



# ANNUAL REPORT 2022-2023.

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## CORPORATE INFORMATION

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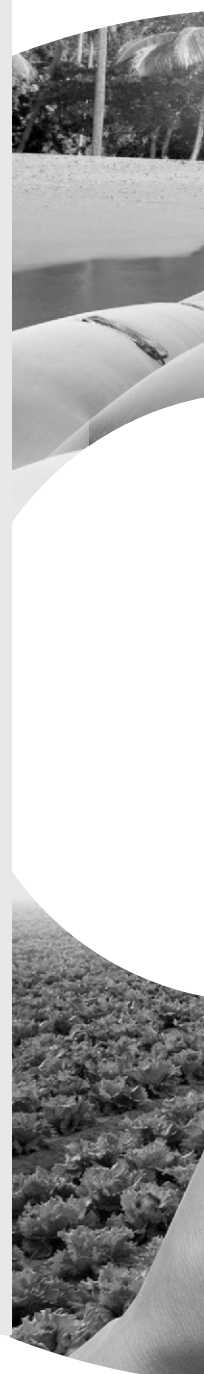
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## **FORWARD-LOOKING** STATEMENT

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 Sonpal**

Chairman and Non- Executive  
Independent Director

### **Mr. Dharmendra Pawar**

Non-Executive Independent Director

### **Mr. Saurabh Kalani**

Whole-Time Director

### **Mr. Rahul Chouhan**

Whole-Time Director

### **Mr. Jagdish Prasad Pandey**

Whole-Time Director

### **Mrs. Alka Sagar**

Woman Non-Executive Director

## **BANKERS/LENDERS**

**UCO** Bank (Lead Bank)

**State** Bank of India

**Tamilnad** Mercantile Bank

**IFCI** Venture Capital Funds Ltd.

**International** Finance Corporation

**Punjab** National Bank

**Axis** Bank Limited

**Asset** Care & Reconstruction  
Enterprise Limited ("ACRE")

**Central** Bank of India

**Bank** of Baroda

**IFCI** Limited

**TPG** Growth II SF PTE. LTD.

## **AUDITORS**

### **STATUTORY AUDITORS**

**Mahesh C Solanki & Co.**

Chartered Accountants,  
Indore (M.P.)

### **SECRETARIAL AUDITOR**

**M/s. Ritesh Gupta & Co.**

Company Secretaries,  
Indore (M.P.)

## **COMMITTEES OF DIRECTORS**

### **Audit Committee**

Mr. Anirudh Sonpal (Chairman)

Mr. Dharmendra Pawar

Mr. Saurabh Kalani

### **Nomination and Remuneration Committee**

Mr. Dharmendra Pawar (Chairman)

Mrs. Alka Sagar

Mr. Anirudh Sonpal

### **Management Committee**

Mr. Saurabh Kalani (Chairman)

Mr. Jagdish Prasad Pandey

Mr. Rahul Chouhan

### **Stakeholders' Relationship Committee**

Mr. Dharmendra Pawar (Chairman)

Mrs. Alka Sagar

Mr. Anirudh Sonpal

### **CSR Committee**

Mr. Saurabh Kalani (Chairman)

Mrs. Alka Sagar

Mr. Dharmendra Pawar

## **REGISTRAR AND SHARE TRANSFER AGENT**

**Link Intime India Private Limited**

C-101, 1<sup>st</sup> 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

## **COMPANY'S REGISTERED OFFICE**

C-41 - 50, Special Economic

Zone, Sector - III, Industrial

Area, Pithampur,

Dist. Dhar - 454775 (M.P).

Tel.: +91 7292 420200,

Fax: 07292-401684

Email: investors@flexituff.com,  
cs@flexituff.com

Website: www.flexituff.com

## **OTHER KEY MANAGERIAL PERSONNELS**

**Mr. Ramesh Chand Sharma**

Chief Financial Officer

**Mr. Rishabh Kumar Jain**

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.

Udhamsingh Nagar - 244713,

Uttarakhand

# CHAIRMAN'S MESSAGE

**ANIRUDH  
CHITTARANJAN SONPAL**  
INDEPENDENT DIRECTOR AND  
CHAIRMAN OF THE BOARD

## *Dear Stakeholders,*

I am honored to address you through this Chairman's Message as we present our annual report for the year 2022-23. It is with great pride and gratitude that I reflect upon the achievements, challenges, and progress we have made together as a company.

Flexituff has always been committed to excellence, innovation, and sustainable growth, and the past year has been no exception. Despite the uncertainties and disruptions that marked this period, we remained resilient and adaptive, leveraging our strengths to navigate the changing landscape and emerge stronger than ever.

