monica Sharma	-	0.08
	<b>Total</b>	<b>1.79</b>	<b>4.53</b>
<b>(iv)</b>	<b>Trade receivables</b>		
	Flexituff Javed Ahmed LLP	-	0.10
	Flexituff Sailendra Kalita LLP	4.23	-
	Flexituff S.A. Enterprises LLP	4.10	4.10
	Budheswar Das Flexituff International Limited JV	8.59	-
	Mayur Kartick Barooah Flexituff International Limited JV	2.07	-
	Sanyug Enterprise Flexituff International Limited JV	0.93	-
	Vishnu Construction Flexituff International Limited JV	2.61	-
	<b>Total</b>	<b>22.53</b>	<b>4.20</b>
<b>(v)</b>	<b>Other receivables</b>		
	Flexituff Javed Ahmed LLP	1.13	-
	Flexituff Hi-Tech LLP	0.06	-
	Flexituff S.A. Enterprises LLP	1.35	-
	Flexituff Sailendra Kalita LLP	0.08	-
	Ujjivan LUIT LLP	0.24	-
	<b>Total</b>	<b>2.87</b>	<b>-</b>

\* Amount is having a value less than ₹ 5,000

**34. Segment disclosures**

The Group and joint ventures are principally engaged in the business of manufacturing of technical textile. Accordingly Group and jointly controlled entities operates in only one primary segment. The Group and jointly controlled entities 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 Group and joint ventures.

**Geographical Segment:**

Particulars	March 31, 2017	March 31, 2016
<b>Revenue by geographical market</b>		
In India	6,876.86	5,979.38
Outside India	7,683.76	7,147.75
<b>Total</b>	<b>14,560.62</b>	<b>13,127.13</b>
<b>Carrying amount of segment assets</b>		
In India	12,653.67	11,291.92
Outside India	2,347.13	2,343.10
<b>Total</b>	<b>15,000.80</b>	<b>13,635.02</b>
<b>Additions to fixed assets and intangible assets (including movement in CWIP)</b>		
In India	466.40	699.10
Outside India	0.80	1.77
<b>Total</b>	<b>467.20</b>	<b>700.87</b>

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### 35. Employees Stock Option Scheme

- A. The Group and jointly controlled entities instituted an Employees Stock Option Scheme ("ESOPS") for certain employees as approved by the shareholders on January 7 2011. During the year ended March 31, 2017, the following scheme is under operation:

Particulars	March 31, 2017	March 31, 2016
Dates of grant	January 7, 2011	January 7, 2011
Dates of board approval	09-Dec-10	09-Dec-10
Date of shareholders approval	07-Jan-11	07-Jan-11
Total number of options under the plan	1,075,000	1,075,000
Number of options granted	1,061,750	1,061,750
Method of settlement (Cash / Equity)	Equity	Equity
Vesting period (Growth)	1 Years	1 Years
Exercise period (Growth)	2 years	2 years
Vesting period (loyalty)	1 Years	1 Years
Exercise Period (Loyalty)	1 years	1 years
Vesting conditions	Employment	Employment

- B. The details of the activity have been summarized below:

Particulars	March 31, 2017 (No. of equity shares)	March 31, 2016 (No. of equity shares)
Outstanding at the beginning of the year	167,625	335,250
Exercisable at the beginning of the year	167,625	335,250
Granted during the year	-	-
Options lapsed during the year due to resignation, surrender etc.	-	-
Vested during the year	-	-
Options vested and outstanding during the year	-	-
Expired during the year due to not exercise of the option	167,625	167,625
Outstanding at the end of the year	-	167,625
Exercisable at the end of the year	-	167,625
Weighted average remaining contractual life	-	1 year

- C. Stock options granted:

The Black Scholes Options Pricing valuation model has been used for computing the weighted average intrinsic value considering the following inputs:

Particulars	March 31, 2017	March 31, 2016
Weighted average share price/market price (₹ per share)	193.54	218.5
Exercise price (₹ Per share)	95.00	95
Expected volatility	-	-
Life of the options granted (Vesting and exercise period) in years	-	-
Expected dividends	-	-
Average risk-free interest rate	6.18%	7.79%

- D. Effect of the employee option plan on the statement of profit and loss and on its financial position:

Particulars	March 31, 2017	March 31, 2016
Total employee compensation cost pertaining to stock option plan	-	-

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

Liability for employee stock option plan outstanding as at the year end	-	-
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**E. Since the Group and jointly controlled entities used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value method is as under:**

Particulars	March 31, 2017	March 31, 2016
Net Profit for the year after tax as reported	57.34	48.22
Less: Employee stock compensation under intrinsic method	-	-
Proforma Profit	57.34	48.22
<b>Earning per share</b>		
<b>Basic (in Rupees.)</b>		
- as reported	2.30	1.94
- Proforma	2.30	1.94
<b>Diluted (in Rupees.)</b>		
- as reported	2.30	1.93
- Proforma	2.30	1.93

**36. Statement of derivatives and un-hedged foreign currency exposure:**

The Group and jointly controlled entities uses forward contracts to hedge its exposure to movements in foreign exchange rates. These derivatives are not used for trading or speculation purposes. During the current year, the Group and jointly controlled entities has booked amount of ₹ 16.34 as mark to market profit based on principal of prudence based on amount of mark to market of ₹ 16.34 as on March 31, 2017 confirmed by the bank on forward cover taken on basis of probable exposures. There is no un-hedged foreign currency exposure in relation to forward exchange contracts as on March 31, 2017.

**Foreign Currency Exposure which are not hedged**

Pursuant to the announcement on “Disclosure regarding Derivatives Instruments” issued by the Institute of Chartered Accountants of India, the Group and jointly controlled entities has the following foreign currency exposure that are not hedged by a derivative instrument or otherwise as at March 31, 2017:

Particulars	Currency	March 31, 2017		March 31, 2016	
		Foreign currency in millions	Rupees in Millions	Foreign currency in millions	Rupees in Millions
Foreign currency convertible bonds	USD	34.00	2,204.51	34.00	2,255.30
Trade payables	USD	0.73	47.31	0.74	49.28
	EURO	0.00#	0.29	0.42	31.66
	CHF	-	-	0.02	1.19
Payable for Capital Goods	USD	0.40	26.12	-	-
Advance from customers	USD	0.06	3.70	0.31	20.26
	EURO	0.05	3.69	0.07	4.53
Foreign currency term loan	USD	-	-	1.29	56.90
Finance lease obligations	CHF	0.26	16.82	0.39	25.40
Deferred payment liabilities	Euro	0.14	9.69	0.25	18.89
Foreign currency with bank	USD	-	-	0.00**	0.01
Other current liability	USD	0.70	45.43	0.72	47.70
Outstanding expenses	USD	0.05	3.00	0.07	4.77
Trade receivables	EURO	0.51	35.36	0.49	36.27
	GBP	8.89	719.34	6.28	599.17
	USD	14.33	927.63	13.97	936.78
Capital advance	USD	-	-	0.08	5.43

# Value below Euro 5,000

\*\* USD 135

Letter	MDA	Directors' Report	Corporate Governance Report	Financial Statements Consolidated	Notice
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Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

NOTE- ₹ figures as per books of accounts, where it is converted at closing rate of ₹ 64.8386/USD, ₹ 80.8797/GBP, ₹ 69.2476/CHF.

