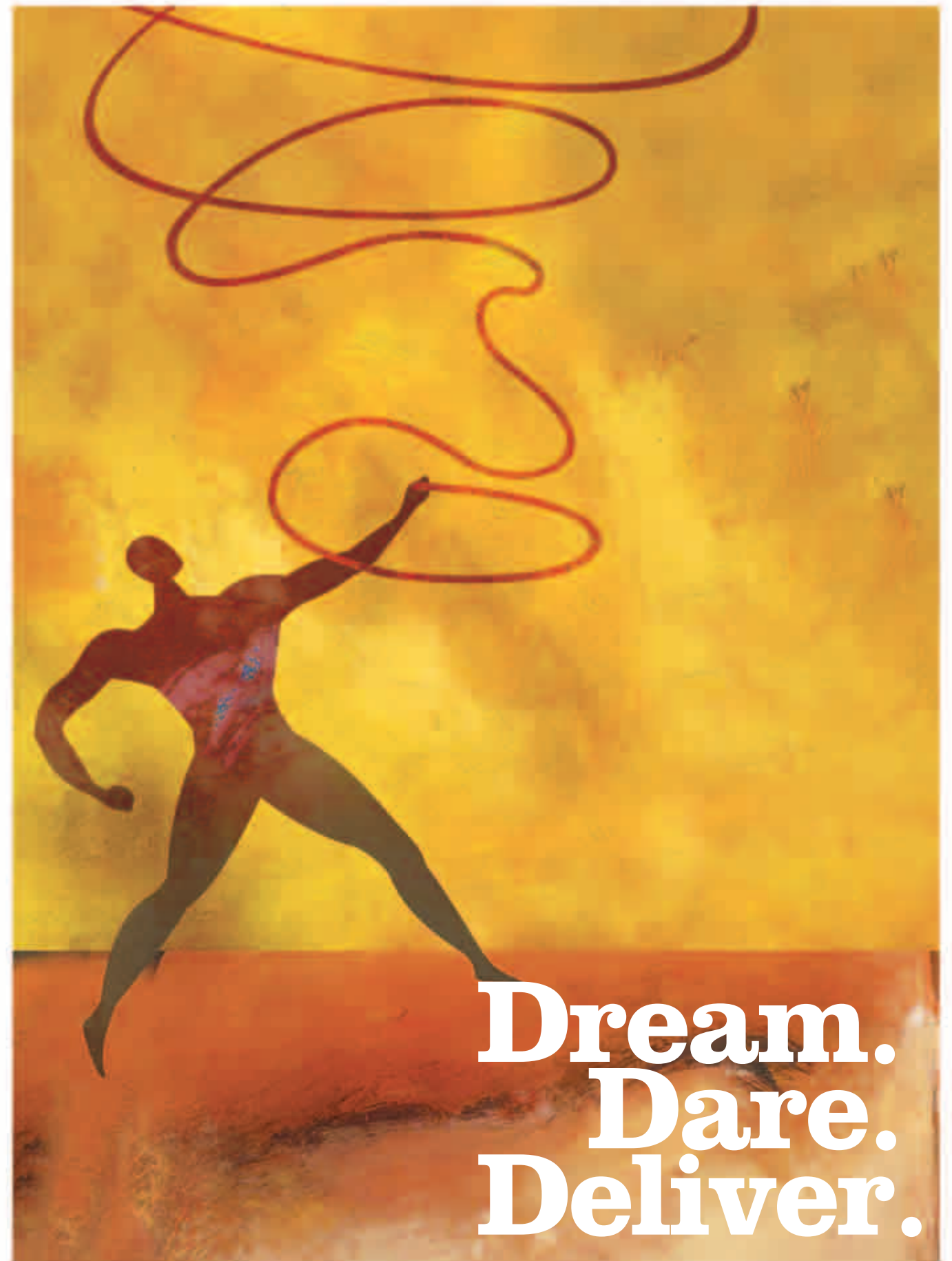




**Flexituff International Limited**

C 41-50, SEZ, Sector -III,  
Industrial Area, Pithampur – 454775  
Dist. Dhar - Madhya Pradesh  
Phone: 07292 401681-83

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## Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, may contain 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 assumptions. 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.

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# Corporate Information

## Board of Directors

### Chairman

Mr. Anirudh Sonpal

### Non Executive Directors

Mr. Kevan John Upperdine

Mr. Sharat Anand

### Managing Director

Mr. Manish Kalani

### Executive Director

Mr. Pawan Kumar Jain #

Mr. Ravindra Kumar Chourasiya #

Mr. Saurabh Kalani \*

Mr. Kaushal Kishore Vijayvergiya \*

Mr. Manoj Kumar Dwivedi \*

### Investor Nominee Director

Mr. Kaushal Ganeriwal\*\*\*

### GM – Corporate Affairs & Company Secretary

Mr. D. K. Sharma

### Statutory Auditor

M/s L.K. Maheshwari & Co.

Chartered Accountants

Indore (M.P.)

### Bankers

UCO Bank

Punjab National Bank

Central Bank of India

State Bank of India

State Bank of Patiala

Axis Bank

MPFC Capital Markets

(A division of MPFC)

## Board Committees

### Audit Committee

Mr. Sharat Anand (Chairman)

Mr. Anirudh Sonpal

Mr. Pawan Kumar Jain #

Mr. Kaushal Kishore Vijayvergiya \*

### Shareholders & Investor’s Grievances Committee

Mr. Sharat Anand (Chairman)

Mr. Anirudh Sonpal

Mr. Pawan Kumar Jain #

Mr. Kaushal Kishore Vijayvergiya \*

### Compensation Committee

Mr. Sharat Anand (Chairman)

Mr. Anirudh Sonpal

Mr. Kevan John Upperdine

### Management Committee

Mr. Sharat Anand (Chairman)

Mr. Manish Kalani

Mr. Pawan Kumar Jain #

Mr. Ravindra Kumar Chourasiya #

Mr. Saurabh Kalani \*

Mr. Kaushal Kishore Vijayvergiya \*

Mr. Manoj Kumar Dwivedi \*

### Registered Office \*\*

304, Diamond Prestige

41-A, A.J.C. Bose Road, Kolkata – 700 017 (W.B.)

