

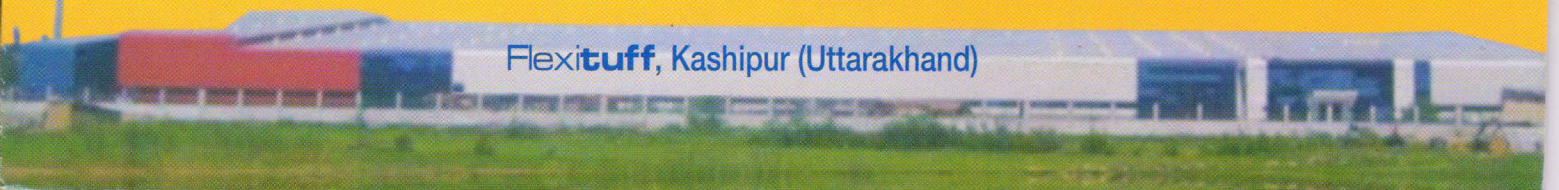
Delivering Trusted Performance

17th Annual Report 2009-10



AN ISO 9001 : 2000 ACCREDITED COMPANY

Flexituff, Kashipur (Uttarakhand)



Annual Report 2009-10



BOARD OF DIRECTORS

Shri Manish Kalani	Managing Director
Shri Pawan Jain	Director
Shri Ravindra Chourasiya	Director
Shri Sunil Bhargava	Director
Shri Kevan John Upperdine	Director
Shri Sharat Anand	Director
Shri Aswini Sahoo	Nominee Director (w.e.f. 21.01.2010)

COMPANY SECRETARY

Shri Dinesh Kumar Sharma GM- Corporate Affairs & Company Secretary

AUDITORS

M/s L.K. Maheshwari & Co.
Chartered Accountants,
Indore (M.P.)

REGISTERED OFFICE

2nd Floor of Main Building,
19 R.N. Mukherjee Road,
Kolkatta - 700 001 (W.B.)

MANUFACTURING FACILITIES

SEZ Unit

C41-50, Special Economic Zone
Industrial Area Sector -III,
Pithampur - 454775
Dist. Dhar (M.P.)

DTA Unit

94, Industrial Area,
Sector - I,
Pithampur - 454775
Dist. Dhar (M.P.)

Kashipur Unit

Khasra no. 672 - 728,
Village Mahuakhera,
Aliganj Road, Kashipur
Distt. Udhamasingh Nagar

BANKERS

UCO Bank
Punjab National Bank
State Bank of Indore
State Bank of Patiala
HSBC
Central Bank of India
MPFC Capital Markets (A division of MPFC)

ELECTRONIC REGISTRAR

Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078

By Order of the Board

Dinesh Kumar Sharma
Company Secretary

Place: Bhandup
Date: 14.07.2010

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NOTICE

NOTICE is hereby given that the **17th ANNUAL GENERAL MEETING** of the Members of **FLEXITUFF INTERNATIONAL LIMITED** will be held on Monday, 30th September, 2010 at 11.00 a.m. at the Registered office of the Company at 2nd Floor of Main Building, 19 R.N. Mukherjee Road, Kolkata - 700 001, to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the Financial Year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To declare dividend on equity shares of the company.
3. To appoint a director in place of Mr. Kevan John Upperdine, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Sharat Anand, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a director in place of Mr. Sunil Kumar Bhargava, who retires by rotation and does not offer himself for re-appointment.
6. To appoint Statutory Auditor to hold office from conclusion of this meeting till the conclusion of next Annual General Meeting of the company and to fix remuneration thereof.

SPECIAL BUSINESS

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

"RESOLVED THAT subject approval of Central Government, consent of the members of the Company pursuant to provisions of Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, be and is hereby accorded to appointment of Mr. Saurabh Kalani as Chief Operating Officer (COO) of the company with effect from 1st July 2010 for a period of 3 years, on following remuneration and on such terms and conditions as recommended by the selection committee and set out in the explanatory statement attached hereto

Details of Remuneration:

Particulars	Amount Per Month
Basic Salary	150000
HRA	60000
LTA	12495
Medical Allowance	12495
Employer PF Contribution	18000
Others	7010
Total	260000

RESOLVED FURTHER THAT Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the said appointment and remuneration from time to time;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do needful in this regard and to agree to such modification and/or variations as may be suggested by the Central Government while granting the approval."

By Order of the Board

Sd/-

Dinesh Kumar Sharma
Company Secretary

Place: Pithampur
Date : 14.07.2010

NOTES:

1. PROXY:

MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND TH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THEN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. REGISTER OF MEMBERS:

REGISTER OF MEMBERS WILL REMAIN CLOSED FROM **25TH SEPTEMBER 2010 TO 29TH SEPTEMBER 2010** (BOTH DAYS INCLUSIVE) FOR THE PURPOSE OF ANNUAL GENERAL MEETING AND PAYMENT OF DIVIDEND.

3. MEMBERS ARE REQUESTED TO:

- a. QUOTE THEIR LEDGER FOLIO NUMBER IN ALL THEIR CORRESPONDENCE.
- b. SEND THEIR QUERIES, IF ANY, AT LEAST 7 DAYS PRIOR TO THE DATE OF THE MEETING AT THE REGISTERED OFFICE OF THE COMPANY SO THAT INFORMATION CAN BE MADE AVAILABLE AT THE MEETING.

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

ITEM NO. 7

Appointment of Mr. Saurabh Kalani as Chief Operating Officer was recommended by Selection Committee of three independent directors namely Mr. Sharat Anand, Mr. Sunil Bhargava & Mr. Kevan John Upperdine vide their meeting held on 1st July 2010, which was further approved by the Board of directors in the board meeting held on 14th July 2010.

BRIEF PROFILE OF MR. SAURABH KALANI

Mr. Saurabh Kalani is a Management Graduate and has more than two decades of experience in the field of manufacturing, import, export, market development, strategic planning, production planning, financial planning etc. Mr. Saurabh Kalani is synonymous to veteran of Ruffia Industry.

Mr. Kalani is the founder President of the Indian Flexible Intermediate Bulk Container Association. He was the Vice President of All India Flat Tape Manufacturers' Association and is the member of the Committee of the Plastics Export Promotion Council (PLEXCONCIL).

Mr. Kalani has also been instrumental in development of several unique and also some patented technologies and products. Some of them being :-

- (a) Woven Flexible Pipe
- (b) Anti-Static Bag.
- (c) Flexi-Tunnel Pallet-less Bag
- (d) Flexi-Sling Bag

Flexituff has been receiving Top Exporter Award constantly for past eight years in a row.

ROLE & RESPONSIBILITIES OF MR. SAURABH KALANI

1. Strategic planning & decision-making.
2. All matters related to Foreign Acquisition / Foreign Exchange and Overseas Activities of the Company.
3. Joint Ventures domestic and overseas.
4. Negotiation and finalization of various business, commercial & legal contracts
5. Financial Planning
6. Expansion of business activities of the Company
7. Production planning including procurement of raw materials etc.
8. All Capital Expenditures including Selection, Procurement & Installation of plant, machinery etc.
9. Direct and Indirect tax matters
10. Development of market for the products in domestic and export.
11. All legal matters

As Mr. Saurabh Kalani is a relative of Mr. Manish Kalani, managing director of the Company, hence provisions of section 314 (1B) of the Companies Act, 1956 are attracted. In terms of provisions of Section 314 (1B) of the Companies Act, 1956, appointment of relative of a director with specified remuneration requires previous approval of members and Central Government. **The above appointment is subject to prior approval of the Central Government:**

Mr. Manish Kalani, who is relative of Mr. Saurabh Kalani, is not drawing any remuneration from the company. He is associated with the company on honorary basis only.

Your directors recommend the resolution for your approval.

None of the directors are interested except Mr. Manish Kalani, Managing Director of the company.

By Order of the Board

Sd/-

Dinesh Kumar Sharma

Company Secretary

Place: Pithampur

Date: 14.07.2010

DIRECTORS' REPORT

To,
The Members of
Flexituff International Limited,

We are pleased to present Seventeenth Directors' Report on business and operations together with the Audited Financial Statements and the auditors report of your company for the year ended 31st March 2010.

