

**ANNUAL  
REPORT**  
2020-2021

**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

### BOARD OF DIRECTORS

**Mr. Anirudh Chittaranjan Sonpal**  
Chairman and Non- Executive  
Independent Director

**Mr. Dharmendra Pawar**  
Non-Executive Independent Director

**Mr. Anand Khandelwal**  
Whole-Time Director

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

**Mr. Jagdish Prasad Pandey**  
Whole-Time Director

**Ms. Alka Sagar**  
Woman Non Executive Director

### BANKERS/LENDERS

UCO Bank (Lead Bank)

State Bank of India

Tamilnad Mercantile Bank

IFCI Venture Capital Funds Limited

Punjab National Bank

Axis Bank

Asset Care & Reconstruction Enterprise Limited ("ACRE")

International Finance Corporation

Central Bank of India

Bank of Baroda

IFCI Limited

TPG Growth II SF PTE. LTD.

### AUDITORS

#### Joint Statutory Auditors

**Sanjeev Omprakash Garg & Co.**  
Chartered Accountants, Indore (M.P).

**Mahesh C Solanki & Co.**  
Chartered Accountants, Indore (M.P).

**Secretarial Auditor**  
**M/s. Ritesh Gupta & Co.**  
Company Secretaries, Indore.

### COMMITTEES OF DIRECTORS

#### Audit Committee

Mr. Anirudh Sonpal (Chairman)

Mr. Dharmendra Pawar

Mr. Saurabh Kalani

#### Nomination and Remuneration Committee

Mr. Dharmendra Pawar (Chairman)

Ms. Alka Sagar

Mr. Anirudh Sonpal

#### Management Committee

Mr. Saurabh Kalani (Chairman)

Mr. Anand Khandelwal

Mr. Jagdish Prasad Pandey

#### Shareholders' Relationship Committee

Mr. Dharmendra Pawar (Chairman)

Ms. Alka Sagar

Mr. Anirudh Sonpal

#### CSR Committee

Mr. Saurabh Kalani (Chairman)

Ms. Alka Sagar

Mr. Dharmendra Pawar

### 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, Special Economic

Zone, Sector - III, Industrial Area,

Pithampur, Dist. Dhar - 454775,

Madhya Pradesh

Tel. +91 7292 420200,

Fax: 07292-401684

Email: investors@flexituff.com

Website: www.flexituff.com

### OTHER KEY MANAGERIAL PERSONNEL

#### Mr. Ramesh Chand Sharma

Chief Financial Officer (w.e.f. 01.01.2021)

#### Mrs. Khushboo Kothari

Company Secretary (till 10.02.2021)

#### Mr. Rishabh Kumar Jain

Company Secretary (w.e.f. 10.02.2021)

### 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

# CHAIRMAN'S MESSAGE



## Dear Stakeholders,

At the outset on behalf of the Company and on my personnel behalf we offer shradhanjali to all those who have departed us or have lost their near and dear one due to the pandemic.

It gives me great pleasure to present to you the 28<sup>th</sup> Annual Report of your Company along with the financial and operating performance for FY 2020-21.

The Indian economy contracted by 7.3 percent in FY 2020-21 as the country battled the first wave of COVID-19, against a 4 percent growth in FY 2019-20. Many economic reports indicate a reduction in India's growth projection from 11 percent to 8-9 percent for FY 2021-22 in view of the second wave of the pandemic. After witnessing one of the most stringent national lockdowns that lasted close to two months, India experienced a V-shape recovery; however, the second wave has once again impacted the country severely with a sharp contraction in overall economic activities. It will take longer than anticipated to return to pre- COVID levels and at Flexituff, we are prepared to face these challenges by staying invested in our employees, prioritizing the nation's needs and focusing on our 'Fit for Future' strategy. I hope this message finds you and your loved ones safe.