On the brighter side, having registered the highest GDP growth rate among major economies, India has proved its strong position as against other major economies. Even if the global headwinds are posing short term threats, India with its strong macroeconomic fundamentals is poised to sustain in the long term. Policies like the production linked incentives, Make in India as well as the government's thrust on infrastructure expansion will produce a strong multiplier effect on jobs and higher productivity, all of which will boost the economy.

During the year under review, the Company's performance was satisfactory. Total revenue on a standalone basis for the FY 2022-23 stands at Rs. 9,294.74 Millions in comparison of previous year which was Rs 10,587.49 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.

## **Employee Engagement and Development:**

Our employees are the backbone of our organization, and their dedication and expertise have been instrumental in our success. We prioritize their well-being, growth, and development, providing a nurturing and inclusive work environment that fosters innovation and collaboration. We have continued to invest in training and development programs, ensuring that our team members stay ahead in a rapidly evolving marketplace. Our employees' resilience, adaptability, and commitment have been pivotal in overcoming challenges and achieving our objectives.

As we look to the future, we remain optimistic about the opportunities and challenges that lie ahead. We are cognizant of the rapidly evolving business landscape and will continue to adapt and innovate to meet the needs of our customers. Our strategic roadmap encompasses new market expansions, digital transformations, and further investments in research and development. By leveraging our core competencies and exploring emerging technologies, we are poised to capture new growth avenues and create long-term value for our stakeholder.

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 2023-24.

On this note, would like to express my sincere gratitude to all our stakeholders including shareholders for their unwavering support, our valued vendors for their trust and partnership, and our dedicated employees for their exceptional contributions. Together, we will continue to chart a path of success and shape a brighter future for Flexituff Ventures International Limited.

**Stay Safe and Healthy!!**

**With Regards,**

**Anirudh Chittaranjan Sonpal**  
Independent Director and Chairman of the Board



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### DISCLAIMER / CAUTIONARY STATEMENT

Statement in this Report, which describe the company's plans, projections, estimates, expectations or predictions, are based on certain assumptions and expectations of future events which may or may not happen as expected. Therefore, actual results could differ materially from those expressed/ implied and the company cannot guarantee that these will be realized. Important factor that could make a difference to the company's operations include raw material availability and prices, cyclical demand and pricing in the company's principal markets, change in the government regulations, tax regime, politico-economic conditions within India and the countries in which the company conducts business and other incidental factors.

### INDUSTRY STRUCTURE & DEVELOPMENT

#### ECONOMIC REVIEW

##### WORLD ECONOMIC CONDITIONS

Early signs in 2023 that the world economy could achieve a soft landing with inflation coming down and growth remaining steady, have receded with stubbornly high inflation and recent financial sector turmoil.

The International Monetary Fund's (IMF's) baseline forecast, assuming the recent financial sector stresses are contained, is for growth to fall to 2.8% in 2023 from 3.4% in 2022. For the next five years, it is expected to average out to 3% as it rises slowly. It is IMF's lowest medium-term forecast in decades.

Advanced economies are expected to see an especially pronounced growth slowdown to 1.3% in 2023, from 2.7%, in the previous year. In a plausible alternative scenario, with further financial sector stress, global growth is expected to decline to 2.5% in 2023 with the growth of advanced economies falling below 1%.

The anemic outlook reflects the tight policy stances needed to bring down inflation. Global headline inflation is set to fall to 7% in 2023 from 8.7% in 2022 on the back of lower commodity prices. But underlying (core) inflation is likely to decline more slowly.

The global flexible intermediate bulk container market size reached US\$ 5.2 Billion in 2022. Looking forward, the analyst expects the market to reach US\$ 7.1 Billion by 2028, exhibiting a CAGR of 5.33% during 2022-2028.

The global flexible intermediate bulk container market size is projected to reach USD 6.4 billion by 2026, progressing at a CAGR of 5.9% over the forecast period, according to a new report by Grand View Research, Inc. Growing food and pharmaceutical industries across the

world and increasing need to reduce overall weight of bulk packaging are among the key factors driving the demand for flexible intermediate bulk containers.

### 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.

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, defence, 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.

As per the latest estimates of IIT Delhi, the global Technical Textiles market is expected to grow at a CAGR of 5.06% between 2020 and 2025 whereas the market in India is likely to grow at a CAGR of 8.25% during the same period. The forecast arrived at by the research team suggests that the market for technical textiles in India will

grow in value from Rs. 122,943 Crores (US\$ 18.89 Billion) in 2019-20 to Rs. 1,82,742 Crores (US\$28.06 Billion) in 2024-25. The market size of the textile industry in India is Rs. 7,11,409 Crores while that of technical textiles is Rs. 1,22,943 Crores during 2019-20. Even as it currently contributes a relatively modest portion i.e. 17% of the total textile market in India. The size of the technical textiles market in India is a small proportion (8.7%) of the market size of technical textiles in the world in 2019-20. It is expected that by 2024-25, the value of consumption (calculated at constant foreign exchange rates) of technical textiles in India is likely to be 10.1% of global consumption of technical textiles in 2024-25.