FINANCIAL RESULTS AND APPROPRIATION

(Rs. in Million)

Particulars	2009-10 (Rs in Million)	2008-09 (Rs in Million)
Sales (Including other income)	3019.07	2612.60
Profit before interest, depreciation & Tax	436.17	360.58
Profit before Tax	121.73	102.57
Profit after Tax	69.02	81.51
Prior Period Adjustment	(6.02)	1.96
Profit for the year	75.05	79.56
Add: Balance brought forward from Previous Year	182.25	102.69
Balance available for Appropriation	257.30	182.25
Appropriation		
Proposed dividend	11.33	0.00
Tax on dividend	1.88	0.00
Transfer to general reserve	10.00	0.00
Surplus carried to Balance Sheet	234.09	182.25

REVIEW OF OPERATIONS

Financial Year 2009-10 has been one of the extremely challenging financial years for whole of the economy. Although your company was able to managed & maintain its growth trend. The ability of a company to move forward with confidence is primarily determined by its judicious investment in past and current ability to navigate through changes and challenges. During the period sales and other income stood at Rs. 3019.07 Millions as against that of Rs. 2612.60 Millions in the previous year showing a growth of 15.56%. Company's Profit before interest, depreciation and tax increased to Rs. 436.17 Millions from Rs. 360.58 Millions in the previous year showing a growth of 20.96%.

EXPORTS

Financial Year 2009-10 was extremely challenging year for international economy too. During the period export sales decline minutely by Rs. 129.82 Million i.e. 5.61 % and stood at Rs. 2182.89 Millions as against Rs. 2312.71 Million in the previous year.

APPROPRIATIONS

Dividend

Your Board of Directors are pleased to recommend a dividend of 10% i.e. Rs. 1.00 per share for the year ended 31st March 2010 on equity capital of the company on pro-rata basis.

Transfer to General Reserve

Your Board of Directors proposes to transfer amount of Rs. 10.00 million to the General Reserve. An amount of Rs. 234.09 Million is proposed to be retained in the profit and loss account and same is carried forward to Balance Sheet.

AWARDS & CERTIFICATIONS

Your Company is the winner of highest Exporter award for the consecutive last 9 years from "PLEXCONCIL".

Your Company was the first in India to be awarded with both the prestigious Food Grade Certificate i.e. American Institute of Baking Certificate (US FDA) and British Retail Consortium Certificate (BRC). During the year under review both the certifications have been renewed.

Besides certification from American Institute of Baking (US FDA), USA & British Retail Consortium (BRC), UK, your company is accredited by ISO 14000, ISO 22000 & ISO 9001-2000 certifications.

SUBSIDIARIES

1. M/s Satguru Polyfab Private Limited, Gandhidham
2. M/s Nanofil Technologies Private Limited, Kolkata
3. M/s Flexiglobal Holdings Limited, Cyprus
4. M/s Eco Polymers Limited, Dhaka Bangladesh

Statements pursuant to section 212 of the Companies Act 1956, of all subsidiaries are attached and form a part of Annual Report 2010.

CONVERSION OF WARRANTS

During the year under review, 209000 sponsor warrants have been converted into same number of equity shares of the Company.

PROJECT PROGRESS REVIEW

KASHIPUR PHASE - I

This Project for Manufacturing of Polypropylene Fabric, BOPP laminated bags, Leno bags and PP Sheet at Village Mahuakhera, Aliganj Road, Kashipur, Distt. Udham Singh Nagar is performing well & striving hard to achieve full capacity.

KASHIPUR PHASE – II

During the year under review, implementation activities of Kashipur Phase II have started. Construction of building & shed has started, major orders for machineries have been placed & project is expected to be operational as per schedule.

DIRECTORS

During the year under review Mr. Aswini Sahoo, joined the board on 21st January, 2010 as a Nominee Director of M/s. Clearwater Capital Partners (Cyprus) Limited.

There are three directors who are liable to retire by rotation for the financial year under review namely Mr. Sunil Kumar Bhargava, Mr. Sharat Anand and Mr. Kevan John Upperdine. Mr. Sharat Anand and Mr. Kevan John Upperdine are being eligible and offer themselves for re-appointment. The board recommends their reappointment for your approval.

Mr. Sunil Kumar Bhargava being eligible for re-appointment has not offer himself for re-appointment.

AUDITORS

M/s L.K. Maheshwari & Co, Chartered Accountants, Indore Statutory Auditors of the Company is liable to retire at the ensuing Annual General Meeting. Retiring auditors have consented their re-appointment in the ensuing Annual General Meeting. The board recommends the re-appointment for member's approval.

AUDITORS' REPORT

The Observations made in the Auditors' Report, read with the relevant notes thereon are self explanatory and hence do not call for any further comments under section 217 of the companies Act, 1956.

PUBLIC DEPOSITS

Your company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

PARTICULARS OF EMPLOYEES

Information in accordance with the provision of Section 217(2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 regarding employees is as under:

Employee Name	Designation	Qualification	Age	Date of Employment	Gross Remuneration	Experience	Last Employment
Mr. Mahesh Sharma	Chief Executive Officer	Mechanical Engineer, M.B.A.	49 years	01.01.2002	Rs. 252722/- P.M.	28 years	Jash Engineering Ltd.

ANNEXURE A TO THE DIRECTORS' REPORT

REPORT OF THE BOARD OF DIRECTORS UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2010.

FORM A

Form for disclosure of particulars with respect to conservation of energy

POWER AND FUEL CONSUMPTION

Electricity	2006-07	2007-08	2008-09	2009-10
Unit Purchased	10971650	14368637	15717773	15488706
Total Amount	32621261	42725464	46930279	47680933
Rate per Unit	2.97	2.97	2.98	3.26
Sp. Power consumption/kg.	1.29	1.18	1.18	1.26
Exp. / kg. of Input	4.02	3.65	3.63	3.96

1. Plant and machinery utilized effectively to improve the productivity and to reduce the power consumption.
2. In the expansion programme, every attempt is being made to procure new highly efficient machines and inefficient old machines are being replaced by new efficient plant and machines.
3. In spite of hike in energy charges, cost of energy per kg. of production is under control, because of measures being taken to save the energy.

FORM B

Form for disclosure of particulars with respect to absorption

RESEARCH & DEVELOPMENT

1) Specific areas in which R&D carried out by the Company:

The major areas of Research & Development where carried out are as:

1. Development of pinch bottom technology in BOPP bags.
2. Research and development of Reenclosable BOPP bags by application of plastic zipper on the top of the bag, which are used for various pet food product like rice, floor, special fertilizer, seeds etc.
3. Development of anti-bacterial PP Bags
4. Development of toluene free alcohol based PP compound ink and FDA approved PP band Ink for BOPP printing.
5. Development of Biodegradable polypropylene and polyethylene.
6. Development of technology in recycling operation to remove and make product totally contamination free.
7. Master batches developed for new variety like Antirodent Master batches; UV Masterbatch PP and PE base; UV Masterbatch for 1000 hrs retention period;
8. Nanobond 204TL for tie layers (5 – 7 layer lamination); and
9. Enhance 2510 for decreasing the load on motor to save energy.

2) Benefits derived as a result of Research & Development:

We have virtually stopped procuring Master batches from the market, which are produced by Nanofil and regularly consuming for self-consumption, thus reducing the cost of production in all the units.

3) Future plan of action:

Company has embarked continuous expenditure on R&D in the forthcoming years also so that the research and development opens new avenues for the company along with new product and cost efficient processes.

4) Expenditure on R&D:

Particulars	Rs. In Lacs
Capital Expenditure	1402.998
Recurring Expenditure	577.55
Total Expenditure	1980.548
Total Turnover	30190.7
% of Expenditure on turnover	6.56%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

This year the company keeps on importing technically upgraded machines for its product and performance.

Company is making various ongoing efforts for technological Upgradation viz Upgradation in field of ultrasonic cutting machine, sealing machine, development of new master batches, nano technology and plastic recycling technology.

2) Benefits derived as a result of above efforts:

New technology adopted has opened new markets for our products and now we are able to produce and market our products in various new markets.

ANNEXURE B TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

I. Company's Philosophy on Code of Corporate Governance

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization and enhances the trust and confidence of the stakeholders.