### 37. Current assets and loans and advance

In the opinion of the Board, the current assets and loans and advances are approximately of the value stated, if realized in the ordinary course or business, except otherwise stated. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.

### 38. Managerial remuneration receivable

The Group and jointly controlled entities has paid managerial remuneration to two of its whole-time directors, which is within the limits prescribed under section 197 read with Schedule V of the Act. However, the Group and jointly controlled entities had not obtained requisite approvals of the shareholders for payment of such remuneration as stated under the provisions of section 197 read with Schedule V of the Act, as these whole-time directors were appointed during the year. The Group and jointly controlled entities is in the process of obtaining necessary approvals for the remuneration paid to its whole-time directors.

### 39. Information required for consolidated financial statement pursuant to Schedule III of The Companies Act, 2013

Name of the entity	March 31, 2017				March 31, 2016			
	Net Assets as a % of consolidated		% of Share in profit and loss		Net Assets as a % of consolidated		% of Share in profit and loss	
	%	Amount	%	Amount	%	Amount	%	Amount
Flexituff International Limited	98.34	3,869.78	150.20	86.12	98.33	3,768.11	80.79	40.12
Flexiglobal UK Limited	1.01	39.55	(30.57)	(17.53)	0.80	30.63	5.01	2.49
Flexiglobal Holdings Limited	0.37	14.45	(2.60)	(1.49)	0.32	12.31	(1.29)	(0.64)
Flexituff Javed Ahmed LLP	(0.08)	(3.29)	(7.51)	(4.31)	0.03	1.01	1.87	0.93
Flexituff SA Enterprises LLP	(0.09)	(3.46)	(8.84)	(5.07)	0.04	1.61	3.08	1.53
Flexituff Hi Tech LLP	0.08	3.00	(0.56)	(0.32)	0.09	3.33	6.55	3.25
Nanofil Technologies Limited	0.41	16.29	2.02	1.16	0.39	15.13	3.99	1.98
Flexituff Sailendra Kalita LLP	(0.02)	(0.81)	(1.56)	(0.89)	-	-	-	-
Ujjivan LUIT LLP	0.01	(0.28)	(0.58)	(0.33)	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>3,932.53</b>	<b>100.00</b>	<b>57.34</b>	<b>100.00</b>	<b>3,844.99</b>	<b>100.00</b>	<b>49.67</b>
Adjustment for intercompany elimination		14.44		-		14.32		1.45
		<b>3918.10</b>		<b>57.34</b>		<b>3,830.67</b>		<b>48.22</b>

#### Note:

Net assets and share of profits and loss reported in the above table have been considered from the respective audited financial

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2017

₹ in Millions

statements after making necessary changes for consolidation adjustments having impact on the consolidated net assets and net profits.

**40. Previous year figures**

Previous year figures have been regrouped/ reclassified, where necessary, to conform to year's classification.

As per our report of even date

**For MZSK & Associates**  
Chartered Accountants  
Firm Registration No.: 105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**For L.K. Maheshwari & Co.**  
Chartered Accountants  
Firm Registration No.: 000780C

**Abhay Singi**  
Partner  
Membership No.: 079873

For and on behalf of the Board of Directors of  
**Flexituff International Limited**  
CIN – L25202MP1993PLC034616

**Saurabh Kalani**  
Whole Time Director  
DIN: 699380

**Ajay Mundra**  
Chief Finance Officer

**Mahesh Sharma**  
Whole Time Director & CEO  
DIN: 7610685

**Madhuri Jethani**  
Company Secretary  
Membership No: A43118



24<sup>th</sup> July, 2017

Dear Member,

You are cordially invited to attend the 24<sup>th</sup> Annual General Meeting of Flexituff International Limited to be held on Tuesday, 22<sup>nd</sup> August, 2017, 2017 at 12:30 P.M. at C 41-50, SEZ, Sector -3, Pithampur, Dist. Dhar (M.P.) – 454775.

The Notice of the meeting, containing the business to be transacted, is enclosed herewith. As per Section 108 of the Companies Act, 2013, read with the related Rules and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting are enclosed herewith.

