

25TH

ANNUAL REPORT 2017-18

Growth,
woven with **Values**





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FORWARD-LOOKING STATEMENT

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

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumption. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, 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.

CORPORATE INFORMATION

(As on 14th August, 2018)

BOARD OF DIRECTORS

Mr. Anirudh Sonpal
Chairman and
Non- Executive Independent Director
Mrs. Alka Rajesh Sagar
Woman Non Executive Director

Mr. Anand Khandelwal
Whole-Time Director
Mr. Ashish Jamidar
Whole-Time Director

Mr. Bhuwan Modi
Non Executive Independent Director
Mr. Saurabh Kalani
Whole-Time Director

BANKERS/LENDERS

UCO Bank (Lead Bank)
Punjab National Bank
Central Bank of India
State Bank of India

Axis Bank
Bank of Baroda
Tamilnad Mercantile Bank

KKR India Financial Services Private
Limited
IFCI Limited

JOINT STATUTORY AUDITORS

Kailash Chand Jain & Co.,
Chartered Accountants, Indore (M.P.)

MSKA & Associates (Formerly known as MZSK & Associates),
Chartered Accountants, Mumbai (MH)

COMMITTEES OF DIRECTORS

Audit Committee

Mr. Anirudh Sonpal (Chairman)
Mr. Bhuwan Modi
Mr. Saurabh Kalani

Shareholders' Relationship Committee

Mr. Bhuwan Modi (Chairman)
Mrs. Alka Sagar
Mr. Anirudh Sonpal

Nomination and Remuneration Committee

Mr. Bhuwan Modi (Chairman)
Mrs. Alka Sagar
Mr. Anirudh Sonpal

CSR Committee

Mr. Saurabh Kalani (Chairman)
Mrs. Alka Sagar
Mr. Bhuwan Modi

Management Committee

Mr. Saurabh Kalani (Chairman)
Mr. Anand Khandelwal
Mr. Ashish Jamidar

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
C-101, 1st Floor, 247 Park,
L.B.S. Marg, Vikhroli (West)
Mumbai – 400083
Tel.: +91 22 4918 6000, Fax: +91 22 4918 6060
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

REGISTERED OFFICE

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

OTHER KEY MANAGERIAL PERSONNELS

Mr. Ajay Mundra - Chief Financial Officer
Ms. Khushboo Kothari - Company Secretary

MANUFACTURING FACILITIES

SEZ Unit

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

DTA Unit

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

Kashipur Unit

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

Barwaha Unit

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

CHAIRMAN'S ADDRESS TO STAKEHOLDERS



Anirudh Sonpal
Chairman

We are India's largest producer of geo-textiles and injection moulded drippers, with a polymer processing capacity of more than 74,000 metric tonnes per annum.

Dear Shareholders,

Growth always comes through overcoming challenges. For Flexituff International, India's largest producer and exporter of polypropylene woven packaging solutions serving retail, industrial, agro and infrastructure sectors, FY 2017-18 was challenging, yet full of opportunities to align operations for growth.

While the Flexible Intermediate Bulk Containers (FIBC) division continued to operate at healthy margins, receivable delays in the geotextiles segment, high fluctuations in the raw material prices and stronger Indian Rupee posed a challenge. Nonetheless, given the headwinds we faced, the Company's performance remained satisfactory, with the last two quarters glimpsing the shoots of a growth trend.

This FY 2017-18 also witnessed a crucial decision to carve-out the FIBC business segment, essentially our operations of Pithampur (Madhya Pradesh) manufacturing plant, as a wholly-owned subsidiary through a slump sale agreement. This repositioning of the FIBC business will help the Company to unlock value and raise capital to facilitate future growth.

COMPANY OVERVIEW

Flexituff International Limited, headquartered in Pithampur, Madhya Pradesh, is a vertically integrated

Company with four manufacturing facilities in India and a couple of direct and indirect subsidiaries. We are India's largest producer of geo-textiles and injection-moulded drippers, with a polymer processing capacity of more than 74,000 metric tonnes per annum. Our products are exported to 60 countries with little over half of the revenues achieved from exports. We have the industry's largest Research and Development centre in India, owning major patents and proprietary rights of technologies. With rigid adherence to high quality standards and dependable supply record, the Company's products enjoy an excellent reputation in the domestic and international markets.