Tel.033-32212690, 40053995. Fax: 033- 2231 2510

Email: investors@flexituff.com

### Electronic Registrar & Transfer Agent

Link Intime India Pvt. Ltd (Formerly Intime Spectrum Registry Limited)

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West),

Mumbai – 400 078, Tel. 022-2596 3838, Fax: 022- 2596 6969

\* (W.e.f. 30th May, 2012) \*\* (w.e.f. 1st April, 2012) \*\*\* (w.e.f. 9th February 2012) # (upto 30th May, 2012)

## Manufacturing Facilities

### SEZ Unit

C 41-50, Special Economic Zone, Sector –III,

Industrial Area, Pithampur – 454775

Dist. Dhar - Madhya Pradesh

### Kashipur Unit

Khasra No. 672- 728, Village- Mahuakhera, Aliganj Road,

Kashipur, Dist. Udham Singh Nagar, Uttarakhand

### DTA Unit

94, Industrial Area, Sector – I,

Pithampur – 454775

Dist. Dhar - Madhya Pradesh

## Marketing Network

Mumbai, Kolkata, Hyderabad,

Bengalore, Indore, Chennai, Noida

and Guwahati.





India, France, Ireland, Netherland, Spain, Mexico, UK, Belgium, Italy, Portugal, Greece, Brazil, USA, UAE, Russia, Kenya, Rwanda, Chile, Canada, Switzerland, Australia, Algeria, Japan, New Zealand, China, Egypt, Singapore, Sweden, Israel, Austria and Germany, among others.



**Years ago, Flexituff dreamt of emerging as a globally prominent company.**

Today, Flexituff is the world's largest integrated FIBC manufacturer at a single location.

**Gradually, Flexituff dared to innovate and customise product manufacture for demanding customers.**

Today, the Company delivers products to a number of Fortune 100 companies.

**Flexituff has now graduated from mere product supply to the delivery of business-strengthening solutions.**

These solutions have enhanced the customer's competitiveness translating into repeat and growing engagements.

**The result: Flexituff is an inspiring instance of how an Indian company can emerge as a world leader.**

Inspired by just three words. Dream. Dare. Deliver.

### Parentage

Flexituff International was originally Naviska Packaging Private Limited that became Flexituff International Limited in 2003.

### Products

Flexituff International Ltd (FIL) is engaged in the manufacture of flexible intermediate bulk containers, reverse-printed BOPP bags, Special PP bags and Leno bags, geo-textile fabrics and ground covers, polymer compounds, injection-moulded articles (dripper and pallets)

### Presence

The Company is headquartered in Pithampur, Madhya Pradesh

The Company has three manufacturing facilities, two in Pithampur (Madhya Pradesh) and one in Kashipur (Uttarakhand), supported by a Research and Development centre in Kashipur

The Company exports to around 55 countries across four continents with a significant presence in the USA and Europe.

The Company's shares are actively traded on the BSE Limited and National Stock Exchange of India Limited. The Company enjoyed a market capitalisation of Rs 512.98 crore as on 31 March 2012



### Recognition

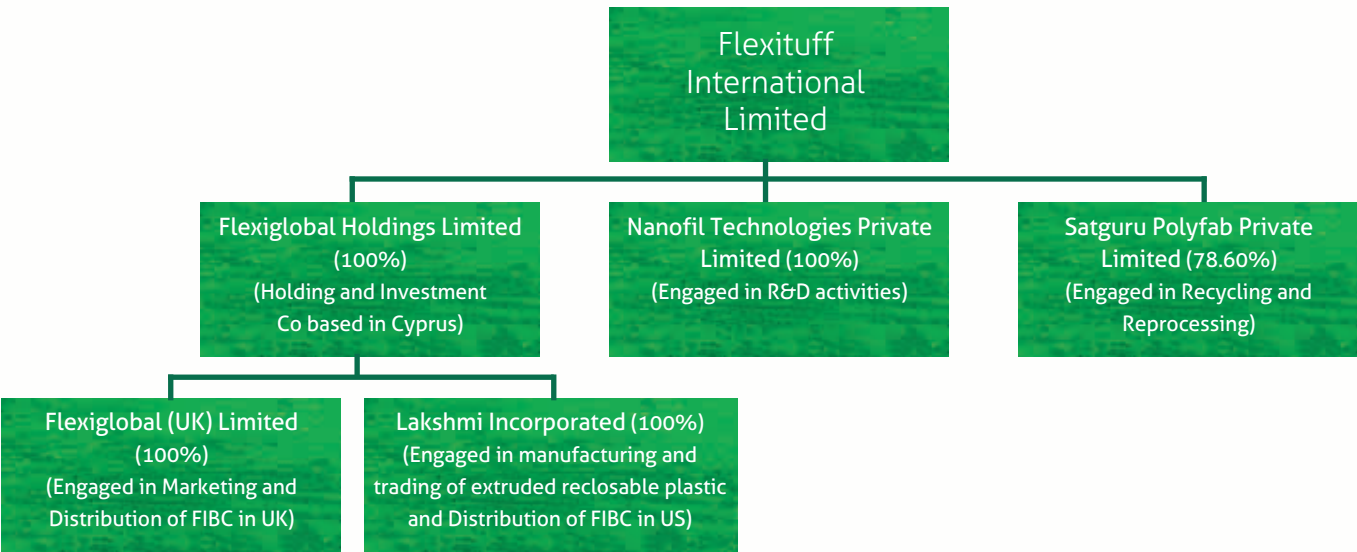
The Company has been a recipient of the Top Exporter Award (FIBC) from the PLEXCONCIL, Ministry of Commerce, for the last six successive years.

