



Flexituff International Limited

C 41-50, SEZ, Sector-3  
Pithampur - 454 775, Distt. Dhar ( M.P.) India  
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CIN : L25202MP1993PLC034616

August 10, 2016

<b>To, BSE Limited Floor 25, P.J. Towers, Dalal Street, Mumbai-400 001</b>	<b>To, The Manager - Corporate Compliance National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051</b>
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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 year 2015-16 under Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Thanking you,

**For Flexituff International Limited**

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



**Encl: Mentioned as above**

**Regd. Office: C41-50, Sec No III SEZ Industrial Area, Pithampur, (M.P.) - 454775  
CIN: L25202MP1993PLC034616**

# Growth, woven with values



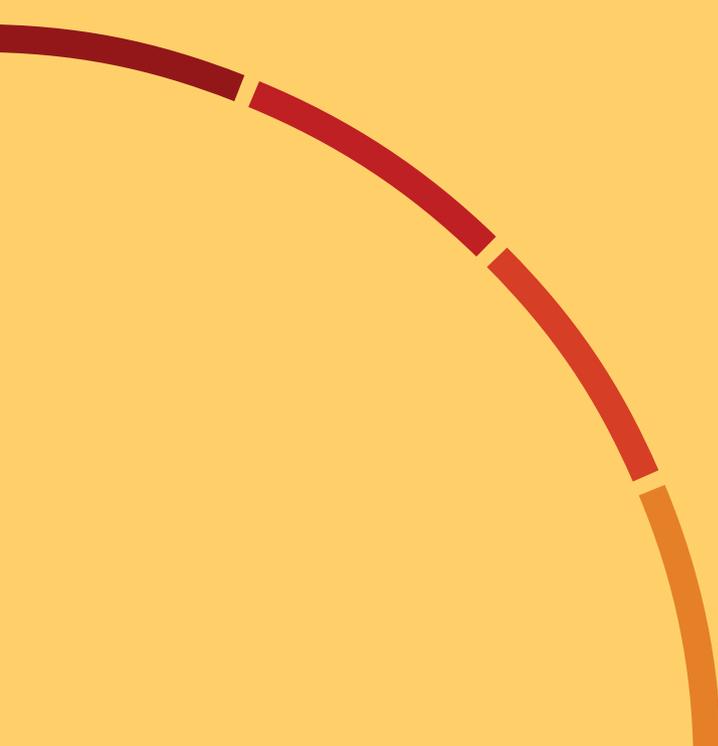
# Forward Looking Statement

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 statements- written and oral-that be periodically made, may contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as "anticipates," "estimates," "expects", "projects", "intends", "plans", "believes" and words of similar substance in connection with any discussion of future performance.

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

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## LETTER TO THE STAKEHOLDERS



**Mr. Saurabh Kalani**  
Whole - Time Director

Dear Shareholders,

It is indeed my pleasant privilege to present the Annual Report of your Company for the Financial Year ended 31st March, 2016. As I reflect on 2015-16, I look back upon a year of steady performance by your Company despite continued toughness in the external environment. Several advanced economies remained under stress or reported modest growth and the domestic economy, though has strong signs of economic revival, is yet to gather steam as desired. Your Company's global reach, integrated manufacturing facilities, unwavering focus on innovation and Research and Development have enabled it to stay ahead of the curve and reinforce its competitive edge.

That our strategies are well-devised and working in the right direction is reflected in our financial performance. Total revenue on standalone basis for the FY 2015-16 stands at ₹ 11748.89 Million as against ₹ 10641.25 Million in the FY 2014-15. Focus on improving efficiency and enhancement in capacity utilisation facilitated increase in EBITDA, which stood at ₹ 1583.01 Million for current year as compared to ₹ 1249.58 Million in the previous year.

I am also delighted to share that your Company has featured among 'India's Top 500 Companies 2016', as per the survey conducted by Dun & Bradstreet, a leading global company providing commercial insights and data. This emphatic validation underpins our leadership position not only in the industry we serve, but also in India's Corporate Sector.

Your Company's core competency lies in manufacturing of Flexible Intermediate Bulk Containers (FIBC). Over the years, we have consistently augmented our scale of operations, built capabilities of our people, and invested in Research and Development to

develop indigenous, specialised products. Our niche competencies have made us probably India's largest FIBC manufacturer and the world's second largest player. Further, 95% of FIBC manufactured by us are exported to 55 countries across the globe. Going forward, we will continue to tap new global market opportunity by leveraging our domain expertise, insight and ability to customize our products as per market requirements.

While the usage of FIBC in India is in its nascent stage, it is believed that over the next decade India would be the world's largest FIBC-consuming market. Based on our successful international track record, we remain confident we will be able to generate sustainable value from the domestic market as well.

Across the world, the use of geo-synthetics solutions in infrastructure-related solutions is widely prevalent. In India, till recently, the use of geo-synthetics was very low; however, it is now fast catching up. With the government showing commitment and promise to pursue infrastructure creation with vigour, we see unprecedented opportunities to increase our revenues from our geo-textiles business. We have already doubled the turnover of this segment in FY 2015-16, and in light of the unfolding developments, we aim to continue with same growth in FY 2016-17. In fact, we anticipate that within the three next years, this sector may be the highest contributor to the topline and the bottom line of the Company.

Additionally, Flexituff is now betting big on India's Infrastructural growth by focusing on offering proprietary geo-synthetics solutions for Ganga river cleaning / costal bank protection / river-training, flood control and landslide protection. Flexituff is foraying into offering end-to-end solutions, undertaking supply and commissioning projects in India and neighbouring countries.

In conclusion, interesting times lie ahead. As we move towards the most exciting time in our Company's history, we are grateful to Company's stakeholders for their faith and commitment. We aim to earn your continued trust every day. And finally, a sincere thank you to the Company's employees, whose proficiency and professionalism makes us the best in the industry.

We look forward to sharing our successes with you as we realise this Company's great potential and achieve the goals we have set for ourselves.

With regards,

**Mr. Saurabh Kalani**  
Whole - Time Director

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC REVIEW

### Global Economy

During the year under review, economic growth continued to remain under pressure in most parts of the world and overall sentiment remained weak. While advanced economies reported modest recovery, developing countries experienced a slowdown in growth due to strong headwinds of diminishing economic activities, currency depreciations, drop in the volume of global trade, and fall in inflows of foreign capital flows. China, in particular, witnessed slow growth, leading to a detrimental effect on commodity prices worldwide. Among advanced economies, the US economy showed some resilience despite tightening of its monetary policy. As estimated by International Monetary Fund (IMF), the global economy grew at 3.1% in Calendar Year (CY) 2015.

Global economic recovery is expected to remain slow and fragile in the near future. As per the estimates of the IMF's World Economic Outlook (April 2016), global growth is forecasted to grow at 3.2 percent in CY 2016 and only marginally higher at 3.5 percent in CY 2017.

### Indian Economy

Amid the bleak global economic scenario, India remained a shining beacon on the fiscal landscape. India's Gross Domestic

Product (GDP) grew 7.6% in FY 2016 compared to 7.2% in FY 2015 as per the Central Statistical Office (CSO), enabling India to retain the tag of the world's fastest growing major economy. The overall investment climate, though still short of expectations, is seen improving. Fast tracking of stalled infrastructure projects, thrust on reforms and adherence to fiscal deficit target were among the other encouraging economic developments for the year.

The collapse in oil prices, relatively low exposure of India to the current global financial turbulence, and India's strong domestic consumption led growth story are expected to favour the Indian markets. The IMF forecasts India to be the fastest growing economy even in 2016.

## INDUSTRIAL REVIEW

### Technical Textile Industry

Technical Textiles are textile materials and products used for their technical performance and functional properties rather than their aesthetic or decorative characteristics. Being cost effective, durable, strong yet lightweight, user and eco friendly, the use of technical textiles is gaining increasing popularity.

Based on usage, there are 12 technical textile segments, as given below.

### Segments of Technical Textiles by End-use Application

	<b>Agrotech</b> Horticulture + Landscape gardening, Agriculture + Forestry, Animal keeping		<b>Meditech</b> Hygiene, Medicine
	<b>Buildtech</b> Membrane, Lightweight + Massive construction, Engineering + Industrial building		<b>Mobiltech</b> Cars, Ships, Aircraft, Trains, Space Travel
	<b>Clothtech</b> Garments, Shoes		<b>Oekotech</b> Environmental protection, Recycling, Waste disposal
	<b>Geotech</b> Road infrastructure, Railways, Irrigation and Hydraulic structures, Waste Landfills, Dams etc		<b>Packtech</b> Packaging, Protective-cover systems, Sacks, Big bags, Container systems
	<b>Homotech</b> Furniture, Upholstery + Interior furnishing, Rugs, Floor coverings		<b>Protech</b> Person and Property protection
	<b>Indutech</b> Filtration, Cleaning, Mechanical engineering, Chemical industry		<b>Sporttech</b> Sport and Leisure, Active wear, Outdoor, Sport articles

### Market and Production Centres

With applications across various industries including automobiles, civil engineering and construction, agriculture, healthcare, industrial safety, personal protection, etc., the market for Technical Textiles is expanding at a brisk pace. Global market growth is led by increased demand from emerging markets like Asia, because of increased levels of consumption and production, availability of skilled labour, and developing infrastructure facilities. Currently, the industry is dominated by products from China and European Union. The inherent factor cost advantage enjoyed by developing Asian economies makes technical textile production an attractive value-proposition for them.

### Indian Technical Textile Industry

Availability of cheap labour and abundance of natural fibres as well as man made fibres provide significant advantage for production of technical textile products in India. Strengthening of the 'Skill India' program, inclusion of textile machinery and accessories as core sectors under Make In India campaign work in favour of the textile industry, of which technical textiles is an important category. Also, factors such as high economic growth, acceleration in infrastructure creation and rise in disposable income are expected to boost substantially the demand for technical textile products in India. Driven by favourable demand and supply side dynamics, India has a high potential to become a significant player on the global landscape. As per industry sources, India's technical textile industry is expected to grow at a rate of 20 per cent annually to touch USD 30 billion over the next five years.

### Government Support

**Reduction in custom duty:** In FY2016-17 Budget, the basic custom Duty for textile raw materials used in technical textiles was reduced to 2.5%. This measure will help bring down the input cost for technical textiles manufacturers.

**Budget allocation increased:** The FY2016-17 budgetary allocation to support various schemes under the textile industry was increased to ₹ 4594.82 crores from ₹ 4326.44 crores in the previous year.

**Amended Technology Upgradation Fund Scheme:** The approval of the Amended Technology Upgradation Fund Scheme in December 2016 will help the textile industry upgrade operational technology. Moreover, the scheme lays emphasis on the promotion of Technical Textiles, a sunrise sector, for exports.

**Implementation of New Schemes:** To promote the growth of technical textiles in the country the government is implementing four schemes namely technology mission, scheme for strengthening of database and standards for technical textiles, scheme for usage of agri-textiles in north-eastern region, and restructured technology upgradation fund scheme.

**Centres of Excellence (CoE):** The Ministry of Textiles has set up eight Centres of Excellence (CoE) and has also approved setting up of integrated textile parks to boost the Indian Technical Textile industry.

## COMPANY OVERVIEW

Flexituff International Ltd. (FIL) believes to be the largest manufacturer of Flexible Intermediate Bulk Containers (FIBC) in India and 2nd largest in the world with a total capacity of 36,800 MT, and the largest Geo-textile manufacturer in India. The Company is also engaged in the business of manufacturing Reverse Printed BOPP (Biaxially Oriented Polypropylene) Woven Bags, Geo-textile Fabrics and Ground Covers, Polymer Compounds, and Drippers. The current installed capacity for all products is 74,000 MT and these products serve the domain needs of Retail, Industrial, Agro and Infrastructure Sectors. The Company has a strong global footprint with products being exported to 55 countries across six continents. The Company has four integrated manufacturing facilities, located at Pithampur (Madhya Pradesh) and Kashipur (Uttarakhand), and two wholly-owned subsidiaries in U.K. and USA.

## SEGMENTAL GROWTH DRIVERS

### FIBC

Internationally, strong growth in the food and pharmaceutical sectors has escalated the demand for FIBCs, also known as bulk bags or industrial containers. FIBCs are vastly preferred for their ability to reduce the overall weight of the bulk packaging and ease the handling and transportation of materials. As per research reports published by ReportsnReports, global FIBC market is forecasted to grow at a CAGR of 7.3% over the period 2014-2019.

The Indian FIBC industry is expected to maintain the positive growth momentum driven by demand in global markets as well as domestic markets. Demand in domestic markets is being led by agriculture, mineral, petrochemical industries, etc. Also, the global slowdown is working in favour of Indian FIBC manufacturers as scale down in production by companies in Europe and USA has resulted in sourcing being shifted to India.

### GEO-TEXTILES

As per reports published by Grand View Research, the global geo-textile market size was 4,505.0 million square meters in 2015. Road construction was the largest application segment accounting for over 40% of the market. Erosion control accounted for over 19% of the global product market. Going ahead, the global market is projected to grow over the next eight years owing to its increasing application in road construction, erosion control, and drainage applications.

For their superior functional properties of absorbency, liquid repellency, and mechanical strength, non-woven geo-textiles commanded the market of geo-textiles with over 65.0% of total market volume in 2015. This was followed by woven geo-textiles (20% global share) and other product types.

Asia Pacific contributed to over 40% of the global industry in 2015, making it the largest market. This trend is expected to continue till 2024 owing to strong infrastructure development primarily in developing countries including China and India. Growing urbanisation and rising population in these countries are the other factors expected to fuel industry growth.

#### REVERSE PRINTED BOPP WOVEN BAGS

Reverse-printed BOPP woven bags provide superior shelf appeal and good advertising effect for their outstanding print image quality. For this reason, coupled with their high tensile strength, they are used extensively in the packaging of products marketed in retail chains, supermarkets and commercial establishments.

Steady economic growth, favourable demographics of a young and large working age population, increasing disposable incomes and changing lifestyles are some of the key factors that are driving growth in the organised retail market in India. As per report titled 'Retail 2020: Retrospect, Reinvent, Rewrite', India's retail market is expected to double to \$1 trillion by 2020 from \$600 billion in 2015. While the overall retail market will grow at 12% per annum, modern trade will grow twice as fast at 20% per annum, and traditional trade at 10%. Modern trade includes supermarkets, hypermarkets and other organised retail outlets, while much smaller grocery stores are classified under traditional channels. These developments augur well for the demand of BOPP-woven bags in India.

#### POLYMER COMPOUNDS

As per joint report by FICCI and Tata Strategic Management Group (TSMG) on plastic industry, India is a growing market for plastics and consumes about 12.8 million tonnes of plastics annually against the global consumption of 285 million tonnes per year. Current low per capita consumption level of plastic products in India (9.7 kg/person) as compared to developed countries per capita consumption (USA - 109 kg/person, Europe - 65kg/person, China - 45kg/person) indicates that India offers a significant opportunity matrix. With rising usage of plastics across several industries such as automobiles, consumer packaging, e-commerce etc., the country's plastics and polymer consumption is growing at an average rate of 10 per cent. India's plastic packaging industry in India is growing at 18 per cent per annum and is expected to reach USD 73 billion in the next four years.

#### DRIP IRRIGATION

For its reduced water usage, drip irrigation is preferred over conventional flood irrigation where a large amount of precious water evaporates before even reaching the plants. Drip irrigation also reduces fertilizer/nutrient loss due to localised application as compared to the traditional method of flood irrigation. The high initial cost of purchase of drip irrigation systems are more than offset by the reduction in costs of power (for pumping water) and fertiliser use. The government has been trying to popularise the mantra: "more crop per drop" to promote micro irrigation, which includes drip and sprinkler systems. Micro irrigation system sales (major contributor being drip irrigation systems followed by sprinkler irrigation) is driven by strong demand in states such as Gujarat, Rajasthan, Madhya Pradesh, Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu, Rajasthan and Haryana.

#### OPERATIONAL REVIEW

Major Development in 2015-16 is in Manufacturing of Proprietary Products viz:

- Sand fill Tubular Mattresses
- Barrier Force
- Pipe Sack &
- Geo Tube

#### OUTLOOK

Leveraging its leadership position in the FIBC segment, the Company will continue to tap new global prospects. The fast-tracking of infrastructural projects and increase in government investments in infrastructure has heightened the demand for geo-synthetic products and solutions. With strong domain expertise in the manufacture of niche geo-synthetics products and solutions, Flexituff is well-positioned to capitalise on the unfolding opportunities. Additionally, the Company has received and executed several world-bank (ADB) tenders for design, supply and execution of Geo-synthetics products for infra-projects. This strengthens its pursuit to be a one-stop shop, offering end-to-end solutions, undertaking supply and commissioning geo-infra projects in India and neighbouring countries. Further, the Company is optimistic of increasing its revenue by focusing on plastic processing solutions and developing import substitute products through its in-house R&D and Product Development Centre.

#### RISK REVIEW

Government Policy: Earnings from exports form a substantial part of the revenue generated by the Company. Changes in export

taxes, industry regulations, policies and other governmental actions could affect the Company's operation periodically.

**Currency Exchange Risk:** As with all global businesses, the Company is exposed to risk of foreign exchange fluctuations that may lead to erosion of margins.

**Quality:** Deterioration in product quality can cause serious long-term damage to the Company's credibility with financial consequences such as the loss of a customer.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

FIL has a proper and adequate system of internal controls commensurate with the nature of its business and the size and complexity of its operations. The internal controls are designed to ensure that all assets are verified to ensure their veracity, safeguarding and protection against unauthorised use and disposition. A system of checks and balances is also in place encompassing all levels and functions to minimise business risks and ensure that every single transaction is duly authorised, recorded and reported. The Company strictly adheres to all rules, policy, statutes and laws ensuring that all statutory compliances are thoroughly followed and transparency is maintained.

### **FINANCIAL REVIEW**

The standalone financials witnessed the following results during the year:

- Revenue from operations increased by 10.40% to ₹ 11748.89 in 2015-16 from ₹ 20641.25 million in 2014-15.
- Earnings before interest, tax, and depreciation increased by 26.68% to ₹ 1583.01 million in 2015-16 from ₹ 1249.58 million in 2014-15.
- Net worth increased by 1.07% to ₹ 3780.97 million in 2015-16 from ₹ 3740.84 million in 2014-15.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company believes that its professional and talented personnel are its greatest asset responsible for its present and future growth. The total number of employees as on 31st March, 2016 stood at approx. 7500. Industrial relations remained cordial during the year under review.

# DIRECTORS' REPORT

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

The Board of Directors hereby presents its 23<sup>rd</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, 2016.

## FINANCIAL RESULTS AND APPROPRIATION

(₹ in Millions)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Sales & other Incomes	11748.89	10641.25	13313.42	11890.78
Profit before Interest, Depreciation & Tax	1583.01	1249.58	1617.98	1268.40
Profit before Tax	13.63	120.56	25.83	114.37
Profit for the year / Balance available for Appropriation	40.13	197.62	48.22	188.04
Less: Appropriation				
Proposed dividend on equity shares & tax	-	29.86	-	29.86
Surplus carried to Balance Sheet	40.13	167.76	48.22	158.18

**Note: Figures of the year 2014-15 are regrouped or reclassified.**

### 1. STATE OF COMPANY'S AFFAIR

Company's total income on a standalone basis increased to Rs.11748.89 Million from Rs. 10641.25 Million in the previous year. Company's profit before interest, depreciation and tax increased to Rs. 1583.01 Million from Rs. 1249.58 Million in the previous year.

Company's total income on a consolidated basis increased to Rs. 13313.42 Million from Rs. 11890.78 Million in the previous year. Company's profit before interest, depreciation and tax increased to Rs. 1617.98 Million from Rs. 1268.40 Million in the previous year.

### 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, 2016.

### 3. SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2016 was Rs. 24.88 Crore divided into 2,48,82,806 shares of Rs. 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 2015, M/s India Rating and Research Private Limited has assigned "IND A-" rating for the long term debts and "IND A2+" for the short term debts, which indicates "stable" outlook regarding timely servicing of financial obligations.

### 6. AWARDS & CERTIFICATIONS

The 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,

1. There were no such companies which have become Subsidiaries/ Joint Venture/ Associate Companies.
2. M/s Lakshmi Incorporated, USA was dissolved w.e.f. November 1,2015. Hence ceased to be Subsidiary of the Company.

Your Company has 2 Direct Subsidiaries, 2 Indirect Subsidiaries & 3 Joint Ventures as on 31<sup>st</sup> March, 2016. 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

M/s Lakshmi Incorporated, USA – Dissolved w.e.f. November 1, 2015

#### Joint Venture

Flexituff Javed Ahmed LLP

Flexituff Hi-Tech LLP

Flexituff SA Enterprise LLP

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 2015-16, 167625 numbers of ESOP options were lapsed due to resignation, non exercise etc. The status of shares outstanding as on 31<sup>st</sup> March, 2016 is given below:-

Total No. of Options outstanding at beginning of the year (i.e. As on 1 <sup>st</sup> April, 2015)	335250
Less: Options lapsed due to various reasons	167625
<b>Total Outstanding Options</b> (i.e. As on 31 <sup>st</sup> March, 2016)	<b>167625</b>

### 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. Dilip Parikh	20/05/2015	Resigned from the post of Chief Financial Officer (CFO).
2.	Mr. Kaushal Ganeriwal (DIN: 03497193)	28/07/2015	Resignation from Directorship.
3.	Mrs. Alka Rajesh Sagar (DIN: 07138477)	30/09/2015	Regularisation from the post of Additional Director to Director.
4.	Mr. Ajay Mundra	05/11/2015	Appointment as Chief Financial Officer (CFO).

The Board has placed on record its sincere appreciation for the invaluable contribution and guidance provided by Mr. Dilip Parikh & Mr. Kaushal Ganeriwal during their tenures.

Pursuant to the provisions of Section 149 of The Companies Act, 2013, Mr. Anirudh Sonpal (DIN: 03367049), Mr. Sharat Anand (DIN: 00083237) and Mr. Kevan John Upperdine (DIN: 01214264) were appointed as Independent Directors at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2014 for a period of 5 years. The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of Independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

As per the provisions of The Companies Act, 2013 Mr. Saurabh Kalani (DIN: 00699380), Whole Time Director and Mrs Alka Rajesh Sagar (DIN: 07138477), Non Executive Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board recommends their re-appointment.

### 10. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulation, 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

Particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Companies Act, 2013, in the prescribed form AOC – 2, are appended as Annexure B to the Board's 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

M/s. L.K. Maheshwari & Co., Chartered Accountants, Indore were appointed as Statutory Auditors of the Company in the 21<sup>st</sup> Annual General Meeting (AGM) of the Company held on

30<sup>th</sup> September, 2014 for a term of three consecutive years, subject to ratification of their appointment by shareholders at every AGM.

Further M/s MZSK & Associates, Chartered Accountants, Mumbai were appointed as Joint Statutory Auditor of the Company in the 22<sup>nd</sup> Annual General Meeting (AGM) of the Company held on 30<sup>th</sup> September, 2015 to audit the books of accounts for the Financial Year 2015-16.

M/s. L.K. Maheshwari & Co., Chartered Accountants, Indore & M/s MZSK & Associates, Chartered Accountants, Mumbai have confirmed that they are eligible for having their ratification & reappointment as Statutory Auditors respectively at this Annual General Meeting.

Your Board of Directors is recommending ratification of M/s. L.K. Maheshwari & Co., Chartered Accountants, Indore as Joint Statutory Auditor of the Company and re-appointment M/s MZSK & Associates, Chartered Accountants, Mumbai as Joint Statutory Auditor for the term of one year.

The Auditors Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended 31<sup>st</sup> March, 2016. The Auditor's Report is enclosed with the Financial Statements in this Annual Report.

### SECRETARIAL AUDITOR

M/s. Ritesh Gupta & Company, Practicing Company Secretary were appointed to conduct the secretarial audit of the Company for the Financial Year 2015-16, as required under Section 204 of the Companies Act, 2013 and rules made thereunder. The Secretarial Audit Report for the Financial Year 2015-16 forms part of the Annual Report as Annexure C 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, Practicing Company Secretary as secretarial auditor of the Company for the Financial Year 2016-17.

## 16. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the financial year 2015-16 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 D 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 form part of this Annual Report for the year ended 31<sup>st</sup> March, 2016.

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, 2016.

