

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
Shri Pawan Jain
Shri Ravindra Chourasiya
Shri Sunil Bhargava
Shri Kevan John Upperdine
Shri Sharat Anand
Shri Aswini Sahoo

Managing Director
Director
Director
Director
Director
Director
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: Pithampur
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

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.