By Order of the Board of Directors

**Flexituff International Limited**

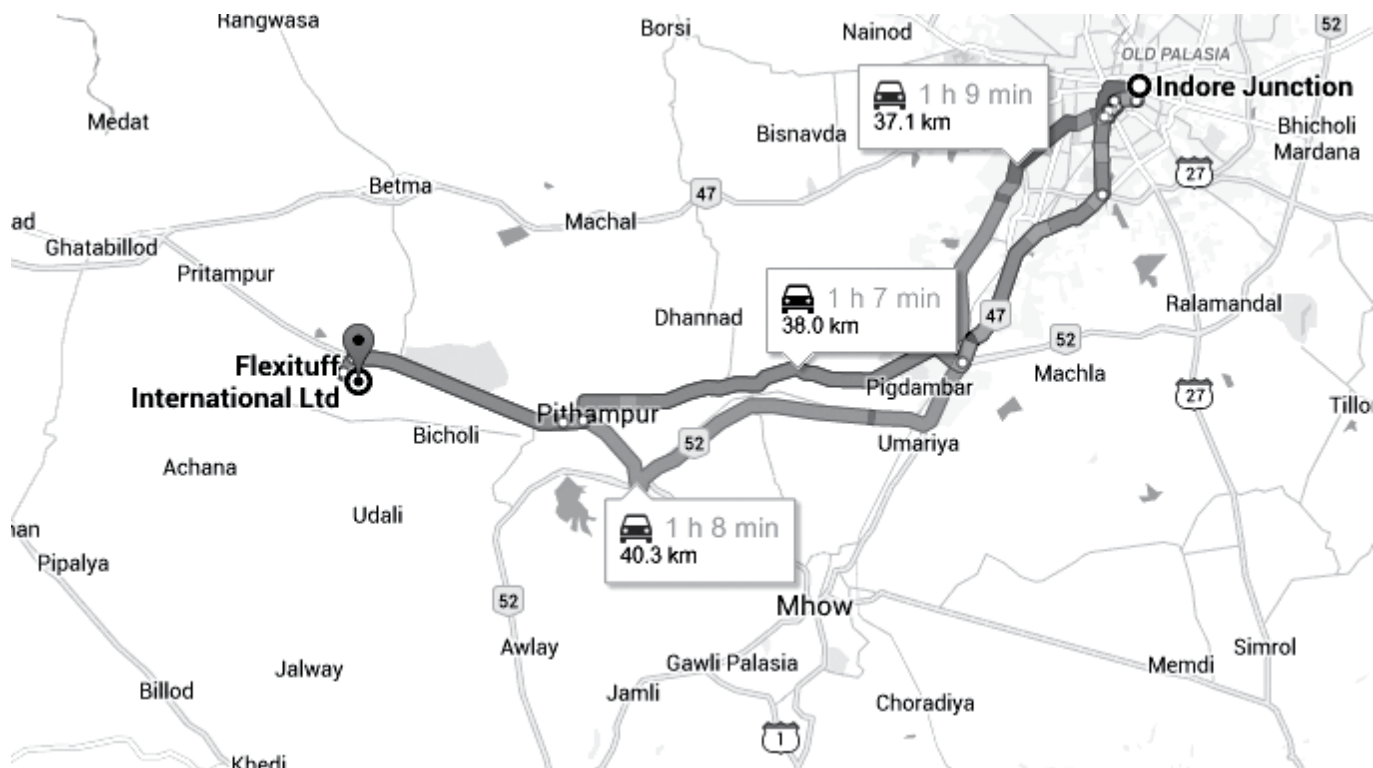
Madhuri Jethani  
Company Secretary

Enclosures:

1. Route Map
2. Notice to the 24<sup>th</sup> Annual General Meeting
3. Proxy form
4. Attendance slip

## Route Map to the venue of the AGM

Indore Junction to Flexituff International Limited Drive 40.3 Km, 1h 4 min



# NOTICE

**NOTICE IS HEREBY GIVEN THAT THE 24TH ANNUAL GENERAL MEETING OF FLEXITUFF INTERNATIONAL LIMITED WILL BE HELD ON TUESDAY, 22<sup>ND</sup> AUGUST, 2017, AT 12:30 P.M. AT C41-50, SEZ, SECTOR -3, PITHAMPUR, DIST. DHAR (M.P.) - 454775, TO TRANSACT THE FOLLOWING BUSINESS:**

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended on 31<sup>st</sup> March 2017 and the reports of the Board of Directors' and the Auditor's thereon.
2. To appoint a director in place of Ms. Alka Sagar, (DIN: 07138477) who retires by rotation and being eligible offers herself for re-appointment.
3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder, M/s Kailash Chand Jain & Co, Chartered Accountants, Indore (FRN: 112318W) be and is hereby appointed as Joint Statutory Auditor of the Company, to hold office for a period of 5 years, from the conclusion of twenty fourth (24<sup>th</sup>) Annual General Meeting until the conclusion of Twenty Ninth (29<sup>th</sup>) Annual General Meeting of the Company, subject to ratification by the members of the Company at every Annual General Meeting as per the provisions of the Companies Act, 2013, on such remuneration as may be agreed upon between the Board of Directors or any Committee thereof."

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

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder, M/s MZSK & Associates, Chartered Accountants, Mumbai (Firm Registration No. 105047W) be and is hereby re-appointed as Joint Statutory Auditor of the Company, to hold office for a period of 3 years, from the conclusion of twenty fourth (24<sup>th</sup>) Annual General Meeting until the conclusion of Twenty Seventh (27<sup>th</sup>) Annual General Meeting of the Company, subject to ratification by the members of the Company at every Annual General Meeting as per the provisions of the Companies Act, 2013, on such remuneration as may be agreed upon between the Board of Directors or any Committee thereof."

## SPECIAL BUSINESS

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time and Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, Mr. Bhuwan Modi (DIN: 02855329), who has submitted a declaration that he meets the criteria for

independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of 5 years i.e. from 30<sup>th</sup> May, 2017 to 29<sup>th</sup> May, 2022 and whose office shall not be liable to retire by rotation;

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

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time and Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, Mr. Parag Gupta (DIN: 06423095), who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of 5 years i.e. from 24<sup>th</sup> July, 2017 to 23<sup>rd</sup> July, 2022 and whose office shall not be liable to retire by rotation;

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

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable laws, if any, Mr. Akshay Tanna (DIN: 02967021) nominated by TPG Growth II SF Pte. Ltd, who was appointed as an Additional Director of the Company w.e.f. 15<sup>th</sup> April 2017 by the Board of Directors and who holds office only upto the date of the ensuing Annual General Meeting, be and is hereby appointed as an Investor Director of the Company and whose office shall not be liable to retire by rotation;

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

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

**"RESOLVED THAT** pursuant to the provisions of Sections 188 and other applicable provisions, if any, of the Companies Act, 2013 including statutory modification or re-enactment thereof

for the time being in force and other applicable laws, if any, the consent of the Company be and is hereby accorded for increase in remuneration of Ms. Devakshi Kalani, Executive Finance of the Company and daughter-in-law of Mr. Saurabh Kalani, Whole-time Director, as mentioned in explanatory statement to the resolution w.e.f. 1<sup>st</sup> April, 2017;

**RESOLVED FURTHER THAT** the Board shall have the authority from time to time (a) to make applicable to Ms. Devakshi Kalani such revisions in the aforesaid salary scale or grade together with revisions in such allowances, benefits, amenities, facilities and other perquisites including contribution to provident fund, gratuity fund, superannuation fund, etc. as are introduced from time to time in respect of employees of the Company in equivalent salary scale or grade; and (b) to promote her to any higher position/designation or salary scale or grade in due course together with such allowances,

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

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

“**RESOLVED THAT** pursuant to the provisions of Sections 188 and other applicable provisions, if any, of the Companies Act, 2013 including statutory modification or re-enactment thereof for the time being in force and other applicable laws, if any, the consent of the Company be and is hereby accorded for increase in remuneration of Mr. Kartikeya Kalani, President of the Company and son of Mr. Saurabh Kalani, Whole-time Director, as mentioned in explanatory statement to the resolution w.e.f. 1<sup>st</sup> April, 2017;

**RESOLVED FURTHER THAT** the Board shall have the authority from time to time (a) to make applicable to Mr. Kartikeya Kalani such revisions in the aforesaid salary scale or grade together with revisions in such allowances, benefits, amenities, facilities and other perquisites including contribution to provident fund, gratuity fund, superannuation fund, etc. as are introduced from time to time in respect of employees of the Company in equivalent salary scale or grade; and (b) to promote him to any higher position/designation or salary scale or grade in due course together with such allowances,

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

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

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160 and all other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable laws, if any, Mr. Mahesh Sharma (DIN: 07610685) who was appointed as an Additional Director of the Company w.e.f. 16<sup>th</sup> September, 2016 by the Board of Directors and who holds office only upto the date of the ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company;

**RESOLVED FURTHER THAT** Mr. Mahesh Sharma (DIN: 07610685) shall continue as Chief Executive Officer of the Company and his other terms and conditions of appointment shall continue to remain unaltered;

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

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and all other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable laws, if any, Mr. Anand Khandelwal (DIN: 07889346) who was appointed as an Additional Director of the Company w.e.f. 24<sup>th</sup> July, 2017 by the Board of Directors and who holds office only upto the date of the ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company;