Your Company's foremost priority since March 2020 has been the health and safety of its employees and the communities in which it operates. Keeping this in mind, the Company had resumed its activities (operating at ~60% capacity), on receiving the necessary permissions from the local authorities, with lessen staff and suspended its administrative activities at various offices until the necessity arose. The Company has put in place strict safety protocols within the plant as well as office premises as per requisite guidelines.

The COVID-19 related lockdown has adversely affected the Technical Textile industry, being it's a labour intensive industry, led to operate at ~60% capacity for Flexituff. On the other hand, international markets have shown increasing demand for Company's product line and the Company is well positioned to increase its exports in response.

The Company will maintain and is maintaining its focus on principle of "Theory of Constraints" for reducing costs and improving efficiency in a structured manner, whilst expanding its export portfolio. Also, the Company's Management will continue to work towards making the enterprise more efficient, profitable and creating value in future.

During the year under review, the Company's performance was satisfactory. Total revenue on a standalone basis for the FY 2020-21 stands at Rs. 9,405.73 Millions in comparison of previous year which was Rs. 8,927.70 Millions. Notwithstanding, the financial challenges in the current scenario, the Company is making its best possible efforts to overcome the challenges with a positive note.

With the COVID-19 pandemic paralyzing the world and causing disruption to the magnitude never experienced before your company quickly shifted focus on safeguarding the safety and well-being of employees ensuring business continuity while considering all the relevant guidelines and supporting the community we live and operate in. Driven by strong belief that an organization's strength is in its employees your company we are pleased to announce that there was be no job losses due to the COVID-19 situation at Flexituff. Before I close I want to reiterate that your company cares deeply for its people and the communities in which we operate. We have an important role to play during the COVID-19 crisis and commit ourselves to support the communities especially the migrant workers who have lost their livelihood as well as the authorities who are fighting tirelessly against the spread of corona virus.

In conclusion I am confident of our growth potential and business opportunities that each of our segments exhibit. As the domestic and international operating environment improves gradually I am optimistic of a healthy performance. This is possible due to our investments in world-class infrastructure competent resources superior R&D capabilities and a strong adherence to safety protocols which is a cornerstone of our sustainability endeavours. I am also confident of creating sustained value for all our stakeholders as we progressively step into FY 2021-22.

On this note, we are grateful to all our shareholders, partners, bankers, lenders, vendors, creditors and customers for their continued support for their faith and commitment. We aim to earn your continued trust every day and finally, sincere thanks to the Company's employees, whose proficiency and professionalism makes us the best in the industry.

**Stay Safe and Healthy!!**

**With Regards,**

**Anirudh Chittaranjan Sonpal**

**Independent Director and Chairman of the Board**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMIC REVIEW

#### World Economic Conditions

A once-in-a-century crisis—a Great Disruption unleashed by a viral pandemic—hit the world economy in 2020. World gross product fell by an estimated 4.3 per cent in 2020 - the sharpest contraction of global output since the Great Depression.

The pandemic clearly hit the developed economies the hardest, given the strict lockdown measures that many countries in Europe and several states of the United States of America imposed early on during the outbreak.

As a result Output in developed economies is estimated to have shrunk by 5.6 per cent in 2020, with growth projected to recover to 4.0 per cent in 2021.

The developing countries experienced a relatively less severe contraction, with output shrinking by 2.5 per cent in 2020. Their economies are projected to grow by 5.7 per cent in 2021. The least developed countries (LDCs) saw their gross domestic product (GDP) shrink by 1.3 per cent in 2020, with growth expected to reach 4.9 per cent in 2021.

Global growth is projected at 6 percent in 2021, moderating to 4.4 percent in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 World Economic Outlook (WEO). The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility.

High uncertainty surrounds this outlook, related to the path of the pandemic even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions

#### Uncertainties and risks

As per the World Economic Outlook, April, 2021 “The path of the pandemic is so uncertain, it is very difficult to quantify the balance of risks around the central outlook; risks abound on both sides. New vaccines that offer a path to recovery are being approved on an ongoing basis. However, uncertainty remains regarding their effectiveness against new strains of the virus. Delays in inoculating all parts of the world could lead to vaccine-resistant virus mutations, new outbreaks could start anywhere and anytime, and renewed restrictions may be required to slow transmission. Uncertainty about the duration of this stop-go rhythm makes other elements difficult to predict: the strength of the private investment response; the extension of policy lifelines (as governments balance the provision of relief with maintaining space for further response down the road); and the extent of scarring. Risks are balanced

in the near term, but more to the upside further out.”