FIBC BUSINESS

Our manufacturing of Flexible Intermediate Bulk Containers or standardised bulk sacks operate at close to full capacity utilisation levels at both the units with healthy operating margins and is an established segment both in the domestic and overseas markets. It finds application in the industrial bulk packaging of dry and flowable products, used for protection, storage, handling and transportation of goods. Chemicals, pharmaceuticals and food industries primarily drive the global FIBC market with some push from the fertiliser and mining industries. Together, these industries account for more than two-thirds of the demand for FIBCs.

With India and China as the key producers, the FIBC export market in Americas, Europe and Asia-Pacific region collectively accounts for 88% of this market. The FIBC segment has been our largest revenue generating division and holds a market share of nearly 20% of India's exports of FIBC while accounting for 44% of our revenues, which stood at ₹ 1,335 crore.

Customers prefer our eco-friendly and recyclable FIBCs as these are safe and have a long shelf life. The industry is expected to grow between 6% and 8% in the near future, even though it remains highly capital-intensive and cost sensitive.

In FY 2017-18, the Company decided to give it special attention by transferring operations of Pithampur (Madhya Pradesh) manufacturing plant to a wholly-owned subsidiary. The Company is hopeful that with this restructuring, it will achieve higher growth in future.

GEOSYNTHETICS SEGMENT

Flexituff International Limited is a leading manufacturer of geosynthetics, which are non-biodegradable and immune to bacteria and fungi. Primarily used in infrastructure and civil construction projects, geosynthetics usually account for 3% to 5% of the project cost, but help to reduce the maintenance cost by 30%.

We continue to offer a range of competitive geosynthetics-based pre-engineered solutions, with cost, time and quality advantages that has pushed the performance in this segment, in both the domestic and international markets, to 33% of Company revenues. Segmental growth is expected to rise with increase in demand. By 2020, growth in the global geosynthetics market is estimated to touch 10.5% with increase in value from US\$ 47.8 billion in 2015 to 12.8 billion.

Our manufacturing plant at Kashipur, Uttaranchal housed in 40 acres of land with 7,50,000 square feet of modern constructed industrial shed, fully dedicated to manufacturing varied forms of geosynthetics, is geared to meet the growth challenge. The Company has completed large project orders from governments and private parties in India and aims to achieve ₹ 5,000 millions from this division.

As a leading supplier of reverse-printed Biaxially Oriented Polypropylene (BOPP) woven bags, with an

installed production capacity of 100 million bags a year, this segment constitutes nearly 12% of our revenues. In FY 2017-18, we continued to operate at optimum capacity.

DRIP IRRIGATION BUSINESS

Flexituff International Limited continues to enjoy a leadership position in the market as a supplier of NPC drippers. With an installed production capacity of over one billion NPC drippers per annum, the Company enjoys 30% market share in India's flat dripper market. Our supplies to drip irrigation pipe manufacturers across the world has also grown.

The Government's exercise to create awareness of micro irrigation systems among Indian farmers along with higher budgetary support to farmers to move from conventional flood irrigation is expected to improve demand.

OPPORTUNITIES & OUTLOOK

World Economy

The global economy with a record growth of 3.8% in 2017, has staged a recovery with higher industrial production, resurgence in global trade volume and upbeat consumer and business sentiment with increase in the demand for investment and fall in unemployment. The global economy is expected to experience higher growth in 2018 while developing economies may experience faster growth.

Indian Economy

The Indian economy reflected the growth trend with some setback from the transition to the Goods and Services Tax (GST) regime even as the impact of demonetisation faded during FY 2017-18 and the economy resumed its normal course. Exports grew 9.8% in FY 2017-18. India's ranking on the World Bank's ease of doing business list improved with the slew of structural reforms unleashed by the Government. The Government's extended massive budgetary support for the development of infrastructure is expected to help agriculture and industry.