The Company always strives to achieve financial targets, seeks to follow business principles and ethic in all its dealings and believe customer orientation, teamwork, commitment, growth and trust as its corporate values. The board strives to represent the shareholders' interest to ensure optimal returns.

Company aims to deliver customer satisfaction by developing and maintaining mutually beneficial and long lasting relationship with customer, offering value in terms of price and quality and responding to customers' need through continuous innovation.

Company endeavors to make its management team fully empowered to take the company forward within the framework of effective accountability, which turn enables the conversion of opportunities into achievement for the betterment of the company and stakeholders.

II. Board of Directors

During the financial year 2009-10, the board of Directors was duly met 6 (Six) times. The meetings were held on 5th May 2009, 30th June 2009, 2nd September 2009, 3rd November 2009, 20th January 2010 and 12th March 2010. In the financial year Board consist of the following:

Name & Designation of the Directors	Category	Date of Appointment
Mr. Manish Kalani Managing Director	Promoter Executive	12.09.2002
Mr. Pawan Kumar Jain Director	Non Executive Non - Independent	14.01.2002
Mr. Ravindra Chourasiya Director	Non Executive Non - Independent	18.03.2006
Mr. Sunil Kumar Bhargava Director	Non Executive Independent	18.11.2006
Mr. Kevan John Upperdine Director	Non Executive Independent	18.11.2006
Mr. Sharat Anand Director	Non Executive Independent	08.04.2008
Mr. Aswini Sahoo Nominee Director	Non Executive Nominee	20.01.2010

Company has paid sitting fees of Rs. 14000.00 to non-executive/ independent directors for attending the board meetings during the period under review.

III. Audit Committee

As a measure for good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the board oversight responsibilities The Audit committee had been duly constituted. All the members have the financial and accounting knowledge. Audit committee consists of following:

S. No.	Name	Position
1	Mr. Sunil Bhargava	Chairman
2	Mr. Pawan Kumar Jain	Member
3	Mr. Kevan John Upperdine	Member
4	Mr. Ravindra Chourasiya	Member
5	Mr. Dinesh K Sharma	Secretary

Audit committee met 5 (Five) times during the period as on 5th May 2009, 31st July 2009, 22nd October 2009, 20th January 2010 and 12th March 2010 during the financial year. During the Year Audit Committee handle matters relating to the following:

1. Audited financial results for the year ended 31st March 2009.
2. Un-audited financial results for the period ended 30th September 2009.
3. Quarterly Internal audit report.

The Audit Committee has adequate powers and detailed terms of reference to play effective role.

IV. Executive Committee

For general execution of documents relating to the various activities relating to expansion, lease etc and to provide assistance to board in day-to-day documentations, executive committee was constituted. The committee duly met 5 (Five) times as on 30th May 2009, 31st July 2009, 24th October 2009, 20th January 2010 and 12th March 2010. The executive committee consists of following in its board:

S. No.	Name	Position
1	Mr. Saurabh Kalani	Chairman
2	Mr. Mahesh Sharma	Member
3	Mr. Ajay Mundra	Member
4	Mr. Rahul Bidasaria	Member
5.	Mr. Dinesh K Sharma	Secretary

V. Management Committee

Management committee was constituted to assist the Board in handling matters related to procurement and management of fund for existing and future projects of the Company. Committee duly met 10 (Ten) times in this financial year as on 5th May 2009, 29th May 2009, 15th June 2009, 22nd June 2009, 30th June 2009, 31st July 2009, 30th October 2009, 20th January 2010, 12th March 2010 and 25th March 2010. The management committee consists of the following in its board:

S. No.	Name	Position
1	Mr. Manish Kalani	Chairman
2	Mr. Pawan Jain	Member
3	Mr. Ravindra Chourasiya	Member
4	Mr. Dinesh K Sharma	Secretary

VI. Share Transfer cum Investor Grievances

The Company has a share transfer and investor grievance committee with Mr. Manish Kalani, Mr. Pawan Jain and Mr. Ravindra Chourasiya as members. There were no investor grievances during the year.

VII. General Body Meetings

Year	2006-07	2007-08	2008-09
Date and Time	29.09.2007	25.09.2008	30.09.2009
Venue of the meeting	Registered Office	Registered Office	Registered Office

No Extra Ordinary General Meeting was held during the Financial Year.

VIII. General Shareholders' Information

Annual General Meeting

Date: 30th September 2010

Day: Thursday

Time: 11:00 A. M.

Venue: Registered Office

IX. Capital Structure

As on 31.03.2010, your company has a total Authorised capital of Rs. 20,00,00,000 (Rupees Twenty Crore only) divided into 2,00,00,000 (Two Crore) equity shares of Rs. 10 (Rupee Ten). The Shareholding pattern of your company as on 31.03.2010 is as follows.

Category	Total % Shareholding as on 31.03.2009
Director / Relative	0.16
Foreign	10.53
Body Corporate	89.31
Public Shareholding	Nil
Non Institutional	Nil
Public Financial Institution	Nil
TOTAL	100

Auditors' Report

To
The Members of Flexituff International Ltd.

We have audited the attached Balance Sheet of M/s Flexituff International Limited as at March 31, 2010 and also the Profit and Loss account for the year ended March 31, 2010 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss account statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended March 31, 2010

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

Indore,

Dated : 14.07.2010

(Abhay Singi)
Partner
Membership No 079873

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no disposal of fixed assets during the year and therefore does not affect the going concern assumption.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year other than those kept with third parties.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The company has not taken Inter Corporate Deposit from companies covered in the register maintained under section 301 of the Companies Act, 1956
- (b) According to the information and explanation given to us, Company has, during the year, not granted any loans, security or unsecured, to companies, firm and other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to information and explanations given to us, the register is maintained the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, an exceeding the value of Rupees Five Lacs in respect of any one party during the year have been made at prices which are reasonable having regard to the prevailing market at relevant time.
- (vi) The Company has not accepted any deposits from public
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

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Regd. Office : 2nd FLOOR OF MAIN BUILDING, 19, R.N. MUKHERJEE ROAD, KOLKATA

BALANCE SHEET AS AT 31st MARCH 2010

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise duty, VAT, cess and other material statutory dues applicable to it.
- (b) According to the records of the Company, the dues outstanding of taxes on account of any dispute are as follows:

Name of the statute	Nature of dues	Demand (Rs. in milion)	Amount Paid (Rs. in milion)	Period to which the Amount relates	Forum where dispute is pending.
Income Tax Act	Disallowances of deduction claimed under section 80 IB	2.10	2.10	A.Y.2003-04	ITAT
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year.	7.00	3.00	A.Y. 2004-05	CIT (A)
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year.	2.66	1.33	A.Y.2005-06	CIT (A)
M.P. commercial Tax Act, 1994	Difference in sales tax exemption caping calculation	0.02	0.002	F.Y. 2005-06	The Appellate Authority Dy. Commissioner of Commercial Tax Division-3, Indore
Central Sales Tax Act, 1956	Difference in sales tax exemption caping calculation	1.96	0.20	F.Y. 2005-06	The Appellate Authority Dy. Commissioner of Commercial Tax Division-3, Indore

- (x) The Company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the year and in the immediately preceding year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) Based on our examination and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

Place : Indore
Date : 14.07.2010

Dhresh Kumar Sharma
Company Secretary

Pawan Jain
Director

- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has given corporate guarantee on behalf of Entertainment World Developers Limited, Mumbai for Rs.4.55 million to State bank of Indore, IFB Branch, Khel Prashal, Indore., and on behalf of M/s Satguru Polyfab Private Limited, Gandhidham for Rs.60.00 million to State Bank of Patiala, Orbit Mall Branch, A.B.Road, Indore, which are not prima facie prejudicial to the interest of the company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) On the examination of books of accounts and the information and explanations given to us, in our opinion the funds raised on short term basis have not been used for long term investment and vice versa;
- (xviii) During the period, the Company has not made any allotment of preferential shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has issued 0% unsecured convertible debentures to M/s.Clearwater Capital Partner (Cyprus) Limited in earlier year. The said debentures are unsecured and no charged or security is required to be created in respect of debentures issued in earlier years;
- (xx) The company has not raised any money by public issues during the period;
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Indore,