Further Many pre-COVID-19 risk factors continue to be relevant. Tensions between the United States and China remain elevated on numerous fronts, including international trade, intellectual property, and cyber security. Domestic economic disparities arising from the pandemic downturn may also prompt new trade barriers, motivated by the need to protect domestic workers. Amid already-high levels of trade restrictions, such actions would add to inefficiencies and weigh on the recovery. Furthermore, risks of protectionist tendencies surrounding technology are emerging. Protectionist tendencies could extend to medical supplies and COVID-19-related pharmaceutical advances, which would impede the global supply of vaccines.

In the more optimistic scenario, the earlier-than-expected success in combating the pandemic by enhanced testing, tracing and fasten inoculation will lead to more complete relaxation of restrictions before the end of the second quarter. This will revive aggregate demand in the second half of 2021.

#### Commodities and inflation

The prices of most commodities fell in 2021, mainly reflecting the deterioration in the growth outlook—especially that of EMDEs, which tend to have a larger income elasticity of demand for commodities. Forecasts have been revised down for most commodities in 2020.

Prices for most base metals decline in the FY 2020-21 in comparison to FY 2019-20. Metals prices are were decline further in 2021, reflecting subdued industrial commodity demand. As with oil, a significant continued mitigation of U.S. - China trade tensions presents a key upside risk to metals price projections.

Along with the weakening of global economic activity, inflation the world over also remained muted in 2020. Inflation softened in advanced and emerging economies reflecting a slack in consumer demand. From the supply side, lower energy prices in 2020 also contributed to softening of inflation.

Financial conditions in emerging markets- Global financing conditions eased considerably in 2020. Bond yields in advanced economies fell to unprecedented lows, notwithstanding a pickup toward the end of the year amid improvement in market sentiment.

Global financing conditions have eased considerably, as major central banks have provided accommodation in response to softening economic prospects, heightened downside risks, and persistently low inflation. However, EMDEs with low credit ratings have not benefitted from the global decline in borrowing costs. Prior to their recent recovery, EMDE equity markets had been suffering significant outflows. A rising share of EMDE currencies are at their lowest level against the U.S. dollar in a decade. Despite



weak global investment, corporate debt has been rising in many countries, with particularly rapid growth in some riskier categories, such as lending to highly leveraged firms in the United States and the Euro Area.

### Indian Economy

As per the World Bank report on India after growing at very high rates for years, India's economy had already begun to slow down before the onset of the COVID-19 pandemic. Between FY17 and FY20, growth decelerated from 8.3 percent to 4.0 percent, with weaknesses in the financial sector compounded by a decline in the growth of private consumption.

The implementation of nationwide lockdown on March 24, 2020, brought economic activity to a halt, affecting both production and consumption. As a result, growth was negative in the first half of the fiscal year (April to September 2020) and only modestly positive in the second half. Over the entire FY21, India's economy is estimated to have contracted by 8.5 percent.

In response to the COVID-19 shock, the Government and the Reserve Bank of India took several monetary and fiscal policy measures to support vulnerable firms and households, expand service delivery (with increased spending on health and social protection) and cushion the impact of the crisis on the economy i.e. number of schemes particularly for MSME's which includes additional credit facilities, increasing the scope of Companies eligible for registration under MSME etc. Thanks in part to these proactive measures, the economy is expected to rebound - with a strong base effect materializing in FY22 and growth is expected to stabilize at around 6-6.5 percent thereafter.