**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, 2016.

## 21. LISTING AGREEMENT

The Securities and Exchange Board of India (SEBI) on September 2, 2015 issued SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 with the aim

to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from December 1, 2015. Accordingly all listed entities were required to enter into the Listing Agreement within 6 months from the effective date. The Company has entered into Listing Agreement with BSE Limited and the National Stock Exchange of India Limited during December, 2015.

## 22. 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.

## 23. 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 the Company Secretary of the Company.

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

In compliance with Section 134 of The Companies Act, 2013 read with The Companies (Disclosure of Particulars in the report of Board of directors) Rules 1988, a statement giving information regarding Energy Conservation, Technology Absorption and Foreign Exchange earnings and out go is given in Annexure E forming part of this Annual Report.

## 25. 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.

## 26. 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 2016, 95.48% equity shares are in demate 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).

## 27. 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 has performance management process to motivate people to give their best

output and encourages innovation and meritocracy. Board places on record their appreciation and sincere thanks towards their contribution to the Company's performance during the year.

The Board is pleased to inform you that Industrial relations have continuously been cordial at all levels throughout the year.

## 28. 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).

There was no complaint received from any employee during the financial year 2015-16 and hence no complaint is outstanding as on 31.03.2016 for redressal.

## 29. 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 F and forms an integral part of this report.

## 30. MATERIAL CHANGES AND COMMITMENTS

Company has entered into a facility agreement with KKR India Financial Services Private Limited for debt fund raising upto Rs. 150 Crores including issue of debentures, 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**

	Saurabh Kalani	D.K. Sharma
Place: Pithampur	Whole-Time Director	Whole-Time Director
Date: 20/05/2016	DIN: 00699380	DIN: 00028152

## Annexures to the Board's Report

**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 Rs.)

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
Direct Subsidiaries														
1	Nanofil Technologies Private Limited	N.A.	INR	100,000	15,031,342	199,733,855	184,602,513	2,632,000	389,416,752	3,636,505	1,654,116	1,982,389	-	100 %
2	Flexiglobal Holdings Limited	N.A.	GBP- INR/1 GBP = 95.0882	9,198,072	3,102,824	33,914,158	21,613,263	28,992,868	590,871	(646,197)	(5,991)	(652,188)	-	100 %
Indirect Subsidiaries														
3	Flexiglobal (UK) Limited, UK	N.A.	GBP- INR/1 GBP = 95.0882	9,508,820	36,666,105	745,404,578	699,229,652	-	1,244,941,576	2,132,800	(421,241)	2,554,040	-	100 %
4	Lakshmi Incorporated, USA	N.A.												

(Dissolved wef November 1, 2015)

**Part "B": Associates and Joint Ventures**

(Amounts in Rs.)

S. No.	Name of Company	Latest Audited Balance Sheet Date	Shares of Associate/joint Ventures held by the Company on the year end		Extend of Holding%	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							
1	Flexituff Javed Ahmed LLP	March 31, 2016	N.A.	80,000	80%	Flexituff holds 80% interest in Profit/Loss of the JV	N.A.	1,014,804	1,525,112	1,220,090	305,022
2	Flexituff HI-Tech LLP	2016	N.A.	80,000	80%		N.A.	3,326,771	4,206,784	3,365,427	841,375
3	Flexituff SA Enterprise LLP		N.A.	75,000	75%	Flexituff holds 75% interest in Profit/Loss of the JV	N.A.	1,608,164	2,491,907	1,868,930	622,977

For and On Behalf of The Board of Directors of  
**Flexituff International Limited**Saurabh Kalani  
Whole-Time Director  
DIN: 00699380D.K. Sharma  
Whole-Time Director  
DIN: 00028152Place: Pithampur  
Date: 20/05/2016Ajay Mundra  
Chief Financial OfficerRishabh Kumar Jain  
Company Secretary

**Annexures to the Board's Report****ANNEXURE - B Particulars of Contracts/ Arrangements made with Related Parties**

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014- FORM AOC-2]

This form pertains to the disclosure of particulars of contracts/ arrangements entered into by the Company with the related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**Details of contracts or arrangements or transactions not at arm's length basis**

There were no contract or arrangements or transactions entered into during the year ended March 31, 2016. Which were not at arm's length basis.

**Details of contracts or arrangements or transactions at arm's length basis**

The details of contract or arrangement or transactions at arm's length basis for the year ended March 31, 2016 are as follows:

(Amount in Millions)

Name of related Party	Nature of relationship	Duration of Contract	Salient terms(1)	Amount
<b>Nature of Contract</b>				
<b>Sale of goods</b>				
Flexituff Javed LLP	Jointly Controlled Entity	Ongoing	Work contracts	0.50
Flexituff Sa Enterprises LLP	Jointly Controlled Entity	Ongoing	Work contracts	16.38
Nanofil Technologies Private Limited	Subsidiary	Ongoing	Work contracts	97.26
<b>Total</b>				<b>114.14</b>
<b>Purchase of goods</b>				
Nanofil Technologies Private Limited	Subsidiary	Ongoing	Work contracts	235.75
<b>Total</b>				<b>235.75</b>
<b>Recovery of expenses</b>				
Nanofil Technologies Private Limited	Subsidiary	From April 1, 2015 - Ongoing	Office/Work Space rent	1.80
Nanofil Technologies Private Limited	Subsidiary	From April 1, 2015 - Ongoing	Office/Work Space rent	14.17
<b>Total</b>				<b>15.97</b>
<b>Rent Expenses</b>				
Mr. Manish Kalani	Relative of Key Managerial Personnel	From April 1, 2015 - Ongoing	Residence for Mr. Saurabh Kalani, WTD	0.29
Mrs. Padma Kalani	Relative of Key Managerial Personnel	From April 1, 2015 - Ongoing	Residence for Mr. Saurabh Kalani, WTD	0.17
M/s Kalani Industries Private Limited	Entity over which Key Managerial Personnel and their relatives have significant influence	From April 1, 2015 - Ongoing	Factory Space	0.90
<b>Total</b>				<b>1.36</b>
<b>Job work expenses</b>				
Nanofil Technologies Private Limited	Subsidiary	Ongoing	Work contracts	7.30
<b>Total</b>				<b>7.30</b>

Appropriate approvals have been taken for related party transactions.

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

Place: Pithampur  
Date: 20/05/2016

Saurabh Kalani  
Whole-Time Director  
DIN: 00699380

D.K. Sharma  
Whole-Time Director  
DIN: 00028152

**Annexures to the Board's Report****ANNEXURE - C****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, 2016**

**TO,  
THE MEMBERS,  
M/S. FLEXITUFF INTERNATIONAL LIMITED  
C41-50, SECTOR NO. III SEZ, INDUSTRIAL AREA,  
PITHAMPUR, DISTT. DHAR (MP) 454775**

I have conducted the Secretarial Audit of the Compliances of applicable statutory provisions and the adherence to good corporate practices by **Flexituff International Limited** having **CIN: L25202MP1993PLC034616** (hereinafter called '**The Company**'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016, according to the provisions of:

- 1) The Companies Act, 2013 ('the Act') and the rules made there under;
- 2) The Depositories Act, 1996, the Regulations and Bye-laws framed there under;
- 3) Foreign Exchange Management Act, 1999, the rules and regulations made there under to the extent of External Commercial Borrowings;
- 4) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. -
  - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d) 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;
- 5) Secretarial Standards 1 & 2 pertaining to Board and General Meetings issued by The Institute of Company Secretaries of India were applicable during the year.
- 6) Other laws applicable specifically to the Company (as given in '**Annexure-I**' to the Report).

I have also examined compliances with the applicable clauses of the Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and also Uniform Listing Agreements entered into by the Stock Exchange(s) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I 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;

**Annexures to the Board's Report**

- b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I further report that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. which are applicable on the Company subject to the following observation-

'Employee benefit expenses include Rs. 96.9 Lac paid during the year towards remuneration paid to one of its whole time director. The maximum remuneration payable under the provisions of section 197 read with Schedule V to the Companies Act, 2013 is Rs 64.1 Lac. The Company is in the process of obtaining necessary approval from shareholders for remuneration payable to one of its whole time director. Pending receipt of such approval, the excess remuneration amounting to Rs. 32.8 Lac paid to one of its whole time director is held in trust by the said director, which is shown as recoverable under loans and advances.'

I further report that based on the information, representation and reports provided by the Company, its Board of Directors, its designated Officers, and authorized representatives during the conduct of audit and also review on quarterly compliance report submitted by the department heads and taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exists in the Company to monitor and ensure compliance with applicable Laws, Rules and Regulations and happening of events etc to the Company.

I further report that the compliances of applicable financial, cost and tax laws has not been reviewed in this audit since the same have been subject to review by statutory financial auditor and other designated professionals.

I further report that 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.

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

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

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

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company.

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

**Date: 20/05/2016  
Place: Indore**

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

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

I have examined the compliances of following laws and legislations applicable specifically to the Company:

1. Factory Act, 1948;
2. Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
3. The Contract Labour (Regulation & Abolition) Act, 1970.
4. The Environmental (Protection) Act, 1986.
5. The Hazardous Wastes (Management, Handling and Tran boundary Movements) Rules, 2008.
6. The Water (Prevention & Control of Pollution) Act, 1974.
7. The Air (Prevention & Control of Pollution) Act, 1981.
8. Explosive Act, 1884.
9. Special Economic Zones Act, 2005.

I report that there are adequate systems and processes in the company commensurate with the size and operations of the company.

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

**Date: 20/05/2016  
Place: Indore**

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

**Annexures to the Board's Report****ANNEXURE - D****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE FINANCIAL YEAR 2015-16**

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 :

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

3. Average net profit for last 3 financial years:

Average net profit: Rs. 2448.17 Lacs

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

The Company is required to spend Rs. 48.96 Lacs towards CSR.

5. Details of CSR Spent for the financial year :

- A. Total amount to be spend for the financial year: Rs. 41.54 Lacs  
 B. Amount unspent if any: Rs. 7.42 Lacs

Company has undertaken various CSR activities for the year 2015-16. But as few of the activities were rescheduled or postponed due to circumstance beyond control. Hence there was shortfall of Rs. 7.42 Lacs in CSR Activities.

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

(Amount in Lacs)

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.	Safe drinking water	cl.(i) Making available safe drinking water	Pithampur, Dist. Dhar in Madhya Pradesh	1	0	0	Direct
2.	Food to under privileged	cl.(i) eradicating hunger.	Mahuakhera ganj, Dist. Udhamsingh nagar in Uttrakhand	6.00	5.25	5.25	Direct
3.	Health- "Ambulance facility"	cl.(i) promoting health care including preventive health care.	Mahuakhera ganj, Dist. Udhamsingh nagar in Uttrakhand	4.00	3.35	3.35	Direct

**Annexures to the Board's Report**

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.	Development-Computer house facility	cl.(ii) promoting education cl.(x) rural development	Mahuakhera ganj, Dist. Udham Singh nagar in Uttrakhand	2.00	0	0	Direct
5.	Education	cl.(ii) promoting education	Pithampur, Dist. Dhar in Madhya Pradesh & Mahuakhera ganj, Dist. Udham Singh nagar in Uttrakhand	15.61	15.59	15.59	Direct
6.	Other initiatives-CSR	cl.(ii) promoting livelihood	Mahuakhera ganj, Dist. Udham Singh nagar in Uttrakhand	0.10	0	0	Direct
7.	Enhancing Vocational Skills and Gender Equality	cl.(ii) Enhancing Vocational Skills cl.(iii) Gender Equality	Pithampur, Dist. Dhar in Madhya Pradesh	10.00	10.00	10.00	Direct
8.	Promoting rural Sports	Cl (vii)Rural sports	Mahuakhera ganj, Dist. Udham Singh nagar in Uttrakhand	9.35	7.02	7.02	Direct
9.	Plantation	Cl (iv) Environmental sustainability	Mahuakhera ganj, Dist. Udham Singh nagar in Uttrakhand	1	0.32	0.32	Direct
<b>TOTAL</b>				48.96	41.53	41.53	

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.

Place: Pithampur

Date: 20/05/2016

Saurabh Kalani  
Chairman of CSR Committee

**Annexures to the Board's Report****ANNEXURE - E****ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO****FORM A**

Form for disclosure of particulars with respect to conservation of energy

**POWER CONSUMPTION**

(Rs. in Million)

Electricity	Current Year	Previous Year
Unit Purchased	6,82,88,320	6,27,18,821
Total Amount (Rs.)	33,49,03,466	30,31,69,141
Rate per Unit (Rs.)	4.90	4.83

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.

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

Place: Pithampur  
Date: 20/05/2016

Saurabh Kalani                      D.K. Sharma  
Whole-Time Director              Whole-Time Director  
DIN: 00699380                      DIN: 00028152

**FORM B**

Form for disclosure of particulars with respect to absorption

**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.

**TECHNOLOGY ABSORPTION AND ADAPTATION AND INNOVATION**

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.

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

(Rs. in Millions)

Particulars	FY 2015-16	FY 2014-15
Earning in Foreign exchange	5908.84	6116.74
Expenditure in Foreign Currency	211.53	162.16

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

Place: Pithampur  
Date: 20/05/2016

Saurabh Kalani                      D.K. Sharma  
Whole-Time Director              Whole-Time Director  
DIN: 00699380                      DIN: 00028152

**Annexures to the Board's Report****ANNEXURE-F****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

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

**I. REGISTRATION & OTHER DETAILS:**

CIN	L25202MP1993PLC034616
Registration Date	08/04/1993
Name of the Company	Flexituff International Limited
Category/Sub-category of the Company	Company Limited by Shares and Indian Non Government Company
Address of the Registered office & contact details	C41-50, SEZ, Sector-3, Pithampur, Dist. Dhar, (M.P.) - 454775. Tel: 07292-420200, Fax: 07292-401684
Whether listed company	Yes (At Bombay Stock Exchange Limited & NSE Limited)
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400078 Tel: 022 2594 6970

**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		Indirect Subsidiary	100%	2(87)
4	LAKSHMI INCORPORATED, USA - Dissolved w.e.f. November 1, 2015		Indirect Subsidiary	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****A) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% 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.	8162802	-	8162802	32.80	8181603	-	8181603	32.88	0.08
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	8162802	-	8162802	32.80	8181603	-	8181603	32.88	0.08
(2) <b>Foreign</b>									
a) NRI-Individual	-	-	-	-	-	-	-	-	-
b) Other-Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-

**Annexures to the Board's Report**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any others	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A1) + (A2)</b>	8162802	0	8162802	32.80	8181603	0	8181603	32.88	0.08
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	241	0	241	0.00	244	0	244	0.00	0.00
b) Banks / FI	1599203	0	1599203	6.43	1993388	0	1993388	8.01	1.58
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	2450783	0	2450783	9.85	2546283	0	2546283	10.23	0.66
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	4050227	0	4050227	16.28	4539915	0	4539915	18.25	1.97
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	7132079	0	7132079	28.66	6616924	0	6616924	26.59	(2.07)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	165369	3	165372	0.66	681487	3	681490	2.74	2.08
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	464490	0	464490	1.87	78172	0	78172	0.31	(1.56)
c) Others (specify)									
(i) Director/Relatives	19000	0	19000	0.07	7600	0	7600	0.03	(0.04)
(ii) Clearing Member	338413	0	338413	1.36	514928	0	514928	2.07	0.71
(iii) Market Makers, Office Bearers	-	-	-	-	-	-	-	-	-
(iv) Foreign Nationals- NRI, Foreign Companies	3424628	1125795	4550423	18.29	3108217	1125795	4234012	17.01	(1.28)
(v) HUF	-	-	-	-	28162	-	28162	0.11	0.11
<b>Sub-total (B)(2)</b>	11543979	1125798	12669777	50.91	11035490	1125798	12161288	48.87	(2.05)
Total Public Shareholding (B)=(B)(1)+(B)(2)	15594206	1125798	16720004	67.19	15575405	1125798	16701203	67.12	(0.08)
<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>100.00</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 (01/04/2015)			Shareholding at the end of the year (31/03/2016)			% 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

**Annexures to the Board's Report**

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	0.13	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	1127764	4.53	0	1146565	4.61	4.61	0.08

**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
<b>Anshuman Properties Private Limited</b>				
At the beginning of the year	940500	3.70	1127764	4.53
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	187264	0.75	18801	0.08
At the end of the year	1127764	4.53	1146565	4.61

**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	2197039	8.83	22.05.15	2097039	(100000)	Open market operations	1880314	7.56
				05.06.15	1897039	(200000)			
				27.11.15	1893159	(3880)			
				04.12.15	1885999	(7160)			
				11.12.15	1880314	(5685)			
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	1199203	4.82	24.07.15	1197581	(1622)	Open market operations	1193388	4.79
				04.09.15	1197394	(187)			
				18.09.15	1197388	(6)			
				23.09.15	1193388	(4000)			
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	400000	1.61	22.05.15	500000	100000	Open market operations	800000	3.21
				29.05.15	800000	300000			
9	Sorley Holdings Limited	653607	2.63	-	-	-	-	653607	2.63
10	Sunrise Properties Pvt. Ltd.	958630	3.85	14.08.15	1058630	100000	Open market operations	958630	3.85
				15.01.16	958630	100000			

**Annexures to the Board's Report****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	3793.62	2165.75	-	5959.37
ii) Interest due but not paid	8.75	-	-	8.75
iii) Interest accrued but not due	6.17	40.33	-	46.5
<b>Total (i+ii+iii)</b>	<b>3808.54</b>	<b>2206.08</b>	<b>-</b>	<b>6014.62</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	336.58	-	336.58
* Reduction	-29.15	-	-	-29.15
<b>Net Change</b>	<b>-29.15</b>	<b>336.58</b>	<b>-</b>	<b>307.43</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3722.55	2539.78	-	6262.33
ii) Interest due but not paid	9.11	2.88	-	11.99
iii) Interest accrued but not due	1.16	46.57	-	47.73
<b>Total (i+ii+iii)</b>	<b>3779.39</b>	<b>2542.66</b>	<b>-</b>	<b>6322.05</b>

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

(Amount in Rupees)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Saurabh Kalani WTD	Mr. D.K. Sharma WTD	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	96,92,563	19,52,670	1,16,45,233
	(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>96,92,563</b>	<b>19,52,670</b>	<b>1,16,45,233</b>
	Ceiling as per the Act	64,08,832	64,08,832	1,28,17,664

**Note:** The maximum remuneration payable under the provisions of section 197 read with Schedule V to the Companies Act, 2013 is Rs 6.41 Million. The Company is in the process of obtaining necessary approval from shareholders for remuneration payable to Mr. Saurabh Kalani, Whole Time Director of the Company. Pending receipt of such approval, the excess remuneration amounting to Rs. 3.28 Million paid to Mr. Saurabh Kalani is held in trust by the said director, which is shown as recoverable under loans and advances.

**Annexures to the Board's Report**

## B. Remuneration to other directors

(Amount in Rupees)

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	10,000	-	30,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	20,000	10,000	-	30,000
2	Other Non-Executive Directors	Mr. Vishwarupe Narain	Mr. Ritesh pandey	Mrs Alka Sagar	
	Fee for attending board committee meetings	-	-	20,000	20,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	20,000	20,000
Total (B)=(1+2)		<b>20,000</b>	<b>10,000</b>	<b>20,000</b>	<b>50,000</b>

## 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	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	98,37,500	21,92,987	5,44,656	1,25,75,143
	(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)	57,70,622	-	-	57,70,622
<b>Total</b>		<b>1,56,08,122</b>	<b>21,92,987</b>	<b>5,44,656</b>	<b>1,83,45,765</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: 20/05/2016

Saurabh Kalani  
Whole-Time Director  
DIN: 00699380

D.K. Sharma  
Whole-Time Director  
DIN: 00028152

# CORPORATE GOVERNANCE REPORT FOR THE YEAR 2015-16

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

Flexituff International Limited (herein after referred to as "Flexituff", "FIL" or "the Company") looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long-term stakeholder value creation. Good Corporate Governance Practices enable a Company to attract high quality financial and human capital. In turn these resources are leveraged to maximize long-term stakeholder value while preserving the interest of multiple stakeholders including the society at large.

In the conduct of your Company's business and its dealings, it abides by the principle of honesty, openness and doing what is right which means taking business decisions and acting in way that is ethical and is in compliances with the applicable legislation.

The Company's corporate governance philosophy has been further strengthened through the Flexituff Code of Conduct for Board and Senior personnel and Code of Conduct under Insider Trading regulations.

## 2. BOARD OF DIRECTORS

A. As on March 31, 2016 Your Board of Directors is comprised of Eight (8) directors, of which the Chairman is a Independent Non-Executive Director. In compliance

with the requirements of Regulation 17 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, your Company has two (2) Executive Director, Five (5) Non-Executive Directors of whom three (3) are Independent Directors and One (1) Women Non Executive Director None of the Non-Executive Directors are responsible for the day to day affairs of the Company.

B. None of the Directors on the Board is member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he is a director. Necessary disclosures regarding their position in various Committees across other public companies as on March 31, 2016, have been made by the directors.

C. The details of the composition, nature of directorship, number of Board Meeting attended, attendance at last AGM, directorships held in other companies by the directors of the Company and their shareholding are detailed below. Other directorships do not include alternate directorships, directorships of private limited companies, section 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 2015-16	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 2M
Mr. Sharat Anand# DIN: 00083237	20.01.2011	NE, I	2	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	P, E, W	4	Yes	0	1M
Mr. Vishwarupe Narain DIN: 03394320	30.09.2013	NE, BND	3	No	3	0
Mr. D.K. Sharma DIN: 00028152	12.08.2014	E, W	4	Yes	0	1M
Mr. Ritesh Pandey DIN: 07088000	12.02.2015	NE	4	No	0	1M
Mrs. Alka Rajesh Sagar### DIN: 07138477	30.09.2015	NE	4	No	0	0
Mr. Kaushal Ganeriwal ### DIN: 03497193	09.02.2012	CCP-ND	0	No	0	0

# 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.

##Appointed as Additional Woman Director on 30.09.2015.

###Resigned as the director of the Company w.e.f. 28.07.2015.

**Abbreviations:**

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

D. During the year, Four board meetings were held & 2 times 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:

28<sup>th</sup> May, 2015, 7<sup>th</sup> August, 2015, 5<sup>th</sup> November, 2015 and 9<sup>th</sup> February, 2016.

The necessary quorum was present for all the meetings.

The dates on which the said resolutions were passed by circulation

1<sup>st</sup> September 2015 and 28<sup>th</sup> December, 2015

E. The terms and conditions of appointment of Independent Directors is disclosed on the website of the Company ([www.flexituff.com](http://www.flexituff.com)).

F. 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

G. The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by various departments of the Company.

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

[http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme\\_Familiarisation%20Programme.pdf](http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Familiarisation%20Programme.pdf)

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

J. There is no relationship between the Directors of the Company.

K. The previous Annual General Meeting (AGM) of the Company was held on September 30, 2015 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 COMMITTEES**

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 2015-16	
		Held	Attended
Mr. Sharat Anand	Chairman	4	2
Mr. Anirudh Sonpal	Member	4	4
Mr. D.K. Sharma	Member	4	4
Mr. Ritesh Pandey	Member	4	4
Mr. Saurabh Kalani	Member	0	0
Mr. Kevan John Upperdine	Member	0	0

During the year, the Committee was reconstituted on 9<sup>th</sup> February, 2016.

Mr. Saurabh Kalani & Mr. Kevan John Upperdine were appointed as member of the committee & Mr. D. K. Sharma ceased to be a member of the Committee.

During the year, Mr. Rishabh Kumar Jain, Company Secretary of the Company has acted as the secretary of the Committee.

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:

28<sup>th</sup> May, 2015, 7<sup>th</sup> August, 2015, 5<sup>th</sup> November, 2015 and 9<sup>th</sup> February, 2016.

The 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 2015-16	
		Held	Attended
Mr. Sharat Anand	Chairman	4	2
Mr. Anirudh Sonpal	Member	4	4
Mr. Kevan John Upperdine	Member	4	1
Mr. Vishwarupe Narain	Member	4	3

During the year, Mr. Rishabh Kumar Jain, Company Secretary of the Company has acted as the secretary of the Committee.

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

28<sup>th</sup> May, 2015, 7<sup>th</sup> August, 2015, 5<sup>th</sup> November, 2015 and 9<sup>th</sup> February, 2016.

The necessary quorum was present for all the meetings.