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

(Abhay Singi)
Partner
Membership No. 079873

Dated : 14.07.2010

FLEXITUFF INTERNATIONAL LIMITED

Regd. Office : 2nd FLOOR OF MAIN BUILDING, 19, R.N.MUKHERJEE ROAD, KOLKATA

BALANCE SHEET AS AT 31st MARCH 2010

SR NO	PARTICULARS	SCHEDULE	AS AT 31.03.2010 (Rs. Mn.)	AS AT 31.03.2009 (Rs. Mn.)
I. SOURCES OF FUNDS				
1 SHARE HOLDERS FUNDS:				
a)	Share Capital	1	115.23	113.14
b)	Share Warrants		6.30	7.61
c)	Share / Warrants Application Money		69.58	0
			191.12	120.76
d)	Reserve & Surplus	2	657.58	573.17
			848.70	693.93
2	Deferred Tax Liability		134.37	81.71
3	Zero % Fully Convertible Debentures		460.00	460.00
4 LOAN FUNDS :				
a)	Secured Loans	3	2224.13	1494.06
b)	Unsecured Loans	4	0	12.50
			2224.13	1506.56
	Total		3667.20	2742.20
II APPLICATION OF FUNDS				
1 FIXED ASSETS:				
a)	Gross Block		2650.30	2281.03
b)	Less : Depreciation		255.92	150.76
c)	Net Block	5	2394.38	2130.27
d)	Add: Capital Work in Progress		339.89	132.84
			2734.26	2263.10
2	INVESTMENTS	6	28.84	17.45
3 CURRENT ASSETS, LOANS & ADVANCES				
a)	Inventories	7	618.67	355.28
b)	Sundry Debtors	8	500.21	221.45
c)	Cash & Bank Balances	9	134.08	121.58
d)	Loans & Advances	10	347.35	252.07
			1600.32	950.38
	Less:CURRENT LIABILITIES & PROVISIONS	11		
a)	Current Liabilities		682.98	481.70
b)	Provisions		13.26	7.03
	NET CURRENT ASSETS :		904.09	461.64
	Total		3667.20	2742.20
	Accounting Policies & Notes on Accounts	20		
	Quantitative and Other information	21		

The Schedule referred to herein form an integral part of the accounts.

As per our report of even date attached

Signature of Schedule 1 to 21

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

(Abhay Singi)
Partner
Membership No. 079873

Place : Indore
Date : 14.07.2010

Ajay Mundra
Chief Financial Officer

Dinesh Kumar Sharma
Company Secretary

Manish Kalani
Managing Director

Pawan Jain
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

SR No.	PARTICULARS	SCHEDULE	CURRENT FINANCIAL YEAR ENDED ON 31.03.2010 (Rs. Mn.)	PREVIOUS FINANCIAL YEAR ENDED ON 31.03.2009 (Rs. Mn.)
I	INCOME :			
	Sales & Receipts	12	3011.09	2607.47
	Other Income	13	7.98	5.13
	Increase (+) / Decrease (-) in Stock	14	202.51	5.45
	Total		3221.58	2618.06
II.	EXPENDITURE :			
	Raw Material Consumed & Purchases	15	1796.40	1542.42
	Manufacturing Expenses	16	696.30	459.69
	Administration Expenses	17	125.28	87.11
	Selling Expenses	18	167.42	168.26
	Total		2785.41	2257.48
III.	Profit (+)/Loss (-) before Interest & Depreciation (PBIDT)		436.17	360.58
	Interest & Financial Charges	19	202.94	206.76
	Depreciation		111.24	50.99
	Amortisation Expenses		0.25	0.25
	Total		121.73	102.57
IV.	Profit (+) / Loss (-) before Tax (PBT)			
	Provision for Taxation :			
	- for Income Tax		0	6.00
	- for Fringe Benefit Tax		0	1.67
	- for Wealth tax		0.05	0.07
	- for Deferred Tax		52.66	13.32
	Total		69.02	21.05
V.	Profit (+) / Loss (-) after Tax (PAT)			
VI.	Prior Period Adjustments :			
a.	Income Tax of Previous Years:			
	- for the Ass. year 2008-09		0	0.93
	- for the Ass. year 2006-07		0	0.37
b.	Excess Provision of Incremental Growth reversed		0	0.64
c.	Excess TDS deposited for FY 07-08 reversed		0	0.03
d.	Income Tax Provision no longer required A.Y. 2009-10		-1.11	0
e.	Earlier years depreciation written back		-4.91	0
	Total		-6.02	1.96
VII.	Net Profit (+) / Loss (-) for the year		75.05	79.56
	Balance brought forward from Previous Year		182.25	102.69
VIII.	Profit Available for Appropriations:		257.30	182.25
	Appropriations :			
a.	Proposed Dividend		11.33	0
b.	Dividend Distribution Tax		1.88	0
c.	Transfer to General Reserve Account		10.00	0
	Total		23.21	0
IX.	Balance Carried to Balance Sheet		234.09	182.25
	Earning per share			
	Basic (Rs.)		6.63	7.13
	Diluted (Rs.)		4.91	5.26
X.	Accounting Policies & Notes on Accounts	20		
XI.	Quantitative and Other information	21		
	The Schedule referred to herein form an integral part of the accounts.			

As per our report of even date attached

Signature of Schedule 1 to 21

for **L.K. Maheshwari & Co.,**
Chartered Accountants

(Abhay Singi)
Partner
Membership No. 079873
Place : Indore
Date: 14.07.2010

Ajay Mundra
Chief Financial Officer

Dinesh Kumar Sharma
Company Secretary

Manish Kalani
Managing Director

Pawan Kumar Jain
Director

PARTICULARS	AS AT 31.03.2010 Amount (Rs. Mn.)	AS AT 31.03.2009 Amount (Rs. Mn.)
SCHEDULE -1 : SHARE CAPITAL		
AUTHORISED :		
2,00,00,000 Equity Shares of Rs 10/- each (Previous year 1,50,00,000 Equity Shares of Rs.10/-each)	200.00	150.00
Total	200.00	150.00
a) ISSUED, SUBSCRIBED,CALLED & PAID UP :		
(1,15,23,430 Equity Shares of Rs.10/-each fully pd up) (Out of above during the period 2,09,000 share warrants converted into same number of equity shares) (Previous year 1,13,14,430 Equity Shares of Rs.10/-each fully paid up) (of the above shares 75,54,053 shares are alloted as fully paid up by way of bonus shares)	115.23	113.14
	115.23	113.14
b) SHARE WARRANTS		
10,68,000 (5% Adv.Rs.5.90 Paid up)	6.30	7.61
c) SHARE / WARRANTS APPLICATION MONEY		
	69.58	0
SCHEDULE -2 : RESERVE & SURPLUS		
i) Share Premium Account		
Opening Balance	260.42	236.33
Addition during the year	22.57	24.08
Less : Utilization during the year	0	0
Closing Balance	282.99	260.42
ii) General Reserve Account		
	140.50	130.50
iii) Profit & Loss Account		
Opening Balance	182.25	102.69
Addition during the year	75.05	79.56
Less : Utilization during the year	23.21	0
Closing Balance	234.09	182.25
Total	657.58	573.17
SCHEDULE -3 : SECURED LOANS		
(A) CASH CREDIT LOAN		
i) UCO Bank, Pipliyahana Branch, Indore		
Cash Credit Loan(SEZ Unit)	105.24	6.13
Cash Credit Loan(Kashipur Unit)	63.50	0
Export Packing Credit(SEZ Unit)	28.83	58.49
Export Packing Credit(Kashipur Unit)	63.55	0
	261.11	64.63
ii) Punjab National Bank, Siyaganj, Indore		
Cash Credit Loan	62.56	3.61
Export Packing Credit	239.49	87.02
	302.04	90.63
iii) Central Bank of India, Siyaganj, Indore		
Cash Credit Loan (DTA Unit)	3.23	2.17
Cash Credit Loan (Kashipur Unit)	15.72	3.11
Export Packing Credit	4.10	6.47
	23.05	11.75
iv) State Bank of Indore, I.F.Branch, Indore		
Cash Credit Loan	-4.90	13.87
Export Packing Credit	49.01	5.51
	44.12	19.38
v) State Bank of Indore, Pithampur Br., Pithampur		
-Cash Credit Loan	4.94	3.05
vi) State Bank of Patiala, Orbit Mall, Indore		
Cash Credit Loan	12.08	0
Export Packing Credit	14.00	0
	26.08	0
vii) The HSBC Ltd., Race Course Road Indore		
Cash Credit Loan	0.46	0
Export Packing Credit	0	0
	0.46	4.80
Total (A) c/f	661.80	194.24