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

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

“**RESOLVED THAT** pursuant to the provisions of Sections 152, 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and subject to such other approvals, as may be necessary, consent of the Members be and is hereby accorded to the appointment of Mr. Mahesh Sharma (DIN: 07610685) as Whole-Time Director of the Company for a period of 5 years w.e.f. 11<sup>th</sup> November, 2016 on terms & conditions as mentioned in explanatory statement to the resolution;

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year during the currency of tenure of Mr. Mahesh Sharma (DIN: 07610685), the payment of Salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013;

**RESOLVED FURTHER THAT** Mr. Mahesh Sharma (DIN: 07610685) shall continue as Chief Executive Officer of the Company and his other terms and conditions of appointment shall continue to remain unaltered;

**RESOLVED FURTHER THAT** Mr. Mahesh Sharma (DIN: 07610685) shall be liable to retire by rotation;

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

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

**“RESOLVED THAT** pursuant to the provisions of Sections 152, 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary, consent of the Members be and is hereby accorded to the re-appointment of Mr. Saurabh Kalani (DIN: 00699380) as Whole-Time Director of the Company for a period of 5 years w.e.f 30<sup>th</sup> May, 2017 on terms & conditions as mentioned in explanatory statement to the resolution;

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year during the currency of tenure of Mr. Saurabh Kalani (DIN: 00699380), the payment of Salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013;

**RESOLVED FURTHER THAT** Mr. Saurabh Kalani (DIN: 00699380) shall be liable to retire by rotation;

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

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

**“RESOLVED THAT** pursuant to the provisions of Sections 152, 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary, consent of the Members be and is hereby accorded to the re-appointment of Mr. Anand Khandelwal (DIN: 07889346) as Whole-Time Director of the Company for a period of 5 years w.e.f 31<sup>st</sup> July, 2017 on terms & conditions as mentioned in explanatory statement to the resolution;

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year during the currency of tenure of Mr. Anand Khandelwal (DIN: 07889346), the payment of Salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013;

**RESOLVED FURTHER THAT** Mr. Anand Khandelwal (DIN: 07889346) shall be liable to retire by rotation;

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

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

**“RESOLVED THAT** the consent of the members of the Company be and is hereby accorded to ratify the remuneration paid to Mr. Akhilesh Agnihotri (DIN: 07637010) who was appointed as an Additional and Whole-Time director w.e.f. 11<sup>th</sup> November, 2016 and resigned from the post of director from 30<sup>th</sup> May, 2017 as mentioned in the Explanatory Statement of this resolution.”

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

**RESOLVED THAT** subject to applicable provisions of Companies Act, 2013, if any, SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 including any statutory amendment(s) or modification(s) thereto, and Strategic Debt Restructuring Scheme by the Reserve Bank of India dated 8<sup>th</sup> June, 2015, further amended on 25<sup>th</sup> February, 2016, including any statutory amendment(s) or modification(s) thereto (“SDR Scheme”) and any other applicable law or laws, rules and regulations and enabling provisions in the Articles of Association of the Company, the consent and approval of the members be and is hereby accorded to confirm and accept conversion of whole or part of loan into Equity Shares by way of SDR Scheme;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take such steps as may be necessary and to do all such acts, deeds and things as may be necessary, proper, or expedient to give effect to this resolution including to modify, accept and give effect to any modifications in the terms and conditions of the matter(s) as may be required by the statutory, regulatory and other appropriate authorities (including but not limited to SEBI, RBI, JLF, etc.)

By Order of the Board of Directors  
**Flexituff International Limited**

Place: Pithampur  
Date: 24/07/2017

**Madhuri Jethani**  
Company Secretary

Note:

*Change in Registered Office of the Company has been approved by Regional Director, Kolkata and same has been taken on record by Registrar of Companies, Gwalior on 28<sup>th</sup> August, 2015.*

**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 A 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. A BLANK PROXY FORM (MGT-11) IS ENCLOSED**
- 2. A person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more**

- than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company or upload it on the e-voting portal, authorizing their representative to attend and vote on their behalf at the meeting.
  4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
  5. Additional information, pursuant to Regulation 36 of the Listing Regulations, in respect of the directors seeking appointment / reappointment at the AGM, forms part of the Notice. Further, all the Independent Directors have affirmed that they meet the requirements specified under Regulation 16 (1) (b) SEBI (listing Obligation and Disclosure Requirements) Regulations, 2015 in respect of their position as an "Independent Director" of the Company.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER PURSUANT TO REGULATION 36(3) OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS -2**

Name of Director	Date of Birth	Date of Appointment	Qualification and Expertise	No. of Equity Shares held in the Company	List of other Companies in which directorships are held (excluding Foreign Companies & Section 8 Companies)	List of all committee of board of directors (across all companies) in which Chairmanship/ membership is held (includes only Audit Committee and Stakeholder's Relationship Committee)
Mrs. Alka Sagar	19/02/1979	31/03/2015	Mrs. Alka Sagar is a law graduate and an advocate by profession. She has experience of around 9 years as private practitioner and a court lawyer.	NIL	NIL	NIL
Mr. Bhuwan Modi	29/10/1985	30/05/2017	Mr. Bhuwan Modi is a fellow member of Institute of Chartered Accountants of India as well as Institute of Company Secretaries of India. He has experience in various fields; such as Audit & Assurance, Company law matters, Taxation-direct & indirect, Government clearances/approvals, FEMA & SEBI related matters, etc. Currently, he is a partner of M/s H Talati & Co., Chartered Accountant and involved in GST implementation, Internal Audit & Accounting Advisory Services to clients.	NIL	Naptune Packaging Private Limited (CIN: U99999MH1993PTC120387)	Chairman of Stakeholders Relationship Committee and member of Audit Committee of Flexituff International Limited
Mr. Parag Gupta	29/12/1964	24/07/2017	Mr. Parag Gupta is a Mechanical Engineer from the University of Roorkee and has a Master's Degree from UM Ahmadabad. He has over twenty-five years of General Management, Strategy, Sales, Marketing & Distribution experience, in leading MNCs like Asian Paints, ICI India, Unilever India and Dow Chemicals. In his last corporate role he was the Managing Director of Vopak India, which is a part of the world's largest company in Liquid Bulk Storage Services. His key expertise is in building new businesses in India and globally. Presently, he engaged in setting up his own Entrepreneurial venture focusing on Sustainability & Environment (with focus on Energy & Water) and advising Corporates on Strategy and Operational Excellence	NIL	Mahua Travels Private Limited (CIN: U63040MP2010PTC022955) Consortium Associates Private Limited (CIN: U74140DL2010PTC0209175)	Member of Audit and Stakeholders Relationship Committee of Flexituff International Limited