- E. Nomination and Remuneration Committee has set criteria for evaluation of performance of Independent Director 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 2015-16	
		Held	Attended
Mr. Sharat Anand	Chairman	4	2
Mr. Anirudh Sonpal	Member	4	4
Mr. D.K. Sharma	Member	4	4

During the year, Mr. Rishabh Kumar Jain, Company Secretary of the Company has acted as the secretary of the Committee.

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

28<sup>th</sup> May, 2015, 7<sup>th</sup> August, 2015, 5<sup>th</sup> November, 2015 and 9<sup>th</sup> February, 2016.

The necessary quorum was present for all the meetings.

- E. Details of investor complaints received and redressed during the year 2015-16 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) Chairman, Mr. Sharat Anand (Independent, Non-Executive) and Mrs. Alka Sagar (Non Executive).
- B. During the year, the Committee was reconstituted on 28<sup>th</sup> May, 2015.

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 2015-16	
		Held	Attended
Mr. Saurabh Kalani	Chairman	3	3
Mr. Sharat Anand	Member	3	1
Mrs. Alka Sagar	Member	3	3

During the year, Mr. Rishabh Kumar Jain, Company Secretary of the Company has acted as the secretary of the Committee.

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

7<sup>th</sup> August, 2015, 5<sup>th</sup> November, 2015 and 9<sup>th</sup> February, 2016.

The 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 2015-16	
		Held	Attended
Mr. Saurabh Kalani	Chairman	15	15
Mr. D.K. Sharma	Member	15	15

During the year, Mr. Rishabh Kumar Jain, Company Secretary of the Company has acted as the secretary of the Committee

- E. During the year, Fifteen Committee Meetings were held on 23<sup>rd</sup> April 2015, 18<sup>th</sup> May 2015, 5<sup>th</sup> June 2015, 8<sup>th</sup> August 2015, 2<sup>nd</sup> September 2015, 21<sup>st</sup> September 2015, 14<sup>th</sup> October 2015, 23<sup>rd</sup> October 2015, 17<sup>th</sup> November 2015, 22<sup>nd</sup> December 2015, 13<sup>th</sup> January 2016, 27<sup>th</sup> January 2016, 10<sup>th</sup> February 2016, 19<sup>th</sup> March 2016 and 26<sup>th</sup> March 2016 .

The necessary quorum was present for all the meetings.

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

Mr. Rishabh Kumar Jain  
 Company Secretary & Compliance Officer  
 Flexituff International Ltd  
 C 41-50, SEZ, Sector-3,  
 Pithampur, Dist. Dhar (M.P.) 454775  
 Email- 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
20 <sup>th</sup>	2012-13	September 30, 2013	10:00A.M.	Kalakunj- Kalamandir, 48 Shakespear Sarani, Kolkata- (W.B.) - 700017
21 <sup>st</sup>	2013-14	September 30, 2014		
22 <sup>nd</sup>	2014-15	September 30, 2015	10:00 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 2015-16.

### ii. Special resolutions:

AGM	Financial Year	Special Resolution Passed
20 <sup>th</sup>	2012-13	NIL
21 <sup>st</sup>	2013-14	Approval for borrowing Limits upto Rs. 2000 Crores
		Creation of Charge/security upto Rs. 2000 Crores.
		Approval for remuneration to Non Executive Directors
		Approval for amendments in the Article of Association
22 <sup>nd</sup>	2014-15	NIL

### 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.

None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

## 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 2013-14, 2014-15 and 2015-16 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 [www.flexituff.com](http://www.flexituff.com). The Board Members and Senior Management have affirmed their compliance with the code and a declaration signed by the 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://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 policy for determining material subsidiaries has been posted on the website of the Company under below link:

[http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme\\_Determining%20Material%20Subsidiary.pdf](http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Determining%20Material%20Subsidiary.pdf)

The policy on dealing Related Party Transactions has been posted on the website of the Company under 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)

**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://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme\\_Criteria%20for%20Making%20Payment%20to%20Non-Executive%20Directors.PDF](http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Criteria%20for%20Making%20Payment%20to%20Non-Executive%20Directors.PDF)

**i. Executive Directors:**

The details of remuneration paid to the Executive Directors during the financial year 2015-16 are as under:

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

(Period from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016)

Salary & Allowance	Rs. 6.00 Lacs per month
Other benefits	Furnished accommodation Club fees (Up to 2 clubs), Reimbursement of expenses which includes gas, electricity, water, expenses, Car plus Chauffeur salary and society maintenance etc.
Stock options	Growth-NIL
Notice Period	2 Months

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

(Period from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016)

Salary & Allowance	Rs. 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

**ii. Non-Executive Directors**

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

As per the provisions of Companies Act, 2013 & resolution passed by shareholders of the Company in their General Meeting, Company is allowed to pay commission from net profit to its Independent Directors, if claimed subject to maximum limit as prescribed under the Companies act, 2013.

During the year, an amount of Rs. 10 Lac was paid to Mr. Anirudh Sonpal, as Commission from Net Profit for the year 2014-15 and a sum of Rs 50000/- 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	10000/-
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 Practising 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 : 30th July, 2016

Day : Saturday

Time : 11:00 A.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.

### vi. Market Price Data

High, low (based on monthly closing prices) and number of equity shares traded during each month in the year 2015-16 on BSE Ltd. National Stock Exchange of India Limited:

Month and Year	BSE			NSE		
	High (Rs.)	Low (Rs.)	Traded Quantity	High (Rs.)	Low (Rs.)	Traded Quantity
Apr-15	260.00	219.80	377399	275.00	221.00	553466
May-15	252.00	217.00	604220	255.00	215.30	1193100
Jun-15	263.90	218.20	599650	259.90	218.20	621723
Jul-15	259.00	222.10	349965	268.00	221.20	685901
Aug-15	260.00	208.00	339895	244.00	206.10	589428
Sep-15	240.00	212.20	595789	248.00	213.00	625830
Oct-15	245.00	215.80	227731	243.30	220.00	509854
Nov-15	243.00	215.20	217049	248.30	206.95	488938
Dec-15	220.00	186.20	252174	223.80	189.00	514941
Jan-16	244.80	165.20	235467	239.50	153.10	557851
Feb-16	209.80	163.00	282669	212.00	162.00	625474
Mar-16	213.00	187.10	359661	210.00	185.10	563094

### ii. Financial Calendar:

Year ending : March 31

AGM in : July

Dividend payment : Nil

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

from 26th July, 2016 to 30th July, 2016.

### 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) :

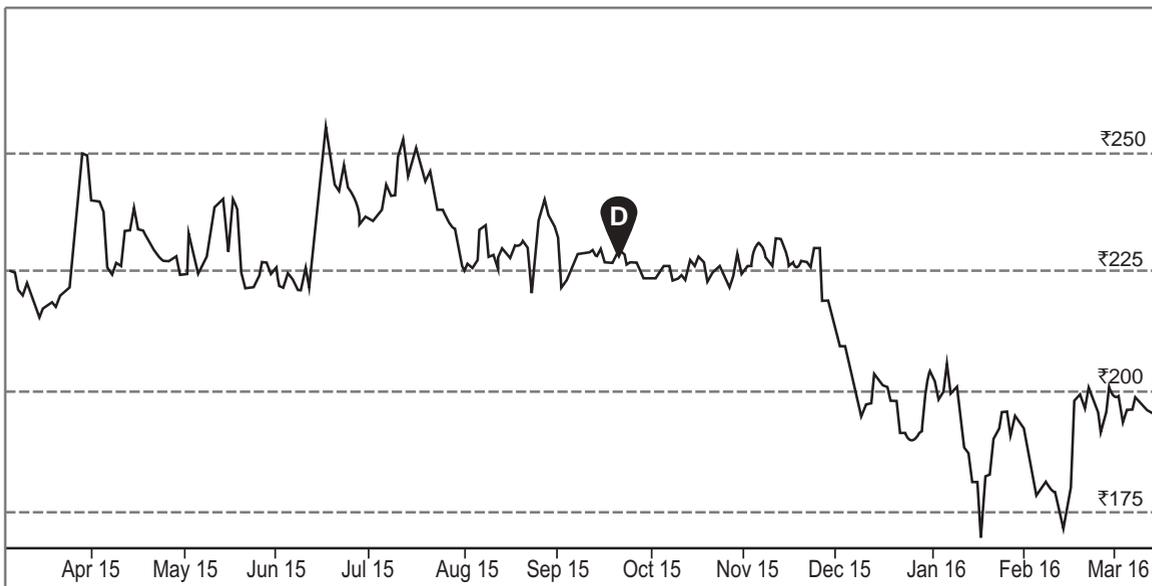
L25202MP1993PLC034616

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

**Performance in comparison to BSE-Sensex**



**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 31st March, 2016 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, 2016**

Nominal Value of Each Equity Share is Rs. 10/-

No. of equity shares held	No. of share holders	% of shareholders	No. of share held	% of total shares held	Amount
1 to 500	827	87.3284	35132	0.1412	351320
501 to 1000	10	1.0560	8219	0.0330	82190
1001 to 2000	19	2.0063	25674	0.1032	256740
2001 to 3000	4	0.4224	8296	0.0333	82960
3001 to 4000	3	0.3168	10697	0.0430	106970
4001 to 5000	2	0.2112	9250	0.0372	92500
5001 to 10000	16	1.6895	135249	0.5435	1352490
10001 and above	66	6.9694	24650289	99.0656	246502890
Total	947	100.00	24882806	100.00	248828060

**Categories of Equity Shareholders as on 31st March, 2016**

Category	No. of Equity Shares held	Percentage of holding
Indian Promoters	8181603	32.88
Foreign Promoters	0	0.00
Mutual Funds & UTI	244	0.00
Banks, FIs, Insurance Companies	1993388	8.01
Central/State Govt. Institutions/ Non-Govt. Institutions	0	0.00
Foreign Institutional Investors	2546283	10.03
Domestic Bodies Corporate	6616924	26.59
Foreign Companies	4233382	17.01
Non Resident	630	0.00
Clearing Members	514928	2.06
Hindu Undivided Family	28162	0.11
Other Individual	767262	3.08
Grand Total	24882806	100.00

**Status of Dividend**

Dividend for the year	Total Amount of Dividend (Rs. In lacs)	Amount of Unpaid Dividend as on 31.03.2016 (Amount in Rs.)	% of Dividend Unpaid	Due date of transfer to IEPF
2012-13	22.98	0.00	0.00	N.A.
2013-14	24.88	4794	0.01	01-11-2021
2014-15	24.88	374	0.00	01-11-2022

**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 2016, 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 Rs. 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 Rs. 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**

Place: Pithampur	Saurabh Kalani	D.K. Sharma
Date: 20/05/2016	Whole-Time Director	Whole-Time Director
	DIN: 00699380	DIN: 00028152

## 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, 2016 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, 2016 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.

**Mahesh Sharma**  
Chief Executive Officer

**Ajay Mundra**  
Chief Financial Officer

Date: 20/05/2016  
Place: Pithampur

## PCS CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the Compliance of conditions of Corporate Governance by Flexituff International Limited ("the Company"), for the year ended on March 31, 2016, as stipulated in Clause 34 (3) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing regulations').

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement/Listing Regulations, as applicable.

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.

Place: Indore  
Date: 20/05/2016

**For Ritesh Gupta & Co.**  
(Companies Secretaries)

Ritesh Gupta  
CP: 3764: FCS:5200

## DECLARATION ON CODE OF CONDUCT

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

I Mahesh Sharma, Chief Executive Officer (CEO) of the Flexituff International Limited ("the Company") affirms that the members of Board of Directors and Senior Management Personnel have compliance with the Code of Conduct of Board of Directors and Senior Management in the Financial Year 2015-16.

**For Flexituff International Limited**

Place: Indore  
Date: 20/05/2016

**Mahesh Sharma**  
Chief Executive Officer

# 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 and jointly controlled entities (referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, 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 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 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 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 as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matter

- (a) We did not audit financial statements of a subsidiary company and three jointly controlled entities. Aggregate amount of revenue, assets and total profit after tax (before adjusting minority interest) of the subsidiary company and jointly controlled entities for the year ended on March 31, 2016 are Rs. 800.04 millions, Rs. 776.87 millions and Rs. 10.21 millions respectively. These financial statements have been audited by the other auditors whose reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of a subsidiary and three 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 three jointly controlled entities, is based solely on the report of other auditors.
- (b) We did not audit financial statements of two subsidiary companies. Aggregate amount of revenue, assets and total loss after tax (before adjusting minority interest) of these two subsidiaries for the year ended on March 31, 2016 are Rs. 1,245.53 millions, Rs. 773.29 millions and Rs. 4.88 millions 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 shareholders/ 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 aforesaid two subsidiaries, to accounting principles generally accepted in India, for the purpose of preparation of the 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.

- (c) We did not audit financial statements of a subsidiary company. Aggregate amount of revenue, assets and total loss after tax (before adjusting minority interest) of a subsidiary company for the year ended on March 31, 2016 are nil, nil and Rs. 0.06 millions respectively whose financial statements, have not been audited and whose unaudited financial statements, have been furnished to us by the management for the period from April 1, 2015 to November 1, 2015 (date of liquidation). Our opinion, in so far as it relates to amounts and disclosures included in respect of this subsidiary company, is based solely on such unaudited financial statements. In our opinion and according to the information and explanation given to us by the management, this financial statement is not material to the Group.

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 and the financial statements / financial information certified by the Management.

#### 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 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, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of a subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 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 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:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 29 to the consolidated financial statements.
  - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company and jointly controlled entities incorporated in India.

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

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

Place: Pithampur  
Date: May 20, 2016

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

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

Place: Pithampur  
Date: May 20, 2016

## 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, 2016, 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 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 respective 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)". 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI 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, both issued by the Institute of Chartered Accountants of India. 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 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 weaknesses have been identified as at March 31, 2016:

- a) The Holding Company needs to strengthen the process with respect to vendor selection and analysis of quotation in relation to purchase of stores and spares, consumables and fixed assets. These could potentially result in material misstatements in trade payable, consumption and fixed assets.
- b) The internal control system for work-in-progress and finished goods inventories with regard to stages of completion, movement of inventories, and identification and

allocation of overheads to inventories will have to be further strengthened. These could potentially result in material misstatements in the consumption and valuation of work-in-progress and finished goods inventories. However, the Holding Company has identified the gaps in the process with respect to allocation of overheads to inventory.

In our opinion, except for the effects of the 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, 2016, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### 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 a 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 20, 2016

Place: Pithampur

Date: May 20, 2016

**CONSOLIDATED BALANCE SHEET** as at 31st March, 2016

₹ in Million

	Note No.	As At March 31, 2016	As At March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	248.83	248.83
Reserves and surplus	4	3,581.85	3,540.43
		<b>3,830.68</b>	<b>3,789.26</b>
<b>Minority Interest</b>			
		-	-
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,901.58	2,960.25
Deferred tax liabilities (net)	6	344.09	371.17
Long-term provisions	7	63.89	58.98
		<b>3,309.56</b>	<b>3,390.40</b>
<b>Current liabilities</b>			
Short-term borrowings	8	2,893.68	2,725.92
Trade payables	9	2,503.14	2,049.60
Other current liabilities	10	1,087.73	1,126.17
Short-term provisions	7	10.25	38.04
		<b>6,494.80</b>	<b>5,939.73</b>
<b>Total</b>		<b>13,635.04</b>	<b>13,119.39</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	6,770.93	6,698.52
Intangible assets	12	210.71	235.63
Capital work-in-progress		-	44.98
Intangible assets under development		123.92	-
Non-current investments	13	-	0.24
Long term Loans and advances	14	49.37	28.72
Other non-current assets	15	21.23	0.78
		<b>7,176.16</b>	<b>7,008.87</b>
<b>Current assets</b>			
Inventories	16	1,668.94	1,490.32
Trade receivables	17	3,711.27	2,985.53
Cash and bank balances	18	274.63	301.82
Short term Loans and advances	14	798.22	1,328.57
Other current assets	15	5.82	4.28
		<b>6,458.88</b>	<b>6,110.52</b>
<b>Total</b>		<b>13,635.04</b>	<b>13,119.39</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

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

**Saurabh Kalani**  
Whole Time Director  
DIN: 0699380

**D. K. Sharma**  
Whole Time Director  
DIN: 00028152

Place: Pithampur  
Date: May 20, 2016

**Ajay Mundra**  
Chief Finance Officer

**Rishabh Kumar Jain**  
Company Secretary  
Membership No: F7271

Place: Pithampur  
Date: May 20, 2016

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2016

₹ in Million

	Note No.	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Income:</b>			
Revenue from operations (gross)		13,205.39	11,835.25
Less: Excise duty		(79.43)	(66.69)
Revenue from operations (net)	19	<b>13,125.96</b>	<b>11,768.56</b>
Other income	20	187.46	122.22
<b>Total revenue</b>		<b>13,313.42</b>	<b>11,890.78</b>
<b>Expenses:</b>			
Cost of raw material and consumables consumed	21	5,203.35	5,160.76
Purchase of stock -in-trade	22	3,818.68	2,902.86
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(310.16)	(24.05)
Employee benefits expense	24	1,555.25	1,313.37
Finance costs	25	932.64	693.13
Corporate social responsibility expenditure	26	4.15	7.23
Depreciation and amortization	27	659.52	460.89
Other expenses	28	1,424.16	1,262.21
<b>Total expenses</b>		<b>13,287.59</b>	<b>11,776.41</b>
<b>Profit for the year before tax</b>		<b>25.83</b>	<b>114.37</b>
<b>Tax expense:</b>			
Current tax			
For current year profits		7.16	28.66
MAT credit		(3.48)	(25.27)
Adjustments for earlier years		1.01	-
Deferred tax benefit		(27.08)	(77.06)
		<b>(22.39)</b>	<b>(73.67)</b>
<b>Profit for the year after tax and before minority interest</b>		<b>48.22</b>	<b>188.04</b>
Less: Share of minority interest		-	-
<b>Profit for the year</b>		<b>48.22</b>	<b>188.04</b>
<b>Earnings per share (in Rupees)</b>	31		
Basic earning per share		1.94	7.56
Diluted earning per share		1.93	5.57
Face 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

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

**Saurabh Kalani**  
Whole Time Director  
DIN: 0699380

**D. K. Sharma**  
Whole Time Director  
DIN: 00028152

Place: Pithampur  
Date: May 20, 2016

**Ajay Mundra**  
Chief Finance Officer

**Rishabh Kumar Jain**  
Company Secretary  
Membership No: F7271

Place: Pithampur  
Date: May 20, 2016

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2016

₹ in Million

	Note No.	As At March 31, 2016	As At March 31, 2015
<b>Cash flow from Operating activities</b>			
Profit before tax		25.83	114.37
Adjustments for:			
Depreciation and amortization		659.52	460.89
Interest expenses		802.59	547.30
Interest income		(24.27)	(27.60)
Provision for doubtful debts		2.61	17.99
Bad debts		6.54	-
Loss/(gain) on sale of fixed assets		0.44	(0.15)
Unrealized foreign exchange loss		(2.28)	(28.36)
Foreign currency translation reserve		(6.49)	14.56
Provision for retirement benefits		6.97	5.13
<b>Operating profit before working capital changes</b>		<b>1,471.46</b>	<b>1,104.14</b>
Changes in working capital			
Increase / (decrease) in trade payables		452.36	166.13
Increase / (decrease) in other current liabilities		(224.70)	344.83
Increase in non-current liabilities		-	7.38
Increase in trade receivables		(731.43)	(205.88)
Decrease / (increase) in inventories		(178.61)	(193.74)
Decrease / (increase) in loans and advances		509.71	(50.80)
(Increase) in other current assets		(1.54)	(5.05)
<b>Cash generated from operations</b>		<b>1,297.25</b>	<b>1,167.00</b>
Income tax paid		(4.72)	(44.06)
<b>Net cash flows from operating activities (A)</b>		<b>1,292.53</b>	<b>1,122.94</b>
<b>Cash flow from Investing activities</b>			
Purchase of fixed assets, including movement in CWIP and capital advances		(659.77)	(1,178.83)
Proceeds from sale of fixed assets		0.64	0.72
Interest income on fixed deposit		24.27	27.60
Investments in margin money under lien		(24.49)	(16.69)
<b>Net cash flow (used in) investing activities (B)</b>		<b>(659.35)</b>	<b>(1,167.20)</b>
<b>Cash flow from Financing activities</b>			
Proceeds from long-term borrowings		468.90	740.36
Repayment of long-term borrowings		(468.62)	(531.89)
Proceeds from short-term borrowings		132.00	-
Repayment of short-term borrowings		(121.00)	(9.50)
Proceeds from cash credit/overdraft facility (net)		156.76	427.39
Payment of dividend and dividend tax		(29.86)	(29.11)
Interest paid		(802.59)	(547.30)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(664.41)</b>	<b>49.95</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(31.23)</b>	<b>5.70</b>
Cash and cash equivalents at the beginning of the year		84.95	79.25
<b>Cash and cash equivalents at the end of the year</b>	<b>18</b>	<b>53.72</b>	<b>84.95</b>
Balances with banks			
On unpaid dividend accounts		0.01	0.14
Margin money or under lien deposits		220.90	216.73
<b>Total cash and bank balances at end of the year</b>	<b>18</b>	<b>274.63</b>	<b>301.82</b>

**Notes :**

- 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.
- Notes to the financial statements are an integral part of the Cash Flow Statement.

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: 0699380**D. K. Sharma**Whole Time Director  
DIN: 00028152

Place: Pithampur

Date: May 20, 2016

**Ajay Mundra**

Chief Finance Officer

**Rishabh Kumar Jain**Company Secretary  
Membership No: F7271

Place: Pithampur

Date: May 20, 2016

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

## 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.

#### b. Basis of consolidation

The consolidated financial statements relate to the Holding Company, its subsidiary companies and joint ventures (collectively referred herein under as the 'Group'). 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 Company's separate financial statements.
- In absence of Financial Statements as on reporting date of previous year for jointly controlled entities, no adjustment has been made in the consolidated financial statements of previous year; however it has immaterial impact on financials.

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, 2016	March 31, 2015
<b>Direct subsidiaries</b>				
1	Flexiglobal Holding Limited	Cyprus	100%	100%
2	Nanofil Technologies Private Limited	India	100%	100%
<b>Indirect subsidiaries*</b>				
1	Lakshmi Incorporated – previously known as MDH Global packaging Solutions. (liquidated on November 1, 2015)	USA	100%	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 either directly or through subsidiaries	
			March 31, 2016	March 31, 2015
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%

**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.

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 Group 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.

**d. Fixed assets**

**Changes in accounting policy**

**Change in useful life of fixed assets**

During the previous year, pursuant to the enactment of the Companies Act, 2013 ("the Act") being effective from April 1, 2014, the Company and its Indian subsidiary had revised depreciation rates of fixed assets as per useful life specified in Schedule II of the Act.

For certain class of assets, the depreciation rates had been revised on the basis of internal technical evaluation and assessment.

Consequently, in accordance with the requirement of Schedule II of the Act, depreciation of Rs. 26.26 had been adjusted in Reserves and Surplus for the assets whose remaining useful as per Schedule II / technical estimated had already been exhausted as on April 1, 2014.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, less accumulated depreciation. 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.

The Group has adopted component accounting as required under Schedule II to the Companies Act, 2013 and AS 10 (R), from April 01, 2015. The Holding Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed assets. The Holding Company has not identified any components of fixed assets where the useful life is different than rest of plant and machinery and hence there is no impact on the statement of profit and loss due to adoption of component accounting.

**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.

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

**e. Depreciation on fixed asset**

For group 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.

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

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.

#### f. 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	5-7
Computer Software	3
Patent	5

Amortization on addition to intangible assets is provided on pro-rata basis from the 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.

#### g. 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.

#### h. 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.

#### i. Assets taken on lease

##### (i) Operating leases – where Company is 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 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.

#### j. 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.

##### Measurement of foreign currency monetary items as on Balance Sheet date:

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

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 capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

**k. 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.

**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 Company.

**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 Company 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 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.

**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 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

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

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 Company 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, components, stores and spares, and packing material are valued at lower of cost or net realizable value.

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 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.

**t. 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.

**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 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 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 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. 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.

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

### Note 3 Share capital

	As At March 31, 2016	As At March 31, 2015
The Company has only one class of share capital having a par value of Rs. 10 per share, referred to herein as equity shares.		
<b>Authorised</b>		
40,000,000 (previous year 40,000,000) equity shares of Rs. 10 each	400.00	400.00
<b>Issued, subscribed and paid up</b>		
24,882,806 (previous year 24,882,806) equity shares of Rs. 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, 2016		March 31, 2015	
	Number of shares in millions	Rupees	Number of shares in millions	Rupees
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 Rs. 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, 2016, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2015: Rs. 1).