IMPACT ON COMPANY'S FUTURE

Flexituff International Limited is well-placed to address the growing demand in the domestic and international market as its FIBC products meet stringent international quality criteria and command premium realisations in the export

market. The growing demand from domestic industry, especially fertilisers, cement, petrochemicals and fly ash is expected to create a surge in this business segment.

The technical textiles industry is expected to grow at 13.1% compounded annualised growth between FY 2017-18 and FY 2022-23, as per estimates of India Brand Equity Foundation. The growth in the technical textiles market is expected to be driven by demand in the healthcare and infrastructure sectors. In infrastructure, the Government is committed to making incremental investments in highway construction and roads.

Our geosynthetics division is expected to benefit from the Government's incremental spending on infrastructure across geographies. India's e-commerce boom and the growth in organised retail is also likely to push the demand for reverse-printed BOPP woven bags. Being a leader in this segment, Flexituff is well-placed to exploit the market opportunities and grow the revenue of this division.

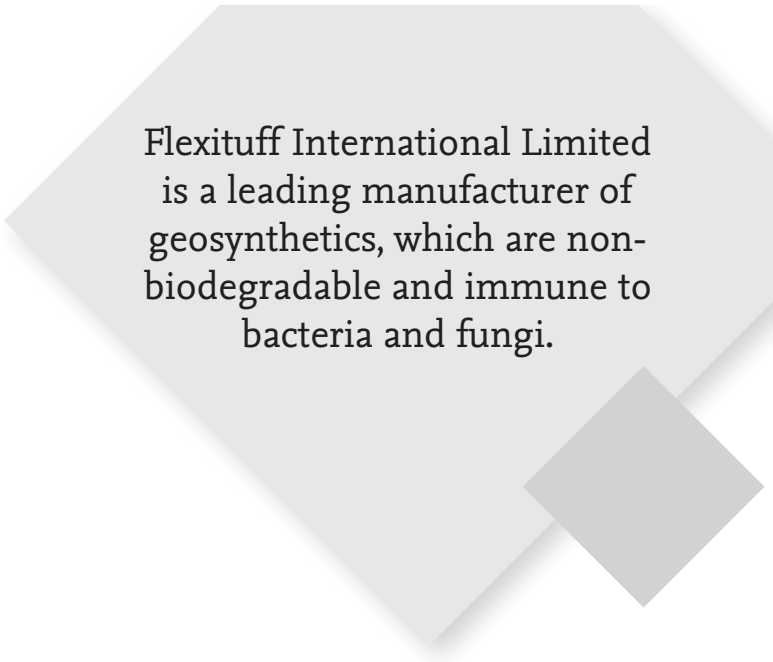
The Government's encouragement of micro irrigation programmes holds promise for the Company's dripper business. Flexituff manufactures polymer compounds used in irrigation, automobiles, appliances, wires and cables, demand for which is expected to surge.

CHALLENGES AND CONCERNS

Over-Dependence on Government - Government demand drives the geosynthetics market and any budgetary constraints or change in the Government at the helm may pose a growth risk for this sector.

However, Flexituff has increased its presence across geographies to deal with such risks effectively and has been developing unique products at competitive costs.

Price Fluctuations - Sudden changes in prices of crude oil and natural gas impact raw material prices of polypropylene and cause foreign exchange rate fluctuations, putting a strain on profit margins. The Company mitigates this risk through short tenure contracts and timely price revisions besides following a board-approved hedging policy wherever possible. Its export orientation also offers a natural hedge to the Company.



Flexituff International Limited
is a leading manufacturer of
geosynthetics, which are non-
biodegradable and immune to
bacteria and fungi.

Capital Intensive - Flexituff International Limited operates in one of the most capital and labour intensive sectors. However, it offers fair and rewarding growth opportunities for its people by organising intensive training programmes in addition to employing a robust system of checks and balances that covers all hierarchies and functions. Its relations with labour are cordial.

FUTURE SCOPE

Looking forward, we believe our commitment to growth and operational excellence will drive us forward with better prospects in the new financial year.