PARTICULARS	AS AT 31.03.2010 Amount (Rs. Mn.)	AS AT 31.03.2009 Amount (Rs. Mn.)
(B) TERM LOANS :		
1 FROM BANKS:		
a. Rupee Currency Loan (RCL)		
i) From UCO Bank, Pipliyahana Branch, Indore	146.64	170.80
ii) From Punjab National Bank, Indore	12.40	27.12
iii) From Central Bank of India, Indore	1.17	3.23
Total (a)	160.22	201.14
b. Term Loans For Kashipur Projects		
Term Loan for Kashipur Project Phase-I :		
i) - UCO Bank Ltd., Pipliyahana Br. Indore	420.61	435.00
ii) - State Bank of Indore, IF Br. Indore	183.95	189.86
iii) - Central Bank of India Siyaganj Br. Indore	108.41	115.11
iv) - Punjab National Bank, Siyaganj Br., Indore	242.35	190.00
v) - HSBC Bank Limited Race Course Road Indore	40.39	0
Term Loan for Kashipur Project Phase-II :		
i) - UCO Bank Ltd., Pipliyahana Br. Indore	136.95	0
ii) - State Bank of Indore, IF Br. Indore	95.84	0
iii) - State Bank of Patiala, Orbit Mall Indore	4.46	0
- Uco Bank Ltd., R & D Loan	120.00	0
Add : Interest Accrued & Due	0	0.16
Total (b)	1352.94	930.14
c. Corporate Loan (STL)		
Punjab National Bank, Siyaganj Br., Indore	0	100.00
Total (c)	0	100.00
d. Vehicle Loan		
i) From ICICI Bank Ltd., Indore	1.35	0.83
ii) From HDFC Bank Ltd., Indore	0.87	0.31
Total (d)	2.23	1.15
TOTAL FROM BANKS (B=a+b+c+d)	1515.39	1232.43
2 FROM FINANCIAL INSTITUTIONS:		
I) MPFC Capital Market	46.59	66.93
(A Div. of M.P. Financial Corporation, Indore)		
Add: Interest Accrued & Due	0.35	0.47
Total (C)	46.94	67.40
Total (A+B+C)	2224.13	1494.06

Nature of security on secured loans :

1. Term Loans are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets & a second charge on all current assets of the company.
2. The Working capital facilities are secured by First charge on all current assets viz .Raw Material Stores & Spares, Work-in-Progress, Finished Goods and Book Debts & Second charge on all fixed assets of the Company.
3. All the loans and working capital facilities are further secured by Personal Guarantee of Shri Manish Kalani and corporate guarantee of M/S Kalani Industries P.Ltd.
4. Term loans repayment within one year Rs. 329.50 million (Previous year Rs. 110.00 million)

SCHEDULE -4 : UNSECURED LOANS

Inter Corporate Deposits:

- I) From Companies

Total	0.00	12.50
	0.00	12.50

SCHEDULE: 5 - FIXED ASSETS

(Rs. Mn.)

Sr. No	Name of the Asset	Rate of Dep.	GROSS BLOCK				DEPRECIATION				NET BLOCK		
			As on 01.04.09	Addition	Deduction	As on 31.03.10	As on 01.04.09	Written Back	Amortisation	For the year	As on 31.03.10	As on 31.03.09	
1	Land (Lease Hold)	0.00%	24.75	0	0	24.75	1.46	0	0.25	0	1.71	23.03	23.28
2	Land (Free Hold)	0.00%	111.08	0	0	111.08	0	0	0	0	0.00	111.08	111.08
3	Factory Building	3.34%	490.91	26.69	1.46	516.14	28.29	0.16	0	16.89	45.02	471.12	462.62
4	Plant & Machinery	5.28%	1502.67	345.54	18.53	1829.68	101.19	4.91	0	84.22	180.50	1649.18	1401.47
5	Electric Installation	5.28%	85.51	12.72	0	98.23	6.66	0	0	4.84	11.51	86.72	78.84
6	Furniture & Fixtures	6.33%	22.64	2.23	0	24.87	3.02	0	0	1.53	4.55	20.32	19.62
7	Office Equipments	4.75%	21.25	0.75	0	21.99	2.99	0	0	1.03	4.02	17.97	18.25
8	Vehicles - Cars	9.50%	13.53	2.51	2.15	13.89	3.84	1.26	0	1.29	3.86	10.03	9.70
9	Vehicles - Others	9.50%	0.18	0.01	0	0.19	0.15	0	0	0.01	0.16	0.02	0.03
10	Computer	16.21%	7.87	0.95	0	8.82	3.13	0	0	1.37	4.50	4.32	4.73
11	Patent	1/10th	0.66	0	0	0.66	0.02	0	0	0.07	0.09	0.57	0.64
Total			2281.03	391.41	22.14	2650.30	150.76	6.33	0.25	111.24	255.92	2394.38	2130.27
Grand Total of Previous year			771.97	183.01	1.15	953.84	60.04	0.27	1.21	39.12	100.10	853.73	711.93

PARTICULARS

**AS AT 31.03.2010
Amount (Rs. Mn.)**

**AS AT 31.03.2009
Amount (Rs. Mn.)**

SCHEDULE -6 : INVESTMENTS

In Subsidiary : un quoted (at Cost)

i) In Eco Polymer Ltd., Dhaka (Bangladesh) (6000 Equity Shares of 100 Taka each fully paid up) (Wholly Owned Subsidiary of the company)	0.35	0.35
ii) In Flexiglobal Holding Ltd.,Cyprus (Wholly Owned Subsidiary of the company) (10,00,000 Equity Shares of Euro 1 /- each partly paid up)	6.32	0.07
iii) In Nanofil Technologies Private Limited, Kashipur (10,000 Equity Share of Rs. 10/- each fully paid) (Wholly Owned Subsidiary of the company)	0.10	0
iv) In Satguru Polyfab Pvt.Ltd., Gandhidham (1,00,000 Equity Shares of Rs. 10/- each & 5,81,050 Equity Shares of 12.10 each) Advance against Transfer of Shares (Subsidiary of the company)	17.03 2.54	17.03 0
In Mutual Fund : quoted (at Cost)		
v) In SBI Magnum Umbrella -Growth Fund (45,045.045 Unit @ 55.50 each Unit) (Market Value Rs. 25,10,811/-)	2.50	0
Total	28.84	17.45

SCHEDULE -7 : INVENTORIES

i) Raw materials		143.48	94.02
ii) a) Finished Goods	153.83		91.32
b) Semi-Finished Goods	225.59		101.66
c) Waste / Scrap	20.07	399.49	4.01
iii) Store & Spares parts		73.67	63.29
iv) Loose Tools / Paintings Art Gallery		2.03	0.98
Total		618.67	355.28

SCHEDULE-8 : SUNDRY DEBTORS

(Unsecured, Considered Good)

i) Over Six months		16.74	47.24
ii) Others		483.47	174.21
Total		500.21	221.45

PARTICULARS	AS AT 31.03.2010 Amount (Rs. Mn.)	AS AT 31.03.2009 Amount (Rs. Mn.)
SCHEDULE-9 :CASH & BANK BALANCES		
i) Cash in Hand	2.36	2.97
ii) Balance with Scheduled Banks:		
a) -In Current Accounts	78.97	91.57
b) -In Margin Money Deposit Accounts	52.75	27.04
Total	134.08	121.58
SCHEDULE-10 :LOANS & ADVANCES		
(Unsecured, Considered Good)		
i) Advance against Supplies & Expenses	208.61	101.79
ii) Advance to Staff & Workers	8.27	9.49
iii) Advance recoverable in cash or in kind or value to be received	14.19	16.75
iv) Sundry Deposits	14.46	13.73
v) Eco Polymers Ltd., Bangladesh (Wholly Owned Subsidiary of the company)	0.92	0.92
vi) Flexiglobal Holding Ltd., Cyprus (Wholly Owned Subsidiary of the company)	0.31	0
vii) Nanofil Technologies Pvt. Ltd., Kashipur (Wholly Owned Subsidiary of the company)	0.02	0
viii) Satguru Polyfab Pvt.Ltd., Gandhidham (Share Application Money pending allotment) (Subsidiary of the company)	70.00	64.97
ix) Other Advances / Receivables	11.91	33.91
x) Tax Deducted at Source	2.03	1.46
xi) Incremental Growth Receivable	0	3.24
xii) Balance With Excise Authorities	16.63	5.82
Total	347.35	252.07
SCHEDULE-11 : CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilites		
i) Sundry Creditors	504.10	404.97
ii) Creditors for Capital Goods	73.46	0
iii) Other Liabilities	99.31	74.74
iv) Tax Payable	6.11	1.99
B) Provisions		
i) For Income Tax	0	6.00
ii) For Wealth Tax	0.05	0.07
iii) For Fringe Benefit Tax	0	0.96
iv) For Proposed Dividend	11.33	0
v) For Dividend Tax	1.88	0
Total	696.24	488.73

