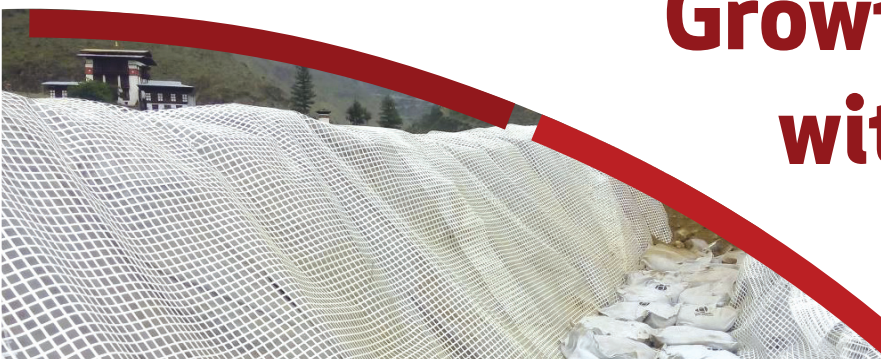


# Growth, woven with values



## Forward Looking Statement

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

We cannot guarantee that these forward looking statements will be 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 materialized, 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>Clottech</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