The Company's FIBC unit in SEZ, Pithampur, possesses the following accreditations/ certifications:

- AIB-USFDA for Food Contact Packaging Facility (with 'Superior' Category)
- BRC-IoP, UK for Food Packaging System. Certificates for Category-1
- ISO 9001:2008 for Quality System from DNV

- Complies with ISO-6 (class 1000) for Internal Bubble Cooling System
- Complies with ISO-7 (class 10000) for Liner Section
- Complies with ISO-8 (class 100000) for Liner Section (other than liner forming)
- ISO 14001:2004 certified for conforming to environmental management system standards
- ISO 22000:2005 certified for conforming to food safety standards
- Customs Trade Partnership against Terrorism (CTPAT) from Ameriglobe LLC FIBC Solutions, USA

### Corporate structure



# Milestones

## 1993-94

- Commenced manufacture of HDPE / PP woven sacks
- Established the Domestic Tariff Area (DTA) unit with a capacity of 1,380 MTPA

## 2002-03

- Expanded manufacturing capacity at DTA unit to 2,700 MTPA

## 2003-04

- Converted to public limited company and changed name to Flexituff International Limited
- Commenced production at Special Economic Zone(SEZ) unit with a capacity of 7,800 MTPA

## 2004-05

- Expanded manufacturing capacity to 5,200 MTPA at the DTA unit
- Receipt of BRC certifications for food grade packing

## 2005-06

- Received AIB certifications for food grade packing

## 2007-08

- Expanded manufacturing capacity to 23,000 MTPA at SEZ and DTA units collectively
- Investment of approximately Rs. 460 million by Clearwater Capital Partners Limited (Cyprus)

## 2008-09

- Incorporated wholly-owned subsidiary Flexiglobal Holdings Limited in Cyprus
- Acquired majority stake in Satguru Polyfab Private Limited

## 2009-10

- Incorporated wholly-owned subsidiary Nanofil Technologies Private Limited in Kashipur, Uttarakhand
- Established a step-down subsidiary, Flexiglobal (UK) Limited in the UK
- Acquisition by Flexiglobal Holdings Limited of Lakshmi Incorporated, USA, making it an indirect subsidiary
- Established a new plant with production capacity of 16,000 MTPA at Kashipur, Uttarakhand

## 2011-12

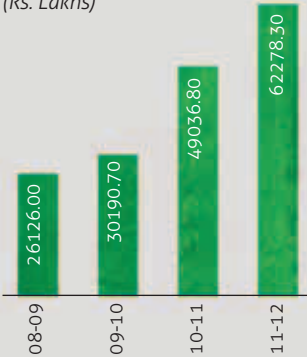
- Initial public offer of 45 lac shares and offer for sale of 22.50 lac shares by CCP



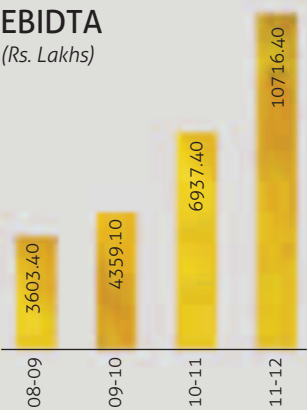
We dream, dare and deliver.

The result of which is attractive sustainable growth.

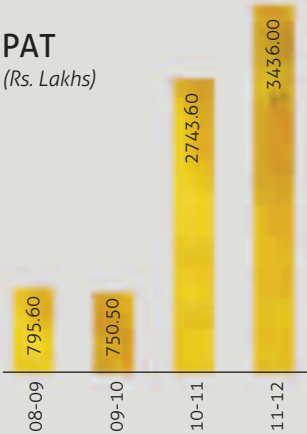
Revenue (net)  
(Rs. Lakhs)



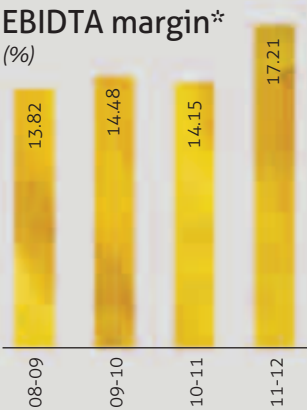
EBIDTA  
(Rs. Lakhs)



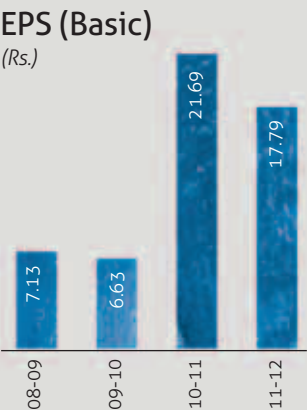
PAT  
(Rs. Lakhs)



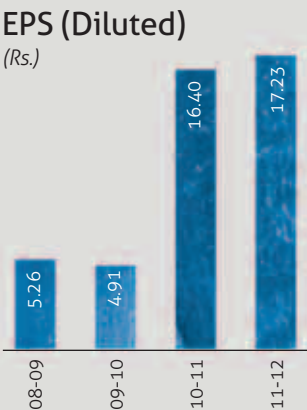
EBIDTA margin\*  
(%)



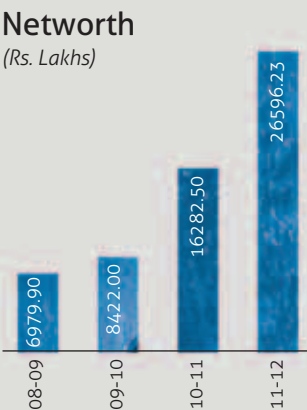
EPS (Basic)  
(Rs.)



EPS (Diluted)  
(Rs.)



Networth  
(Rs. Lakhs)



# Chairman's overview

At Flexituff International Limited, I am pleased to present 19th Annual Report and the first presented by the Company following its IPO in October 2011.



Flexituff performed creditably during 2011-12. Revenues increased 27 per cent by Rs 132.41 crore and profit after tax strengthened 25.24 per cent by Rs 6.92 crore. Earning per share (diluted) rose from Rs 16.40 in 2010-11 to Rs 17.23 in 2011-12.