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	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	14.56%	3.62	14.56%
2. International Finance Corporation	1.90	7.64%	1.90	7.64%
3. Clearwater Capital Partners(Cyprus) Ltd	1.88	7.56%	2.20	8.83%
4. Saurabh Properties Pvt Ltd	1.64	6.58%	1.64	6.58%
5. Miscellani Global Pvt Ltd	1.36	5.46%	1.36	5.46%

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.

**Note 4 Reserves and surplus**

	As At March 31, 2016	As At March 31, 2015
<b>(a) Capital Reserves</b>		
<b>SEZ Re-Investment Allowance Reserve</b>		
Opening balance	26.26	59.58
Less: Transferred to statement of Profit & Loss on Utilisation on account of Investment in Plant & Machinery	(26.26)	(33.32)
<b>Closing balance</b>	<b>-</b>	<b>26.26</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	140.50
Less: Utilised during the year	-	(26.26)
<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	1,395.28	1,203.77
Add: Net Profit for the current year	48.22	188.05
Add: Transfer from SEZ Re-Investment Allowance Reserve	26.26	33.32
Less: Appropriations	-	-
Proposed dividends	-	(24.88)
Dividend Tax	-	(4.98)
<b>Closing balance</b>	<b>1,469.76</b>	<b>1,395.28</b>
<b>(e) Foreign currency translation reserve</b>	<b>(57.22)</b>	<b>(50.42)</b>
<b>Total Reserves and surplus</b>	<b>3,581.85</b>	<b>3,540.43</b>

**Note 5 Long-term borrowings**

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Secured</b>				
<b>Term loans</b>				
- From banks (refer note a, d & f below)	329.52	620.24	365.33	426.25
- From other parties (refer note a, b, c & d below)	289.64	185.55	100.86	91.74
<b>Unsecured</b>				
Foreign Currency Convertible Bonds (refer note e below)	2,255.31	2,128.06	-	-
Finance lease obligations	16.47	26.40	8.93	8.30
From other parties	-	-	229.17	-
Deferred payment liabilities	10.64	-	8.26	-
<b>Total long term borrowings including its current maturities</b>	<b>2,901.58</b>	<b>2,960.25</b>	<b>712.55</b>	<b>526.29</b>
Amount disclosed under the head other current liabilities (refer note 10)			(712.55)	(526.29)
	<b>2,901.58</b>	<b>2,960.25</b>	<b>-</b>	<b>-</b>

**Notes**

- a. Term Loans from banks amounting to Rs. 628.40 (previous year: Rs. 970.22) and term loan from other parties amounting to Rs.189.17 (previous year: Rs. 236.85) are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets (except specific equipment finance through GE Capital Services India) and a second charge on all current assets of the company. Above Term loans are further secured by Personal Guarantee of Shri Manish Kalani and corporate guarantee of M/S Kalani Industries Private Limited.

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

- b. Term loans from other parties amounting to Nil (previous year: Rs 38.32) - (i) First and exclusive charge over Equipment financed through the Facility in accordance with the Deed of Hypothecation. (ii) Personal Guarantee of Mr. Manish Kalani. (iii) Corporate Guarantee of M/s Kalani Industries Private Limited.
- c. Term Loan from other parties amounting to Rs. 200.00 (previous year: Nil) 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.
- d. Term loan from banks amounting to Rs. 7.08 (previous year Rs. 9.21) and term loans from others amounting to Rs. 1.33 (previous year: Rs. 2.12) is secured by hypothecation of vehicles.
- e. As at March 31, 2016, 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 Rs. 10 each fully paid at the conversion price of 230 per share, subject to terms of issue, with fixed rate of exchange of Rs. 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 Rs. 10 each fully paid at the conversion price of 218 per share, subject to terms of issue, with fixed rate of exchange of Rs. 54.16 equal to USD 1 on April 26, 2018.
- f) Term loan with Flexiglobal (UK) Limited amounting Rs 59.37 (previous year Rs. 67.06) are secured against the Company premises, together with a debenture in the bank's standard form.

	March 31, 2016	March 31, 2015
<b>From Banks</b>		
<b>(a) UCO Bank, Indore</b>	87.15	192.04
[Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement w.e.f 11.07.08 & 18.12.09. This term loan had been converted into Foreign Currency Term Loan on : Rs 136.29 on 20.02.2015, present rate of interest 7.75% (previous year: 7.75% p.a.)]		
<b>(b) Kotak Mahindra Bank (erstwhile ING Vysya Bank)</b>	31.91	65.65
[Payable in 16 quarterly Instalments of Rs 0.84 & 8 quarterly instalments of Rs 0.19, date of disbursement 13.08.2012, present rate of interest 11.85% p.a. previous year : 12.35% p.a.)]		
<b>(c) State Bank of India</b>	-	16.11
[Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement w.e.f 29.08.2008, present rate of interest 13.70% p.a. (previous year: 14.50 % p.a.)]		
<b>(d) Central bank of India</b>	43.57	55.52
[Payable in 24 quarterly Instalments, w.e.f 31.12.12, present rate of interest 13.90% p.a. (previous year: 14.50 % p.a. )]		
<b>(e) Punjab National Bank</b>	-	39.45
[Payable in 24 quarterly Instalments after 1 year from the date of disbursement w.e.f 03.09.2008, present rate of interest - not applicable (previous year: 14.50 % p.a.)]		
<b>(f) Punjab National Bank, Indore</b>	12.11	28.64
[Payable in 23 quarterly Instalments after 1.5 year from the date of disbursement w.e.f 20.05.2010, present rate of interest 10.85% p.a. (previous year: 14.50 % p.a.)]		
<b>(g) State Bank of India</b>	4.37	24.09
[Payable in 7 years (24 quarterly Instalments) after 1.25 year from the date of disbursement w.e.f 31.12.2009, present rate of interest 13.70% p.a. (previous year: 14.50 % p.a.)]		
<b>(h) State Bank of Patiala</b>	20.91	37.07
[Payable in 4 quarterly Instalments of Rs 1.31 and 20 instalments of Rs 5.24 after 1 year from the date of disbursement w.e.f 26.03.2010, present rate of interest 14.05% p.a. (Previous year: 14.65 % p.a.)]		

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

(i) <b>State Bank of Patiala</b> [Payable in 11 quarterly Instalments of Rs 2.50 from the date of disbursement w.e.f 30.03.2014, 14.05% p.a. (Previous year: 14.65 % p.a.)]	7.40	14.90
(j) <b>Central bank of India</b> [Payable in 19 quarterly Instalments after 6 months from the date of disbursement w.e.f 30.06.2015, present rate of interest 13.90% p.a. (previous year: 14.50 % p.a.)]	211.80	249.30
(k) <b>Central bank of India</b> [Payable in 24 quarterly Instalments, w.e.f 30.08.2008, present rate of interest -not applicable (previous year: 14.50 % p.a.)]	-	6.40
(l) <b>Bank of Baroda</b> [Payable in 20 quarterly Instalments after 10 months from the date of disbursement w.e.f 30.06.2015, present rate of interest 13.50% p.a. (previous year 13.50 % p.a.)]	209.18	241.05
(m) <b>Vehicles loan from banks</b> [repayable in 36 to 84 equated monthly instalments, present rate of interest 8.0% to 13.0% p.a. (previous year: 8.0% to 13.0% p.a.)]	7.08	9.21
(n) <b>National Westminster Bank PLC, UK</b>	59.37	67.06
<b>Total</b>	<b>694.85</b>	<b>1,046.49</b>

	March 31, 2016	March 31, 2015
<b>From other parties</b>		
(a) <b>GE Capital Services , India</b> [36 months from the date of first drawdown dated. 27.09.2012, present rate of interest 15.30% p.a. (previous year: 14.00% p.a.)]	-	38.32
(b) <b>GE Money Services Private Limited</b> [36 months from the date of first Drawdown dated. 27.09.2014, present rate of interest 15.30% p.a. (previous year: 14.00% p.a.)]	189.17	236.85
(c) <b>IREP Credit Capital Private Limited</b> [Repayable in 20 instalments of Rs. 10.00 starting from 5th month of disbursement i.e. Jan 2016, rate of interest is 14.75% (previous year: not applicable)]	200.00	-
(d) <b>Daimler Financial Services India Private Limited</b> [Repayable in 36 instalments of Rs. 0.08 present rate of interest is 9.25% p.a (previous year: 9.25% p.a.)]	1.33	2.12
<b>Total</b>	<b>390.50</b>	<b>277.29</b>

**Note 6 Deferred tax liabilities/(asset) (net)**

	March 31, 2016	Charge/(benefit) for the year	March 31, 2015
<b>Deferred tax asset</b>			
Carry forward losses	343.10	(75.09)	268.01
Expenses provided but allowable in Income Tax on payment basis	7.64	(7.64)	-
Provision for doubtful debts	7.05	(7.05)	-
<b>Gross deferred tax asset (A)</b>	<b>357.79</b>	<b>(89.78)</b>	<b>268.01</b>
<b>Deferred tax liability</b>	701.88	62.70	639.18
Difference between book depreciation & tax depreciation			
<b>Gross deferred tax liability (B)</b>	<b>701.88</b>	<b>62.70</b>	<b>639.18</b>
<b>Net deferred tax liability/(asset) (B-A)</b>	<b>344.09</b>	<b>(27.08)</b>	<b>371.17</b>

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

**Note 7 : Provisions**

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>(a) Provision for employee benefits</b>				
Provision for gratuity (funded) (refer note 33)	46.25	38.06	3.48	1.40
Provision for leave encashment (unfunded)	17.64	20.92	1.93	-
<b>(b) Other provisions</b>				
Provision for income tax [net of advance tax of Rs. 3.40 (previous year Rs. 5.30)]	-	-	4.84	6.78
Provision for proposed dividend	-	-	-	24.88
Provision for dividend tax	-	-	-	4.98
<b>Total provisions</b>	<b>63.89</b>	<b>58.98</b>	<b>10.25</b>	<b>38.04</b>

**Note 8 : Short -term borrowings**

	As At March 31, 2016	As At March 31, 2015
<b>Secured</b>		
On cash credit, packing credit and working capital demand loan accounts from banks (Refer note a,b,c & d below)	2,882.68	2,722.92
<b>Unsecured</b>		
From other parties (refer note e below)	11.00	3.00
<b>Total</b>	<b>2,893.68</b>	<b>2,725.92</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. Factoring finance of Flexiglobal (UK) Limited is secured by a charge over certain trade debtors.
- 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 Shri 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 15% to 18% p.a., repayable within 30 to 90 days.

**Note 9 : Trade payables**

	As At March 31, 2016	As At March 31, 2015
<b>(a) Trade payables</b>	<b>2,503.14</b>	<b>2,049.60</b>
	<b>2,503.14</b>	<b>2,049.60</b>

**Note 10 : Other current liabilities**

	As At March 31, 2016	As At March 31, 2015
(a) Current maturities of long-term debt (refer note 5)	712.55	526.29
(b) Interest accrued but not due	47.74	46.51
(c) Interest accrued and due	12.00	8.75
(d) Unpaid dividends	0.01	0.13
(e) Statutory liabilities	66.80	27.69
(f) Advance from customers	84.81	372.64
(g) Salary and wages payable	145.86	125.01
(h) Creditor for capital goods	13.66	16.86
(i) Other payables	4.30	2.29
<b>Total other current liabilities</b>	<b>1,087.73</b>	<b>1,126.17</b>

**Note 11 : Tangible assets**

Particulars	Land free hold	Land lease hold	Buildings	Plant and Machinery	Electrical installations	Furniture fixtures	Office equipments	Vehicles	Computers	Total
<b>Cost (gross block)</b>										
At April 1, 2014	160.44	24.75	994.35	4,325.78	206.74	43.40	74.88	19.33	24.98	5,874.65
Additions	1.29	-	378.55	1,851.80	29.34	2.02	4.36	11.65	2.38	2,281.39
Disposals	-	-	-	-	-	0.05	-	3.18	-	3.23
Foreign exchange adjustment	-	-	(11.59)	(0.19)	-	(0.17)	-	-	-	(11.95)
<b>At March 31, 2015</b>	<b>161.73</b>	<b>24.75</b>	<b>1,361.31</b>	<b>6,177.39</b>	<b>236.08</b>	<b>45.20</b>	<b>79.24</b>	<b>27.80</b>	<b>27.36</b>	<b>8,140.86</b>
Additions	-	-	91.28	521.64	31.25	4.92	12.27	2.23	3.04	666.63
Disposals	-	-	-	1.65	-	-	-	1.56	-	3.21
Foreign exchange adjustment	-	-	4.12	-	-	0.09	-	-	-	4.21
<b>At March 31, 2016</b>	<b>161.73</b>	<b>24.75</b>	<b>1,456.71</b>	<b>6,697.38</b>	<b>267.33</b>	<b>50.21</b>	<b>91.51</b>	<b>28.47</b>	<b>30.40</b>	<b>8,808.49</b>
<b>Depreciation</b>										
At April 1, 2014	-	2.27	143.90	764.55	44.48	13.93	13.13	7.79	14.09	1,004.14
Charge for the year	-	0.72	30.23	319.52	30.95	5.02	22.32	2.25	3.88	414.89
Disposals	-	-	-	-	-	0.03	-	2.65	-	2.68
Transfer to reserves	-	-	-	0.05	5.13	2.75	12.69	1.62	4.02	26.26
Foreign exchange adjustment	-	-	(0.20)	(0.04)	-	(0.03)	-	-	-	(0.27)
<b>At March 31, 2015</b>	<b>-</b>	<b>2.99</b>	<b>173.93</b>	<b>1,084.08</b>	<b>80.56</b>	<b>21.64</b>	<b>48.14</b>	<b>9.01</b>	<b>21.99</b>	<b>1,442.34</b>
Charge for the year	-	0.26	44.67	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>-</b>	<b>3.25</b>	<b>218.93</b>	<b>1,560.60</b>	<b>115.73</b>	<b>27.64</b>	<b>73.68</b>	<b>12.32</b>	<b>25.41</b>	<b>2,037.56</b>
<b>Net Block</b>										
<b>At March 31, 2016</b>	<b>161.73</b>	<b>21.50</b>	<b>1,237.78</b>	<b>5,136.78</b>	<b>151.60</b>	<b>22.57</b>	<b>17.83</b>	<b>16.15</b>	<b>4.99</b>	<b>6,770.93</b>
<b>At March 31, 2015</b>	<b>161.73</b>	<b>21.76</b>	<b>1,187.38</b>	<b>5,093.31</b>	<b>155.52</b>	<b>23.56</b>	<b>31.10</b>	<b>18.79</b>	<b>5.37</b>	<b>6,698.52</b>

	March 31, 2016	March 31, 2015
<b>Capital work-in-progress</b>		
Opening balance	44.98	997.14
Add: Additions during the year	-	44.98
Less: Capitalised during the year	44.98	997.14
<b>Closing balance</b>	<b>-</b>	<b>44.98</b>

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

**Note 12 : Intangible assets**

Particulars	Patents	Computer Software	Development Assets	Total
<b>Cost (gross block)</b>				
At April 1, 2014	0.97	-	180.40	181.37
Additions	-	-	120.27	120.27
Disposals	-	-	-	-
<b>At March 31, 2015</b>	<b>0.97</b>	<b>-</b>	<b>300.67</b>	<b>301.64</b>
Additions	-	2.61	35.71	38.32
Disposals	-	-	-	-
<b>At March 31, 2016</b>	<b>0.97</b>	<b>2.61</b>	<b>336.38</b>	<b>339.96</b>
<b>Amortisation</b>				
At April 1, 2014	0.42	-	19.58	20.00
Charge for the year	0.10	-	45.91	46.01
Disposals/adjustments	-	-	-	-
<b>At March 31, 2015</b>	<b>0.52</b>	<b>-</b>	<b>65.49</b>	<b>66.01</b>
Charge for the year	0.10	0.24	62.90	63.24
Disposals/adjustments	-	-	-	-
<b>At March 31, 2016</b>	<b>0.62</b>	<b>0.24</b>	<b>128.39</b>	<b>129.25</b>
<b>Net block</b>				
<b>At March 31, 2016</b>	<b>0.35</b>	<b>2.37</b>	<b>207.99</b>	<b>210.71</b>
<b>At March 31, 2015</b>	<b>0.45</b>	<b>-</b>	<b>235.18</b>	<b>235.63</b>
			<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Intangible assets under development:</b>				
Opening balance			-	-
Add: Additions during the year			159.64	119.59
Less: Capitalised during the year			35.72	119.59
<b>Closing balance</b>			<b>123.92</b>	<b>-</b>

**NOTE 13 : NON-CURRENT INVESTMENTS**

(valued at cost unless stated otherwise)

	As At March 31, 2016	As At March 31, 2015
<b>Long term, Trade</b>		
<b>Investments in joint ventures entities (unquoted)</b>		
Flexituff SA Enterprises LLP	-	0.08
Flexituff Javed LLP	-	0.08
Flexituff Hi Tech LLP	-	0.08
<b>Total Non- current investments</b>	<b>-</b>	<b>0.24</b>
<b>Aggregate book value as at the end of the year:</b>		
Un-quoted investments	-	0.24
Provision for diminution in value of investments	-	-

**NOTE 14 : LOANS AND ADVANCES**

(Unsecured, considered good, unless stated otherwise)

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(a) Capital advances	4.57	-	-	-
(b) Security deposits	41.98	28.72	31.76	22.85
(c) Recoverable from joint venture partners	-	-	16.06	26.24
(d) Loans & advances to related parties (refer footnote 1)	-	-	4.53	-
(e) Other loans and advances:				
Prepaid expenses	-	-	10.52	28.62
Advance to suppliers	-	-	123.33	561.34
Balances with statutory / government authorities	-	-	286.73	369.20
Minimum alternative tax credit entitlement	-	-	258.67	250.49
Advance income tax	2.82	-	35.38	39.35
Staff advance	-	-	10.02	9.85
Inter corporate deposits	-	-	20.69	19.55
Other recoverable in cash or in kind	-	-	0.53	1.08
<b>Total loans and advances</b>	<b>49.37</b>	<b>28.72</b>	<b>798.22</b>	<b>1,328.57</b>
<b>Footnote 1</b>				
Includes advances given to directors (refer note 34)*	-	-	4.45	-
* Either severally or jointly	-	-	<b>4.45</b>	-

**NOTE 15 : OTHER ASSETS**

(Unsecured, considered good, unless stated otherwise)

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Interest accrued but not due	-	-	4.66	4.28
Non-current bank balance (refer note 18)	21.23	0.78	-	-
Unbilled revenue	-	-	1.16	-
<b>Total other non-current assets</b>	<b>21.23</b>	<b>0.78</b>	<b>5.82</b>	<b>4.28</b>

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

**NOTE 16 : INVENTORIES**

(Valued at lower of cost and net realisable value, unless stated other wise)

	As At March 31, 2016	As At March 31, 2015
(a) Raw materials and components	193.83	314.86
(b) Work-in-progress	524.24	464.00
(c) Finished goods	313.24	216.35
(d) Stock-in-trade	532.62	379.59
(e) Consumables and stores and spares	105.01	115.52
<b>Total Inventories</b>	<b>1,668.94</b>	<b>1,490.32</b>

**NOTE 17 : TRADE RECEIVABLES**

	As At March 31, 2016	As At March 31, 2015
<b>(I) Outstanding for a period more than six months from the date they are due for payment</b>		
Unsecured, considered good	603.46	381.26
Unsecured, considered doubtful	22.81	20.20
	<b>626.27</b>	<b>401.46</b>
Less: Provision for doubtful receivables	(22.81)	(20.20)
	<b>(I) 603.46</b>	<b>381.26</b>
<b>(II) Others</b>		
Unsecured, considered good	3,107.81	2,604.27
	<b>3,107.81</b>	<b>2,604.27</b>
<b>Total Trade receivables</b>	<b>(I+II) 3,711.27</b>	<b>2,985.53</b>

**NOTE 18 : CASH AND BANK BALANCES**

	As At March 31, 2016	As At March 31, 2015
<b>Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	50.48	82.08
Cash on hand	3.24	2.87
<b>Total cash and cash equivalents</b>	<b>(I) 53.72</b>	<b>84.95</b>
<b>Other bank balances</b>		
<b>- Current maturities</b>		
Margin money or under lien deposits	220.90	216.73
On unpaid dividend accounts	0.01	0.14
<b>Total current maturities of other bank balances</b>	<b>(II) 220.91</b>	<b>216.87</b>
<b>- Non-current maturities</b>		
Margin money or under lien deposits	21.23	0.78
<b>Total gross non current maturities of other bank balances</b>	<b>(III) 21.23</b>	<b>0.78</b>
Less: Amount disclosed under non-current assets (refer note 15)	(IV) (21.23)	(0.78)
	<b>(V=III-IV) -</b>	<b>-</b>
<b>Total cash and bank balances</b>	<b>(I+II+V) 274.63</b>	<b>301.82</b>

**NOTE 19 : REVENUE FROM OPERATIONS**

	Year Ended March 31, 2016	Year Ended March 31, 2015
(a) Sale of products		
- Finished goods	9,264.21	8,766.60
- Traded goods	3,547.80	2,995.37
Less: Excise duty	(79.43)	(66.69)
(b) Sale of services	321.41	-
(c) Other operating revenues	71.97	73.28
<b>Revenue from operations (net)</b>	<b>13,125.96</b>	<b>11,768.56</b>
<b>Details of products sold</b>		
<b>Finished goods sold</b>		
Technical textile (gross of excise duty)	9,264.21	8,766.60
<b>Traded goods sold</b>		
Fabrics	3,547.80	2,995.37

**NOTE 20 : OTHER INCOME**

	Year Ended March 31, 2016	Year Ended March 31, 2015
(a) Interest income	24.27	27.60
(b) Gain on sale of fixed assets (net)	-	0.15
(c) Exchange gain (net)	100.83	55.07
(d) Miscellaneous income	62.36	39.40
<b>Total other income</b>	<b>187.46</b>	<b>122.22</b>

**NOTE 21 : COST OF RAW MATERIAL AND COSUMABLES CONSUMED**

	Year Ended March 31, 2016	Year Ended March 31, 2015
(a) <b>Raw material consumed</b>		
Inventory at the beginning of the year	314.86	152.13
Add : Purchases during the year	4,290.07	4,467.94
Less: Inventory at the end of the year	193.83	314.86
<b>Cost of raw material consumed</b>	<b>4,411.10</b>	<b>4,305.21</b>
(b) <b>Cost of consumables consumed</b>	<b>792.25</b>	<b>855.55</b>
<b>Total cost of raw material and consumables consumed</b>	<b>5,203.35</b>	<b>5,160.76</b>
<b>Details of raw material and components consumed</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
Polymer granules	4,411.10	4,305.21
Yarn	141.64	144.81
Ink & solvents	244.76	292.15
Others	405.86	418.59
<b>Total</b>	<b>5,203.35</b>	<b>5,160.76</b>

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

**NOTE 22 : PURCHASES OF STOCK-IN-TRADE**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Purchases of stock-in-trade	3,818.68	2,902.86
<b>Total</b>	<b>3,818.68</b>	<b>2,902.86</b>
<b>Details of traded products purchased</b>		
Fabrics	3,818.68	2,902.86
	<b>3,818.68</b>	<b>2,902.86</b>

**NOTE 23 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN TRADE**

	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Inventories at the beginning of the year:</b>		
Stock-in-trade	379.59	360.67
Work in progress	464.00	427.64
Finished goods	216.35	247.58
	<b>(I) 1,059.94</b>	<b>1,035.89</b>
<b>Inventories at the end of the year:</b>		
Stock-in-trade	532.62	379.59
Work in progress	524.24	464.00
Finished goods	313.24	216.35
	<b>(II) 1,370.10</b>	<b>1,059.94</b>
<b>(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>(I-II) (310.16)</b>	<b>(24.05)</b>
<b>Details of closing inventory of:</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Traded goods:</b>		
Fabrics	532.62	379.59
<b>Total</b>	<b>532.62</b>	<b>379.59</b>
<b>Work in progress:</b>		
Technical textile	524.24	464.00
<b>Total</b>	<b>524.24</b>	<b>464.00</b>
<b>Finished goods:</b>		
Technical textile	313.24	216.35
<b>Total</b>	<b>313.24</b>	<b>216.35</b>