PARTICULARS	CURRENT FINANCIAL YEAR ENDED ON 31.03.2010 (Rs. Mn.)	PREVIOUS FINANCIAL YEAR ENDED ON 31.03.2009 (Rs. Mn.)
SCHEDULE-12: SALES & RECEIPTS		
i) Export Sales	2182.89	2312.71
ii) Domestic Sales & Receipts	828.20	294.77
Total	3011.09	2607.47
SCHEDULE-13 :OTHER INCOME		
i) Profit on sale of granules & scrap	0.85	0.22
ii) Interest Received	3.69	2.59
TDS Rs. 0.53 (Prev. Yr Rs. 0.81)		
iii) Other Receipts	3.45	2.33
TDS Rs. 0.04 (Prev. Yr Rs. 0.09)		
Total	7.98	5.13
SCHEDULE-14:INCREASE/DECREASE IN STOCK		
i) Finished Goods & Work in Progress		
a) Finished	153.83	91.32
b) Semi Finished	225.59	101.66
c) Waste/Scrap	20.07	4.01
ii) Less : Opening Stock		
a) Finished	91.32	105.67
b) Semi Finished	101.66	82.41
c) Waste/Scrap	4.01	3.45
Total	202.51	191.53
SCHEDULE-15 :RAW MATERIAL CONSUMED & PURCHASES		
i) Raw Material Consumed :		
Opening Stock	94.02	61.72
Add : Purchase during the year (Net)	1793.73	1479.07
Sub Total	1887.75	1,540.79
Less: Sales / Transfer	115.36	14.38
Less : Closing Stock	143.48	94.02
Raw Material Consumed	1628.90	1432.39
ii) Purchase of Liner	2.17	0
iii) Purchase of Fabric / Cut Length	1.49	0.75
iv) Purchase for Woven Sacks for Export	1.81	4.64
v) Stores Consumed	128.91	104.64
vi) Stock obtained during trial run	33.12	0
Total	1796.40	1542.42
SCHEDULE-16:MANUFACTURING EXPENSES		
i) Power & Fuel	156.58	92.57
ii) Rent, Rates and Taxes	2.91	5.08
iii) Labour Cost :		
a) Jobwork expenses	39.90	16.51
b) Labour charges	52.87	42.27
c) Factory Salary & Wages & Bonus	320.57	234.86
d) Provident Fund & ESI Contribution	27.22	19.16
iv) Repairs to Machinery	64.98	36.93
v) Freight Inward	24.42	6.81
vi) Entry Tax	5.35	4.46
vii) Laboratory and R & D Expenses	0.27	0.32
viii) Factory Expenses	1.24	0.72
Total	696.30	459.69

SCHEDULE 20:

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31ST, 2010.

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING:

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

2. REVENUE RECOGNITION

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

3. FIXED ASSETS.

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

4. DEPRECIATION / AMORTIZATION

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

5. EMPLOYEE BENEFITS

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

6. INVESTMENT

Long Term Investment are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investment are carried at cost or fair value whichever is lower.

7. VALUATION OF INVENTORY

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

8. RETIREMENT BENEFIT

- a) Contribution to Provident Fund is recognized in the accounts on actual liabilities basis.
- b) Provision / contribution to Gratuity Funds are made on the basis of actuarial valuation certificate from a registered actuary.

9. FOREIGN CURRENCY TRANSACTIONS

- a) Foreign exchange transactions relating to Imports and Exports are recognized at the applicable forward cover rate or exchange rates prevailing on the date of transactions / negotiation of documents.
- b) Exchange difference are either adjusted in the cost of imported Fixed asset or dealt with in the profit and loss account, depending upon the nature of the transactions.
- c) The Company uses foreign currency forward contracts/options to hedge its actual underlying exposure and not for trading or speculation purpose to movement in foreign currency rates. The use of these forward contracts/ options reduces the risk and /or the cost to the Company.

10. TAXES ON INCOME

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

(Rs., in million)

The deferred Tax Liability comprise of the following:

Head	As at 31st March 2010	As at 31st March 2009
(A) Deferred Tax Liability		
Net Block as per books	2260.26	1995.90
Net Block as per Income Tax	1624.28	1556.30
Less : Differences reversing during tax holiday period	54.14	45.57
Timing Difference	581.83	394.03
Deferred tax liabilities @ 30.9% on the timing difference	179.79	121.76
Opening Balance	121.76	68.40
Deferred Tax Liability Created	64.03	53.36
Closing Balance	185.79	121.76
(B) Deferred Tax Assets		
Opening Balance	40.04	0
MAT Credit		6.00
Unabsorbed Depreciation under IT Act	36.82	110.16
Deferred Tax Assets @30.9 on above	11.38	34.04
Balance of Deferred Tax Assets created	51.42	40.04
Net Deferred Tax Liability (A-B)	134.37	81.71

11. IMPAIRMENT OF FIXED ASSETS

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

12. REPLENISHMENT

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

13. OTHERS

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

NOTES ON ACCOUNTS

A. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- i. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 20.19 million (Previous Year Rs.9.07 million)
- ii. Guarantee given by Bank on behalf of the Company for Rs.25.60 million (Previous year Rs.9.86 million)
- iii. Outstanding liabilities on account of letter of credit for Rs.37.70 million (Previous year Rs. 76.06 million).
- iv. Foreign Bills Discounted with Bank Rs.153.58 million (Previous year Rs.241.73 million).
- v. Forward purchase contracts equivalent to USD 11.23 million against import of raw material (Previous year NIL)
- vi Corporate Guarantee given by the Company is as under:

Sr.	GIVEN IN FAVOUR OF	GIVEN ON BEHALF OF	AMOUNT (Rs.in Lacs)
1	Customs & Excise Department	Entertainment World Developers Limited, Mumbai	Rs.4.55 million (Previ Year 4.55.million)
2	State Bank of Patiala	Satguru Polyfab Pvt. Ltd., Gandhidham	Rs.60.00 million (Previous Year Nil)

vii. Outstanding of Taxes on account of disputes are as follows- The company filed append before CIT(A) and contested the disputed Income Tax demand for the A. Y. 2003-04, 2004-05 and 2005-06 fir Rs. 2.10 million, Rs. 7.00 million & Rs. 2.66 million respectively and also contested disputed M.P. Sales Tax demand for Rs. 0.02 milion and Central Tax demand for Rs. 1.96 million for the A.Y 2005-06 as per legal opinion obtained.

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

C. To company with the requirement of the Micro, Small and Medium Enterprises Development Act 2006, the company requested its suppliers to confirm whether they are covered as Micro, Small or Medium enterprises as is defined in the said Act. Based on the confirmation received, the Company has recognized them for the necessary treatment as provided under the Act, from the date of receipt of such confirmations and there is no default in payment to such enterprises as specified in the said Act, However, the amounts outstanding as well as interest applicable are insignificant and hence not separately discounted.