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Name of Director	Date of Birth	Date of Appointment	Qualification and Expertise	No. of Equity Shares held in the Company	List of other Companies in which directorships are held (excluding Foreign Companies & Section 8 Companies)	List of all committee of board of directors (across all companies) in which Chairmanship/ membership is held (includes only Audit Committee and Stakeholder's Relationship Committee)
Mr. Akshay Tanna	20/11/1982	15/04/2017	Mr. Akshay Tanna is a Vice President at TPG Growth in Mumbai, and has been with TPG since 2011. Prior to joining TPG in 2011, Mr. Akshay Tanna worked for Merrill Lynch and Deutsche Bank in the Financial Institutions Investment Banking Group. Mr. Akshay Tanna graduated from the Wharton School of University of Pennsylvania with Honors.	NIL	Truskin Gloves Private Limited (CIN: U25191KL2001PTC014953) Automark Motors Private Limited (CIN: U50100GJ2008PTC054848) Landmark Commercial Vehicles Private Limited (CIN: U50100GJ2012PTC069390) Lenskart Solutions Private Limited (CIN: U51494DL2008PTC178355) Jhara Finance Private Limited (CIN: U65944MH1993PTC071025) Landmark Insurance Brokers Private Limited (CIN: U66030PN2002PTC017009)	NIL
Mr. Mahesh Sharma	16/10/1961	16/09/2016	Mr. Mahesh Sharma is a Mechanical Engineer from Shri Vaishnav Polytechnic Institute, Indore and has a master degree in Business Administration from Institute of Management Studies Devi Ahilya Vishwavidyalaya, Indore. He is associated with the Company since 2002. He has more than two decades of experience in the corporate sector at various levels. He has in the past worked with Forbes & Forbes Campbell Limited, a Tata Group Company at Ahmedabad.	NIL	NIL	NIL
Mr. Saurabh Kalani	23/09/1962	30/05/2012	Mr. Saurabh Kalani is a commerce graduate and 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. He is the founder President of the Indian Flexible Intermediate Bulk Container Association (IFIBCA) and was the Vice President of All India Flat Tape Manufacturers' Association. Currently he is the member of the Committee of the Plastics Export Promotion Council (PLEXCONCIL). He has expert knowledge in the products manufactured by Flexituff International Limited and its utilization in global market.	NIL	Herbal Dream Ayurveda Creations Private Limited (CIN: U45200MH1986PTC040428) Miscellani Global Private Limited (CIN: U51900MH1984PTC033870) Indian Flexible Intermediate Bulk Container Association (CIN: U91990MH2004PLC144915)	Member of Audit Committee Of Flexituff International Limited
Mr. Anand Khandelwal	16/10/1967	24/07/2017	Mr. Anand Khandelwal is a Commerce graduate from DAVV University. He is associated with the Company for more than 2 decades and will represent employee participation on Board. He has versatile experience in Raw Material Management.	NIL	NIL	NIL



6. Members/Proxy/Authorised Representative attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of place of the meeting. Proxy/representative of a member should mark on the Attendance Slip as "Proxy" or "Representative" as the case may be.
7. Members who hold shares in dematerialized mode are requested to intimate any changes pertaining with their bank account details, ECS mandates, nominations, power of attorney, change of address/name etc. to their Depository Participant only and not to the Company's Registrar & Share Transfer Agent. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar & Share Transfer Agent to provide efficient and better service to the members.
8. Members holding shares in physical form are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to the Company's Registrar & Share Transfer Agent quoting their registered folio number.
9. Members desirous of having any information regarding accounts are requested to send their queries at the registered office of the Company at least seven days before the date of the meeting so that the requisite information is made available at the meeting.
10. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
11. Members may also note that the Notice of the 24<sup>th</sup> AGM and Annual Report 2016-17 will be available on the Company's website [www.flexituff.com](http://www.flexituff.com)
12. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, and Circulars etc. from the Company electronically.
13. Relevant Documents referred to in the accompanying notice and the explanatory statement are open for inspection by the members at the registered office of the Company during the office hours on all working days upto the date of AGM.
14. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.

The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

The facility for voting through ballot paper will also be made available at the Annual General Meeting (AGM) and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are given below

**Instructions and other information relating to remote e-voting are as under:**

- (i) The voting period begins on 19<sup>th</sup> August, 2017 at 10.00 A.M. IST and ends on 21<sup>st</sup> August, 2017 at 5.00 P.M. IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 17<sup>th</sup> August, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iv) Click on Shareholders.
- (v) Now Enter your User ID:
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

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- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for **Flexituff International Limited** on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s)

for which they wish to vote on.

- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xi) Any Person who has acquired shares and become member of the Company after the dispatch of the Notice of the Annual General Meeting but before the cut-off date of 17<sup>th</sup> August, 2017, may follow the same instructions as mentioned above for e-voting.
- (xii) Persons whose names are recorded in the register of members maintained by registrar as on cut-off date i.e., 17<sup>th</sup> August, 2017 shall only avail the facility of remote e-voting or voting through ballot paper/polling paper at the venue of the meeting.
- (xiii) The Board of directors has appointed M/s. Ritesh Gutpa & Co., Practicing Company Secretary, Indore as Scrutinizer to scrutinize the e-voting process in fair and transparent manner

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Question ("FAQ") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or members are requested to contact:

Mr. D. K. Sharma (Vice President – Corporate Affairs)  
Email: [cs@flexituff.com](mailto:cs@flexituff.com);  
Contact No. : 07292-420200

By Order of the Board of Directors  
Flexituff International Limited

Place: Pithampur  
Date: 24/07/2017

Madhuri Jethani  
Company Secretary

#### **Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013**

##### **ITEM NO. 5**

Based on recommendation of the Nomination and Remuneration Committee, Mr. Bhuwan Modi (DIN: 02855329) was appointed as Non-Executive Independent Director of the Company by the Board of Directors in their meeting held on 30<sup>th</sup> May, 2017.

Mr. Bhuwan Modi is a fellow member of Institute of Chartered Accountants of India as well as Institute of Company Secretaries of India. He has experience in various fields; such as Audit & Assurance, Company law matters, Taxation-direct & indirect, Government clearances/approvals, FEMA & SEBI related matters, etc. Currently, he is a partner of M/s H Talati & Co., Chartered Accountant and involved in GST implementation, Internal Audit & Accounting Advisory Services to clients.

The Company has received necessary consents/ declarations in necessary form as per the provisions of Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board of Directors, Mr. Bhuwan Modi, 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. Bhuwan Modi 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.

Except Mr. Bhuwan Modi, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item No.5.

The Board recommends the passing of resolution by the members of the Company as an Ordinary Resolution.

#### **ITEM NO. 6**

Based on recommendation of the Nomination and Remuneration Committee, Mr. Parag Gupta (DIN: 06423095) was appointed as an Additional Non-Executive Independent Director of the Company by the Board of Directors in their meeting held on 24<sup>th</sup> July, 2017.