The share of technical textiles in the total textile industry in India is expected to reach 28% by 2024-25. The segments likely to grow at the fastest rates (at rates faster than a CAGR of 10%) in the Indian market are Oekotech, Protech, Mobiltech, Geotech, Indutech, Agrotech and Buildtech. Packtech, which has been a main stay of the domestic technical textile market is expected to experience a moderated rate of growth. The extent and nature of the success of India's National Technical Textile Mission is likely to change these forecasts depending on the response of the market to interventions made under the Mission.

Currently, share of technical textiles in Indian textile value chain is around 13 percent. With the growth potential of various related sectors, technical textiles are poised to grow at 18 percent 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 capitalize 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 percent 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 multi-national company that has come of age.

FVIL is a trusted name in the manufacturing of Flexible

Intermediate Bulk Container (FIBC), geotextiles, reverse printed BOPP (Biaxial 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 2022-23 your Company's products had good demand in comparison to FY 2021-22. The company had incurred net losses from the financial year 2018-19 till date. 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.

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.

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.

Looping to all the factors & the unstable conditions the Company's performance in FY 2022-23 was satisfactory.

## PRODUCT INTRODUCTION

### FIBC

- **Four Loop Bags**

Flexituff offers a wide range of Standard Corner Loops and Cross Corner Loops FIBCs for bulk packaging from 500- 2000 Kgs.

- **Single/ Two Loop Bags**

Also called as Fertilizer bags, they are one of the popular offering of Flexituff. It is manufactured in a way that the fabric of the bag is used as a 'lifting loop'. The total production capacity of Flexituff for Single Loop Bag is close to 4 Million bags per year. What makes them unique is that they are made out of a single layer circular fabric, coated/ uncoated or with an option of PE liner as per customer's requirements. These bags are mainly used for packaging Fertilizer, Fish feed, Seed and Cement.

Flexituff is the only Indian Company to offer Single loop bags with suspended liner made on World renowned Gunter® sealing machine.

- **Builder Bags/ Tunnel Lift Bags**

Builder Bags are used for high volume usage. Flexituff holds a patent for Tunnel Lift TM bags. They are made especially for the Building and Construction Industries and are used for filling sand,



construction waste or aggregates..

Flexi Global-UK, Flexituff's 100% owned subsidiary stocks and offers entire range of builder bags from its UK warehouses.

- **Specialized Bags: Type C + D**

Flexituff has evolved two specialized and protective bulk bag packaging that nullify damaging accidents due to static electricity- Type C (conductive) & D (dissipative) Bags employing patented Crohmiq technology.

Flexituff is the only Indian manufacturer holding Texene, USA's license and rights to produce type D Crohmiq fabric and bags.

- **Specialized Bags: Baffle Bags**

Also called as Form Stable bags or Q bags, they maintain their square shape which allows optimum use of space during warehousing and transportation.

- **UN Bags**

Flexituff UN bags are certified by IIP (Indian Institute of Packaging) that issues a UN certificate based on testing parameters as prescribed in the IMDG code. A UN FIBC is subjected to rigorous tests to make sure that each of them is safe, functional, and up to rigorous international standards. The company has been delivering such bags over a decade with full expertise and full adherence to specified norms.

- **Ventilated Bags**

Flexituff's ventilated bags are made of flat Sulzer Polypropylene Woven Fabric specifically designed to permit the required air flow through the fabric into the bag to keep them from getting either too hot, too wet and to prevent mould ingress on the crop/log itself. Ventilated bags are commonly used for packing, storage and transportation of potato, onion and firewood logs.

- **FIBC with Special Liners**

At Flexituff, Liners are being manufactured and stored in a state-of-the-art Clean Room environment (ISO 14644-1 class 7). Besides Standard Tubular liner, the company provides the following Specialized Liners: Form-fit liners, Baffle Liner, Aluminum Liner, Nylon Liner, EVOH Liner, PP Liner, Liquid Liner, Valve Liner and Conductive Liner. Liners can be attached to the bag in various options like Tabbed Liner, Glued Liner or Flanged Liner.

## BOPP WOVEN BAG

BOPP Woven Bags represent an advanced concept of bulk packaging from 5-50 Kgs that adds value to a brand's personality. Decades of packaging experience empowers Flexituff to offer customized bags to meet the needs of

different customers and applications.

Being a vertically integrated company, highest precision and quality are ensured at Flexituff, from the raw materials used to the finished product. Deep experience in manual stitching efficiencies enable the company to ramp up capacities and address customer needs of any quantity, anytime, anywhere.