I thank each stakeholder for the continued support.

With regards,

Anirudh Sonpal
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

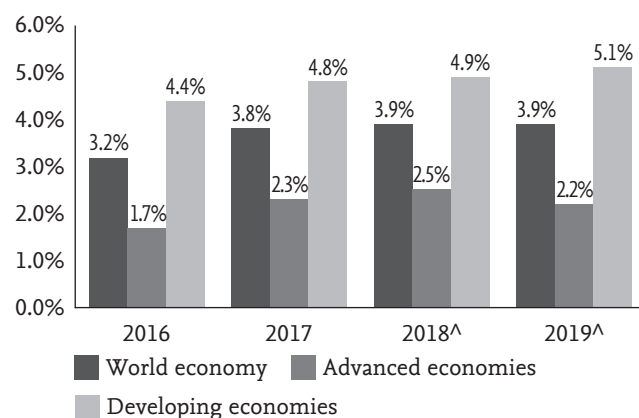
ECONOMIC REVIEW

Global Economy

By growing at 3.8% in 2017, the world economy staged the fastest economic growth since 2011. According to the International Monetary Fund (IMF), 2/3rd of world's economies constituting 75% of the global output registered higher growth in 2017 as compared to that in a year before. Higher industrial production, resurgence in global trade volumes, upbeat consumer and business sentiment, rapidly falling unemployment and a noticeable uptick in the investment demand helped the global recovery.

A sharp rise in the commodity prices accelerated the economic activity in the commodity-exporting nations.

Developing economies may experience faster growth in future...



^ projected growth

(Source: IMF)

World's largest economy, the U.S., witnessed a sharp upswing in the economic growth led by the strong consumer spending. Newly legislated tax cuts also boosted the consumer and business confidence. Labours experienced a nominal increase in their real wages. The U.S. Federal Reserve (Fed) raised interest rates steadily throughout the year as anticipated.

Despite the overhang of Brexit, the Euro Area witnessed a stable economic recovery which can be attributed to various policy stimulus measures initiated by the European Central Bank (ECB) in the past. While employment indicators appeared strong, wage growth remained softer in the Eurozone.

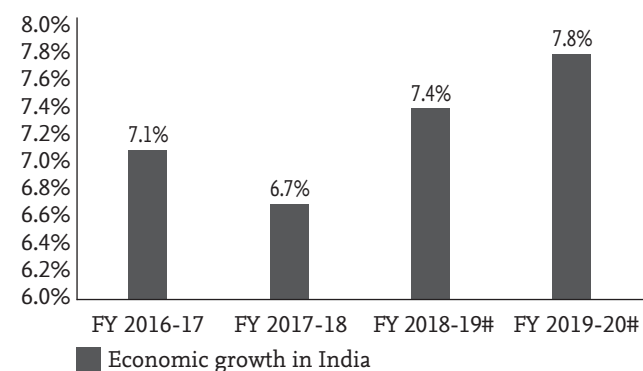
Although the global economy is likely to experience higher growth in 2018, it runs several downside risks. The possibility of trade war escalation, hawkish monetary policies, diminishing trade cooperation, rising inflation and energy prices and withdrawal of stimulus packages might drag the economic activities beyond 2018.

Indian Economy

The impact of demonetisation faded further in FY 2017-18, and the economy resumed its normal course. However, the transition to Goods and Services Tax (GST) regime caused some temporary disruptions which dragged the economic growth to 6.7% in FY 2017-18. Despite the uptick in the global trade, the performance of India's external sector remained sombre. Exports grew 9.8% in FY 2017-18.

Nonetheless, economic activity showed signs of a stronger rebound in the last two quarters of FY 2017-18.

Growth to pick up steam...



projected growth

(Source: IMF)

The Government decided to recapitalise Public Sector Banks (PSBs) by offering them a package of ₹ 2.11 lakh crore. It is also expected that the stricter implementation of Insolvency and Bankruptcy Code is likely to help the banking system deal effectively with the problem of Non-Performing Assets (NPAs). Banks are the panacea of economic growth in a country, as they meet the credit requirements of the industry.