Mr. Parag Gupta, aged 52 years, is a Mechanical Engineer from the University of Roorkee and has a Master's Degree from UM Ahmadabad. He has over twenty-five years of General Management, Strategy, Sales, Marketing & Distribution experience, in leading MNCs like Asian Paints, ICI India, Unilever India and Dow Chemicals. In his last corporate role he was the Managing Director of Vopak India, which is a part of the world's largest company in Liquid Bulk Storage Services. His key expertise is in building new businesses in India and globally. Presently, he engaged in setting up his own Entrepreneurial venture focusing on Sustainability & Environment (with focus on Energy & Water) and advising Corporates on Strategy and Operational Excellence

The Company has received necessary consents/ declarations in necessary form as per the provisions of Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board of Directors, Mr. Parag Gupta, 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. Parag Gupta 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.

Except Mr. Parag Gupta, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item No.6.

The Board recommends the passing of resolution by the members of the Company as an Ordinary Resolution.

#### **ITEM No. 7**

Mr. Akshay Tanna (DIN: 02967021) nominated by TPG Growth II SF Pte. Ltd was appointed as an Additional (Investor Director) Director by the Board of Directors of the Company by way of resolution passed by circulation on 15<sup>th</sup> April 2017.

Mr. Akshay Tanna is a Vice President at TPG Growth in Mumbai, and has been with TPG since 2011. Prior to joining TPG in 2011, Mr. Akshay Tanna worked for Merill Lynch and Deutsche Bank in the Financial Institutions Investment Banking Group. Mr. Akshay Tanna graduated from the Wharton School of University of Pennsylvania with Honors.

Relevant Documents related to appointment of Mr. Akshay Tanna 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.

Your Directors recommends appointment of Mr. Akshay Tanna as regular Non-Executive Director, who shall not be liable to retire by rotation, by passing the resolution as an Ordinary Resolution.

Except Mr. Akshay Tanna and Mr. Vishwarupe Narain, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item No.7.

#### **ITEM NO.8**

Based on the Qualification and Experience, your Board recommends increase in remuneration of Ms. Devakshi Kalani, Executive Finance of the Company and daughter-in-law of Mr. Saurabh Kalani, Whole-Time Director of the Company.

Ms. Devakshi Kalani is Bachelor of Science in Business Administration from Babson College, USA & MBA Finance from Oxford University, United Kingdom (UK). She has approx 6 years of experience and in past has worked with Woodhouse Financial Advisors, Ernst and Young and Unisto AG.

Audit Committee and Board of Directors of the Company has approved increase in remuneration of Ms. Devakshi Kalani from Rs. 1,00,000/- (Rupees One Lakh Only) per month to Rs. 2,50,000 (Rupees Two Lakhs Fifty Thousand) per month w.e.f. 1<sup>st</sup> April, 2017 with perquisites as mentioned below:-

- 1) **Employer's contribution to Provident fund** - As per Rules of the Company
- 2) **National Pension Scheme** – Contribution by the Company upto 10% of basic salary
- 3) **Life Insurance Policy** – Policy premium by the Company upto Rs. 2,00,000/- (Rupees Two Lakhs Only) per year.
- 4) **Gratuity and/or Contribution to Gratuity Fund** - As per Rules of the Company
- 5) **Reimbursement of Expenses** – Reimbursement of all expenses incurred for the business purposes of the Company.

The information as required in accordance with Rule 15 of Companies (Meetings of Board & its Powers) Rules, 2014, as well as pursuant to Sec. 102 of the Act is as under:

Name of the related party	: Ms. Devakshi Kalani
Name of the director or Key Managerial personnel who is related	: Mr. Saurabh Kalani & Mr. Kartikeya Kalani
Nature of relationship	: Ms. Devakshi Kalani is daughter-in-law of Mr. Saurabh Kalani & wife of Kartikeya Kalani
Remuneration	: As provided in the Explanatory Statement
Payment Schedule	: Not Applicable
Nature, material terms and particulars of the arrangement	: Increase in remuneration of Ms. Devakshi Kalani, Executive Finance of the Company
Duration of the contract	: As long as she remains employee of the Company

Except Mr. Saurabh Kalani & Mr. Kartikeya Kalani, son of Mr. Saurabh Kalani, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item No. 8.

The Board recommends the passing of resolution by the members of the Company as an Ordinary Resolution.

#### ITEM NO. 9

Based on the Qualification and Experience, your board recommends increase in remuneration of Mr. Kartikeya Kalani, President of the Company and son of Mr. Saurabh Kalani, Whole-Time Director of the Company.

Mr. Kartikeya Kalani has joined the Company full time, after his lvy league education at Cornell University with a degree in Operations & Management. Presently Mr. Kartikeya Kalani is heading Geo Textile Division, growth engine of the Company.

Audit Committee and Board of Directors of the Company has approved increase in remuneration of Mr. Kartikeya Kalani from Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) per month to Rs. 6,00,000/- (Rupees Six Lakhs Only) per month w.e.f. 1<sup>st</sup> April, 2017 with perquisites as detailed below:-

#### Perquisites

- 1) **Employer's contribution to Provident fund** - As per Rules of the Company
- 2) **National Pension Scheme** – Contribution by the Company upto 10% of basic salary
- 3) **Life Insurance Policy** – Policy premium by the Company upto Rs. 6,00,000/- per year.
- 4) **Gratuity and/or Contribution to Gratuity Fund** - As per Rules of the Company
- 5) **Reimbursement of Expenses** – Reimbursement of all expenses incurred for the business of the Company.

**Commission** - Such remuneration by way of commission not exceeding 1% of Geo-synthetics Division throughput of the Company in addition to the salary, perquisites and allowances

The information as required in accordance with Rule 15 of Companies (Meetings of Board & its Powers) Rules, 2014, as

well as pursuant to Sec. 102 of the Act is as under:

Name of the related party	: Mr. Kartikeya Kalani
Name of the director or Key Managerial personnel who is related	: Mr. Saurabh Kalani & Ms. Devakshi Kalani
Nature of relationship	: Mr. Kartikeya Kalani is son of Mr. Saurabh Kalani and Husband of Ms. Devakshi Kalani
Remuneration	: As provided in the Explanatory Statement
Payment Schedule	: Not Applicable
Nature, material terms and particulars of the arrangement	: Increase in remuneration of Mr. Kartikeya Kalani, President of the Company
Duration of the contract	: As long as he remains employee of the Company

Except Mr. Saurabh Kalani & Ms. Devakshi Kalani, daughter in law of Mr. Saurabh Kalani, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item No. 9.

The Board recommends the passing of resolution by the members of the Company as an Ordinary Resolution.

#### ITEM NO. 10 & 12

Based on recommendation of the Nomination and Remuneration Committee, Mr. Mahesh Sharma was appointed as an Additional Director on the Board of the Company with effect from 16<sup>th</sup> September, 2016 to hold office upto the date of the Annual General Meeting. He was also appointed as Whole-Time Director of the Company with effect from 11<sup>th</sup> November, 2016, subject to approval of the Members.

Mr. Mahesh Sharma has a very long association with Flexituff International Limited ("the Company"), he has joined the Company in the year 2002.