**NOTE 24 : EMPLOYEE BENEFITS EXPENSE**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Salaries, wages, bonus and other allowances	1,385.70	1,186.28
Contribution to provident and other funds	97.56	72.00
Gratuity expenses (refer note 33)	13.24	10.02
Staff welfare expenses	58.75	45.07
<b>Total employee benefits expense</b>	<b>1,555.25</b>	<b>1,313.37</b>

**NOTE 25 : FINANCE COSTS**

	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Interest expense</b>		
- On bank loan	587.17	418.45
- Other borrowing costs	215.43	128.84
Bank charges	105.37	139.37
Other borrowing charges	25.60	6.17
Loss/(gain) on foreign exchange transactions and translations considered as finance cost (net)	(0.93)	0.30
<b>Total finance costs</b>	<b>932.64</b>	<b>693.13</b>

**NOTE 26 : CORPORATE SOCIAL RESPONSIBILITY (CSR)**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Gross amount required to be spent	4.90	7.45
Amount spent during the year	4.15	7.23
<b>Total corporate social responsibility</b>	<b>4.15</b>	<b>7.23</b>

**NOTE 27 : DEPRECIATION AND AMORTIZATION**

	Year Ended March 31, 2016	Year Ended March 31, 2015
on tangible assets (refer note 11)	596.28	414.89
on intangible assets (refer note 12)	63.24	46.01
<b>Total depreciation and amortization</b>	<b>659.52</b>	<b>460.89</b>

**NOTE 28 : OTHER EXPENSES**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Power and fuel	367.08	323.60
Rent (refer note 32)	27.49	19.20
Repairs and maintenance - Buildings	9.61	3.04
Repairs and maintenance - Machinery	145.45	126.41
Repairs and maintenance - Others	5.22	4.23
Job work charges	147.38	110.09
Insurance	21.80	21.46
Rates and taxes	45.93	25.62
Freight outward	330.13	375.57
Travelling expenses	49.96	35.64
Auditor's remuneration (refer note below)	4.49	2.97
Printing and stationery	5.50	5.01
Communication expenses	20.41	18.51
Legal and professional charges	131.40	89.42
Advertisement and publicity	1.46	0.41
Business promotion expenses	17.60	11.35
Commission	9.43	9.51
Loss on sale of fixed assets	0.44	-
Provision for doubtful debts	2.61	17.99
Bad debts	6.45	-
Research & development expenses	3.54	1.76
Miscellaneous expenses	70.78	60.42
<b>Total other expenses</b>	<b>1,424.16</b>	<b>1,262.21</b>

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

As auditor (exclusive of service tax):	March 31, 2016	March 31, 2015
Statutory audit fees	2.89	1.13
Limited review	1.15	1.07
Certification fees	0.05	0.05
Tax audit fee	0.33	0.63
Reimbursement of expenses	0.07	0.09
<b>Total</b>	<b>4.49</b>	<b>2.97</b>

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

**29. Contingent liabilities not provided for in respect of:**

Particulars	March 31, 2016	March 31, 2015
Corporate guarantees given on behalf of subsidiary	0.20	0.20
Income tax	95.69	55.54
Sales tax/VAT	69.98	51.79
Entry tax	13.89	13.89
Foreign bill discounted with bank	125.25	287.04
Export obligation against advance license	549.13	-

**30. Commitments**

Particulars	March 31, 2016	March 31, 2015
Estimated amount of contracts remaining to be executed on capital account	20.55	397.03

**31. Earnings per share (EPS)**

Particulars		March 31, 2016	March 31, 2015
Profit after tax		48.22	188.05
<b>Net profit for calculation of basic and diluted EPS</b>	<b>(A)</b>	48.22	188.05
Weighted average number of equity shares in calculating basic EPS (Nos.)	<b>(B)</b>	24,882,806	24,882,806
<b>Effect of dilution:</b>			
Stock options granted under ESOP (Nos.)		97,720	229,228
Shares to be issued to foreign currency convertible bondholder*			8,631,618
Weighted average number of equity shares in calculating diluted EPS (Nos.)	<b>(C)</b>	24,980,526	33,743,652
Basic EPS (in Rs.)	<b>(A)/(B)</b>	<b>1.94</b>	<b>7.56</b>
Diluted EPS (in Rs.)	<b>(A)/(C)</b>	<b>1.93</b>	<b>5.57</b>

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

**32. 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, 2016 was Rs. 27.49 (Previous year Rs.19.20)

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

Particulars	March 31, 2016	March 31, 2015
Within one year	1.68	2.95
After one year but not more than five years	2.80	3.96
More than five years	44.00	44.53

**33. 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, 2016	March 31, 2015
Employers contribution to provident fund	68.65	47.03
Employers contribution to employees' state insurance	27.71	23.77
	<b>96.36</b>	<b>70.80</b>

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

- 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)	
	March 31, 2016	March 31, 2015
Discount rate (per annum)	8.00 %	8.00 %
Expected Rate of increase in compensation levels	5.00 %	7.00 %
Expected Rate of return on plan assets.	8.50 %	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 8% per annum (Previous Year 8%) 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, 2016	March 31, 2015
Present value obligation as at the beginning of the year	58.45	54.48
Interest cost	4.68	4.36
Current service cost	17.21	13.69
Benefits paid	(4.03)	(7.64)
Actuarial loss/(gain) on obligations	(7.01)	(6.44)
Present value obligation as at the end of the year	<b>69.30</b>	<b>58.45</b>

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

Particulars	March 31, 2016	March 31, 2015
Fair value of plan assets as at the beginning of the year	18.79	20.14
Expected return on plan assets	1.60	1.71
Contributions	3.17	4.69
Benefits paid	(4.03)	(7.64)
Actuarial gain/ (loss) on plan assets	0.04	(0.12)
Fair value of plan assets as at the end of the year	<b>19.57</b>	<b>18.78</b>

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

Particulars	March 31, 2016	March 31, 2015
Present value obligation as at the end of the year	69.30	58.45
Fair value of plan assets as at the end of the year	19.57	18.79
Funded status/(deficit) or Unfunded net liability	(49.73)	(39.66)
Excess of actual over estimated	0.04	(0.12)
Unfunded net liability recognized in balance sheet	(49.73)	(39.46)
Amount classified as:		
Short term provision (refer note 7)	3.48	1.40
Long term provision (refer note 7)	46.25	38.06

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

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

Particulars	March 31, 2016	March 31, 2015
Current service cost (including risk premium for fully insured benefits)	17.21	13.69
Interest cost	4.68	4.36
Expected return on plan assets	(1.60)	(1.71)
Net actuarial loss/(gain) recognized during the year	(7.05)	(6.32)
<b>Total expense recognised in Statement of Profit and Loss</b>	<b>13.24</b>	<b>10.02</b>

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

Particulars	March 31, 2016	March 31, 2015
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, 2016	March 31, 2015	March 31, 2014
Defined benefit obligation	69.30	58.45	54.48
Fair Value of plan assets	19.57	18.79	20.14
Surplus / (deficit)	(49.73)	(39.46)	(34.84)
Experience gain/(loss) on defined benefit obligation	(16.48)	6.44	Not available
Experience gain/(loss) on plan assets	0.04	(0.12)	Not available

Information for March 31, 2013 and March 31, 2012 is not available with the Holding Company.

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

Particulars	Rupees
Employees gratuity fund	29.17

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.

**34. 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
2	Jointly Controlled Entities:	1) Flexituff S.A. Enterprises LLP
		2) Flexituff Javed Ahmed LLP
		3) Flexituff Hi-Tech LLP

<b>3</b>	Key Management Personnel and their relative:	<p><b>Key management personnel</b></p> <ol style="list-style-type: none"> <li>1) Mr. Saurabh Kalani, (Whole Time Director)</li> <li>2) Mr. Mahesh Sharma ( Chief Executive Officer)</li> <li>3) Mr. Dilip Parikh (Chief Financial Officer) (Resigned wef 20.05.2015)</li> <li>4) Mr. Ajay Mundra (Chief Financial officer) (Joined wef 05.11.2015)</li> <li>5) Mr. Dinesh Kumar Sharma (Executive Director)</li> <li>6) Mr. Kaushal Vijayvergiya (Whole Time Director) (Resigned wef 12.08.2014)</li> <li>7) Mr. Manoj Dwivedi (Whole Time Director) (Resigned wef 31.03.2015)</li> <li>8) Mr. Rishabh Jain (Company Secretary) (Joined wef 04.11.2014)</li> </ol> <p><b>Relatives of key management personnel</b></p> <ol style="list-style-type: none"> <li>1) Mrs. Padma Kalani (Mother of Mr. Saurabh Kalani)</li> <li>2) Mr. Manish Kalani (Brother of Mr. Saurabh Kalani)</li> <li>3) Mr. Kartikeya Kalani (Son of Mr. Saurabh Kalani)</li> <li>4) Mr. Vinayak Kalani (Son of Mr. Saurabh Kalani)</li> <li>5) Mrs. Monica Sharma (Wife of Mr. Dinesh Kumar Sharma)</li> <li>6) Mrs. Kaushalya Vijayvergiya (Wife of Mr. Kaushal Vijayvergiya)</li> <li>7) Mrs. Manju Mundra (Wife of Mr. Ajay Mundra)</li> </ol>
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**(b) Transactions with the related parties**

Particulars	March 31, 2016	March 31, 2015
<b>(i) Sale of goods</b>		
Flexituff Javed LLP	0.10	
Flexituff Sa Enterprises LLP	4.10	15.80
<b>Total</b>	<b>4.20</b>	<b>15.80</b>
<b>(ii) Recovery of expenses</b>		
Ecstasy Heights LLP	0.00*	0.00*
Venetian Realty LLP	0.00*	0.00*
Ambika Commercial LLP	0.00*	0.00*
Rising Sun Properties LLP	0.00*	0.00*
Chitrakoot Mercantiles LLP	0.00*	0.00*
<b>Total</b>	<b>0.01</b>	<b>0.01</b>
<b>(iii) Rent expenses</b>		
Mr. Manish Kalani	0.29	0.29
Mrs. Padma Kalani	0.17	0.14
M/S Kalani Industries Private Limited	0.90	
<b>Total</b>	<b>1.36</b>	<b>0.43</b>
<b>(iv) Salaries, wages, bonus and other allowances</b>		
Mr. Kartikeya Kalani	1.00	0.99
Mrs. Monica Sharma	0.67	0.74
Mr. Kaushal Vijayvergiya	-	0.87
Mrs. Kaushalya Vijayvergiya	-	0.29
Mr. Manoj Dwivedi	-	1.73
Mr. Ajay Mundra	2.76	1.30
Mrs. Manju Mundra	0.86	0.87
Mr. Mahesh Sharma	15.61	4.83
Mr. Dilip Parikh	0.77	2.86
Mr. Rishabh Jain	0.56	0.46
<b>Total</b>	<b>22.23</b>	<b>14.94</b>

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

Particulars		March 31, 2016	March 31, 2015
(v)	<b>Managerial remuneration</b>		
	Mr. Saurabh Kalani	6.41	6.53
	Mr. Dinesh Kumar Sharma	2.20	2.10
	<b>Total</b>	<b>8.61</b>	<b>8.63</b>
(vi)	<b>Reimbursement of expenses</b>		
	Mr. Vinayak Kalani	-	0.84
	<b>Total</b>	<b>-</b>	<b>0.84</b>
(vii)	<b>Advance given during the period</b>		
	Flexituff Javed LLP	6.36	-
	Flexituff Hi-Tech LLP	0.26	-
	Flexituff S.A. Enterprises LLP	2.88	0.20
	<b>Total</b>	<b>9.50</b>	<b>0.20</b>
(c)	<b>Outstanding balances</b>		
	<b>Particulars</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
(i)	<b>Trade payables</b>		
	Mr. Manish Kalani	(0.02)	-
	<b>Total</b>	<b>(0.02)</b>	<b>-</b>
(ii)	<b>Other current liabilities</b>		
	Mr. Kartikeya Kalani	0.08	-
	Mr. Ajay Mundra	0.17	-
	Mrs. Manju Mundra	0.06	-
	Mr. Mahesh Sharma	0.09	-
	Mr. Rishabh Jain	0.04	-
	Mr. Dinesh Kumar Sharma	0.15	-
	Mrs. Monica Sharma	0.05	-
	<b>Total</b>	<b>0.64</b>	<b>-</b>
(iii)	<b>Loans and advances given</b>		
	Flexituff Javed LLP	6.40	0.04
	Flexituff Hi-Tech LLP	0.28	0.02
	Flexituff S.A. Enterprises LLP	9.38	6.49
	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*	-
	Mr. Saurabh Kalani (Refer note 41)	4.22	-
	Mr. Dinesh Kumar Sharma	0.23	-
	Mrs. Monica Sharma	0.08	-
	<b>Total</b>	<b>20.60</b>	<b>6.55</b>
(iv)	<b>Trade receivables</b>		
	Flexituff Javed LLP	0.10	-
	Flexituff S.A. Enterprises LLP	4.10	15.80
	<b>Total</b>	<b>4.20</b>	<b>15.80</b>

\* Amount is having a value less than Rs. 5000.

**35. Segment disclosures**

The Group is principally engaged in the business of Manufacturing of HD/PP Woven sacks and FIBC/Jumbo Bags. Accordingly company operates in only one primary segment. The Company has identified geographical segments as a Secondary reportable Segment, taking into account nature of operations and services, the differing risks and returns. The accounting policies adopted for segment reporting are in line with the accounting policy of the Group.

**Geographical Segment:**

Particulars	March 31, 2016	March 31, 2015
<b>Revenue by geographical market</b>		
In India	5,978.21	4,194.36
Outside India	7,147.75	7,574.27
<b>Total</b>	<b>13,125.96</b>	<b>11,768.63</b>
<b>Carrying amount of segment assets</b>		
In India	11,291.94	10,987.99
Outside India	2,343.10	2,131.40
<b>Total</b>	<b>13,635.04</b>	<b>13,119.39</b>
<b>Additions to fixed assets and intangible assets (including movement in CWIP)</b>		
In India	699.10	2,400.90
Outside India	1.77	0.76
<b>Total</b>	<b>700.87</b>	<b>2,401.66</b>

**36. Employees Stock Option Scheme**

- 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, 2016, the following scheme is under operation:

Particulars	March 31, 2016	March 31, 2015
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, 2016 (No. of equity shares)	March 31, 2015 (No. of equity shares)
Outstanding at the beginning of the year	335,250	312,375
Exercisable at the beginning of the year	335,250	312,375
Granted during the year	-	187,425
Options lapsed during the year due to resignation, surrender etc.	-	52,800
Vested during the year	-	134,625
Options vested and outstanding during the year	-	447,000
Expired during the year due to not exercise of the option	167,625	111,750
Outstanding at the end of the year	167,625	335,250
Exercisable at the end of the year	167,625	335,250
Weighted average remaining contractual life	1 year	2 year

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2016

₹ in Million

**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, 2016	March 31, 2015
Weighted average share price/market price (Rs. per share)	218.5	243
Exercise price (Rs. Per share)	95	95
Expected volatility	-	-
Life of the options granted (Vesting and exercise period) in years	-	-
Expected dividends	-	-
Average risk-free interest rate	7.79%	7.79%

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

Particulars	March 31, 2016	March 31, 2015
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, 2016	March 31, 2015
Net Profit for the year after tax as reported	48.22	188.05
Less: Employee stock compensation under intrinsic method	-	-
Proforma Profit	48.22	188.05
<b>Earning per share</b>		
<b>Basic (in Rupees.)</b>		
- as reported	1.94	7.56
- Proforma	1.94	7.56
<b>Diluted (in Rupees.)</b>		
- as reported	1.93	5.57
- Proforma	1.93	5.57

**37. Statement of derivatives and un-hedged foreign currency exposure:**

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, 2016:

Particulars	Currency	March 31, 2016		March 31, 2015	
		Foreign currency in millions	Rupees in Millions	Foreign currency in millions	Rupees in Millions
Foreign currency convertible bonds	USD	34.00	2,255.30	34.00	2,128.06
Trade payables	USD	0.74	49.28	-	-
	EURO	0.42	31.66	-	-
	CHF	0.02	1.19	-	-
Advance from customers	USD	0.31	20.26	-	-
	EURO	0.07	4.53	-	-
Foreign currency term loan	USD	1.29	56.90	2.18	136.28
Foreign currency with bank	USD	0.00*	0.01	0.04	2.78
Other current liability	USD	0.72	47.70	-	-
Outstanding expenses	USD	0.07	4.77	-	-
Trade receivables	EURO	0.49	36.27	-	-
	GBP	6.28	599.17	-	-
	USD	13.97	936.78	-	-
Capital advance	USD	0.08	5.43	-	-

\* USD 135

**38. 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.

**39. Managerial remuneration receivable**

Employee benefit expenses include Rs. 9.69 paid/payable during the year towards remuneration paid to one of its whole time director. The maximum remuneration payable under the provisions of section 197 read with Schedule V to the Companies Act, 2013 is Rs 6.41. The Company is in the process of obtaining necessary approval from shareholders for remuneration payable to one of its whole time director. Pending receipt of such approval, the excess remuneration amounting to Rs. 3.28 paid to one of its whole time director is held in trust by the said director, which is shown as recoverable under loans and advances.

**40. Information required for consolidated financial statement pursuant to Schedule III of The Companies Act, 2013**

Name of the entity	March 31, 2016				March 31, 2015			
	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%	3,768.11	83%	40.12	98%	3,728.23	105%	197.62
Flexiglobal UK Limited	1%	33.98	0%	0.16	1%	38.30	-12%	(22.46)
Flexiglobal Holdings Limited	0%	7.50	0%	0.24	0%	9.59	4%	6.63
Flexituff Javed LLP	0%	1.01	2%	0.93	0%	-	0%	-
Flexituff SA Enterprises LLP	0%	1.61	3%	1.53	0%	-	0%	-
Flexituff Hi Tech LLP	0%	3.33	7%	3.26	0%	-	0%	-
Nanofil Technologies Limited	0%	15.13	4%	1.98	0%	13.15	3%	6.26
		<b>3,830.67</b>		<b>48.22</b>		<b>3,789.27</b>		<b>188.05</b>

**Note:**

Net assets and share of profits and loss reported in the above table have been considered from the respective audited financial statements after making necessary changes for consolidation adjustments having impact on the consolidated net assets and net profits.

**41. Minimum alternative tax (MAT) credit**

The Holding Company has an unexpired MAT credit entitlement amounting to Rs. 258.67 as at March 31, 2016 which is classified under current asset based on management's estimation. The management believes that the unexpired MAT credit entitlement will be utilised in the near future.

**42. Subsidiary liquidated**

During the current year, a subsidiary company, Lakshmi Incorporated, is liquidated with effect from November 1, 2015, accordingly its results for the period ended November 1, 2015 are included in the consolidated financial statements in the current year.

**43. 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

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

**Saurabh Kalani**  
Whole Time Director  
DIN: 0699380

**D. K. Sharma**  
Whole Time Director  
DIN: 00028152

Place: Pithampur  
Date: May 20, 2016

**Ajay Mundra**  
Chief Finance Officer

**Rishabh Kumar Jain**  
Company Secretary  
Membership No: F7271

Place: Pithampur  
Date: May 20, 2016

# 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, 2016, 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 there under.

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, 2016, 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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.
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 20, 2016

**For L.K. Maheshwari & Co.**

Chartered Accountants

Firm Registration No. 000780C

**Abhay Singi**

Partner

Membership No.: 079873

Place: Pithampur

Date: May 20, 2016

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ("the Company")

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

To the Members of Flexituff International Limited ("the Company")

We have audited the internal financial controls over financial reporting of ("the Company") as of March 31, 2016 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. 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 on Audit of Internal Financial Controls Over Financial Reporting (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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 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 weaknesses have been identified as at March 31, 2016:

- a) The Company needs to strengthen the process with respect to vendor selection and analysis of quotation in relation to purchase of stores and spares, consumables and fixed assets. These could potentially result in material misstatements in trade payable, consumption and fixed assets.
- b) The internal control system for work-in-progress and finished goods inventories with regard to stages of completion, movement of inventories, and identification and allocation of overheads to inventories will have to be further strengthened. These could potentially result in material misstatements in the consumption and valuation of work-in-progress and finished

goods inventories. However, the Company has identified the gaps in the process with respect to allocation of overheads to inventory.

In our opinion, except for the effects of the weaknesses 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, 2016, 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.

**Explanatory paragraph**

We also have audited, in accordance with the Standards on

Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 20, 2016 expressed true and fair opinion on the financial statements.

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No.105047W

**Amrish Vaidya**

Partner  
Membership No.: 101739

Place: Pithampur  
Date: May 20, 2016

**For L.K. Maheshwari & Co.**

Chartered Accountants  
Firm Registration No. 000780C

**Abhay Singi**

Partner  
Membership No.: 079873

Place: Pithampur  
Date: May 20, 2016

## 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, 2016]

- 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 to a company covered in the register maintained under section 189 of the Companies Act, 2013.
  - (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 a company 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 a company 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 a company 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, there are no amounts outstanding which are in the nature of deposits as on March 31, 2016 and the Company has not accepted any deposits during the year.
- vi. The provisions of sub-section (1) of section 148 of the Act are not

applicable to the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the order are not applicable to the Company.

- vii. (a) 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, 2016 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 statute	Nature of dues	Rupees in Millions	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Assessment made by A.O. is further enhanced by CIT (A) U/s 68 in respect of Share Application money received	20.62	AY 2004-05 & 2005-06	ITAT
Income Tax Act	Disallowances in respect of SEZ Loss U/s 10A	1.07	AY 2006-07	CIT (A)
Income Tax Act	Non deduction of TDS on payment of Lease Rent to MPAKVN and Interest thereon	0.35	AY 2005-06 to AY 2007-08	CIT (A)
Income Tax Act	Disallowances made by A.O./U/s 69A of Income Tax Act, in respect of Investment and certain expenses	35.89	AY 2009-10 & 2010-11	CIT (A)
Income Tax Act	Disallowances made by A.O./U/s 14A of Income Tax Act, in respect of Investment and certain expenses	3.19	AY 2013-14	CIT (A)
M.P. Entry Tax Act, 1976	Entry tax levied on job work done for SEZ unit	5.82	F.Y. 2006-07 to 2009-10	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
M.P. Commercial Tax Act, 1994	Assessing Office has levied the tax on sale by SEZ unit in Domestic Area	2.30	F.Y. 2006-07	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore

Name of statute	Nature of dues	Rupees in Millions	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Assessing Office has levied the tax on sale by SEZ unit in Domestic Area	0.01	F.Y. 2006-07	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
M.P. Entry Tax Act, 1976	Entry tax levied on job work done for SEZ unit	1.07	F.Y. 2007-08 & 2010-11	The Appellate Authority and Additional Commissioner of Commercial Tax, Indore Division
M.P. Entry Tax Act, 1976	Assessing Office has levied the tax on sale by SEZ unit in Domestic Area	1.30	F.Y. 2008-09	The Appellate Authority and Additional Commissioner of Commercial Tax, Indore Division
M.P. Commercial Tax Act, 1994	Tax Imposed on (a) sale by SEZ unit in Domestic Area (b) benefit not given of VAT output (c) ITR Amt. Disallowed and (d) Tax Imposed on non receipts of form "H"	3.09	F.Y. 2009-10	The Appellate Board, M.P. Tax Tribunal Bhopal / Indore
Uttarakhand VAT Act, 2005	Tax imposed on tax free item	2.87	2010-11 to 2012-13	Deputy Commissioner- Appeal Haldwani
Central Sales Tax Act, 1956	Tax imposed on non receipt of form C & tax free item	26.80	2010-11 to 2012-13	Deputy Commissioner- Appeal Haldwani
Uttarakhand VAT Act, 2005	Appeal for chargeability of tax on Sale of Narrow Woven Fabric	5.59	2011-12	Deputy Commissioner- Appeal Haldwani
Central Sales Tax Act, 1956	Appeal for tax charged on Purchase of Capital Civil Item, purchase under C form by FIL	1.75	2009-10 & 2010-11	Deputy Commissioner- Appeal Haldwani

- 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 of initial public offer or further public offer (including debt instruments) during the year.
- x. During the course of our 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 during the course of our audit.

- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ payable the following amounts for managerial remuneration to one of its whole time director, which is not in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. The Company is in the process of obtaining necessary approval from shareholders for remuneration payable to its whole time director.