D. Earning per share (AS-20)

(a) Net Profit after Tax (As per Profit / Loss Account) Number of fully paid up equity share of Rs. 10/- each	Rs. 75.05 million. (Previous year Rs.79.56 million) 11523430 Equity Share (Previous year 11314430 Equity Shares)
(b) Weighted average number of equity Shares outstanding during the year	11325882 Equity Shares (Previous year 11160468 Equity shares)
(c) Effects of potential dilutive equity share	3961582 Equity Shares (Previous year 3969853 Equity Shares)
(d) Weighted average number of equity in computing diluted earning per share	15287464 Equity Shares (Previous year 15130321 Equity Shares)
(e) Earning per share:	
- Basic [(a)/(b)]	Rs. 6.63 (Previous year Rs.7.13)
- Diluted [(a)/(d)]	Rs. 4.91 (Previous year Rs.5.26)

- E.** Out of 15,00,000 warrants issued to M/s. Kalani Industries Private Limited Indore on 10th January, 2008 @ Rs.118/- per warrant, 2,09,000 partly paid-up warrants (previous year 2,23,000 warrants) have been converted into equivalent number of fully paid-up equity shares during the year on receipt of unpaid amount. Balance 10,68,000 Share Warrants are to be converted into equity shares prior to the fresh issue of equities to the public.
- F.** 92 Nos. of Zero Percent Fully Convertible Debentures of Rs. 5.0 million each issued to M/s Clearwater Capital Partners (Cyprus) Limited, Cyprus are pending for conversion into equity shares.
- G.** During the year under review company has incorporated one wholly owned subsidiary in the name of Nanofil Technologies Private. Limited, Kashipur.
- H.** During the year the Company has written off earlier years' of Rs. 4.91 million depreciation on Plant & Machinery on account of receipt of capital subsidy of Rs. 18.50 million.
- I.** During the year the Company has received interest subsidy of Rs. 23.31 million and the same has been credited in interest paid on term loan account.
- J. CAPITAL WORK IN PROGRESS**
During the year under review the Company has undertaken the implementation programme for Phase II. The Capital Work-in-Progress as on 31.03.2010 includes the following :

	(Rs. in million)
Land at Kashipur unit for Phase-II	49.19
Factory Building	31.83
Plant & Machinery	83.66
Electrical Installation	5.96
Furniture And Fixtures	3.40
Computer And Accessories	2.51
Pre-operative Expenses (represent Interest on term loan) (Pending allocation on completion of the project)	3.87
Advance to Capital Goods Supplier	159.46
TOTAL	339.88

K. PRE-OPERATIVE EXPENSES

The Company has completed its project under phase I of Kashipur Unit and capitalized pre-operative expenses up to the date of commercial production. The details of Pre-operative expenses capitalized are as under:

Head	Incurred / Capitalized during the year	Capitalized up to previous year 31.03.2009
Raw Material Consumed	74.04	18.64
Power & Fuel	16.74	1.89
Salaries, Wages and Bonus	0.89	30.27
Contribution to PF/ Other	0	1.05
Staff Welfare	0.53	0.34
Insurance	0.22	0.74
Interest & Finance Charges	30.17	69.39
Miscellaneous	18.34	46.01
Sub Total	140.93	168.33
Less : Sales/ Job Work Receipts.	80.03	4.56
Other Income	-	1.47
Stock Obtained During Trial Run	33.12	21.57
Sub Total	113.15	27.60
Net Pre-operative Expenses Capitalized	27.78	140.73

L. Segment Information (AS-17)

The Company is principally engaged in the business of Manufacturing of HD/PP Woven sacks and FIBC/Jumbo Bags. Accordingly there is no reportable segment as per Accounting Standard No. 17 issued by Institute of Chartered Accountant of India on segment reporting.

M. Related Party Disclosure (AS-18)

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

(Rs. in million)

Particular	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Sale of Goods	17.62				17.62
Purchases of Goods	34.13	1.21			35.34
Purchases of Fixed Assets					
Rendering of Services	0.02				0.02
Receiving of Services		0.61		0.45	1.06
Finance					
Equity Contribution	(8.89)	24.66			15.77

Note:

Names of related parties and description of relationship:

1. Subsidiaries

- (i) Satguru Polyfab Pvt. Ltd., Gandhidham- Subsidiary
- (ii) Flexiglobal Holdings Ltd., Cyprus- Wholly Owned Subsidiary
- (iii) Nanofil Technologies Pvt. Ltd.- Wholly Owned Subsidiary
- (iv) Eco Polymers Ltd, Bangladesh Wholly Owned Subsidiary

2. Associates

- (i) Kalani Industries Pvt. Ltd.
- (ii) Entertainment World Developers Limited,
- (iii) Sunrise Properties Pvt. Ltd.

3. Key Management Personnel

Mr. Manish Kalani

4. Relatives of Key Management Personnel

Mr. Saurabh Kalani

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

As per our report of even date attached

Signature of Schedule 1 to 21

For **L.K.MAHESHWARI & CO.**
Chartered Accountants
FRN No. 000780C

Ajay Mundra
Chief Financial Officer

Manish Kalani
Managing Director

(Abhay Singi)
Partner
Membership No.079873
Place: Indore
Date: 14.07.2010

Dinesh Kumar Sharma
Company Secretary

Pawan Jain
Director

**Schedule 21 :
Quantitative & Other informations pertaining to manufacturing activities for the year ended 31.03.2010
(Information pursuant to the provisions of Part-II of Schedule VI of the Companies Act, 1956.)**

	Quantity	Value (Rs. in million)
(A) Turnover	76300875 Nos	2843.10*
Bags	(26017490) Nos	(2566.16)*
Fabrics	1519731Kgs	
P.P.Compound/Thermoforming Product/Other	(315741) Kgs	
Liner, Thread & Belts etc.	461745 Kgs	
Waste & Reprocessed Granual	(NIL)	
Job Work Receipts	16425 Kgs	173.96
	(28986)Kgs	(44.50)
	1739988 Kgs	
	(1685135) Kgs	1.83
		(1.66)
* Amount Net of Excise Duty and exclusive of Export Incentive overall effect of Rs. 7.80/- (4.86)		
(B) Raw Material Consumed	27485.552 MT	1628.90
Plastic Granules	(21905.697) MT	(1446.14)
Fabric & BOPP Film	49.100 MT	5.47
Plastic Woven Sacks	(NIL) MT	(NIL)
	NIL Nos.	(4.64)
(C) Purchases & Sales (Trading activity)		
Purchased :	NIL Nos.	NIL
-Bags	(17000) Nos.	(0.75)
-Plastic Granual & Scrap	3319.64 MT	166.01
	(2800.61)MT	(50.20)
Sold:	NIL Nos.	NIL
Bags	(17000) Nos.	(1.53)
-Plastic Granual & Scrap	3319.64 MT	166.86
	(2800.61)MT	(51.77)
(D) Op. & Cl. Stock of Finished Goods		
a. Opening Stock -	1329859 Nos.	91.32
- Bags	(714385) Nos.	(103.37)
- P.P.Compound/Thermoforming Product/Other	NIL	NIL
	(NIL)	(NIL)
b. Closing Stock	4916971 Nos.	136.62
- Bags	(1329859) Nos.	(91.32)
- P.P.Compound/Thermoforming Product/Other	259154 Kgs	17.20
	(NIL)	(NIL)
(E) Production	24936.317 MT	
	(20582.76) MT	
(F) Job Work Done	65.548 MT	408.49
	(61.68) MT	(164.08)
(G) Value of Material Imported (CIF)		4.06
(H) Expenditure in Foreign Currency		(5.58)
i) for Travelling		85.72
ii) for Machinery & Spares		(39.93)

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

	Value(Rs)	Imported (%)	Value	(Rs)Indigenous (%)
i) Raw Material	378.49	23.24%	1250.41	76.76%
	(157.40)	(10.88%)	(1288.74)	(89.12%)
ii) Stores	36.97	28.68%	91.94	71.32%
	(23.62)	(22.56%)	(81.07)	(77.44%)

(J) Earning in Foreign Exchange

Export Sales (F.O.B)	2042.02	(2138.35)
----------------------	---------	-----------

(K) Payment to Auditors

i) Audit Fees	0.04	(0.04)
ii) Tax Audit Fees	0.02	(0.02)
iii) For Other Work	0.01	(0.04)
	<u>0.06</u>	<u>(0.09)</u>