## Optimism

At Flexituff, we are optimistic of enhancing value over the medium-term for some pertinent reasons:

- Following the introduction of FIBC in the 70s, the product has been accepted as the undisputed industrial packaging solution in the higher weight categories; the only changes to have happened over the last two decades have been customised modifications in the product, not a change in the product itself. This long-term stability has translated into growing mechanisation investments among industrial customers on the one hand and a willingness of bankers to fund companies like us on the other
- There are a number of factors

supporting the growth of the FIBC industry: the relative decline in the availability of labour the world over is incentivising investment in mechanised material handling (and the corresponding use of FIBC); the rising cost of oil is catalysing the shift to weight-effective FIBC; the increase in cross-continental material transfers is widening the market; the established economics of FIBC is widening applications - interestingly, down to 600 kgs consignments on the one hand and up to 20,000 kgs consignments on the other as against a conventional use in 1000 kg consignments; there is a progressive movement towards larger industrial manufacturing capacities, which is cascading to larger consignment quantities and use of FIBCs.

- There are a number of countries where FIBC use is relatively under-penetrated; the product was introduced in India only about five years ago; even a marginal shift in the format of packaging from jute bags with or smaller woven sacks to FIBCs could increase the room for a number of potential companies of our capacity.

## Global shifts

For years, the manufacture of FIBC was centered in some of the largest consuming markets for reasons of cost, competence and convenience. As labour costs increased, FIBC manufacture extended to Mexico, then Turkey and Eastern Europe, and

finally to India and China.

The FIBC manufacturing industry is fragmented, the largest company in the world accounts for barely 5 per cent of global market share. At a time when global capacities were consolidated, the largest buyers in the world bought from a handful of FIBC manufacturers. However, as globalisation increased, requirement quantities increased, capacities began to be progressively dispersed, the large buyers brought larger quantities from aggregators who consolidated, while these aggregators in turn brought smaller quantities from a larger number of manufacturers.

## Holistic value

Over the years, FIBC purchase shifted from one based around the lowest cost to one which took the overall business of the partner ahead with the best price-value proposition.

As the cost of litigation arising from product failure and human life impairment progressively increased in the developed countries, the large buyers gradually shifted to FIBC manufacturers investing in research-led productisation, helping deliver safer products.

As global product purity standards strengthened, the quality-demanding companies (especially in the food and pharmaceutical sectors) moved to FIBC suppliers manufacturing the product in clean room factory



environments.

As customer service standards strengthened, some of the largest and most professional companies selected vendors supplying different products to different countries without missing delivery schedules.

As the world became increasingly sensitive with regard to human rights, some of the most influential buyers moved their purchases to companies with demonstrated proactive citizenship with regard to worker treatment.

As global competitiveness increased, buyers shifted to research-led companies delivering a lower delivered product cost (superior holding capacity and lower product weight without compromising product strength); the buyers have also converted their distributors into sales and service providers while preferring to engage directly with the manufacturer.

A lot is changing at the large corporations, mainly their:

**footprint:** more plants at more locations in more markets;

**specifications:** from large numbers to more manageable few;

**quantities:** consolidated for better prices;

**costs:** driven south for more competitive end pricing, and

**total cost of procurement:** centralised to leverage the above.

**The large corporations need source credibility:** GMPs, hygiene, manufacturing conditions and quality certifications which show their conformance to global norms. They also need services which are quick,

localised, ethical with pedigree of proven delivery integrity.

### Flexituff's strategic response

At Flexituff, we are responding to these changes through various strategies:

- Superior economies of scale derived from one of the largest global FIBC capacities
- Progressive value-addition as a result of which 60 per cent of our output addresses the demanding needs of the food and pharmaceutical sectors
- Extending our business mix from FIBC to Geo-textiles, BOPP bags, support products (inks, compounds among others) and product distribution in advanced countries
- Rebalancing our balance sheet to create the foundation for secure sustainable growth
- Strengthening our terms of trade to bring cash in faster.
- Extending to end-to-end solutions that take the business of our customers ahead
- Fusing agility with size, resulting in a strong customer service around innovative product manufacture and timely product delivery
- Entering into distribution alliances to market a larger throughput across a wider geographic spread in shorter time.

Of all these initiatives, the extension from product manufacture in a developing economy to product distribution in the advanced economies represents the most significant implication. This last mile connectivity to our large customers

will gradually set us apart from our manufacturing competitors, liberate us from an excessive dependence on aggregators, enable us to grow our direct relationships with customers, provide us with a window into their emerging product and ancillary needs and enable us to leverage our research leading to the development of new products.

### Optimism


We are optimistic that this evolution – from one business to five – will make us larger and more profitable, enhancing value in the hands of our shareholders over the foreseeable future.

- FIBC revenues will continue to grow, catalysed by the addition of Japan to our markets as well as the addition of new products
- We expect to increase our BOPP capacity and commission our geo-textile manufacturing capacity during the current financial year. BOPP bags generate higher margins than FIBC while geo-textiles deliver margins that are even higher.
- The market for geo-textiles will be driven by the government's sustained infrastructure thrust and a preference for the use of geo-textiles, reflected in a first-time allocation for the purchase of this product expected in the Union Budget 2013.

Due to a growing presence in India (of FIBC, geo-textiles and BOPP bags) we expect the Company to report Rs. 1000 crore consolidated revenues in 2012-13 at around the same margins in the previous year.

**Anirudh C. Sonpal**  
Chairman





# At Flexituff, we are not merely engaged in commodity product manufacture.

---

We are engaged in the creation of  
technology-intensive products that take  
the businesses of our customers ahead.



## Patents

Our Company has submitted applications for registration of the following patents:


- Application No. 1692/MUM/2007 dated 24/08/2007 for Flexible containers
- Application No. 1222/MUM/2008 dated 9/06/2008 for an improved conductive FIBC.
- Application No. 1974/MUM/2007 dated 04.10.2007 for Material and composition for making Jumbo Bags for Bulk Chemical Packaging
- Application No. 1628/MUM/2007 dated 24/08/2007 for Flexible containers
- Application No. 1627/MUM/2007 dated 24/08/2007 for Builder's Bag
- Application No. 419/MUM/2007 dated 15.02.2011 for Tunnel Lift Bag
- Application No. PCT/IN2008/000531 dated 25.02.2010 for Flexible Containers
- Application No. PTC/IN2007/000474 dated 10.10.2007 for Builder's Bag.