Payment made to	Remuneration paid/ payable in excess of the limits prescribed (Rupees in Millions)	Remuneration due for recovery as at 31st March, 2016 (Rupees in Millions)	Steps taken to secure the recovery of the amount
Whole Time Director	3.28	3.28	The Company is in the process of obtaining necessary approval from shareholders for remuneration payable to its whole time director

- xiii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiv. 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.
- 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 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.
- xvi. 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, paragraph 3(xv) of the Order is not applicable.
- xvii. 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 of clause 3 (xvi) of the Order are not applicable to the Company.

**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 20, 2016

Place: Pithampur  
Date: May 20, 2016

**BALANCE SHEET** as at 31st March, 2016

₹ in Million

	Note No.	As At March 31, 2016	As At March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	248.83	248.83
Reserves and surplus	4	3,532.14	3,492.01
		<b>3,780.97</b>	<b>3,740.84</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,849.72	2,900.35
Deferred tax liabilities (net)	6	342.19	369.70
Long-term provisions	7	63.89	58.98
		<b>3,255.80</b>	<b>3,329.03</b>
<b>Current liabilities</b>			
Short-term borrowings	8	2,710.11	2,542.81
Trade payables	9	1,574.45	1,573.83
Other current liabilities	10	1,023.08	1,093.82
Short-term provisions	7	5.97	34.71
		<b>5,313.61</b>	<b>5,245.17</b>
<b>Total</b>		<b>12,350.38</b>	<b>12,315.04</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	6,620.41	6,552.98
Intangible assets	12	195.55	215.60
Capital work-in-progress	11	-	44.96
Intangible assets under development	12	123.90	-
Non-current investments	13	12.86	12.86
Long term Loans and advances	14	66.54	46.23
Other non-current assets	15	18.61	0.78
		<b>7,037.87</b>	<b>6,873.41</b>
<b>Current assets</b>			
Inventories	16	1,067.63	1,218.45
Trade receivables	17	3,197.32	2,631.44
Cash and bank balances	18	262.10	291.26
Short term Loans and advances	14	780.80	1,296.20
Other current assets	15	4.66	4.28
		<b>5,312.51</b>	<b>5,441.63</b>
<b>Total</b>		<b>12,350.38</b>	<b>12,315.04</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

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

**Saurabh Kalani**  
Whole Time Director  
DIN: 0699380

**D. K. Sharma**  
Whole Time Director  
DIN: 00028152

Place: Pithampur  
Date: May 20, 2016

**Ajay Mundra**  
Chief Finance Officer

**Rishabh Kumar Jain**  
Company Secretary  
Membership No: F7271

Place: Pithampur  
Date: May 20, 2016

**STATEMENT OF PROFIT AND LOSS** for the year ended 31st March, 2016

₹ in Million

	Note	As at March 31, 2016	As At March 31, 2015
<b>Income:</b>			
Revenue from operations (gross)		11,640.66	10,591.55
Less: Excise duty		(79.43)	(66.69)
Revenue from operations (net)	19	<b>11,561.23</b>	<b>10,524.86</b>
Other income	20	187.66	116.39
<b>Total revenue</b>		<b>11,748.89</b>	<b>10,641.25</b>
<b>Expenses:</b>			
Cost of raw material and consumables consumed	21	5,211.33	5,221.57
Purchase of stock -in-trade	22	2,124.10	1,757.96
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	6.00	(57.17)
Employee benefits expense	24	1,487.09	1,263.90
Finance costs	25	919.61	676.64
Corporate social responsibility expenditure	26	4.15	7.21
Depreciation and amortization	27	649.77	452.18
Other expenses	28	1,333.21	1,198.40
<b>Total expenses</b>		<b>11,735.26</b>	<b>10,520.69</b>
<b>Profit for the year before tax</b>		<b>13.63</b>	<b>120.56</b>
<b>Tax expense:</b>			
Current tax			
For current year profits		3.48	25.27
Mat Credit		(3.48)	(25.27)
Adjustments for earlier years		1.01	-
Deferred tax benefit		(27.51)	(77.06)
		<b>(26.50)</b>	<b>(77.06)</b>
<b>Profit for the year after tax</b>		<b>40.13</b>	<b>197.62</b>
<b>Earnings per share (in Rupees)</b>	34		
Basic earning per share		1.61	7.94
Diluted earning per share		1.61	5.86
Face 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

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

**Saurabh Kalani**  
Whole Time Director  
DIN: 0699380

**D. K. Sharma**  
Whole Time Director  
DIN: 00028152

Place: Pithampur  
Date: May 20, 2016

**Ajay Mundra**  
Chief Finance Officer

**Rishabh Kumar Jain**  
Company Secretary  
Membership No: F7271

Place: Pithampur  
Date: May 20, 2016

## CASH FLOW STATEMENT for the year ended 31st March, 2016

₹ in Million

	As At March 31, 2016	As At March 31, 2015
<b>Cash flow from Operating activities</b>		
Profit before tax	13.63	120.56
Adjustments for:		
Depreciation and amortization expenses	649.77	452.18
Interest expenses	797.66	544.01
Interest income	(22.89)	(20.13)
Provision for doubtful debts	2.61	17.99
Bad debts	6.54	-
Loss/(gain) on sale of fixed assets	0.44	(0.15)
Unrealized foreign exchange loss	(2.28)	(28.36)
Provision for retirement benefits	8.91	5.12
<b>Operating profit before working capital changes</b>	<b>1,454.39</b>	<b>1,091.22</b>
Changes in working capital:		
Increase / (decrease) in trade payables	(0.56)	205.06
Increase / (decrease) in other current liabilities	(257.00)	345.22
Increase in trade receivables	(571.57)	(248.05)
Decrease / (increase) in inventories	150.82	(225.65)
Decrease in loans and advances	495.09	13.97
(Increase) in other current assets	(0.38)	-
(Increase) in non-current assets	(17.83)	-
<b>Cash generated from operations</b>	<b>1,252.96</b>	<b>1,181.78</b>
Income tax paid	(3.89)	(42.02)
<b>Net cash flows from operating activities (A)</b>	<b>1,249.07</b>	<b>1,139.75</b>
<b>Cash flow from Investing activities</b>		
Purchase of fixed assets, including movement in CWIP and capital advances	(649.91)	(1,164.63)
Investment in joint venture	-	(0.24)
Proceeds from sale of fixed assets	0.64	0.68
Interest income on fixed deposit	22.89	20.13
Investments in bank deposits (having original maturity of more than three months)	(4.05)	(16.68)
<b>Net cash flow (used in) investing activities (B)</b>	<b>(630.43)</b>	<b>(1,160.74)</b>

**CASH FLOW STATEMENT** for the year ended 31st March, 2016 (Contd.)

₹ in Million

	As At March 31, 2016	As At March 31, 2015
<b>Cash flow from Financing activities</b>		
Proceeds from long-term borrowings	468.90	740.36
Repayment of long-term borrowings	(460.53)	(520.44)
Proceeds from short-term borrowings	132.00	-
Repayment of short-term borrowings	(121.00)	9.50
Proceeds from cash credit/overdraft facility (net)	156.30	376.02
Payment of dividend and dividend tax	(29.86)	(29.11)
Interest paid	(797.66)	(544.01)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(651.85)</b>	<b>32.32</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(33.21)</b>	<b>11.33</b>
Cash and cash equivalents at the beginning of the year	74.39	63.06
Cash and cash equivalents at the end of the year	<b>41.18</b>	<b>74.39</b>
Balances with banks		
On unpaid dividend accounts	-	0.13
Margin money or under lien deposits	220.92	216.74
<b>Total cash and bank balances at end of the year</b>	<b>262.10</b>	<b>291.26</b>

**Notes :**

- 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.
- Notes to the financials statements are an integral part of the Cash Flow Statement.

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: 0699380

**D. K. Sharma**  
Whole Time Director  
DIN: 00028152

Place: Pithampur  
Date: May 20, 2016

**Ajay Mundra**  
Chief Finance Officer

**Rishabh Kumar Jain**  
Company Secretary  
Membership No: F7271

Place: Pithampur  
Date: May 20, 2016

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

## 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.

#### Changes in accounting policy

##### Change in useful life of fixed assets

During the previous year, pursuant to the enactment of the Companies Act, 2013 ('the Act') being effective from April 1, 2014, the Company had revised depreciation rates of fixed assets as per useful life specified in Schedule II of the Act.

For certain class of assets, the depreciation rates had been revised on the basis of internal technical evaluation and assessment.

Consequently, in accordance with the requirement of Schedule II of the Act, depreciation of Rs. 26.26 had been adjusted in Reserves and Surplus for the assets whose remaining useful as per Schedule II / technical estimated had already been exhausted as on April 1, 2014.

#### 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. 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.

#### c. Fixed assets

##### Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. 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.

The company has adopted component accounting as required under Schedule II to the Companies Act, 2013 and AS 10 (R), from April 1, 2015. The company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed assets. The company has not identified any components of fixed assets where the useful life is different than rest of plant and machinery and hence there is no impact on the statement of profit and loss due to adoption of component accounting.

##### 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.

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.

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 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 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**

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.

**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.

**Measurement of foreign currency monetary items as on Balance Sheet date**

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

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.

**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 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 company 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.

#### **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, components, stores and spares, and packing material are valued at lower of cost or net realizable value.

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.

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

**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.

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.

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

**Note 3 Share capital**

	As At March 31, 2016	As At March 31, 2015
The Company has only one class of share capital having a par value of Rs. 10 per share, referred to herein as equity shares.		
<b>Authorised</b>		
40,000,000 (previous year 40,000,000) equity shares of Rs. 10 each	400.00	400.00
<b>Issued, subscribed and paid up</b>		
24,882,806 (previous year 24,882,806) equity shares of Rs. 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, 2016		March 31, 2015	
	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 Rs. 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, 2016, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2015: Rs.1).

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	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%	2.20	8.84%
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 the Financial Statements for the Year ended March 31st, 2016

₹ in Million

**Note : 4 Reserves and surplus**

	March 31, 2016	March 31, 2015
<b>(a) Capital Reserves</b>		
<b>SEZ Re-Investment Allowance Reserve</b>		
Opening balance	26.26	59.58
Less: Transferred to statement of Profit & Loss on Utilisation on account of Investment in Plant & Machinery	(26.26)	(33.32)
<b>Closing balance</b>	<b>-</b>	<b>26.26</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	140.50
Less: Utilised during the year	-	(26.26)
<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	1,296.44	1,095.36
Add: Net Profit for the current year	40.13	197.62
Add: Transfer from SEZ Re-Investment Allowance Reserve	26.26	33.32
Less: Appropriations		
Proposed dividends	-	(24.88)
Dividend tax	-	(4.98)
<b>Closing balance</b>	<b>1,362.83</b>	<b>1,296.44</b>
<b>Total Reserves and surplus</b>	<b>3,532.14</b>	<b>3,492.01</b>

**Note : 5 Long-term borrowings**

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Secured</b>				
Term loans				
- From banks (refer note a & d below)	277.65	560.34	355.28	416.21
- From other parties (refer note a, b, c & d below)	289.64	185.55	100.86	91.73
<b>Unsecured</b>				
Foreign Currency Convertible Bonds (refer note e below)	2,255.32	2,128.06	-	-
Finance lease obligations	16.47	26.40	8.93	8.30
From other parties	-	-	229.17	-
Deferred payment liabilities	10.64	-	8.26	-
<b>Total long term borrowings including its current maturities</b>	<b>2,849.72</b>	<b>2,900.35</b>	<b>702.50</b>	<b>516.24</b>
Amount disclosed under the head other current liability (refer note 10)			(702.50)	(516.24)
	<b>2,849.72</b>	<b>2,900.35</b>	<b>-</b>	<b>-</b>

**Notes:**

- a. Term Loans from banks amounting to Rs. 628.40 (previous year: Rs. 970.23) and term loan from other parties amounting to Rs.189.17 (previous year: Rs. 236.85) are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets (except specific equipment finance through GE Capital Services India) and a second charge on all current assets of the company. Above Term loans are further secured by Personal Guarantee of Shri Manish Kalani and corporate guarantee of M/S Kalani Industries Private Limited.

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

- b. Term loans from other parties amounting to Nil (previous year: Rs 38.32) - (i) First and exclusive charge over Equipment financed through the Facility in accordance with the Deed of Hypothecation. (ii) Personal Guarantee of Mr. Manish Kalani. (iii) Corporate Guarantee of M/s Kalani Industries Private Limited.
- c. Term Loan from other parties amounting to Rs. 200.00 (previous year: Nil) 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.
- d. Term loan from banks amounting to Rs. 4.53 (previous year Rs. 6.32) and term loans from others amounting to Rs. 1.33 (previous year: Rs. 2.11) is secured by hypothecation of vehicles.
- e. As at March 31, 2016, 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 Rs. 10 each fully paid at the conversion price of Rs.230 per share, subject to terms of issue, with fixed rate of exchange of Rs. 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 Rs. 10 each fully paid at the conversion price of Rs. 218 per share, subject to terms of issue, with fixed rate of exchange of Rs. 54.16 equal to USD 1 on April 26, 2018.

	As At March 31, 2016	As At March 31, 2015
<b>From Banks</b>		
<b>(a) UCO Bank, Indore</b> [Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement w.e.f. 11.07.08 & 18.12.09. This term loan had been converted into Foreign Currency Term Loan on 20.02.2015, present rate of interest 7.75% (previous year: 7.75% p.a.)]	87.15	192.04
<b>(b) Kotak Mahindra Bank (erstwhile ING Vysya Bank)</b> [Payable in 16 quarterly Instalments of Rs 8.44 & 8 quarterly instalments of Rs 1.88, date of disbursement 13.08.2012, present rate of interest 11.85% p.a. previous year : 12.35% p.a.]	31.91	65.65
<b>(c) State Bank of India</b> [Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement w.e.f. 29.08.2008, present rate of interest 13.70% p.a. (previous year: 14.50 % p.a.)]	-	16.11
<b>(d) Central Bank of India</b> [Payable in 24 quarterly Instalments, w.e.f. 31.12.12, present rate of interest 13.90% p.a. (previous year: 14.50 % p.a. )]	43.57	55.52
<b>(e) Punjab National Bank</b> [Payable in 24 quarterly Instalments after 1 year from the date of disbursement w.e.f. 03.09.2008, present rate of interest - not applicable (previous year: 14.50 % p.a.)]	-	39.45
<b>(f) Punjab National Bank, Indore</b> [Payable in 23 quarterly Instalments after 1.5 year from the date of disbursement w.e.f. 20.05.2010, present rate of interest 10.85% p.a. (previous year: 14.50 % p.a.)]	12.11	28.64
<b>(g) State Bank of India</b> [Payable in 7 years ( 24 quarterly Instalments ) after 1.25 year from the date of disbursement w.e.f. 31.12.2009, present rate of interest 13.70% p.a. (previous year: 14.50 % p.a.)]	4.37	24.09
<b>(h) State Bank of Patiala</b> [Payable in 4 quarterly Instalments of Rs 1.31 and 20 instalments of Rs 5.23 after 1 year from the date of disbursement w.e.f. 26.03.2010, present rate of interest 14.05% p.a. (Previous year: 14.65 % p.a.)]	20.91	37.07
<b>(i) State Bank of Patiala</b> [Payable in 11 quarterly Instalments of Rs 2.5 from the date of disbursement w.e.f. 30.03.2014, 14.05% p.a. (Previous year: 14.65 % p.a.)]	7.40	14.90
<b>(j) Central bank of India</b> [Payable in 19 quarterly Instalments after 6 months from the date of disbursement w.e.f. 30.06.2015, present rate of interest 13.90% p.a. (previous year: 14.50 % p.a.)]	211.80	249.30

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

	As At March 31, 2016	As At March 31, 2015
<b>(k) Central bank of India</b> [Payable in 24 quarterly Instalments, w.e.f. 30.08.2008, present rate of interest not applicable (previous year:14.50 % p.a.)]	-	6.40
<b>(l) Bank of Baroda</b> [Payable in 20 quarterly Instalments after 10 months from the date of disbursement w.e.f. 30.06.2015, present rate of interest 13.50% p.a. (previous year 13.50 % p.a.)]	209.18	241.06
<b>(m) Vehicles loan from banks</b> [repayable in 36 to 60 equated monthly instalments, present rate of interest 8.0% to 10.0% p.a. (previous year: 8.0% to 10.0% p.a.)]	4.53	6.32
<b>Total</b>	<b>632.93</b>	<b>976.55</b>
<b>From other parties</b>		
<b>(a) GE Capital Services , India</b> [36 months from the date of first drawdown dated 27.09.2012, present rate of interest 15.30% p.a. (previous year: 14.00% p.a.)]	-	38.32
<b>(b) GE Money Services Private Limited</b> [36 months from the date of first drawdown dated 27.09.2014, present rate of interest 15.30% p.a. (previous year: 14.00% p.a.)]	189.17	236.85
<b>(c) IREP Credit Capital Private Limited</b> [Repayable in 20 instalments of Rs. 10.00 starting from 5th month of disbursement i.e. Jan 2016, rate of interest is 14.75% (previous year: not applicable)]	200.00	-
<b>(d) Daimler Financial Services India Private Limited</b> [Repayable in 36 instalments of Rs. 0.08 present rate of interest is 9.25% p.a (previous year: 9.25% p.a.)]	1.33	2.11
<b>Total</b>	<b>390.50</b>	<b>277.28</b>

**Note 6 : Deferred tax liabilities**

	March 31, 2016	Charge/ (benefit) for the year	March 31, 2015
<b>Deferred tax asset</b>			
Carry forward losses	343.10	(75.09)	268.01
Expenses provided but allowable in Income Tax on payment basis	7.64	(7.64)	-
Provision for doubtful debts	7.05	(7.05)	-
<b>Gross deferred tax asset (A)</b>	<b>357.79</b>	<b>(89.78)</b>	<b>268.01</b>
<b>Deferred tax liability</b>			
Difference between book depreciation & tax depreciation	699.98	62.27	637.71
<b>Gross deferred tax liability (B)</b>	<b>699.98</b>	<b>62.27</b>	<b>637.71</b>
<b>Net deferred tax liability (B-A)</b>	<b>342.19</b>	<b>(27.51)</b>	<b>369.70</b>

**Note 7 : Provisions**

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>(a) Provision for employee benefits (refer note 36)</b>				
Provision for gratuity (funded)	46.25	38.06	3.48	1.40
Provision for leave encashment (unfunded)	17.64	20.92	1.92	-
<b>(b) Other provisions</b>				
Provision for Income tax [net of advance tax of Rs. 3.4 (previous year Rs. 5.3)]	-	-	0.57	3.45
Provision for proposed dividend	-	-	-	24.88
Provision for dividend tax	-	-	-	4.98
<b>Total provisions</b>	<b>63.89</b>	<b>58.98</b>	<b>5.97</b>	<b>34.71</b>

**Note 8 : Short -term borrowings**

	As At March 31, 2016	As At March 31, 2015
<b>Secured</b>		
On cash credit, packing credit and working capital demand loan accounts from banks (Refer note a,b,c & d below)	2,699.11	2,539.81
<b>Unsecured</b>		
From other parties (refer note e below)	11.00	3.00
<b>Total</b>	<b>2,710.11</b>	<b>2,542.81</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 Shri 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 15% to 18% p.a., repayable within 30 to 90 days

**Note 9 : Trade payables**

	As At March 31, 2016	As At March 31, 2015
<b>(a) Trade payables (refer note 38)</b>	1,574.45	1,573.83
	<b>1,574.45</b>	<b>1,573.83</b>

**Note 10 : Other current liabilities**

	As At March 31, 2016	As At March 31, 2015
(a) Current maturities of long-term debt (refer note 5)	702.50	516.24
(b) Interest accrued but not due	47.73	46.51
(c) Interest accrued and due	11.99	8.75
(d) Unpaid dividends	-	0.12
(e) Statutory liabilities	41.15	25.96
(f) Advance from customers	58.40	354.03
(g) Salary and wages payable	143.98	123.13
(h) Creditor for capital goods	13.66	16.86
(i) Other payables	3.67	2.22
<b>Total other current liabilities</b>	<b>1,023.08</b>	<b>1,093.82</b>

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

**Note 11 : Tangible assets**

Particulars	Land free hold	Land lease hold	Buildings	Plant and machinery	Electrical installations	Furniture fixtures	Office equipments	Vehicles	Computers	Total
<b>Cost (gross block)</b>										
At April 1, 2014	160.44	24.75	837.82	4,317.70	206.63	41.05	74.87	19.33	24.98	5,707.57
Additions	1.29	-	378.55	1,851.15	29.34	1.93	4.36	8.02	2.33	2,276.97
Disposals	-	-	-	-	-	-	-	3.18	-	3.18
<b>At March 31, 2015</b>	<b>161.73</b>	<b>24.75</b>	<b>1,216.37</b>	<b>6,168.85</b>	<b>235.97</b>	<b>42.98</b>	<b>79.23</b>	<b>24.17</b>	<b>27.31</b>	<b>7,981.36</b>
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>
<b>Depreciation</b>										
At April 1, 2014	-	2.27	136.45	762.73	44.47	12.82	13.13	7.79	14.09	993.75
Charge for the year	-	0.72	27.34	318.85	30.94	4.74	22.32	2.25	3.87	411.03
Transfer to reserve	-	-	-	0.04	5.13	2.75	12.69	1.62	4.02	26.25
Disposals	-	-	-	-	-	-	-	2.65	-	2.65
<b>At March 31, 2015</b>	<b>-</b>	<b>2.99</b>	<b>163.79</b>	<b>1,081.62</b>	<b>80.54</b>	<b>20.31</b>	<b>48.14</b>	<b>9.01</b>	<b>21.98</b>	<b>1,428.38</b>
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>
<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>
At March 31, 2015	161.73	21.75	1,052.58	5,087.23	155.43	22.67	31.09	15.16	5.33	6,552.98

**Notes**

1. The company has recognised currency exchange difference of Rs. 113.22 (previous year Rs.259.50) on foreign currency convertible bonds by capitalising it to fixed assets.