The World Bank has scaled up its projections for India's economic growth by a massive 4.7 percentage points to 10.1 per cent for 2021-22 due to strong rebound in private consumption and investment growth. The Bank had pegged the GDP growth at 5.4 per cent for the country in its January report. Further in its report titled "South Asia Economic Focus Spring 2021-South Asia Vaccinates" it stated "India, which comprises almost 80 percent of the region's (south Asia) GDP, had a substantial revision to growth of 4.7 percentage points since January 2021, due to a strong rebound in private consumption and investment growth in the second and third quarters (July-December, 2020) of FY21.

The International Monetary Fund (IMF) further predicted GDP growth rate to be 11.5 per cent during FY22 thanks to the growth phase that drew on the post-lockdown relief consumption wave, festive demand and industrial re-stocking. Several sectors reported a sharp increase in earnings from the third quarter of 2020.

This improvement was achieved in the face of the Indian rupee that marginally strengthened in the last quarter of 2020,

resulting in currency gains for import-intensive companies and those with forex debt on their books.

Despite, slowing GDP, India stills presents enormous potential due to consumptions needs arising out of 1.3 billion favourable demography that aspires for a prosperous life. India is the fifth largest economy globally in terms of nominal GDP and 3rd largest in terms of Purchasing power parity (PPP), Indian economic is one of the fastest growing economies in the world. Nearly 60% of India's GDP is driven by Domestic private consumption, as compared to 40% in China. The rural population which constitutes around 65% of population has been the key force driving consumption. In respect to the unprecedented crisis, the Government of India has announced a financial stimulus of about Rs. 20 trillion and several relief measures, particularly for the vulnerable sections of the society. The package aims to promote self-reliance in India "Atma – Nirbhar Bharat Abhiyan" and it accounts for 10 % of the Indian GDP. It largely focused on land, labour, agriculture, supply chain, MSMEs, middle class and tax reforms to tackle the liquidity problem. The Reserve Bank of India (RBI) has undertaken a slew of measures to inject large liquidity into the system through open market transactions and reducing cash reserve ratios reserve repo rate, providing six months moratoriums on loan etc.

### INDUSTRY OVERVIEW

The analyst monitoring the Global "FIBC (Flexible Intermediate Bulk Container) Market" was valued at 6870 million USD in 2020 and is expected to reach 9200 million USD by 2023, at a CAGR (Compound annual growth rate) of 5.0% during the forecast period. The increasing use of FIBC (Flexible Intermediate Bulk Container) in Chemical Industry, Food Industry, Pharmaceutical Industry, Others and other industries is driving the growth of the FIBC (Flexible Intermediate Bulk Container) market across the globe. The FIBC market is fragmented with the presence of several international and regional vendors who offer products for end-users in the chemical, food, and other industries. Although the high demand for FIBCs from the construction industry will offer immense growth opportunities, the high availability of substitutes will challenge the growth of the market participants.

The growth of the construction industry is one of the critical reasons expected to boost flexible intermediate bulk container market growth. Flexible intermediate bulk containers save storage space and ensure optimum utilization of trucks, which will help them gain more prominence in the construction industry. The cost savings associated with these containers will drive flexible intermediate bulk container market growth.

The new COVID-19 variant pandemic continues to unfold everyday with severe impact on people, communities, and

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businesses. The growth in several industries will be impacted significantly while numerous other markets may remain unscathed and show promising growth opportunities.

Due to the massive shutdowns caused by the Covid in manufacturing plants we've already seen significant increases in lead times in execution of sales orders. The production is also affected because of short-term operational issues due to supply chain constraints and lack of site access due to the COVID-19 outbreak.

Even if the spread of virus is contained, it may take few months to reach a normal state of economic activity. The market demand will show at par growth due to the increase in infections and reduced economic activity.

Peculiarly, Technical textiles as a segment is directly proportional to the stage of industrialization and economic growth of any country. Developing countries undergoing large scale industrialization fuel the demand for technical textile products. The usage may range from infrastructure, agriculture, health, defense, automobiles, aerospace, sports, protective clothing, packaging, etc., With transformation of the Indian economy post liberalization in the early 1990s, the demand and consumption of technical textiles products in India has been consistently increasing. The growth of technical textiles has also helped growth and innovation of conventional textile products, owing to significant value addition across the textile value chain. All major players in India have started developing technical textiles products as they provide better margins in comparison to conventional textiles.