**Innovation  
at Flexituff**

**Silver  
conductive  
yarn**





**For a number of years, manufacturers of explosive materials encountered a recurring problem when bagging their products for onward delivery.**

A static charge, if triggered, could threaten the safety of the product, operation, people and unit.

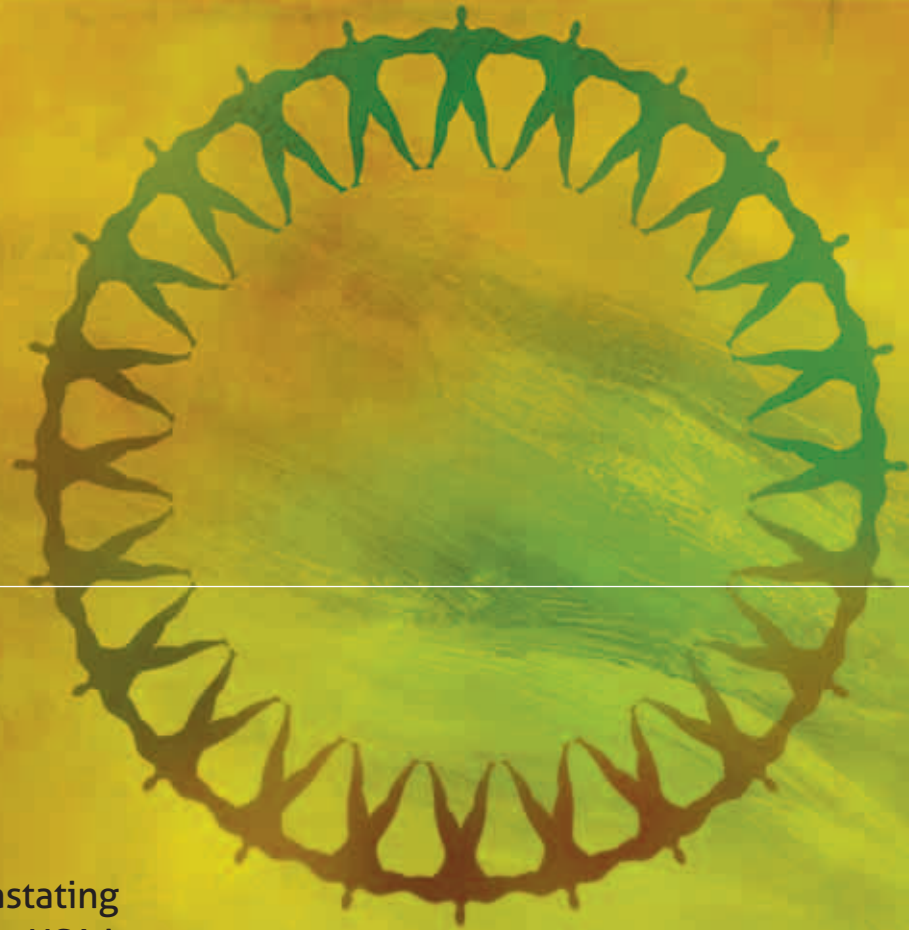
Even as a silver conductive yarn had been invented to absorb the charge and earth it with the objective to make the bagging function completely safe, supplies of this yarn were erratic, affecting Flexituff's ability to address growing customer requirements.

Flexituff embarked on the exercise to indigenise this specialised product. The Company engaged its research and development team to emerge with a complete safe response. After an extensive study, Flexituff developed a uniform silver coating around the 30 Danier polypropylene thread, coupled with the provision to keep it grounded and earthed during the loading/discharging functions.

Innovation  
at Flexituff

FIBC  
Special  
barrier  
liners for  
FIBCs





Following the devastating Hurricane Katrina in USA in 2005, industrial entities in that country encountered a problem: the prevailing moisture acted on the bags and generated chlorine and bromine gases, which affected the quality of the bags and their contents.

The result was that an increasing number of American customers began to demand bags with liners which would not allow the harmful gases to pass through.

At Flexituff, we got down to creating a polymer recipe that would assist in the manufacture of a with barrier properties to oxygen. After weeks of persistence, the Company created a product that met the demanding specifications of some of the largest companies in the world.

**The result:** the Company was awarded the patent for this product in 10 countries. Today, Flexituff is a large and regular supplier of FIBC's with barrier liners to several countries.

Innovation  
at Flexituff

Tunnel  
lift bags





Conventionally, in the UK, builder bags were used to transport construction material from one site to another with negligible spillage en route. Even as these bags were economically priced, the transportation of filled bags required the use of a wooden pallet that was five times costlier than the bag itself.

At Flexituff, we addressed this anomaly through the research-led patented development of a tunnel-lift bag that helped to eliminate the need of pallets during transportation without affecting the overall economics of manufacture and ease in handling.

**Innovation  
at Flexituff**

**Superior  
compound  
for pipe  
extrusion**



Over the years, a number of dripper users (comprising the drip irrigation system) complained that after some weeks of use, the water flow in the drip irrigation system would become inconsistent affecting systemic effectiveness.

Flexituff assigned its research team to address the problem. The team discovered that the erratic liquid flow was a result of changes in wall thickness at specific points of the pipe leading to sub-optimal performance. The team embarked on the challenge of reconciling the balance of four compounds used in the manufacture of these pipes that would enhance thickness consistency.

Following eight months research and trials across 25 industries, the Company emerged with an enduring solution: a standard compound (instead of four used by other manufacturers) that needed to be customised to the nature of extrusion equipment in addition to parameters that needed to be changed in the respective equipment.

The result: pipe manufacturers were able to rationalise their material requirements from four compounds to one and were liberated from the challenge of balancing their diverse raw materials. This innovation opened the market for the application of this product in the manufacture of geo-textiles, trap bags and soil bags, among other products.