	March 31, 2016	March 31, 2015
<b>Capital work-in-progress:</b>		
Opening balance	44.96	997.14
Add: Additions during the year	-	44.96
Less: Capitalised during the year	44.96	997.14
<b>Closing balance</b>	<b>-</b>	<b>44.96</b>

**Note 12 : Intangible assets**

Particulars	Patents	Computer software	Development assets	Total
<b>Cost (gross block)</b>				
At April 1, 2014	0.97	-	147.11	148.08
Additions	-	-	119.59	119.59
Disposals	-	-	-	-
<b>At March 31, 2015</b>	<b>0.97</b>	<b>-</b>	<b>266.70</b>	<b>267.67</b>
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>
<b>Amortisation</b>				
At April 1, 2014	0.42	-	10.50	10.92
Charge for the year	0.10	-	41.05	41.15
Disposals/adjustments	-	-	-	-
<b>At March 31, 2015</b>	<b>0.52</b>	<b>-</b>	<b>51.55</b>	<b>52.07</b>
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>
<b>Net block</b>				
<b>At March 31, 2016</b>	<b>0.35</b>	<b>2.37</b>	<b>192.83</b>	<b>195.55</b>
At March 31, 2015	0.45	-	215.15	215.60

**Intangible assets under development:**

Particulars	March 31, 2016	March 31, 2015
Opening balance	-	-
Add: Additions during the year	159.61	119.59
Less: Capitalised during the year	35.71	119.59
<b>Closing balance</b>	<b>123.90</b>	<b>-</b>

**Note 13 : Non-current investments**

(valued at cost unless stated otherwise)

	As At March 31, 2016	As At March 31, 2015
<b>Long term, Trade</b>		
<b>(a) Investments in subsidiaries (unquoted)</b>		
200,000 (previous year 200,000) Equity shares of Euro 1 each fully paid-up in Flexiglobal Holding Ltd., Cyprus	12.52	12.52
10,000 (Previous year 10,000) Equity shares of Rs. 10 each fully paid-up in Nanofil Technologies Private Limited	0.10	0.10
<b>(b) Investments in joint ventures entities (unquoted)</b>		
Flexituff SA Enterprises LLP	0.08	0.08
Flexituff Javed LLP	0.08	0.08
Flexituff Hi Tech LLP	0.08	0.08
<b>Total Non- current investments</b>	<b>12.86</b>	<b>12.86</b>
<b>Aggregate book value as at the end of the year:</b>		
Un-quoted investments	12.86	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, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(a) Capital advances	4.57	-	-	-
(b) Security Deposits	41.95	28.73	31.24	22.85
Loans and advances to related parties (Refer footnote 1)	20.02	17.50	75.42	61.50
(c) Other loans and advances:				
Prepaid expenses	-	-	10.52	28.62
Advance to suppliers	-	-	68.72	509.06
Balances with statutory / government authorities	-	-	283.17	366.43
Minimum Alternative Tax Credit entitlement	-	-	258.67	250.48
Advance Income Tax	-	-	35.36	39.35
Staff advance	-	-	9.94	9.84
Inter corporate deposits	-	-	7.24	7.00
Other recoverable in cash or in kind	-	-	0.52	1.07
<b>Total loans and advances</b>	<b>66.54</b>	<b>46.23</b>	<b>780.80</b>	<b>1,296.20</b>
<b>Footnote 1</b>				
Includes advances given to directors (Refer note 37)*	-	-	4.45	-
<b>* Either severally or jointly</b>	-	-	<b>4.45</b>	-

**Note 15 : Other assets**

(Unsecured, considered good, unless stated otherwise)

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Interest accrued but not due	-	-	4.66	4.28
Non-current bank balance (Refer note 18)	18.61	0.78	-	-
<b>Total other non-current assets</b>	<b>18.61</b>	<b>0.78</b>	<b>4.66</b>	<b>4.28</b>

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

**Note 16 : Inventories**

(Valued at lower of cost and net realisable value, unless stated other wise)

	As At March 31, 2016	As At March 31, 2015
(a) Raw materials and components	157.63	291.94
(b) Work-in-progress	500.68	452.50
(c) Finished goods	304.32	207.57
(d) Stock-in-trade	-	150.93
(e) Consumables and stores and spares	105.00	115.51
<b>Total Inventories</b>	<b>1,067.63</b>	<b>1,218.45</b>

**Note 17 : Trade receivables**

	As At March 31, 2016	As At March 31, 2015
<b>(I) Outstanding for a period more than six months from the date they are due for payment</b>		
Unsecured, considered good	297.63	59.83
Unsecured, considered doubtful	22.81	20.20
	<b>320.44</b>	<b>80.03</b>
Less: Provision for doubtful receivables	(22.81)	(20.20)
	<b>(I) 297.63</b>	<b>59.83</b>
<b>(II) Others</b>		
Unsecured, considered good	2,899.69	2,571.61
	<b>(II) 2,899.69</b>	<b>2,571.61</b>
<b>Total Trade receivables</b>	<b>(I + II) 3,197.32</b>	<b>2,631.44</b>

**Note 18 : Cash and bank balances**

	As At March 31, 2016	As At March 31, 2015
<b>Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	38.14	71.62
Cash on hand	3.04	2.77
<b>Total cash and cash equivalents</b>	<b>(I) 41.18</b>	<b>74.39</b>
<b>Other bank balances</b>		
- <b>Current maturities</b>		
Margin money or under lien deposits	220.92	216.74
On unpaid dividend accounts	-	0.13
<b>Total current maturities of other bank balances</b>	<b>(II) 220.92</b>	<b>216.87</b>
- <b>Non-current maturities</b>		
Margin money or under lien deposits	18.61	0.78
<b>Total gross non current maturities of other bank balances</b>	<b>(III) 18.61</b>	<b>0.78</b>
Less: Amount disclosed under non-current assets (Refer note 15)	(IV) (18.61)	(0.78)
<b>Total non current maturities of other bank balances included in cash and bank balances</b>	<b>(I+II+V) -</b>	<b>-</b>
<b>Total cash and bank balances</b>	<b>(I+II+V) 262.10</b>	<b>291.26</b>

**Note 19 : Revenue from operations**

	Year Ended March 31, 2016	Year Ended March 31, 2015
(a) Sale of products		
- Finished goods	9,227.78	8,759.55
- Traded goods	2,338.56	1,758.72
Less: Excise duty	(79.43)	(66.69)
(b) Sale of services	2.35	-
(c) Other operating revenues	71.97	73.28
<b>Revenue from operations (net)</b>	<b>11,561.23</b>	<b>10,524.86</b>
<b>Details of products sold</b>		
<b>Finished goods sold</b>		
Technical textile (gross of excise duty)	9,227.78	8,759.55
<b>Traded goods sold</b>		
Fabrics	2,338.56	1,758.72

**Note 20 : Other income**

	Year Ended March 31, 2016	Year Ended March 31, 2015
(a) Interest income	22.89	20.13
(b) Gain on sale of fixed assets (net)	-	0.15
(c) Exchange gain (net)	100.84	55.07
(d) Miscellaneous income	63.93	41.04
<b>Total other income</b>	<b>187.66</b>	<b>116.39</b>

**Note 21 : Cost of raw material consumed**

	Year Ended March 31, 2016	Year Ended March 31, 2015
(a) <b>Raw material consumed</b>		
Inventory at the beginning of the year	291.94	130.43
Add : Purchases during the year	4,284.77	4,527.54
Less: Inventory at the end of the year	157.63	291.94
<b>Cost of raw material consumed</b>	<b>4,419.08</b>	<b>4,366.03</b>
(b) <b>Cost of consumables consumed</b>	<b>792.25</b>	<b>855.54</b>
<b>Total raw material and consumables consumed</b>	<b>5,211.33</b>	<b>5,221.57</b>

<b>Details of raw material and components consumed</b>	Year Ended March 31, 2016	Year Ended March 31, 2015
Polymer Granuels	4,419.08	4,366.03
Yarn	141.64	144.81
Ink & solvents	244.77	292.15
Others	405.85	418.59
<b>Total</b>	<b>5,211.33</b>	<b>5,221.57</b>

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

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

	Year Ended March 31, 2016	Year Ended March 31, 2015
Purchases of stock-in-trade	2,124.10	1,757.96
<b>Total</b>	<b>2,124.10</b>	<b>1,757.96</b>
<b>Details of traded products purchased</b>		
Fabrics	2,124.10	1,757.96
	<b>2,124.10</b>	<b>1,757.96</b>

**Note 23 : Changes in inventories of finished goods, work in progress and stock-in trade**

	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Inventories at the beginning of the year:</b>		
Stock-in-trade	150.93	100.90
Work in progress	452.50	417.32
Finished goods	207.57	235.61
	(I) <b>811.00</b>	<b>753.83</b>
<b>Inventories at the end of the year:</b>		
Stock-in-trade	-	150.93
Work in progress	500.68	452.50
Finished goods	304.32	207.57
	(II) <b>805.00</b>	<b>811.00</b>
<b>(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade</b>	(I-II) <b>6.00</b>	<b>(57.17)</b>

**Details of closing inventory of:****Traded goods:**

	March 31, 2016	March 31, 2015
Fabrics	-	150.93
<b>Total</b>	<b>-</b>	<b>150.93</b>

**Work in progress:**

Technical textile	500.68	452.50
<b>Total</b>	<b>500.68</b>	<b>452.50</b>

**Finished goods:**

Technical textile	304.32	207.57
<b>Total</b>	<b>304.32</b>	<b>207.57</b>

**Note 24 : Employee benefits expense**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Salaries, wages, bonus and other allowances	1,319.37	1,138.11
Contribution to provident and other funds	96.20	70.91
Gratuity expenses (refer note 36)	13.24	10.02
Staff welfare expenses	58.28	44.86
<b>Total Employee benefits expense</b>	<b>1,487.09</b>	<b>1,263.90</b>

**Note 25 : Finance costs**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Interest expense		
- On bank loan	587.17	418.42
- Other borrowing costs	210.49	125.59
Bank charges	97.37	127.04
Other borrowing charges	25.60	6.17
Gain on foreign exchange transactions and translations considered as finance cost (net)	(1.02)	(0.58)
<b>Total finance costs</b>	<b>919.61</b>	<b>676.64</b>

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

**Note 26 : Corporate Social Responsibility (CSR)**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Gross amount required to be spent	4.90	7.45
Amount spent during the year	4.15	7.21
<b>Total corporate social responsibility</b>	<b>4.15</b>	<b>7.21</b>

**Note 27 : Depreciation and amortization**

	Year Ended March 31, 2016	Year Ended March 31, 2015
on tangible assets (refer note 11)	591.39	411.03
on intangible assets (refer note 12)	58.38	41.15
<b>Total depreciation and amortization</b>	<b>649.77</b>	<b>452.18</b>

**Note 28 : Other expenses**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Power and fuel	350.18	306.62
Rent	18.50	15.17
Repairs and maintenance - Buildings	16.91	7.98
Repairs and maintenance - Machinery	143.54	124.54
Repairs and maintenance - Others	3.58	2.79
Job work charges	147.38	110.09
Insurance	19.73	19.31
Rates and taxes	29.34	25.10
Freight outward	316.86	362.04
Travelling expenses	48.33	34.35
Auditor's remuneration (refer note below)	3.14	2.08
Printing and stationery	4.76	5.01
Communication expenses	19.89	18.24
Legal and professional charges	115.55	72.85
Advertisement and publicity	0.92	0.41
Business promotion expenses	15.14	8.70
Commission	8.14	9.40
Loss on sale of fixed assets	0.44	-
Provision for doubtful debts	2.61	17.99
Bad debts	6.54	-
Research & development expenses	3.54	1.76
Miscellaneous expenses	58.19	53.97
<b>Total Other expenses</b>	<b>1,333.21</b>	<b>1,198.40</b>

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

	March 31, 2016	March 31, 2015
<b>As auditor (exclusive of service tax):</b>		
Statutory audit fees	1.55	0.25
Limited review	1.15	1.07
Certification fess	0.05	0.05
Tax audit fee	0.33	0.63
Reimbursement of expenses	0.06	0.08
<b>Total</b>	<b>3.14</b>	<b>2.08</b>

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

**29. Contingent Liabilities not provided for in respect of**

Particulars	March 31, 2016	March 31, 2015
Corporate guarantees given on behalf of subsidiary	0.20	0.20
Income Tax	95.69	55.54
Sales Tax/VAT	67.36	51.71
Entry Tax	13.89	13.89
Foreign bill discounted with bank	125.25	287.04
Export Obligation against Advance License	549.13	-

**30. Commitments**

Particulars	March 31, 2016	March 31, 2015
Estimated amount of contracts remaining to be executed on capital account	20.55	397.03

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

Particulars	March 31, 2016	March 31, 2015
Raw materials	481.44	682.63
Stores and spares	159.70	133.07
Capital goods	309.32	373.54
Purchase of finished goods	-	10.34
<b>Total value of imports calculated on C.I.F basis</b>	<b>950.46</b>	<b>1,199.58</b>

**32. Expenditure in foreign currency (on accrual basis)**

Particulars	March 31, 2016	March 31, 2015
Interest expense	144.99	117.38
Legal and professional fees	16.91	4.46
Export commission	3.51	0.47
Inspection Charges	2.33	0.86
Travelling and conveyance	19.67	16.84
Freight	13.89	17.16
Spare parts	10.23	4.99
<b>Total expenditure in foreign currency</b>	<b>211.53</b>	<b>162.16</b>

**33. Earnings in foreign currency (on accrual basis)**

Particulars	March 31, 2016	March 31, 2015
Exports at F.O.B. value	5,908.31	6,116.24
Interest income from a subsidiary	0.53	0.50
<b>Total Earning in foreign currency</b>	<b>5,908.84</b>	<b>6,116.74</b>

**34. Earnings per share (EPS)**

Particulars	March 31, 2016	March 31, 2015
Profit after tax	40.12	197.62
<b>Net profit for calculation of basic and diluted EPS</b> (A)	<b>40.12</b>	<b>197.62</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	229,228
Shares to be issued to foreign currency convertible bondholder* (In Nos.)		8,631,618
Weighted average number of equity shares in calculating diluted EPS (In Nos.) (C)	24,980,526	33,743,652
Basic EPS (In Rs.) (A)/(B)	<b>1.61</b>	<b>7.94</b>
Diluted EPS (In Rs.) (A)/(C)	<b>1.61</b>	<b>5.86</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, 2016 was Rs.18.50 (Previous year Rs.15.17)

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

Particulars	March 31, 2016	March 31, 2015
Within one year	1.68	2.95
After one year but not more than five years	2.80	3.96
More than five years	44.00	44.53

**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**

- a) Provident fund
- b) Employees' State Insurance Fund

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

Particulars	March 31, 2016	March 31, 2015
Employers Contribution to Provident fund	67.72	46.28
Employers Contribution to Employees' state insurance	27.29	23.43
	<b>95.01</b>	<b>69.71</b>

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

- 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)	
	March 31, 2016	March 31, 2015
Discount rate (per annum)	8.00 %	8.00 %
Expected Rate of increase in compensation levels	5.00 %	7.00 %
Expected Rate of return on plan assets.	8.50 %	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 8% per annum (Previous Year 8%) 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.

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

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

Particulars	March 31, 2016	March 31, 2015
Present value obligation as at the beginning of the year	58.45	54.48
Interest cost	4.68	4.36
Current service cost	17.21	13.69
Benefits paid	(4.03)	(7.64)
Actuarial loss/(gain) on obligations	(7.01)	(6.44)
<b>Present value obligation as at the end of the year</b>	<b>69.30</b>	<b>58.45</b>

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

Particulars	March 31, 2016	March 31, 2015
Fair value of plan assets as at the beginning of the year	18.79	20.14
Expected return on plan assets	1.60	1.71
Contributions	3.17	4.69
Benefits paid	(4.03)	(7.64)
Actuarial gain/ (loss) on plan assets	0.04	(0.12)
<b>Fair value of plan assets as at the end of the year</b>	<b>19.57</b>	<b>18.78</b>

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

Particulars	March 31, 2016	March 31, 2015
Present value obligation as at the end of the year	69.30	58.45
Fair value of plan assets as at the end of the year	19.57	18.79
Funded status/(deficit) or Unfunded net liability	(49.73)	(39.66)
Excess of actual over estimated	0.04	(0.12)
Unfunded net liability recognized in balance sheet	(49.73)	(39.66)
Amount classified as:		
Short term provision (Refer note 7)	3.48	1.40
Long term provision (Refer note 7)	46.25	38.06

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

Particulars	March 31, 2016	March 31, 2015
Current service cost (including risk premium for fully insured benefits)	17.21	13.69
Interest cost	4.68	4.36
Expected return on plan assets	(1.60)	(1.71)
Net actuarial loss/(gain) recognized during the year	(7.05)	(6.32)
<b>Total expense recognised in Statement of profit and loss.</b>	<b>13.24</b>	<b>10.02</b>

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

Particulars	March 31, 2016	March 31, 2015
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, 2016	March 31, 2015	March 31, 2014
Defined Benefit Obligation	69.30	58.25	54.48
Fair Value of Plan assets	19.57	18.79	20.14
Surplus / (deficit)	(49.73)	(39.46)	(34.34)
Experience gain/(loss) on Defined Benefit Obligation	(16.48)	6.44	*
Experience gain/(loss) on plan assets	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 and March 31, 2012.

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

Particulars	Amount in Rs.
Employees gratuity fund	29.17

**37. Related party disclosures****(a) Names of the related parties and related party relationship**

Sr	Relationship	Name of party
1	Subsidiaries	1) Flexiglobal Holdings Ltd., Cyprus a) Flexiglobal (UK) Limited b) Laxmi Incorporated (Dissolved w.e.f 01.11.2015) 2) Nanofil Technologies Private Limited
2	Entities over which Key Management Personnel and their relatives have significant influence	1) Kalani Industries Pvt Ltd. 2) Ecstasy Heights LLP 3) Venetian Realty LLP 4) Ambika Commercial LLP 5) Rising Sun Properties LLP 6) Chitrakoot Mercantiles LLP
3	Jointly Controlled Entities	1) Flexituff S.A. Enterprises LLP 2) Flexituff Javed Ahmed LLP 3) Flexituff Hi-Tech LLP
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) 3) Mr. Dilip Parikh (Chief Financial Officer) (Resigned wef 20.05.2015) 4) Mr. Ajay Mundra (Chief Financial officer) (Joined wef 05.11.2015) 5) Mr. Dinesh Kumar Sharma (Executive Director) 6) Mr. Kaushal Vijayvergiya (Whole Time Director) (Resigned wef 12.08.2014) 7) Mr. Manoj Dwivedi (Whole Time Director) (Resigned wef 31.03.2015) 8) Mr. Rishabh Jain (Company Secretary) (Joined wef 04.11.2014) <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) Mr. Vinayak Kalani (Son of Mr. Saurabh Kalani) 5) Mrs. Monica Sharma (Wife of Mr. Dinesh Kumar Sharma) 6) Mrs. Kaushalya Vijayvergiya (Wife of Mr. Kaushal Vijayvergiya) 7) Mrs. Manju Mundra (Wife of Mr. Ajay Mundra)

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

**(b) Transactions with the related parties**

Particulars	31 March 2016	31 March 2015
<b>(i) Sale of Goods</b>		
Flexituff Javed LLP	0.50	-
Flexituff Sa Enterprises LLP	16.38	63.21
Nanofil Technologies Pvt. Ltd.	97.26	112.77
<b>Total</b>	<b>114.14</b>	<b>175.98</b>
<b>(ii) Purchase Of Goods</b>		
Nanofil Technologies Pvt. Ltd.	235.75	328.44
<b>Total</b>	<b>235.75</b>	<b>328.44</b>
<b>(iii) Recovery of expenses</b>		
Nanofil Technologies Pvt. Ltd	1.80	1.80
Ecstasy Heights LLP	0.00*	0.00*
Venetian Realty LLP	0.00*	0.00*
Ambika Commercial LLP	0.00*	0.00*
Rising Sun Properties LLP	0.00*	0.00*
Chitrakoot Mercantiles LLP	0.00*	0.00*
Nanofil Technologies Pvt. Ltd	14.17	16.26
<b>Total</b>	<b>15.97</b>	<b>18.06</b>
<b>(iv) Rent expenses</b>		
Mr. Manish Kalani	0.29	0.29
Mrs. Padma Kalani	0.17	0.14
M/S Kalani Industries Pvt Ltd.	0.90	-
<b>Total</b>	<b>1.36</b>	<b>0.43</b>
<b>(v) Job Work Expenses</b>		
Nanofil Technologies Pvt. Ltd	7.30	4.94
<b>Total</b>	<b>7.30</b>	<b>4.94</b>
<b>(vi) Salaries, wages, bonus and other allowances</b>		
Mr. Kartikeya Kalani	0.99	0.99
Mrs. Monica Sharma	0.67	0.74
Mr. Kaushal Vijayvergiya	-	0.87
Mrs. Kaushlya Vijayvergiya	-	0.29
Mr. Manoj Dwivedi	-	1.73
Mr. Ajay Mundra	2.76	1.30
Mrs. Manju Mundra	0.86	0.87
Mr. Mahesh Sharma	15.61	4.83
Mr. Dilip Parikh	0.77	2.86
Mr. Rishabh Jain	0.56	0.46
<b>Total</b>	<b>22.22</b>	<b>14.94</b>
<b>(vii) Managerial Remuneration</b>		
Mr. Saurabh Kalani	6.41	6.53
Mr. Dinesh Kumar Sharma	2.20	2.10
<b>Total</b>	<b>8.61</b>	<b>8.63</b>
<b>(viii) Reimbursement of Expenses</b>		
Mr. Vinayak Kalani	-	0.84
<b>Total</b>	<b>-</b>	<b>0.84</b>

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

Particulars	31 March 2016	31 March 2015
<b>(ix) Advance given during the period</b>		
Flexituff Javed LLP	31.80	-
Flexituff Hi-Tech LLP	1.31	-
Flexituff S.A. Enterprises LLP	11.56	0.78
Flexiglobal (UK) Limited, U.K.	-	1.69
<b>Total</b>	<b>44.67</b>	<b>2.47</b>
<b>(x) Interest income</b>		
Flexiglobal (UK) Limited, U.K.	0.53	-
<b>Total</b>	<b>0.53</b>	<b>-</b>

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

**(c) Outstanding balances**

Particulars	March 31, 2016	March 31, 2015
<b>(i) Trade payables</b>		
Mr. Manish Kalani	0.02	-
Nanofil Technologies Pvt. Ltd	20.24	-
<b>Total</b>	<b>20.26</b>	<b>-</b>
<b>(ii) Other current liabilities</b>		
Mr. Dinesh Kumar Sharma	0.15	-
Mr. Kartikeya Kalani	0.08	-
Mrs. Monica Sharma	0.05	-
Mr. Ajay Mundra	0.17	-
Mrs. Manju Mundra	0.06	-
Mr. Mahesh Sharma	0.09	-
Mr. Rishabh Jain	0.04	-
<b>Total</b>	<b>0.64</b>	<b>-</b>
<b>(iii) Loans and advances given</b>		
Flexituff Javed LLP	31.98	0.18
Flexituff Hi-Tech LLP	1.41	0.10
Flexituff S.A. Enterprises LLP	37.51	25.96
Flexiglobal (UK) Limited	20.01	17.50
Nanofil Technologies Private Limited	-	35.26
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*	-
Mr. Saurabh Kalani (Refer note 45)	4.22	-
Mr. Dinesh Kumar Sharma	0.23	-
Mrs. Monica Sharma	0.08	-
<b>Total</b>	<b>95.44</b>	<b>79.00</b>
<b>(iv) Trade receivables</b>		
Flexituff Javed LLP	0.50	-
Flexituff S.A. Enterprises LLP	16.38	63.21
<b>Total</b>	<b>16.88</b>	<b>63.21</b>

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

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

### 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

#### 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, 2016:

Particulars	Currency	March 31, 2016		March 31, 2015	
		Foreign currency in Millions	Amount (INR)	Foreign currency in Millions	Amount (INR)
Foreign Currency Convertible Bonds	USD	34.00	2,255.32	34.00	2,128.06
Trade Payables	USD	0.51	3.35	-	-
	EURO	0.36	26.91	-	-
	CHF	0.02	1.19	-	-
Advance from customers	USD	0.31	20.26	-	-
	EURO	0.07	4.53	-	-
Foreign currency term loan	USD	1.29	56.90	2.18	136.28
Foreign Currency with Bank	USD	0.00*	0.01	0.04	2.79
Other current liability	USD	0.72	47.70	-	-
Outstanding Expenses	USD	0.07	4.77	-	-
Trade receivables	EURO	0.49	36.27	-	-
	GBP	6.28	599.17	-	-
	USD	13.76	922.61	-	-
Loan to Subsidiary	GBP	0.21	20.02	0.20	17.50
Capital advance	USD	0.08	5.43	-	-

#### \* USD 135

NOTE- INR figures as per books of accounts, where it is converted at closing rate of INR 66.3329/USD, Rs.95.0882/GBP, Rs.75.0955/Euro & Rs.68.9257/CHF.

### 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, 2016

Sr.No.	Name of the Company	March 31, 2016	March 31, 2015
1.	Flexiglobal Holding Limited, Cyprus	20.02	17.50

Corporate Guarantees given by the company as at March 31, 2016

Sr.No.	Name of the Company	March 31, 2016	March 31, 2015
1.	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, 2016	Value 31 March, 2016	% of total consumption March 31, 2015	Value March 31, 2015
<b>Raw Materials</b>				
Imported	11.48 %	511.30	13.73 %	601.59
Indigenously obtained	88.52 %	3,944.41	86.27 %	3,780.01
<b>Spare parts</b>				
Imported	19.97 %	191.80	21.21 %	146.39
Indigenously obtained	80.03 %	768.58	78.79 %	543.70

**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, 2016, the following scheme is under operation:

Particulars	March 31 ,2016	March 31, 2015
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

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

Particulars	March 31, 2016	March 31, 2015
	(No. of equity shares)	(No. of equity shares)
Outstanding at the beginning of the year	335,250	312,375
Exercisable at the beginning of the year	335,250	312,375
Granted during the year	-	187,425
Options lapsed during the year due to resignation, surrender etc.	-	52,800
Vested during the year	-	134,625
Options vested and outstanding during the year	-	447,000
Expired during the year due to not exercise of the option	167,625	111,750
Outstanding at the end of the year	167,625	335,250
Exercisable at the end of the year	167,625	335,250
Weighted average remaining contractual life (in years)	1 year	2 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 ,2016	March 31, 2015
Weighted average share price/market price (Rs. per share)	218.50	243.00
Exercise Price (Rs. 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	7.79%	7.79%

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

Particulars	March 31 ,2016	March 31, 2015
Total employee compensation cost pertaining to stock option plan	-	-
Liability for employee stock option plan outstanding as at the year end	-	-

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

- 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, 2016	March 31, 2015
Net Profit for the year after tax as reported	40.12	197.62
Less – Employee stock compensation under intrinsic method	-	-
Proforma Profit/(Loss)	40.12	197.62
Earning per share (Rs.) (Refer note 34)	1.61	7.94
Basic		
- as reported	1.61	7.94
- Proforma	1.61	7.94
Diluted		
- as reported	1.61	5.86
- Proforma	1.61	5.86

#### 43. Interest in joint ventures

The company has interest in joint venture

Particulars	March 31, 2016	March 31, 2015
Flexituff SA Enterprises LLP	75%	75%
Flexituff Javed LLP	80%	80%
Flexituff Hi Tech LLP	80%	80%

The proportionate interest of the Company in the said entity as per the latest available audited Balance Sheet as at March 31, 2016 is as under:

Particulars	March 31, 2016	March 31, 2015
Assets	446.61	315.52
Liabilities	440.67	316.02
Income	319.06	-
Expenses	309.67	0.74

#### 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 receivable

Employee benefit expenses include Rs. 9.69 paid/payable during the year towards remuneration paid to one of its whole time director. The maximum remuneration payable under the provisions of section 197 read with Schedule V to the Companies Act, 2013 is Rs 6.41. The Company is in the process of obtaining necessary approval from shareholders for remuneration payable to one of its whole time director. Pending receipt of such approval, the excess remuneration amounting to Rs. 3.28 paid to one of its whole time director is held in trust by the said director, which is shown as recoverable under loans and advances.