Currently, share of technical textiles in Indian textile value chain is around 13 per cent. With the growth potential of various related sectors, technical textiles are poised to grow at 18 per cent CAGR during the period 2018-25. Technical textile industry in India is import dependent. Many products like specialty fibers/yarns, medical implants, protective textiles, webbings for seat belts, etc. are mostly imported. However, technical textiles sector has registered impressive growth in the recent years. In order to capitalise on the growth potential, technical textiles ecosystem in India needs to grow significantly with focus on research and innovation in high growth sectors such as Mobiltech, Buildtech, Indutech, Meditech, etc., to ensure sustainable growth, the sector needs to adopt global best practices and attract FDIs (100 per cent FDI is allowed under automatic route) and JVs with global technical textiles companies.

## COMPANY OVERVIEW

Flexituff Ventures International Limited ("FVIL") is a multi-product, multi-market and multi-location enterprise. Having evolved from a leading global FIBC major to a foremost Indian Geo synthetics solution provider, Flexituff – through its niche products also serves the domain needs of retail, agro,

pharma and infrastructure sectors. With three manufacturing plants across India, 2 direct subsidiaries, one based in India & another in Cyprus exports to over 60 countries, employing over 8000 global citizens, Flexituff is truly an Indian multinational company that has come of age.

FVIL 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. Economies of scale, the edge of attitude, 100% integration under one roof, global foot-prints for more than 25 years of being in the industry are the key pointers for excellent reputation in domestic as well as international market.

## BUSINESS OVERVIEW

During the FY 2020-21 your Company's products had good demand in comparison to FY 2019-20. The company had incurred net losses for the year ended 31.03.2018, 31.03.2019 and 31.03.2020. The problems started with large amounts of money getting stuck in Government receivables. This led to a default in the repayment of the Bonds further leading to downgrading of credit rating of the company. Consequently, Banks withdrew the working capital facility given to the company to the extent of Rupees 1200 Million.

Due to the above, company is facing severe working capital shortage and is having to buy the raw material at high prices on credit from the traders.

In the current year due to various steps taken by the company, the company is able to successfully face the COVID pandemic on its own. The company was also able to replace the KKR with ACRE on a steep discount. Due to all the above efforts taken, the company remained EBITDA positive in March 2021.

The company started recovery from the 2<sup>nd</sup> and 3<sup>rd</sup> Quarter of the F.Y. 2020. However, the COVID pandemic in Quarter 1<sup>st</sup> of F.Y. 2021 resulted in further problems for the company. With lot of efforts, company was able to find a solution for the raw material supplies and was able to source imported material to reduce the additional cost being incurred on this account.

The FIBC business has proven its strength twice - once during 2008-09 global meltdown where all the export businesses had suffered drastically however, our business had no adverse impact either on sale or margins. Another, when whole world is suffering under COVID-19 pandemic scenario where most of the businesses have suffered drastically yet we are standing pristinely.

Company endeavoured to evaluate various options & potential ways of improving the cash flow through injection of working capital, other long term funding, cost cutting, etc. However, the shadow of COVID-19 pandemic will likely to impact its financial planning and health.

Looping to all the factors & the unstable conditions the Company's performance in FY 2020-21 was satisfactory.

## SEGMENTAL REVIEW

### FIBC BUSINESS

A flexible intermediate bulk container (FIBC), bulkbag, or big bag, is an industrial container made of flexible fabric that is designed for flowable products, such as sand, fertilizer, and granules of plastic. They are mainly used for the purpose of protection, storage, handling and transportation of goods in a large quantity from the manufacturing facilities to distributions hubs.