Innovation  
at Flexituff

Trap  
bag





Trap bag is a unique system to be used for flood protection or as a protective barrier for many uses developed by an American company. It is a chain of bags each measuring approximately 100 feet long, 6 feet high and 4 feet wide.

Challenge was to commercially develop this product with consistent quality and speed required for calamity-prone conditions.


Engineers at Flexituff addressed the challenge and successfully made 8 miles of such barriers in a short period of 15 days which was used to stop flood at the city of Fargo in North Dakota, USA.

Since then these bags have been intended to be used for many applications other than flood protection including as individual barrier to a property or even for military bunker use.

Innovation  
at Flexituff

Sling  
bags





Conventionally, companies would first fill cement in reinforced paper bags and then these bags would be packed in jumbo bags for onward export.

Over time, a number of cement importers complained that during trans-shipment, the paper bags would often drop to the floor and burst, resulting in material spillage.

Flexituff responded with an FIBC alternative that was customised for direct cement packaging, eliminating the need for paper bags completely. The result was the creation of the sling bag.

The result: Flexituff's products are so widely used in Egypt that most cement manufacturers have started using sling bags manufactured by the Company.

# Innovation at Flexituff

# Combo- BAG



**Conventionally, wooden and cardboard boxes were used for the bulk packaging of meat products with inherent problems of high cost, breakage and contamination.**

One of the large global meat consumers presented this problem to Flexituff. The Company's research team worked on the problem and eventually developed a totally different packaging system with sweeping impact.

Flexituff's revolutionary product, the Combo-BAG, requires no pallets, works with existing equipment, requires minimal labour and facilitates reuse. The liner strength enhances food freshness. The multilayered, barrier material construction of the Combo-BAG container makes it possible to transport material directly to the truck floor without affecting product integrity. The Combo-BAG container increases food safety by eliminating corrugated boxes and wood from processing areas, resulting in substantial cost savings through low tare weight and enhanced space efficiency.



**This is how we have selected to grow our business in a profitable and sustainable way.**

### Core competence

It would be simplistic to think of Flexituff only as an FIBC company. The Company is essentially a polymer extrusion company with a downstream competence in polymer compounding, blending and adaptation to difference product needs across diverse downstream sectors. This extrusion competence has been reflected in the manufacture of FIBC, geo-textiles and reverse printed BOPP woven bags.

### Long-termism

Flexituff's strategic priorities are positioned around long-termism, which is reflected in its systems, processes, manning and values.

### Synergic extension

Flexituff selected to extend across adjacent business spaces and widen its presence. This synergic extension has been secured through a high degree of integration. The combination of the two helped the Company reduce costs and enhance operational flexibility. The Company extended its manufacturing model through the acquisition of a UK based marketing and distribution company (now a 100 per cent subsidiary), making it possible for the Company to capture a larger slice of the value chain.





## Corporate citizenship

Flexituff has invested in corporate citizenship not as an afterthought and as a spillover of its prosperity but as something integral to its existence. This corporate citizenship has been reflected in paying a fair wage to labourers, providing them with a hygienic work environment, recruiting eligible adults and responsible employment of handicapped individuals.

## Economies-of-scale

Flexituff has invested in manufacturing scale (62,000 MTPA of extrusion capacity) with the objective to support the downstream manufacture of various products. This has translated into attractive economies of knowledge, procurement, freight and employment.

## Knowledge sheen

Flexituff has been positioned as a research-led polymer extrusion company, representing thought leadership, patent filings and ownership, innovative product development, laboratory for application experimentation and the presentation of papers at global industry platforms.

## Sustainability

Flexituff has created a business model around sustainability that protects profitability in good markets and bad. This sustainability has been derived through multi-products, multi-locations and multi-markets.

## Operational integration

The Company has specifically selected to invest in operational integration for the manufacture of FIBC to enhance flexibility in servicing customer needs

– from serving as a pilot plant to the manufacture of small lots, trial orders and the sale of intermediate products (whenever needed). The Company also recycles in-house waste and end products into polymer for reuse. Going ahead, the Company expects to manufacture polymer compounds for drip irrigation and injection moulded palettes from recycled resources.

## Customisation

Flexituff has selected to grow its presence in business spaces marked by a relative decline in commoditisation and a progressive increase in customisation. This has helped the Company work closely with customers to understand demanding requirements, productising relevant products and enhancing margins.

## Multi-location

Flexituff has selected to diversify its presence – three different locations in India and four integrated facilities – which enhances management control, regional advantages, tax advantages, labour relations and proximity to large local markets.

## Increasing value addition

Flexituff has selected to escape the commodity end of polymer extension

through the manufacture of variety of products on the one hand and graduate to value-added niches within each product segment. The Company focuses on high-margin FIBC products in the food and pharmaceutical-grade segments. It is also venturing into the manufacture of injection moulded articles for drip irrigation, a margins-accretive product.

Besides, the geo-textile and reverse-printed BOPP bag segments provide attractive value-addition.

## Research-led

Flexituff has invested extensively in research over the last decade, strengthening product and process efficiency. Currently, it is working on import-substituted products like halogen-free flame retardant, nylon elastomer, fluoropolymer and ASA (acrylonitrile styrene acrylate).

## Fiscal efficiency

Flexituff has selected to establish facilities in fiscally-efficient locations [Pithampur (SEZ & DTA) and Kashipur] to enhance its cost-competitiveness, logistical efficiency and ease of material clearance.

It would be simplistic to think of Flexituff only as an FIBC company.

# Our competitive advantages

## Spread

The Company has leveraged its knowledge of polymer extrusion to create five business verticals – retail packaging (BOPP), industrial packaging (FIBC), infrastructure (geo-textiles), agriculture (dripper and drip irrigation compounds) and business support (inks and compounds).

## Proven management bandwidth

The Company has a well-qualified and highly experienced management team with a collective business experience of more than 20 years.