## NON Woven Retail

- **Non Woven Floor Covering Carpets**

Non Woven Carpets are manufactured by a different process compared to Tufting and Weaving. Non Woven Carpets are made from Polypropylene fibers or Polyester fibers. The fibers are formed into a web by Needle Punching and then chemically bonded to form the carpet. Flexituff also manufactures Non-Woven Carpets with Jute Backing for higher dimensional strength.

These are available in latex backed form for direct usage.

- Plain Non-Woven Carpet • Non-Woven Carpet with Scrim • Random Velour Non-Woven Carpet

- **Synthetic Leather Substrate**

Flexituff has the best of equipment for good density, high tear strength Non woven Fabric. Polyester Needle Punched non woven Fabric is the base material of synthetic leather. It imparts good dimensional stability and has high temperature resistance (180-210°C).

- **Interlining For Apparel**

Polyester Non Woven Needle Punched Fabric from 80 to 500 Gsm. It is produced in the following categories:

- Needle punched polyester fabric
- Needle punched with calendared
- Needle punched and chemical coated for stiffness, water repellent and fire proof.

- **Non Woven Filter Fabrics**

Polyester Non Woven Needle Punched Filter Cloth is produced for making Non Woven Filter Bags which are used in various industries to trap dust particles. Our polyester fabric is strong, abrasion resistance and has resistance to common acids, solvents and oxidizing agents.

## GEOSYNTHETICS

- 3 World-class Manufacturing facilities in India
- Over 1000 Geotextile Bag Stitching Machines
- Over 240 Looms with latest technology
- Customized 261,000 – 450,000 Bags/ Day (from raw material stage to finishing)
- 0.1mm to 12mm Various stitch thickness in Bags
- Warehouses in Kolkata, Siliguri, Guwahati, Jorhat,

Kanpur, Delhi, Mumbai and Indore many prestigious orders for various Govt & private clients with a tight deadline offering huge advantage to the clients by deploying modern customized machines to offer solution.

- Fully equipped Material Testing Laboratory in factory
- Adherence to ASTM and ISO standards applicable in Geosynthetics Industry.
- State-of-the-art UV Testing Machine
- Specialised Stitching Services (free of cost) to the clients
- ISO 9001 Quality Management Systems, CE mark, DGS&D registered & international accreditations
- Completed a prestigious order for supply of Non woven Geotextile Bags for Bihar Government with a tight deadline
- Latest innovative & economical geosynthetic solution- Geosynthetics Gravity Reinforced Wall (GRW)

## SEGMENTAL REVIEW

### FIBC BUSINESS

A flexible intermediate bulk container (FIBC), bulk bag, 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. 76% to Company's top line. Your Company has market share of 15%-20% of Indian exports of FIBC and that 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, Geo-nets, Geo-synthetic clay liners, Geo-cells, Geo-composites, and Geo-foam.

Geo-synthetic products uses durable polymers such as high-density polyethylene (HDPE), polypropylene (PP), and polyester. They are produced from petrochemical based 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 2022-23, geosynthetics business accounted nearly 14.40% of Company's revenues and its share is expected to go up in future.

- **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 breathability, 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 kg's that adds value to a brand's personality. Reverse-printed BOPP woven bags contributed close to 6.6% of revenues in FY 2022-23.

- **Opportunities and outlook**

Developing consumer market & growth of middle class is fueling 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.

## 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 2022-23, Company's total revenues stands at Rs. 9294.74 Million as compared to Rs. 10587.48 Million in FY 2021-22, thereby recording decrease by 13.91%.
- The Company reported negative EBIDTA (Earnings before Interest, Tax, Depreciation and Amortization) in FY 2022-23 was Rs. 980.19 Million. In FY 2021-22 which reached to Rs. 222.78 Million.
- The Company's net worth is to Rs. (419.13) Million in Financial Year 2022-23.

### CONSOLIDATION

- In FY 2022-23, Company's total revenues stands at Rs. 9279.41 Million as compared to Rs. 10588.13 in FY 2021-22, thereby recording decrease by 14.10%.
- The Company reported decrease in EBIDTA (Earnings before Interest, Tax, Depreciation and Amortization) in FY 2022-23 is Rs. 697.55 Million. In FY 2021-22, the Company had recorded EBIDTA of Rs. 697.55 Millions.
- The Company's net worth mark a decrease to Rs. (602.79) Million in Financial Year 2022-23.

### FINANCIAL RATIOS

As required under Regulation 34(3) of Listing Regulations read with para B.1 of Schedule V thereof, changes in financial ratios in the financial year 2022-23, as compared with those of the immediately preceding financial year are given in Note 35(14) to Standalone Financial Statements and the same may kindly be read as a part of this Report.

### Reasons for significant changes from 2021-22 to 2022-23

In past few years, 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