Mr. Mahesh Sharma is a Mechanical Engineer from Shri Vaishnav Polytechnic Institute, Indore and has a master degree in Business Administration from Institute of Management Studies Devi Ahilya Vishwavidyalaya, Indore. He has more than two decades of experience in the corporate sector at various levels. He has in the past worked with Forbes & Forbes Campbell Limited, a Tata Group Company at Ahmedabad.

Mr. Mahesh Sharma shall continue as Chief Executive Officer of the Company and his other terms and conditions of appointment shall continue to remain unaltered.

The remuneration as set out below was approved by the Nomination & Remuneration Committee and the Board at their respective meetings.

- Gross Salary Rs. 9,39,340/- (Rupees Nine Lakhs Thirty Nine Thousand Three Hundred and forty 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 Rs. 18 Lakhs P.M.



Relevant Documents related to appointment of Mr. Mahesh Sharma 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.

Except Mr. Mahesh Sharma, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item Nos. 10 & 12.

The resolutions as set out in Item Nos. 10 and 12 of this notice are accordingly commended for your approval.

#### **ITEM NO. 11 & 14**

Based on recommendation of the Nomination and Remuneration Committee, Mr. Anand Khandelwal was appointed as an Additional Director on the Board of the Company with effect from 24<sup>th</sup> July, 2017 to hold office upto the date of the Annual General Meeting. He was also appointed as Whole-Time Director of the Company with effect from 24<sup>th</sup> July, 2017 for a period of 5 years, subject to approval of the Members.

Mr. Anand Khandelwal is a Commerce graduate from DAVV University. He is associated with the Company for more than 2 decades and will represent employee participation on Board. He has versatile experience in Raw Material Management.

The remuneration as set out below was approved by the Nomination & Remuneration Committee and the Board at their respective meetings.

- Gross Salary Rs. 81,095/- (Rupees Eighty One Thousand and Ninety Five 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 Rs. 2 Lacs P.M.

Relevant Documents related to appointment of Mr. Anand Khandelwal 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.

Except Mr. Anand Khandelwal, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item Nos. 11 & 14.

The resolutions as set out in Item Nos. 11 and 14 of this notice are accordingly commended for your approval.

#### **ITEM NO. 13**

The Board of Directors in their meeting held on 30<sup>th</sup> May, 2017 re-appointed Mr. Saurabh Kalani (DIN: 00699380) as Whole-time Director of the Company w.e.f 30<sup>th</sup> May, 2017 for a period of five years on the basis of recommendation of Nomination & Remuneration Committee and subject to approval of the shareholders.

The remuneration as set out below was approved by the Nomination & Remuneration Committee and the Board at their respective meetings.

- Gross Salary Rs. 1,00,000/- (Rupees One Lakh Only) per month with an authority to Board/Committee to decide from

time to time to increase the remuneration upto Rs. 2,00,000/- (Rupees Two Lakhs Only) per month based on increment policy of the company in force;

- Perquisites and benefits:

- 1) Housing: - Furnished suitable accommodation for him and his family.
- 2) Gas, Electricity, water etc: - Reimbursement of expenses actually incurred for Gas, Electricity, Water and furnishing (including Air conditioners, refrigerators Geysers etc.) and the maintenance expenses of the society if applicable.
- 3) Provision for Company's car for use on Company's business and for personal use. If the company's car is provided, he shall reimburse Rs. 5000/- (plus Rs. 1000/-, if chauffeur is also provided to run the car) per month to the company for using the car for his personal use, which shall be deducted from his salary.
- 4) Provision of Telephone facilities at the cost of the Company at residence, and the mobile phone with all expenses met, subject however to the condition that all charges incurred by Saurabh Kalani in respect of personal long distance calls shall be billed to him.
- 5) Club fees: Club fees including entrance charges, deposit, if applicable, subject to a maximum of three clubs.
- 6) Medical Reimbursement: Reimbursement of actual expenses incurred for self and his family.
- 7) Medical/Accidental Insurance: Medical health insurance premium for self and his family including personal accident insurance, subject to maximum of Rs. 10,00,000/- (Rupees Ten Lakhs Only) per year
- 8) Credit Cards: Payment of dues of credit cards used by him for the purpose of expenses of the Company.
- 9) Life Insurance Policy premium subject to maximum of Rs. 2,00,000/- (Rupees Two Lakhs Only) per year
- 10) Leave Travel Concession for self and his family anywhere in India subject to a maximum of three months' salary plus actual fare. He shall also be reimbursed for his any foreign travel on a holiday for himself or for his family subject to a maximum of Rs. 10 Lakhs (Rupees Ten Lakhs Only) in a year plus actual business class air fare.
- 11) Contribution up to Rs. 1, 00,000/- (Rupees One Lakh Only) per month towards National Pension Scheme.
- 12) Company's Contribution towards provident fund shall be subject to a ceiling of 12% (twelve percent) of salary
- 13) Gratuity: As per Rules of the Company
- 14) All other expenses incurred for the purpose of Company's work to be reimbursed on actual basis.

Relevant Documents related to re-appointment of Mr. Saurabh Kalani 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.

Except Mr. Saurabh Kalani, Mr. Kartikeya Kalani (son of Mr. Saurabh Kalani) & Ms. Devakshi Kalani (daughter-in-law of Mr. Saurabh Kalani), none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item no. 13.

The Board recommends the passing of resolution by the members of the Company as a Special Resolution.

#### **ITEM NO. 15**

Based on recommendation of the Nomination and Remuneration Committee, Mr. Akhilesh Agnihotri was appointed as an Additional Director on the Board of the Company with effect from 11<sup>th</sup> November, 2016 to hold office upto the date of the Annual General Meeting. He was also appointed as Whole-Time Director of the Company with effect from 11<sup>th</sup> November, 2016 for a period of 5 years, subject to the approval of Members.

Due to preoccupation, he has resigned from the post of Director on 30<sup>th</sup> May, 2017. During his tenure as Director, Company has paid the following remuneration:-

- Gross Salary Rs. 1,60,000 (Rupees One Lakh Sixty Thousand 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 Rs. 3 Lakhs P.M.

Your Board recommends ratification of remuneration paid to Mr. Akhilesh Agnihotri during his tenure, by way of Special Resolution.

None of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item No. 15.

#### **ITEM No. 16**

Strategic debt restructuring Scheme ("SDR Scheme") was introduced by the RBI in June 2015. Under which banks who have given loans to a corporate borrower gets the right to convert the full or part of their loans into equity shares in the loan taken company under specified circumstances

Banks and Public Financial Institutions from which Company has taken Working Capital Loan and Term Loan have asked for approval of members for above scheme.

None of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item No.16.

The Board recommends the passing of resolution by the members of the Company as a Special Resolution.