FIBC are made from woven polypropylene or polypropylene fabric of different weights and strength. FIBCs are available in a wide variety and are suitable for numerous applications in the chemical, pharmaceutical, and food industries. The FIBC market is characterized by innovative offerings and customizations according to customer specifications.

It is made of strong, poly propylene, flexible fabric and can hold upto 2 tons of material. They are manufactured with either one, two or four loops for efficient handling purposes. Also, there are several specialized product-types of FIBC's such as flame-retardant, pallet-free, baffle-bags, UV resistant & conductive.

According to the various Global FIBC Market Research Reports, The flexible intermediate bulk container market is highly fragmented. The market growth is expected to change if the market structure changes due to industry consolidation or if some vendors exit the market. Analysts estimate the market to grow at a CAGR of 6.48% till 2024. During the forecast period, the market will show an accelerating growth of \$1576.82 million.

Going forward, FIBC, will continue to be the major segment of the Company, it contributes approx 67% to Company's topline. Your Company has market share of 15%-20% of Indian exports of FIBC and the is the largest producer of FIBC in India.

### Opportunities and Outlook

Flexituff is among the few FIBC manufacturing companies across the world who are perpetually focusing on its products quality, durability, designing and satisfying end user requirement aptly. Nearly 65% of Company's FIBC product portfolio comprises of high-end bags for food, chemical and pharma industries 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

Operating margin remains susceptible to fluctuations in the prices of key input i.e. polymer, which move in tandem with

crude oil prices. Also, we are subjected to foreign currency exchange rate fluctuations which could have impact on results of operations. However, this is hedged passing the increase and decrease in the polymer price to customers.

The FIBC industry is fragmented because of low entry barrier as capital and technology requirements are limited, gestation period is small, and raw materials are easily available. This restricts substantial scale up in operations and exerts pricing pressure. Also, this industry being highly labour intensive the retention of workers has been high priority for the Company. Attrition of workers may affect the production and also involves cost and time in inducting and training of new appointees. Several other global as well as Indian economic and political factors that are beyond our control may affect the business of the Company.

### GEOSYNTHETICS BUSINESS

Geo-synthetic are synthetic products which are used to stabilize terrain, and are polymeric products used to solve civil engineering problems. It includes products including geogrids, geotextiles, geomembranes, geonets, Geo-synthetic clay liners, geocells, geocomposites, and geofoam.

Geo-synthetic products uses durable polymers such as high-density polyethylene (HDPE), polypropylene (PP), and polyester. They are produced from petrochemicalbased plastics that remain unaffected by bacteria or fungi and are non-biodegradable.

Geo-synthetic help reinforce soil, distribute loads, prevent soil erosion, and control water pressure. They are used in civil construction and environmental applications such as landfills and filtrations. Geo-synthetic serve as cost-effective alternatives in civil and coastal engineering, construction industries, and environmental applications. It has applications in road construction, railway stabilization, water management, waste management, mining and soil reinforcement and erosion control.

Geo-synthetic materials perform many functions such as filtration, reinforcement, separation, drainage, protection, and barrier. These products retain their properties when exposed to harsh environmental conditions. They showcase physical properties such as strength, stiffness, and durability.

The applications of geosynthetics have increased because of their significant properties of easy accessibility, low thickness, less use of airspace, lightweight, and tremendous robustness. There is a broad range of Geo-synthetic materials in the global geosynthetics market due to the standards set by organizations such as Geo-synthetic Institute, American Society for Testing and Materials, and International Organization for Standardization.

The rise of land scarcity, growth in awareness about seismic hazards, and stringent environmental regulations are the key factors driving the growth of the global geosynthetics market



worldwide.

Flexituff's Geo-synthetics business is making its presence and receiving appreciation in the market. With its vast product portfolio consist of woven and belt non-woven geo-textiles, sand-filler geo mattresses, GRW (geo-synthetics-gravity Reinforced Walls) chains, mega bags and de-watering tubes, the Company has earned reputation in the domestic as well as international markets in a short span of time. In FY 2020-21, geosynthetics business accounted nearly 7.5% of Company's revenues and its share is expected to go up in future.