#### 46. MAT credit

The Company has an unexpired MAT credit entitlement amounting to Rs. 258.67 as at March 31, 2016 which is classified under current asset based on management's estimation. The management believes that the unexpired MAT credit entitlement will be utilised in the near future.

#### 47. Segment Information (AS 17)

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

Notes forming part of the Financial Statements for the Year ended March 31st, 2016

₹ in Million

**48. 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

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

**Saurabh Kalani**  
Whole Time Director  
DIN: 0699380

**D. K. Sharma**  
Whole Time Director  
DIN: 00028152

Place: Pithampur  
Date: May 20, 2016

**Ajay Mundra**  
Chief Finance Officer

**Rishabh Kumar Jain**  
Company Secretary  
Membership No: F7271

Place: Pithampur  
Date: May 20, 2016

Dear Member,

You are cordially invited to attend the 23<sup>rd</sup> Annual General Meeting of Flexituff International Limited will be held on Saturday, 30<sup>th</sup> July, 2016 at 11:00 A.M. at C41-50, 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 the 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**

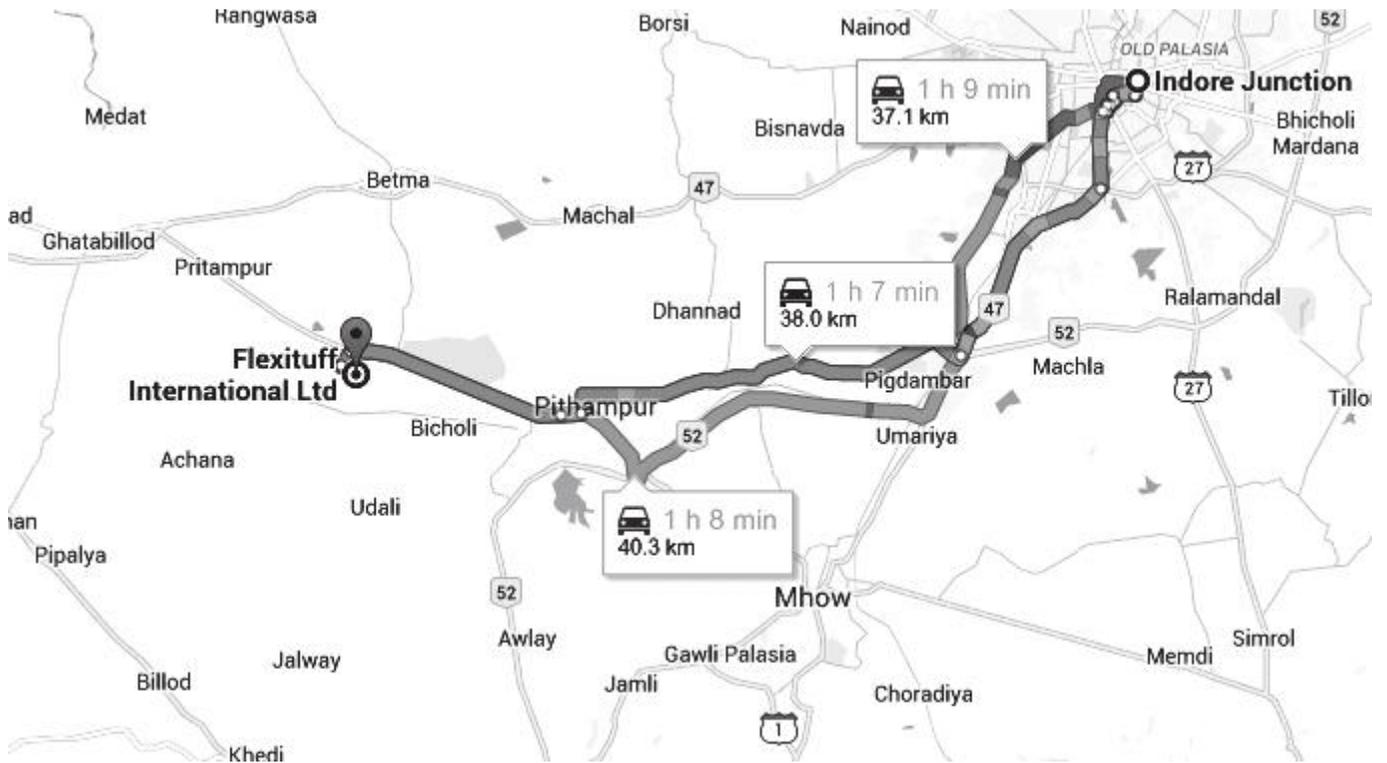
Rishabh Kumar Jain  
Company Secretary

Enclosures:

1. Route Map
2. Notice to the 23<sup>rd</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 23<sup>RD</sup> ANNUAL GENERAL MEETING OF FLEXITUFF INTERNATIONAL LIMITED WILL BE HELD ON SATURDAY, 30<sup>TH</sup> JULY, 2016 AT 11:00 A.M. AT C 41-50, 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 2016 and the reports of the Board of Directors' and the Auditor's thereon.
2. To appoint a director in place of Mr. Saurabh Kalani (DIN: 00699380) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mrs Alka Sagar, (DIN: 07138477) who retires by rotation and being eligible offers herself for re-appointment.
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 of the Companies Act, 2013 and the rules made thereunder, the Company hereby ratifies the appointment of M/s L.K. Maheshwari & Co., Chartered Accountants, (Firm Registration No. 000780C), (who were appointed as Statutory Auditors of the Company for a period of 3 years, to hold office from conclusion of 21<sup>st</sup> Annual General Meeting till the conclusion of 24<sup>th</sup> Annual General Meeting) as Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting at such remuneration as may be mutually agreed between the Board of Directors of the Company and Auditors."

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

**"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s MZSK & Associates, Chartered Accountants (Firm Registration No. 105047W), be and are hereby reappointed as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting and that the Board of Directors be and are hereby authorized to fix remuneration in consultation with auditors."

### SPECIAL BUSINESS

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

**"RESOLVED THAT** pursuant to provisions of Sections 42, 62 and 71 of the Companies Act, 2013 ("Act"), Rule 14 (2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions, if any, of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the rules, regulations, guidelines and circulars, as applicable and as amended from time to time, the Memorandum and Articles of

Association of Flexituff International Limited ("**Company**"), and subject to other approvals as may be required from statutory and regulatory authorities from time to time, consent of the members of the Company, be and is hereby accorded to the Board of Directors (including the committee of directors, if any, of the Company) ("**Board**") to offer, issue and allot, in one or more tranches Secured or Unsecured Non-Convertible Debentures/ Bonds including but not limited to subordinated debentures or other debt securities etc. ("**Debentures**") on private placement basis, in one or more tranches, during the period of 1 (one) year, for an amount not exceeding Rs.75,00,00,000 (Rupees Seventy Five Crores only), on such terms and conditions and at such times at par or at such premium, as the Board may in its absolute discretion deem fit and proper, from time to time;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board, be and is hereby authorized to take such actions and to give all such directions, or to do all such acts, deeds, matters, and things as may be necessary or desirable or proper or expedient in this regard, and for matters connected therewith or incidental thereto, including but not limited to: (a) finalise the detailed terms and conditions of the issue, size of issue, tenor of issue, interest payment frequency, redemption dates, coupon rate, interest reset procedure, front end discount, redemption premium, security with regard to the Debentures and other conditions; and (b) delegate power to any official of the Company to do any incidental acts for and on behalf of the Company;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board, be and is hereby authorized to finalise, settle and execute all such documents, deeds, papers, instruments and writings, as may be required or deemed necessary, proper or desirable and appropriate in the best interest of the Company."

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

**"RESOLVED THAT** pursuant to provisions of Section 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (corresponding to erstwhile Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956), the consent of the member of the Company be and is hereby accorded to pay the remuneration as set out in the statement annexed thereto, to Mr. Saurabh Kalani (DIN: 00699380), Whole-Time Director of the Company, for the Financial Year 2015-16 in absence of adequate profits;

**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 a Special Resolution:

**“RESOLVED THAT** pursuant to Section II of Part II of Schedule V and other applicable provisions, if any of the Companies Act, 2013, (including any amendment/modification thereof) and subject to such other necessary approval(s), consent (s) or permission (s), as may be required, the consent of the member of the Company be and is hereby accorded to pay minimum remuneration to Mr. Saurabh Kalani (DIN: 00699380), Whole - Time Director of the Company in case of absence of profits, during the period commencing from April 1, 2016 till the expiry of his term as Whole- Time Director i.e. 30<sup>th</sup> May, 2017.”

By Order of the Board of Directors  
Flexituff International Limited

Place: Pithampur  
Date: 20/05/2016

Rishabh Kumar Jain  
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:

- 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**

- 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.
- 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.
- Additional information Pursuant to Regulation 36 (3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in respect of director seeking reappointment as mentioned under item no. 2 and 3 contained in the notice of Annual General Meeting is provided hereunder. The said Director has furnished necessary content/ declarations for her appointment. 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

<b>Name of Director</b>	Mr. Saurabh Kalani	Mrs. Alka Sagar
<b>Date of Birth</b>	23/09/1962	19/02/1979
<b>Date of Appointment</b>	30/05/2012	31/03/2015
<b>Qualification</b>	B.Com	LLB
<b>Expertise</b>	Mr. Saurabh Kalani 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.	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.
<b>No. of Equity Shares held in the Company</b>	NIL	NIL
<b>List of other Companies in which directorships are held (excluding Foreign Companies &amp; Section 8 Companies)</b>	Herbal Dream Ayurveda Creations Private Limited (CIN: U45200MH1986PTC040428) Miscellani Global Private Limited (CIN:U51900MH1984PTC033870) Indian Flexible Intermediate Bulk Container Association (CIN: U91990MH2004PLC144915)	NIL
<b>List of all committee of board of directors (across all companies) in which Chairmanship/membership is held (includes only Audit Committee and Shareholders'/Investors Grievance Committee)</b>	Member of Audit Committee Of Flexituff International Limited	NIL

5. Members 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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 up to the date of the AGM.
12. 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 31(1)(b) 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 27<sup>th</sup> July, 2016 at 10.00 A.M. and ends on 29<sup>th</sup> July, 2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 25<sup>th</sup> July, 2016 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.  
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	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <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)	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. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xxi) 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 21<sup>st</sup> July, 2015, may follow the same instructions as mentioned above for e-voting.

(xxii) Persons whose names are recorded in the register of members maintained by registrar as on cut-off date i.e., 21<sup>st</sup> July, 2016 shall only avail the facility of remote e-voting or voting through ballot paper/polling paper at the venue of the meeting.

(xxiv) The Board of directors has appointed M/s. Ritesh Gupta & 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:

Ms. Madhuri Jethani (Assistant Company Secretary)  
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: 20/05/2016

Rishabh Kumar Jain  
Company Secretary

**Explanatory Statement Pursuant to Section 102 (1) of the Companies Act, 2013**

#### **ITEM NO. 6**

In order to meet the long term capital requirements of the Company, the Board, subject to the approval of the members in the general meeting, proposes to issue Debentures to various persons on a private placement basis, on such terms and conditions and at such prices in compliance with the statutory and regulatory requirements, if any, and as the Board (including the committee of directors, if any, of the Company) (“**Board**”) may in its absolute discretion think fit and proper. The amount to be raised by way of issue of Debentures on a private placement basis shall not exceed Rs.75,00,00,000 (Rupees Seventy Five Crore only) in aggregate.

It may be noted that Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 42 of the Companies Act, 2013 permits that Company to pass a special resolution, which shall be valid and shall hold good as a special resolution, for all the offers or invitations, to subscribe to Debentures, to be made by the Company during the term of 1 (one) year, for all offers or invitations to subscribe to Debentures in one or more tranches.

Consent of the members of the Company is therefore sought in connection with the aforesaid issue of Debentures from time to time and the members of the Company are requested to authorise the Board to issue Debentures on private placement basis for an amount up to Rs.75,00,00,000 (Rupees Seventy Five Crore only), in one or more tranches.

The Board recommends the passing of resolution by the members of the Company as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution except to the extent of their respective shareholdings, if any, in the Company.

**ITEM NO. 7**

Mr. Saurabh Kalani was appointed as a Whole-Time Director by the board of directors of the Company for a period of 5 years w.e.f. 30<sup>th</sup> May, 2012. His appointment was further approved by Members of the Company at their meeting held on 25<sup>th</sup> September, 2012 by way of Ordinary Resolution. In terms of the then existing provisions, he was to be paid remuneration as minimum remuneration even in absence or in adequacy of profits.

Now in the financial year 2015-2016 there has been inadequacy of profits and hence approval of members of the Company by way of Special Resolution is required to ratify payment of remuneration as minimum remuneration to Mr. Saurabh Kalani.

The remuneration as set out below was approved by the Compensation/ Remuneration Committee and the Board at their respective meetings.

Remuneration:

- (1) Salary @ of Rs. 6,00,000/- (Rupees Six Lacs Only) P.M. with an authority to Board/ Remuneration Committee to increase up to Rs. 15,00,000/- Per Month from time to time.
- (2) Commission not exceeding 1% of the net profits of the Company (effective from financial year 2013-2014) as computed in accordance with the provisions of the section 349 & 350 of the Companies Act, 1956 as amended from time to time.
- (3) He shall be entitled to the following perquisites and facilities:-
  - Housing: Furnished suitable accommodation for him and his family.
  - 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.
  - 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.
  - 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.
  - All other expenses incurred for the purpose of Company's work to be reimbursed on actual basis.
  - Club fees: Club fees including entrance charges, deposit, if applicable, subject to a maximum of three clubs.
  - Medical Reimbursement: Reimbursement of actual expenses incurred for self and his family.
  - 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 Lacs) per year.
  - Credit Cards: Payment of dues of credit cards used by him for the purpose of expenses of the Company.

- Life Insurance Policy premium subject to maximum of Rs. 10,00,000/- (Rupees Ten Lacs) per year.
- 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 Lacs in a year plus actual business class air fare.
- Contribution up to Rs. 1,00,000/- (Rupees One Lac) per month towards National Pension Scheme.
- Company's Contribution towards provident fund shall be subject to a ceiling of 12% (twelve percent) of salary.
- Gratuity: Not exceeding one half month salary for each completed year service subject to a ceiling of Rs. 8,50,000/- (Rupees Eight Lacs Fifty Thousand only).

The Information as required under Section II of Part II of Schedule V of the Companies Act, 2013: Refer the statement in Item No. 8

Except 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. 7.

The Board recommends the passing of resolution by the members of the Company as a Special Resolution.

**ITEM NO. 8**

Mr. Saurabh Kalani, Promoter of the Company was appointed as a Whole-Time Director by the members of the Company for a term of 5 years w.e.f. 30<sup>th</sup> May, 2012 with term valid upto 30<sup>th</sup> May, 2017.

In accordance with Schedule XIII of the Companies Act, 1956, the members of the Company at their meeting held on 30<sup>th</sup> May, 2012 had approved the payment of the remuneration approved by them as minimum remuneration, even in case of inadequate profit by way of ordinary resolution. But The Companies Act, 2013 specifies that the resolution required to be passed by way of Special Resolution. Hence the resolution is put before the members of the Company.

Minimum remuneration as prescribed under Section II of Part II of Schedule V of the Companies Act, 2013.

The other information as required under Section II of Part II of Schedule V of the Companies Act, 2013 is given below:

**I. General Information**

1	Nature of Industry	RAFFIA - TECHNICAL TEXTILE
2	Date or expected date of Commencement of Commercial Production	Not Applicable (The Company is an Existing Company)
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable

4	Financial Performance based on given indicators			
	Particulars	FY(15-16)	FY (14-15)	FY(13-14)
	Total revenue	11748.89	10571.64	9756.86
	Profit after tax	40.13	197.62	127.70
5	Foreign Investments or Collaborators, if any	Refer Balance Sheet enclosed in this Annual Report		

## II. Information about the Whole Time Director

### 1. Background Details:-

Mr. Saurabh Kalani is a commerce graduate from Sydenham College, Mumbai. He joined family business at age of 23. After taking in a few years of hands on experience he diversified group's activity into the field of Poly-Woven packaging which today is flagship manufacturing company of the group under the name Flexituff International Limited. He helped the Company grow into a multi-dimensional company of present structure leading a host of business and a team of 7500 strong people in India and abroad. He has more than two decades of experience in the field of manufacturing, import, export, market development, strategic planning, production planning, financial planning etc. relating to Raffia Industry. 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.

### 2. Past remuneration

2013-14	5.55 Million
2014-15	6.53 Million

### 3. Recognition or awards

Recently Company has been featured among 'India's Top 500 Companies 2016', as per the survey conducted by Dun & Bradstreet, a leading global company providing commercial insights and data. This emphatic validation underpins our leadership position not only in the industry we serve, but also in India's Corporate Sector.

### 4. Job Profile and his suitability

Mr. Saurabh Kalani plays a major role in providing thought leadership and strategic inputs to the Company and has expert knowledge in the products manufactured by the Company and its utilization in global market.

### 5. Remuneration proposed

In case of inadequacy of profits, minimum remuneration as stated herein:-

Upto double the amount prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 after requisite approval of members of the Company by Special Resolution.

### 6. Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)

The remuneration payable to the Mr. Saurabh Kalani commensurate with the profile and responsibilities assigned to him and has been approved by Board & Nomination & Remuneration Committee in their Meetings.

### 7. Pecuniary relationship directly or indirectly with the Company or relationship with Managerial Personnel, If any

Mr. Saurabh Kalani has no pecuniary relationship directly or indirectly with the Company except to the extent of his remuneration.

## III. OTHER INFORMATION

### 1. Reasons of Inadequate Profits:-

Company has embarked mega Geo Textile project at Kashipur, Uttarakhand, which has started generating revenues in the year 2015-2016, however due to financial cost and depreciation of new project the net profits of the Company were not upto mark during the year 2015-16.

### 2. Steps taken or proposed to be taken for improvement:

In the coming years, financial position especially net profits will improve with full operationalization of the new Geo Textile project.

### 3. Expected increase in productivity and profits in measurable terms:

It is expected that productivity and profitability will improve substantially in the coming years.

Except 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 a Special Resolution.

By Order of the Board of Directors  
Flexituff International Limited

Place: Pithampur  
Date: 20/05/2016

Rishabh Kumar Jain  
Company Secretary

**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

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:

- Name: .....  
Address: .....  
Email Id: ..... Signature: ....., or failing him/her
- Name: .....  
Address: .....  
Email Id: ..... Signature: ....., or failing him/her
- 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 23<sup>rd</sup> Annual general meeting of the Company, to be held on Saturday, 30<sup>th</sup> July, 2016 At 11:00 A.M. at C41-50, 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
<b>Ordinary Business</b>				
1.	Adoption of Audited Financial Statements (including the Consolidated Financial Statement)			
2.	Appointment of director in place of Mr. Saurabh Kalani (DIN: 00699380) who retires by rotation and being eligible offers himself for re-appointment.			
3.	Appointment of director in place of Mrs Alka Sagar, (DIN: 07138477) who retires by rotation and being eligible offers herself for re-appointment.			
4.	Appointment of M/s L.K. Maheshwari & Co., as Joint Statutory Auditor			
5.	Appointment of M/s MZSK & Associates, as Joint Statutory Auditor			
<b>Special Business</b>				
6.	Issue of Debentures			
7.	Approval of Remuneration of Mr. Saurabh Kalani for the Year 2015-16			
8.	Approval of Managerial Remuneration in case of inadequate profit			

Signed this..... day of..... 2016

.....  
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

**23<sup>rd</sup> Annual General Meeting – July 30, 2016**

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 23<sup>rd</sup> Annual General Meeting of the Company at C41-50, SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) 454775, held on Saturday, 30<sup>th</sup> July, 2016 At 11:00 A.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.







# Corporate Information

## BOARD OF DIRECTORS

**Mr. Anirudh Sonpal**  
Chairman, Non Executive, Independent Director  
**Mrs. Alka Rajesh Sagar**  
Non Executive Director  
**Mr. D. K. Sharma**  
Whole-Time Director  
**Mr. Kevan John Upperdine**  
Non Executive, Independent Director

**Mr. Ritesh Pandey**  
Non Executive Director  
**Mr. Saurabh Kalani**  
Whole-Time Director  
**Mr. Sharat Anand**  
Non Executive, Independent Director  
**Mr. Vishwarupe Narain**  
Non Executive, Bondholder Nominee Director

## BANKERS

UCO Bank (Lead Bank)  
Punjab National Bank  
Central Bank of India  
State Bank of Patiala  
Axis Bank  
Bank of Baroda

Tamilnad Mercantile Bank  
CTBC Bank Co. Limited  
SBER Bank  
IREP Credit Capital Private Limited  
GE Money Financial Services Private Limited  
Kotak Mahindra Bank 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. Sharat Anand (Chairman)  
Mr. Anirudh Sonpal  
Mr. Kevan John Upperdine  
Mr. Ritesh Pandey  
Mr. Saurabh Kalani

### Shareholders' Relationship Committee

Mr. Sharat Anand (Chairman)  
Mr. Anirudh Sonpal  
Mr. D. K. Sharma

### Nomination and Remuneration Committee

Mr. Sharat Anand (Chairman)  
Mr. Anirudh Sonpal  
Mr. Vishwarupe Narain

### CSR Committee

Mr. Saurabh Kalani (Chairman)  
Mrs. Alka Sagar  
Mr. Sharat Anand

### Management Committee

Mr. Saurabh Kalani (Chairman)  
Mr. D. K. Sharma

**NOTE:** - Mr. Rishabh Kumar Jain, Company Secretary of the Company is acting as Secretary of all the committees of the Board.

## REGISTRAR AND SHARE TRANSFER AGENT

**Link Intime India Private 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  
Website: www.linkintime.co.in

## REGISTERED OFFICE

C-41-50, SEZ, Sector -3,  
Pithampur – 454775, Dist. Dhar (M.P.)  
Tel. +91 7292 420200, Fax: 07292-401684  
Email: investors@flexituff.com  
Website: www.flexituff.com

## OTHER KEY MANAGERIAL PERSONNELS

**Mr. Mahesh Sharma** Chief Executive Officer  
**Mr. Ajay Mundra** Chief Financial Officer  
**Mr. Rishabh Kumar Jain** Company Secretary

## OTHER KEY MANAGERIAL PERSONNELS

### SEZ Unit

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

### DTA Unit

94, Industrial Area, Sector – I,  
Pithampur, Dist. Dhar – 454775  
Madhya Pradesh

### Kashipur Unit

Khasra No. 672-728,  
Village – Mahuakhera,  
Aliganj Road, Kashipur, Dist.  
Udhamsingh Nagar – 244713,  
Uttarakhand

### Barwaha Unit

58/1, Jaimalpura, Maheshwar  
Road, Barwaha,  
Dist. Khargone – 451115  
Madhya Pradesh



# *Award*

*Flexituff International Limited*  
*has been featured*  
*in*  
*Dun & bradstreet*  
*India's Top 500 Companies 2016*  
*released on 31st day of May 2016*