## One-stop

The Company represents a one-stop packaging destination ranging from 5 kg (BOPP) to 50 kgs (PP woven) and 500 kgs-plus (FIBC).

## Extensively integrated

Flexituff is one of few fully-integrated FIBC manufacturers globally through direct ownership of the complete process chain (including ink and compounding material). This 100 per cent integration allows it to deliver products in multiple options,

customise products and mitigate risks related to outsourced workmanship. Besides, the Company extended from product manufacture to marketing (the last mile) through the acquisition of a US company (100 per cent subsidiary)

## Scale

Flexituff owns and operates the world's largest FIBC manufacturing capacity of 28,000 TPA at a single location. In India, the second-largest FIBC manufacturer is 40 per cent the size of Flexituff; the next highest global capacity at a single location is 20,000 TPA. Flexituff's professional management helped create an industry-leading status in India with a turnover of Rs. 750 crore (nearest competitor with a turnover of less than Rs. 200 crore). Besides, this scale helped enhance the Company's access to deal/order flow in the global markets.

## Certifications

Flexituff is among select FIBC companies worldwide with USFDA and ISO Food Grade certifications, enabling the Company to service the growing needs of food companies

globally. Besides, a host of other certifications make it possible for the Company to address the needs of any sector in any country, enhancing its capability to capture every possible upturn in global demand.

## Brand-enhancing customers

Flexituff is associated with 100 of the Fortune-500 companies including brand-enhancing names. The Company works with 100 of the world's largest aggregators who provide material to end users in the global markets. Over 95 per cent of its revenues are derived from advanced countries. The Company exports products to as many as 55 countries, the highest among global FIBC manufacturers. The result is a multi-continental insight into customer needs.

## Multi-applications

Flexituff's products address the needs of five major customer segments – food, pharmaceutical, construction material, industrial clean room and dangerous goods segment (as classified by the UN). In turn, the Company's products address the growing needs of the chemical,



fertiliser, pharmaceutical, polymer, cement, mineral, agro and infrastructure sectors, among others.

### Diversified product mix

Flexituff is a one-stop provider of all packaging woven products. It continues to expand and broad-base its product portfolio and currently produces FIBCs (500 kg+), special PP bags and reverse printed BOPP woven bags (5-50 kg), leno bags for agri-products, woven geo-textile bags and fabric for prevention of landslides, control of soil erosion, riverbank protection and underlay of roads. It also manufactures reclosable extruded zipper profiles which are used as a secondary closure for 5-50 kg bags.

### Value-addition

Flexituff graduated to the value-added FIBC segment; 60 per cent of the Company's product mix comprises

food and pharma grade FIBCs, which enjoy superior realisations over the generic variety.

### R&D

The Company's 15,000 sq. ft R&D centre employs diverse professionals (micro-bio scientist, plastic technocrat, chemical scientist and polymer scientist). The Company invested in one of the largest global FIBC outlays (Rs. 20 crore in 2010-12) in research and product development.

### Customer service

The Company is service-driven, marked by quality consistency and timely product delivery.

### Fiscal benefits

Flexituff's presence in an SEZ means that its profits are taxed only at the MAT level with self-declaration of all exportable material, facilitating superior logistics (export of five

containers every day).

### Quality-focused

Flexituff's SEZ unit at Pithampur operates in a demanding clean room environment benchmarked to stringent quality requirements (dust and micro organism-free) of the food and pharmaceutical industries of the developed countries. This facility is also hazard analysis and critical control point (HACCP)-enabled.

### Financials

The Company reduced its gearing from 1.23 to 0.67 in 2011-12. Total external liabilities to networth was 1.64. Bad debts were nil. Inventories declined from Rs 96 crore at the close of 2010-11 to Rs 80 crore at the close of 2011-12. Working capital as a proportion of the total capital employed was maintained at 23 per cent, despite a weakening industrial landscape.

	Applications	Industries	Benefits
FIBC	For bulk packaging & transportation	Chemicals, fertilisers, pharmaceuticals, polymers, cement, minerals, etc.	<ul style="list-style-type: none"> <li>Less cost of packaging, faster loading and unloading, minimizing spillage &amp; pilferage losses</li> <li>Carrying capacity – 0.5MT-2MT</li> </ul>
Special PP Bags & Leno Bags	For retail packaging	Agro & industrial products, retail industry, etc.	<ul style="list-style-type: none"> <li>High strength, light weight, tear resistant, printable</li> <li>Size varies depending upon requirement between 5 to 50 kgs</li> </ul>
Reverse Printed BOPP Woven Bags	For packaging	Rice, flour, pet food, tea, special chemicals and fertilisers, retails industry, etc.	<ul style="list-style-type: none"> <li>Printed BOPP provide better aesthetic appeal while retaining the strength for retail product</li> <li>Carrying capacity – 5 to 50 kgs</li> </ul>
Geo-textile Fabric & Ground Covers	For prevention of soil erosion & separation, landslides, river banks & strengthening of underlay of roads, etc.	Infrastructure projects such as roads, driveways, embankments, drainage ditches, etc.	<ul style="list-style-type: none"> <li>Features: Separation, reinforcement, filtration</li> <li>Benefits: Less time required for excavating, more durability</li> </ul>
Polymer Compound	For producing compounds and master batches	Automobile, appliances, wires and cables, drip irrigation industries, etc.	<ul style="list-style-type: none"> <li>Part of backward integration benefiting the Company in maintaining the quality and niche area marketing</li> </ul>
Injection Moulded Articles – Dripper and Pallets#	Dripper is used in drip irrigation & Pallets are used for storage & transportation	Agricultural/ industrial.	<ul style="list-style-type: none"> <li>Dripper is used in drip irrigation which saves water, electricity, cultivation cost, etc.</li> <li>Pallets save wood, are eco-friendly &amp; safe</li> </ul>

# Proposed product

Divisional overview

# Management discussion and analysis

Global economy

The global environment turned adverse in September 2011, following the turmoil in the euro zone and doubts about the US economy provoked by rating agencies. Capital flows to developing countries declined by almost half in 2011. Europe appeared to have entered a recession, while growth in several major developing countries (Brazil, India, South Africa, Turkey and to a lesser extent Russia) slowed partly due to domestic policy tightening. Despite relatively strong activity in the US and Japan, global economic trade declined. Global GDP grew 3.9%

in 2011 compared with 5.3% in 2010. As per World Economic Outlook, global economic growth is expected to slow to 3.3% in 2012, largely because the euro area economy is expected to enter into a mild recession in 2012, owing to a rise in sovereign yields, bank de-leveraging and additional fiscal consolidation.