Although FY2020-21, the Geo-synthetics business saw a reduced top line basically on account of blockage of working capital. A management decision was taken to change the model of the business and to ensure that funds are not blocked. The working capital which was available with the company was deployed in the area which has the fastest turnaround of money.

### Opportunities and Outlook

The global geotextiles market size is expected to reach USD 11.3 billion by 2027, according to this report registering a CAGR of 11.9% over the forecast period. Increasing adoption of geotextiles in road construction and infrastructure development activities is expected to drive the market growth over the forecast period.

In emerging countries such as India and China, there is an absence of a standardized manufacturing process, resulting in lower quality products with differentiated standards. However, increasing focus on exports to international markets by local producers is expected to compel them to adopt advanced manufacturing techniques.

One of the major factors driving the growth of the market is the increasing demand from the infrastructure sector in Asia-Pacific, mainly in China, India, and ASEAN countries.

Indian Economy is poised for great development. Geo-synthetics would be the key pillar in realizing the growth. Life extension benefits and durability featuring geosynthetics wooed Indian government to promote the segment by incentivizing their usage. The Indian government's current focus on upgrading infrastructure and increased importance of environmental issues will be the biggest growth drivers for Indian geosynthetics market.

Flexituff is also foreseeing from the benefits from the incremental spending on infrastructure across geographies. The Company is well-equipped to capitalise on this multi-year and multi-market opportunities by having established itself as a Research and Development (R&D) oriented Company emphasizing on creating awareness of the new technology among end users.

### Risks and Concerns

The volatile prices of raw material due to fluctuations in

prices of crude oil and gas along with its availability, increased labor costs and potential labor shortages are hindering the growth of the geosynthetics market. Especially, demand for the naphtha due to its pricing has affected which is a key material as intermediate. The price-sensitive regions are restraining growth of the geosynthetics market.

By and large, the government demand drives the geosynthetics market. Budgetary constraints or change in the political parties at the helm may pose a risk to the growth of the sector.

Flexituff has been increasing its presence across geographies to deal with such risks effectively and has been developing unique products at competitive costs. As a contractor, it is enabling to demonstrate the benefits of geotextiles in various government/ non-government projects, thereby creating awareness among contractors as well as governments.

### REVERSE-PRINTED BOPP WOVEN BAGS BUSINESS

Biaxial Oriented Polypropylene (BOPP) is poly film that can be stretched in both directions, owing to which it offers premium durability. This poly film is printed & laminated onto woven polypropylene fabric and converted into a bag. Environmental hazards related to PE (polyethylene) & high cost of jute bags have spurred the adoption of polypropylene woven bags and sacks as comparatively sustainable alternative. Rapid inroads flagged by retail industry in FMCG (fast-moving consumer goods) sector has resulted in increasing retail outlets that is likely to bode well for expansion of BOPP woven bags and sacks market.

Polypropylene Woven Bags & Sacks have become popular due to their inertness towards moisture, chemical & exceptional resistance towards rotting, fungus attack as they are nontoxic, perforation for breath ability, UV protection and anti-skid printing, 100% recyclability, light weight and are more advantages than conventional bags. Polypropylene Woven Bags and sacks laminated with LDPE/PP liner have wider applications. Moreover, BOPP bags perform extremely well with paper bag filling equipment. The popularity of BOPP bags is rising in the market as they are cost effective and 100% recyclable, which makes them environment friendly. BOPP bags offer high aesthetic value that adds an extra promotional feature to the products packaged in them. These bags can be stacked easily and have high tensile strength and barrier properties. BOPP bags primarily find applications in the packaging of cereal & pulses, pet food, grass seed, animal nutrition, fertilizers, etc.