As a result of structural reforms introduced by the Government, India secured 100th place, for the first time, on the World Bank's list of ease of doing business. India's

ranking improved noticeably on the parameters such as 'getting credit', 'paying taxes' and 'resolving insolvency'. This improvement in the ranking is likely to boost the response to India's Make in India campaign. As a result of the upbeat sentiment of investors, Indian Rupee remained stable in FY 2017-18.

The Government extended massive budgetary support of ₹ 5.97 lakh crore for the development of infrastructure. Its decision of setting Minimum Support Prices (MSPs) for the all unannounced crops at 150% of the production costs is likely to boost the farmers' income and accelerate the growth in the rural areas. The prediction of normal monsoon in 2018 bodes well for the Indian economy.

RBI's baseline assumption for the crude oil prices of the Indian basket is US\$ 68 per barrel. If the crude oil prices of the Indian basket remain above this level for a prolonged time, they might cause an adverse inflationary impact on the Indian economy. Under such a scenario, RBI might shift its policy stance. Worsening of the fiscal and current account deficit situation may also call for such action.

As per IMF's projections, Indian economy is likely to grow at 7.4% in FY 2018-19.

INDUSTRY OVERVIEW

As per the estimates of India Brand Equity Foundation (IBEF), the technical textiles industry in India is likely to grow at 13.1% compounded annualised rate between FY 2017-18 and FY 2022-23, to touch the value of US\$ 32 billion in FY 2022-23. The growth in the technical textiles market is expected to be driven by their demand in the healthcare and infrastructure sectors. The industry enjoys significant policy support from the Government in terms of official assistance and tax subventions.

COMPANY OVERVIEW

Flexituff International Limited is a multi-product, multi-market and multi-location Company headquartered in Pithampur, Madhya Pradesh. It is a 100% vertically integrated Company that serves the demand for technical textiles, construction textiles, packaging textiles, transport textiles, industrial textiles and agrotexiles among others.

Flexituff International Limited is a trusted name in the manufacturing of Flexible Intermediate Bulk Container (FIBC), geotextiles, reverse printed BOPP (Biaxially Oriented Polypropylene) woven bags and NPC drippers. The Company enjoys an excellent reputation in domestic as well international markets due to its adherence to high-quality standards and a dependable supply record.

The Company has total 4 manufacturing facilities in India. During FY 2017-18, the Company has 3 direct subsidiaries, out of which 2 are based in India & 1 in Cyprus.

BUSINESS OVERVIEW

The FY 2017-18 was a challenging year for the Company. Though the FIBC business continued to operate at healthy margins and strong order-book position, the main challenge came from the paralysis of the banking industry in India. Many of the consortium-bankers of the Company faced the PCA issues. This resulted in curtailed working capital availability to the Company. The working capital is the life blood for a robust growing business. The curtailment of working capital led to reduction in geo-textile and other business. The stronger Indian rupee and fluctuating raw material prices further added to the problem. Nonetheless the Company's performance remained satisfactory given the headwinds it faced.

In FY 2017-18, the Company took a crucial decision of transferring its FIBC business to a wholly-owned subsidiary through a slump sale agreement. This deal may offer a value-unlocking opportunity and might facilitate future growth.

Presently, the decision is pending the approval from its lenders (especially the banks)

FIBC BUSINESS

FIBCs or bulk sacks are the standardised containers that find applications in the industrial bulk packaging of dry and flowable products. They are mainly used for the purpose of protection, storage, handling and transportation of goods in a large quantity from the manufacturing facilities to distribution hubs. Usually, FIBCs are made up of woven polypropylene or polypropylene fabric materials.

FIBCs can be classified on the basis of size, shape, strength, durability and chemical properties among others. The industry is highly capital-intensive and at the same time is cost sensitive. Eco-friendly and recyclable FIBCs find favour with customers as they have a long shelf life.