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**Form MGT-11 (Proxy Form)**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**FLEXITUFF INTERNATIONAL LIMITED**

CIN: L25202MP1993PLC034616

Regd. Office: C41-50 SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) 454775

**Flexituff**

Name of 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: ..... Signature: ....., or failing him/her
2. Name: .....  
Address: .....  
Email Id: ..... Signature: ....., or failing him/her
3. Name: .....  
Address: .....  
Email Id: ..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual general meeting of the Company, to be held on Tuesday, 22nd August, 2017 At 12:30 P.M. at C 41-50, SEZ, Sector-3, Pithampur, Dist. Dhar, Madhya Pradesh - 454775 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Please mention number of Shares)		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Audited Financial Statements (including the Consolidated Financial Statement)			
2.	Appointment of Mrs. Alka Sagar as a director liable to retire by rotation			
3.	Appointment of M/s Kailash Chand Jain & Co, as Joint Statutory Auditor			
4.	Re-appointment of M/s MZSK & Associates, as Joint Statutory Auditor			
Special Business				
5.	Appointment of Mr. Bhuwan Modi as Independent Director			
6.	Appointment of Mr. Parag Gupta as Independent Director			
7.	Appointment of Mr. Akshay Tanna as Investor Director			
8.	Increase in remuneration of Ms. Devakshi Kalani, Executive Finance of the Company			
9.	Increase in remuneration of Mr. Kartikeya Kalani, President of the Company			
10.	Regularisation of Mr. Mahesh Sharma as Director of the Company			
11.	Regularisation of Mr. Anand Khandelwal as Director of the Company			
12.	Appointment of Mr. Mahesh Sharma as Whole-time Director			
13.	Re-appointment of Mr. Saurabh Kalani as Whole-time Director			
14.	Appointment of Mr. Anand Khandelwal as Whole-time Director			
15.	Ratification of remuneration paid to Mr. Akhilesh Agnihotri			
16.	Approval of Strategic Debt Restructuring			

Signed this..... day of..... 2017

.....  
Signature of Proxy holder

.....  
Signature of Shareholder(s)

Affix  
Revenue  
Stamp of  
Rs. 1/-

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than **FOURTY EIGHT (48)** hours before the commencement of the Meeting.



## ATTENDANCE SLIP



**FLEXITUFF INTERNATIONAL LIMITED**

**CIN: L25202MP1993PLC034616**

Regd. Office: C41-50 SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) 454775

### 24<sup>th</sup> Annual General Meeting – August 22, 2017

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

I certify that I am a member / proxy / authorized representative for the member of the Company.

I/ We hereby record my/our presence at the 24th Annual General Meeting of the Company at C 41-50, SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) 454775, held on Tuesday, 22nd August, 2017 at 12:30 P.M.

.....  
Name of the member/proxy  
(in Block Letters)

.....  
Signature of the member / proxy

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual report to the AGM.



## Notes

## Notes

# CORPORATE INFORMATION

(As on 24th July, 2017)

## BOARD OF DIRECTORS

**Mr. Anirudh Sonpal**  
Chairman and  
Non-Executive Independent Director

**Mr. Akshay Tanna**  
Non-Executive, Investor Nominee Director

**Mrs. Alka Rajesh Sagar**  
Non-Executive Director

**Mr. Anand Khandelwal**  
Whole-Time Director

**Mr. Bhuwan Modi**  
Non-Executive Independent Director

**Mr. Mahesh Sharma**  
Whole-Time Director and  
Chief Executive Officer

**Mr. Parag Gupta**  
Non-Executive Independent Director

**Mr. Saurabh Kalani**  
Whole-Time Director

**Mr. Vishwarupe Narain**  
Non-Executive,  
Bondholder Nominee Director

## BANKERS/LENDERS

UCO Bank (Lead Bank)  
Punjab National Bank  
Central Bank of India  
State Bank of India  
Axis Bank

Bank of Baroda  
Tamilnad Mercantile Bank  
CTBC Bank Co. Limited  
IREP Credit Capital Private Limited

KKR India Financial Services Private  
Limited  
Clix Capital Services Pvt. Ltd. (Formerly GE  
Money Financial Services Private Limited)  
IFCI Limited

## JOINT STATUTORY AUDITORS

**L.K. Maheshwari & Co.,**  
Chartered Accountants, Indore (M.P.)

**MZSK & Associates,**  
Chartered Accountants, Mumbai (MH)

## COMMITTEES OF DIRECTORS

### Audit Committee

Mr. Anirudh Sonpal (Chairman)  
Mr. Bhuwan Modi  
Mr. Parag Gupta  
Mr. Saurabh Kalani

### Shareholders' Relationship Committee

Mr. Bhuwan Modi (Chairman)  
Mr. Anirudh Sonpal  
Mr. Parag Gupta

### Nomination and Remuneration Committee

Mr. Bhuwan Modi (Chairman)  
Mr. Anirudh Sonpal  
Mr. Vishwarupe Narain

### CSR Committee

Mr. Saurabh Kalani (Chairman)  
Mrs. Alka Sagar  
Mr. Bhuwan Modi

### Management Committee

Mr. Saurabh Kalani (Chairman)  
Mr. Mahesh Sharma  
Mr. Anand Khandelwal

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited  
C-101, 1st Floor, 247 Park,  
L.B.S. Marg, Vikhroli (West)  
Mumbai – 400 083  
Tel.: +91 22 4918 6000, Fax: +91 22 4918 6060  
Email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## REGISTERED OFFICE

C-41-50, SEZ, Sector -3,  
Pithampur- 454 775, Dist. Dhar (M.P.)  
Tel.: +91 7292 420200, Fax: 07292-401684  
Email: [investors@flexituff.com](mailto:investors@flexituff.com)  
Website: [www.flexituff.com](http://www.flexituff.com)

## OTHER KEY MANAGERIAL PERSONNEL

Mr. Mahesh Sharma - Chief Executive Officer  
Mr. Ajay Mundra - Chief Financial Officer  
Ms. Madhuri Jethani - Company Secretary

## MANUFACTURING FACILITIES

### SEZ Unit

C-41 – 50, Special Economic  
Zone, Sector – III,  
Industrial Area, Pithampur  
Dist. Dhar – 454 775,  
Madhya Pradesh

### DTA Unit

94, Industrial Area, Sector – I,  
Pithampur  
Dist. Dhar – 454 775  
Madhya Pradesh

### Kashipur Unit

Khasra No. 672-728,  
Village – Mahuakhera,  
Aliganj Road, Kashipur,  
Dist. Udham Singh Nagar –  
244 713, Uttarakhand

### Barwaha Unit

58/1, Jaimalpura, Maheshwar  
Road, Barwaha  
Dist. Khargone – 451 115  
Madhya Pradesh





## **Flexituff International Limited**

C 41-50, S.E.Z., Sector 3, Pithampur- 454 775

Dist. Dhar, Madhya Pradesh, INDIA

(T): +91-7292-401681, 82, 83, (F): +91-7292-401684

(E): [mail@flexituff.com](mailto:mail@flexituff.com), (W): [www.flexituff.com](http://www.flexituff.com)