Flexituff is known worldwide for its stylish and highly durable multicolored BOPP Woven bags. These special PP bags and reverse printed BOPP bags are used in packaging of agro and industrial products, pet food, retail industry and chemicals, etc. It has an installed production capacity of 100

million bags a year, from small orders to extra-large ones & represents an advanced concept of bulk packaging from 5-50 kgs that adds value to a brand's personality. Reverse-printed BOPP woven bags contributed close to 6.5% of revenues in FY 2020-21.

### Opportunities and outlook

Developing consumer market & growth of middle class is fuelling the domestic demand of reverse printed woven BOPP bags. Rapid inroads flagged by retail industry in FMCG (fast-moving consumer goods) sector has resulted in increasing retail outlets that is likely to bode well for expansion of polypropylene woven bags and sacks market. Flexituff is well-placed to exploit the market requirements and enhance its revenue contribution from this division.

Internationally, anti-dumping duty on Vietnam & Chinese origin of reverse printed woven BOPP bags is opening new doors for the Indian producers. Also, demand in USA for reverse printed BOPP bags is extremely good.

### Risk and threats

Since this division of reverse-printed BOPP woven bags is also using Polypropylene as raw material, hence price fluctuations is major risk and threatening factor impacting Company's performance as well as revenue margins. The Company endeavors to mitigate these risks by following a board-approved hedging policy wherever possible.

### INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has an Internal Risk Management Policy and adequate Internal Control System in place. The members of the Risk Management Committee presents the risk appetite of the Company by enumerating & segregating major risks that could affect the performance of the Company, readiness of the Company to deal with the risks & suggesting a mitigation plan for those risks. The main objective of the policy is to assess & evaluate significant risk exposures & assess management's actions to mitigate the exposures in a timely manner. The Company periodically reviews its various types of regulatory, financial, operational, environmental and other business risks.

Internal Control system is commensurate with the size, scale and complexity of its operations. There are adequate systems to ensure compliance of various statutory and regulatory requirements and review the same & take appropriate actions from time to time.

### FINANCIAL OVERVIEW

#### Standalone

- In FY 2020-21, Company's total revenues stands at Rs. 9405.72 Million as compared to Rs. 8927.70 Million in FY 2019-20, thereby recording increase by 5.35%.

- The Company reported increase in EBIDTA (Earnings before Interest, Tax, Depreciation and Amortization) in FY 2020-21 which reached to Rs. 657.91 Million. In FY 2019-20, the Company had recorded a negative EBIDTA of Rs. (489.22) Million.
- The Company's net worth is to Rs. 1458.67 Million in Financial Year 2020-21.

#### Consolidation

- In FY 2020-21, Company's total revenues stands at Rs. 9164.65 Million as compared to Rs. 9014.57 Million in FY 2019-20, thereby recording increase by 1.66%.
- The Company reported increase in EBIDTA (Earnings before Interest, Tax, Depreciation and Amortization) in FY 2020-21 which is Rs. 635.47 Million. In FY 2019-20, the Company had recorded a negative EBIDTA of Rs. (525.52) Million.
- The Company's net worth mark a decrease to Rs. 1339.12 Million in Financial Year 2020-21.

#### Key Financial Ratios

In accordance with amendment made in SEBI (Listing and Disclosure Requirements) Regulation, 2015, details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios and any changes in Return on Net Worth of the Company (on standalone basis) are given below:

Ratios	2021	2020
Debtors Turnover	3.56	2.80
Inventory Turnover	7.02	7.03
Interest Coverage Ratio	-0.10	-1.66
Current Ratio	0.57	0.58
Debt Equity Ratio	4.26	3.51
Operating Profit Margin	-9.20%	-16.43%
Net Profit Margin	-6.65%	-18.47%
Return on Net Worth	-39.75%	-81.03%

#### Reasons for significant changes from 2019-20 to 2020-21

In past few year, we have taken various steps to increase the productivity and manpower efficiency with the help of better planning we have been able to achieve over 90% of OTIF (On time & in full delivery) of goods to our customers. Together with high quality standards have resulted in high satisfaction amongst our customers.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review, the Company continued with its emphasis on Human Resource Development as one of the critical areas of its operations. Executives and officers of the