Chemicals, pharmaceuticals and food industries primarily drive the global FIBC market. As per the estimates of Technavio, these industries account for more than 2/3rd of the demand for FIBCs. Construction, fertilisers and mining are some other industries that affect the FIBC demand. America, Europe and Asia-Pacific region collectively account for 88.0% of FIBC market whereas China and India are the key producers.

The industry is likely to grow in the range of 6% to 8% in the foreseeable future.

FIBC has been the largest revenue-generating segment for Flexituff International Limited. It holds a market share of 15%-20% of Indian exports of FIBC. At present, Company's FIBC division contributes around 44% to Company's topline.

In FY 2017-18, the Company decided to give it a special attention by transferring operations of Pithampur (Madhya Pradesh) manufacturing plant to a wholly-owned subsidiary. The Company is hopeful that with this restructuring, it will achieve higher growth in future.

Opportunities and Outlook

Flexituff International Limited is one of the few FIBC manufacturing companies across the world to meet the stringent quality criteria of USFDA, BRC and ISO. Nearly 65% of Company's FIBC product portfolio comprises food and pharma grade FIBCs and thus commands premium realisations in the export market. The Company is likely to benefit from the growth opportunities in the top three regions - America, Europe and Asia-Pacific. Moreover, it's well-placed to address the growing demand in the domestic market.

Risks and Concerns

Risk of availability of raw material in time:

Flexituff is vulnerable to any disruption in supply of raw material. Being the largest consumer of polypropylene in the Indian market it has to buy its raw material from multiple sources to avoid impact of the fluctuating prices. It tends to keep a low inventory and follows the just-in-time model for procuring raw material. Any disruption in the same can thus lead to disruption in production. The Company mitigates this risk through close follow-up with its suppliers and proper planning.

Risk of availability of quality labour:

FIBC is a labour-intensive industry and it requires trained people to make a fault-free product. Thus, proper and continuous availability of trained labour is important for production of FIBC. The Company has started two training centres for training of stitchers to mitigate this risk. The Company relies on its HR activities and interpersonal relationship to maintain harmony and well-being among its employees.

GEOSYNTHETICS BUSINESS

Geosynthetics are the planar products made up of durable polymers which are non-biodegradable and are

immune to bacteria and fungi. There are eight types of geosynthetics-geotextiles, geomembrane, geogrids, geocells, geocomposite, geofoam, geonet and geosynthetic clay liner. Out of these, geotextiles and geocomposite perform all primary functions of geosynthetics-separation, reinforcement, filtration, drainage and containment.

Geosynthetics are primarily used in infrastructure and civil construction projects. Projects in the areas sharing proximity with hills, rivers and coasts consume a lot more geosynthetics as compared to that by a highway project. According to a report of Technavio, geosynthetics account for 3%-5% of project cost, but they reduce the total cost of a project by 30%.

In 2020, the global geosynthetics market is estimated to touch the value of US\$ 12.8 billion as against the value of US\$ 7.8 billion in 2015, thereby growing at 10.5% compounded annualised rate.

Geotextiles dominate the geosynthetics market and account for nearly 58.0% of industry's volumes and 22.0% of value.

Flexituff International Limited is a leading manufacturer of geosynthetics. With its vast product portfolio consisting of woven and non-woven geo-textiles, sand-tubular geomattresses, GRW (Geosynthetics-gravity Reinforced Walls) chains, megabags and geotextile tubes and proven project execution abilities, the Company has earned reputation in the domestic as well as international markets in a short span of time. The Company enjoys a first-mover advantage and doesn't face much competition in the domestic markets. At present, geotextile business accounts for 33% of Company's revenues and its share is expected to go up in the future.

A low-budget Water Treatment Plant is constructed by application of geo-textile products of Flexituff International Limited at Muni Ki Reti, Tehri Garhwal District, Uttarakhand. The project has been completed in ₹ 3.5 crores only as compared to the Government-budgeted amount of ₹ 65 crores in 2500 yards in 5-7 days.

In FY 2017-18, the geosynthetics business saw a reduced topline basically on account of working capital challenge and to try and get the Government to realise its old dues before new material is supplied.