(L) Meeting Fees Paid to Directors

	0.01	(0.01)
--	------	--------

Figures given in brackets are pertaining to previous year

As per our report of even attached

Signature of Schedule 1 to 21

for L.K.Maheshwari & Co.,
Chartered Accountants

FRN No. 000780C

(Abhay Singi)
Partner

Ajay Mundra
Chief Financial Officer

Manish Kalani
Managing Director

Membership No. 079873

Place : Indore
Date: 14.07.2010

Dinesh Kumar Sharma
Company Secretary

Pawan Jain
Director

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	Value(Rs)	Imported (%)	Value	(Rs)	Indigenous (%)
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	(23.62)	(22.56%)	(81.07)	(77.44%)	

(J) Earning in Foreign Exchange

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	<u>0.06</u>	<u>(0.09)</u>

(L) Meeting Fees Paid to Directors

	0.01	(0.01)
--	------	--------

Figures given in brackets are pertaining to previous year

As per our report of even attached

Signature of Schedule 1 to 21

for L.K.Maheshwari & Co.,
Chartered Accountants

FRN No. 000780C

(Abhay Singi)
Partner

Ajay Mundra
Chief Financial Officer

Manish Kalani
Managing Director

Membership No. 079873

Place : Indore
Date: 14.07.2010

Dinesh Kumar Sharma
Company Secretary

Pawan Jain
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	AMOUNT (Rs. in million)
A) Cash Flow From Operating Activity	121.73
Net Profit before tax	
Adjustment for :	111.49
Depreciation & Amortisation	0.44
Loss on Sale of Fixed Assets	233.66
Interest & Financial Charges	202.94
Operating Profit before Working Capital changes	436.61
Adjustment for	
Trade Receivable	-278.77
Inventories	-263.39
Other Assets	-95.28
Current Liabilities	201.27
Cash from Operating Activity	0.44
Direct Taxes Paid (net)	-5.92
Net Cash from Operating Activity (A)	-5.47
B) Cash Flow from Investing Activity	-579.93
Purchase of Fixed Assets	1.75
Proceeds from Sale of Fixed Assets	-11.39
Investment in Subsidiaries	
Net Cash used in Investing Activity (B)	-589.58
C) Cash Flow from Financing Activity	92.93
Equity Share Issued/Share Warrants/Share Premium	372.50
Proceeds from Long Term Borrowing	467.57
Proceeds from Short Term Borrowing	122.50
Repayment of Long Term Borrowing	202.94
Payment of Interest & Financial Charges	
Net Cash used in Financing Activity (C)	607.56
Net Increase in Cash & Cash Equivalents	(A+B+C) 12.51
Opening Balance in Cash & Cash Equivalents	121.58
Closing Balance in Cash & Cash Equivalents	134.08

Notes :

- 1 The Cash Flow Statement has been prepared in indirect method with corresponding adjustment in Assets & Liabilities
- 2 Cash & Cash Equivalents represent Cash & Bank Balances which are short-term in nature.

As per our report of even attached

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

(Abhay Singi)
Partner
Membership No. 079873

Place : Indore
Date : 14.07.2010

Ajay Mundra
Chief Financial Officer

Dinesh Kumar Sharma
Company Secretary

Manish Kalani
Managing Director

Pawan Jain
Director

Signature of Schedule 1 to 21

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

1.	Name of the subsidiary company	Eco Polymers Limited
2.	The financial year of the subsidiary company ended on	31st March, 2010
3.	Date from which it became subsidiary	23rd July, 2007
4.	(a) No. of share held by Flexituff International Ltd. (Holding Company) in subsidiary company	6000 Equity Shares of taka 100/-each fully paid up
	(b) Extent of interest of Holding Company at the end of the financial year of the subsidiary company	100%
5.	Net aggregate amount, so far as it concerns the member of Flexituff International Ltd. and is not dealt with in the Company account, of the Subsidiary's profit;	
	(a) Profit/(loss) for the Subsidiary' financial year	Nil
	(b) Profit/(loss) for the previous financial year of subsidiary Since it became the Subsidiary of Flexituff International Ltd.	Nil
6.	Net aggregate amount of the Profit of the subsidiary so far as those Profit are dealt with in Flexituff International Ltd. accounts.	
	(a) For the Subsidiary's financial year	Nil
	(b) For the provision financial years since it became the subsidiary of Flexituff International Ltd.	Nil

For and on behalf of the Board of Directors

Ajay Mundra
Chief Financial Officer

Manish Kalani
Managing Director

Place : Indore
Date : 14.07.2010

Dinesh Kumar Sharma
Company Secretary

Pawan Jain
Director

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

1.	Name of the subsidiary company	Fixiglobal Holdings Ltd.
2.	The financial year of the subsidiary company ended on	31st December, 2009
3.	Date from which it became subsidiary	22nd September, 2008
4.	(a) No. of share held by Flexituff International Ltd. (Holding Company) in subsidiary company	1000000 Equity Shares of Euro1/-each partly paid
	(b) Extent of interest of Holding Company at the end of the financial year of the subsidiary company	100%
5.	Net aggregate amount, so far as it concerns the member of Flexituff International Ltd. and is not dealt with in the Company account, of the Subsidiary's profit;	
	(a) Profit/(loss) for the Subsidiary' financial year	Nil
	(b) Profit/(loss) for the previous financial year of subsidiary Since it became the Subsidiary of Flexituff International Ltd.	Nil
6.	Net aggregate amount of the Profit of the subsidiary so far as those Profit are dealt with in Flexituff International Ltd. accounts.	
	(a) For the Subsidiary's financial year	Nil
	(b) For the provision financial years since it became the subsidiary of Flexituff International Ltd.	Nil

For and on behalf of the Board of Directors

Ajay Mundra
Chief Financial Officer

Manish Kalani
Managing Director

Place : Indore
Date : 14.07.2010

Dinesh Kumar Sharma
Company Secretary

Pawan Jain
Director

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

1.	Name of the subsidiary company	Satguru Polyfab Pvt. Ltd.
2.	The financial year of the subsidiary company ended on	31st March, 2010
3.	Date from which it became subsidiary	24 th October. 2008
4.	(a) No. of share held by Flexituff International Ltd. (Holding Company) in subsidiary company	1581050 Equity Shares of Rs.10/-each fully paid up
	(b) Extent of interest of Holding Company at the end of the financial year of the subsidiary company	79%
5.	Net aggregate amount, so far as it concerns the member of Flexituff International Ltd. and is not dealt with in the Company account, of the Subsidiary's profit;	
	(a) Profit/(loss) for the Subsidiary' financial year	Rs. (348.13 lacs)
	(b) Profit/(loss) for the previous financial year of subsidiary Since it became the Subsidiary of Flexituff International Ltd.	Nil
6.	Net aggregate amount of the Profit of the subsidiary so far as those Profit are dealt with in Flexituff International Ltd. accounts.	
	(a) For the Subsidiary's financial year	Nil
	(b) For the provision financial years since it became the subsidiary of Flexituff International Ltd.	Nil

For and on behalf of the Board of Directors

Ajay Mundra
Chief Financial Officer

Manish Kalani
Managing Director

Dinesh Kumar Sharma
Company Secretary

Pawan Jain
Director

Place : Indore
Date : 14.07.2010

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

1.	Name of the subsidiary company	Nanofil Technologies Pvt. Ltd.
2.	The financial year of the subsidiary company ended on	31st March, 2010
3.	Date from which it became subsidiary	15 th December. 2009
4.	(a) No. of share held by Flexituff International Ltd. (Holding Company) in subsidiary company	10000 Equity Shares of Rupee 10/- each fully paid
	(b) Extent of interest of Holding Company at the end of the financial year of the subsidiary company	100%
5.	Net aggregate amount, so far as it concerns the member of Flexituff International Ltd. and is not dealt with in the Company account, of the Subsidiary's profit;	
	(a) Profit/(loss) for the Subsidiary' financial year	Nil
	(b) Profit/(loss) for the previous financial year of subsidiary Since it became the Subsidiary of Flexituff International Ltd.	Nil
6.	Net aggregate amount of the Profit of the subsidiary so far as those Profit are dealt with in Flexituff International Ltd. accounts.	
	(a) For the Subsidiary's financial year	Nil
	(b) For the provision financial years since it became the subsidiary of Flexituff International Ltd.	Nil

For and on behalf of the Board of Directors

Ajay Mundra
Chief Financial Officer

Manish Kalani
Managing Director

Dinesh Kumar Sharma
Company Secretary

Pawan Jain
Director

Place : Indore
Date : 14.07.2010