Opportunities and Outlook

The Government is committed to making incremental investments in the infrastructure development. In FY 2017-18, the Government cleared the most ambitious highway construction plan so far through which it aims to build 83,000 kilometres of roads by 2022 at a total cost of

₹ 6.92 lakh crore. This project includes 2,000 kilometres of coastal roads and 2,000 kilometres of border roads.

Besides this, agriculture, railways and the river sector would offer high growth opportunities. At present, the penetration of the geotextiles is low in India but given their eco-friendly nature, dependability and cost-effectiveness, they are likely to become a favoured choice of the Government.

Flexituff International Limited is also expected to benefit from the incremental spending on infrastructure across geographies. As per the estimates of Technavio, the global infrastructure spending is likely to increase at a compounded annualised rate of 7.0% to 7.5% until 2025. The Asia-Pacific and Europe are likely to experience faster growth in the demand for geosynthetics.

The Company is well-positioned to capitalise on this multi-year and multi-market opportunity by having established itself as a Research and Development (R&D) oriented Company offering end-to-end solutions in the geosynthetics segment.

Risks and Concerns

Over-dependence on Government: By and large, the Government demand drives the geosynthetics market. Any budgetary constraints or change in the Government at the helm may pose a risk to the growth of the sector. Flexituff International Limited has been increasing its presence across geographies to deal with such risks effectively and has been developing unique products at competitive costs.

Apathy among contractors: Unlike that in the other countries, the Government hasn't made it mandatory to use geotextiles in the road construction. The real benefit of the geotextiles is realised during the maintenance cycle of the project. As contractors always try to maximise their profits, they are often reluctant to use geotextiles throughout the project. Moreover, the prescribed standard for the use of geosynthetics in the case of the river and coastal sectors are abysmally low. This has been a long-standing and a sticky problem for the geotextile industry.

Taking a proactive step to ensure a thriving business in the long run, the Company has entered into the business of project execution as well. As a contractor, it will be able to demonstrate the benefits of using geotextiles in various infrastructure projects, thereby creating awareness among contractors and governments.

REVERSE-PRINTED BOPP WOVEN BAGS BUSINESS

A steady rise in the consumption demand, especially from the developing nations has propelled the demand for flexible packaging. High aspirations and increase in the discretionary income have led to the growth of food and beverages, pharmaceuticals and cosmetics and chemical industries. Reverse-printed Biaxially Oriented Polypropylene (BOPP) woven bags are the beneficiaries of this trend.

BOPP bags have a high-tensile strength and yet they are stiff. Moreover, they are waterproof and moisture resistant. Since their surface is flat and glossy, they are ideal for quality printing and thus increase the product appeal.

The global BOPP market is fragmented and relatively mature. It is expected to grow at a compounded annualised rate of 5%-6% in the foreseeable future.

Flexituff International Limited is a leading supplier of BOPP woven bags, special PP bags and leno bags. It has an installed production capacity of 100 million bags a year. Reverse-printed BOPP woven bags constitute close to 12% of revenues. In FY 2017-18, the Company continued to operate at its optimum capacity.

Opportunities and Outlook

India's e-commerce boom and the growth in organised retail is likely to push the demand for reverse-printed BOPP woven bags. Being a leader in India's BOPP woven bags, Flexituff is well-placed to exploit the market opportunities and grow the revenue of this division.

Risk and threats

Currency and raw material price fluctuations: With rising crude oil, the prices of polypropylene have been on the rise. If the raw material prices remain high, they may potentially impact Company's margins. Moreover, currency fluctuations also expose the Company to a risk of forex loss. The Company endeavours to mitigate these risks by following a board-approved hedging policy wherever possible. Its export orientation also offers a natural hedge to the Company.

DRIP IRRIGATION BUSINESS

Water is one of the most valuable, abundant yet fast depleting natural resource. As per the Government records, per capita water availability has fallen as much as 70% since 1951. Agriculture utilises about 80% of fresh water supply. As the demand for water is unabated due to rapid urbanisation and industrialisation, depleting groundwater supply has made it imperative to make diligent use of available water.