Indian economy

The financial crisis which began in industrialised nations in 2007, spread to real economy globally, and India was not an exception. The effect was visible when India’s gross domestic product (GDP) declined from 9.3% in

2007-08 to 6.8% in 2008-09, gradually improving to 8% in 2009-10. The Indian economy faces the major challenge of managing growth and price stability without any adequate innovative latitude in policy making to sustain economic growth. The Indian economy grew 6.5% in 2011-12 against 8.4% in 2010-11, largely due to weakening industrial growth. Despite the low growth, India remains one of the fastest-growing global economies, as all major countries including the fast-growing emerging economies witnessed a significant slowdown.

Economic snapshot

(in %)		
Sector	2010-11	2011-12
Agriculture and allied activities	7.0	2.8
Mining and quarrying	5.0	(0.9)
Manufacturing	7.6	2.5
Electricity gas and water supply	3.0	7.9
Construction	8.0	5.3
Trade, hotels, transport, storage and communication	11.1	9.9
Financing, insurance, realty and business services	10.4	9.6
Community, social and personal services	4.5	5.8
GDP at factor cost	8.4	6.5



## Divisional overview

# FIBC

### Product overview

Flexible intermediate bulk containers (FIBC) are widely used for storage, transportation and handling of powder, flake or granular products. FIBCs are used to handle dry products in bulk at various stages of the manufacturing and production cycle, right through to the point of user packaging. The majority of FIBCs used to package dry bulk products are manufactured from technical and complex textile mixes, which ensure a comprehensive compliance with performance, quality, hygiene and health and safety standards. Typically, FIBC is constructed from woven polypropylene (PP) fabric in the form of cubic bags. The fabric may be a single layer with an extra loose liner or laminate. The UV-treated PP fabric is a sound electrical insulator.

The growth drivers of the FIBC sector comprise the following:

- Industries using packaging textiles

are increasingly switching to FIBC as the latter offers benefits over hessian bags in terms of lower cost, superior protection, ease in polymer procurement and convenient handling

- FIBCs are finding newer applications – qualified as UN bags (for hazardous goods) and clean room bags (used for food products such as milk powder, starch, spices and bulk drugs), widening the market
- FIBCs made from PP are lighter and save almost three-five times packaging material over conventional bags. The lower material weight saves energy during manufacture and transportation. On the other hand, jute bags require almost 50 per cent more energy and paper bags about 300 per cent more energy
- The petrochemical and mineral industries – both growing rapidly – account for 60 per cent of India's FIBC demand
- Growth in India is being catalysed by industrialisation, population growth, agricultural development, infrastructure investments, white goods sector growth, change in bulk

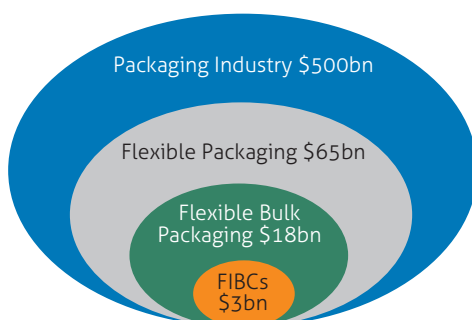
packaging standards and growing labour regulation as per international standards

- FIBCs are easier and cheaper to handle and transport. They are preferred over small packages (25-50 kg bags) and bulk carriages. Industrial growth and product substitution are expected to boost FIBC volume growth by around 6-7 per cent per annum

The global FIBC market is estimated at around USD 3 billion corresponding to a consumption of around 390 million bags a year. FIBC consumption is primarily in developed countries (North America and Europe) with corresponding investments in bulk handling and transportation facilities. Even as these markets matured from an industrial perspective, the consumption of packaging is increasing as it is cost-effective to source from lower cost countries.

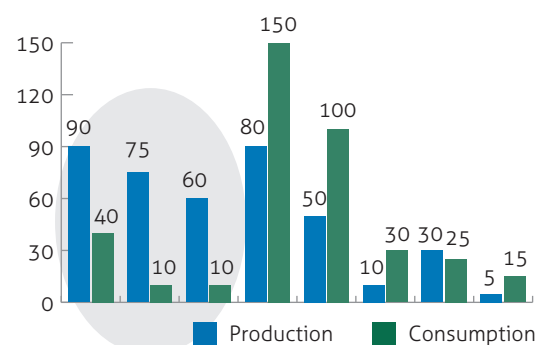
North America is the largest FIBC market, growing at 11 per cent

Globally, FIBCs are a small subset of the overall packaging industry



Source: Indian Flexible Bulk Container Association (IFBCA)

Low-cost producers; China, India and Turkey were the top three exporters of FIBCs in 2010



Source: (IFBCA)

annually as quality FIBCs are available at cheaper prices from developing countries. America also imports a majority of its requirement from Central and South America, Turkey and India. Europe accounts for a quarter of the FIBC market, primarily sourced from Turkey and India.

Turkey, China and India are the three largest FIBC-producing countries and account for over 50 per cent of the global FIBC requirement. The 5-2 per cent growth in all FIBC markets is likely to translate into an average global growth of around 9 per cent.

India is one of the world’s fastest-growing polymers market and also the world’s third-largest polymer market after the US and China. Following a steady increase in polymer capacities, downstream products are increasingly accessing local supplies. The per capita consumption of polymers in India is 4 kg against around 90 kg in the US and 60 kg in Europe (global average of 17 kg).

India is the third-largest producer of FIBCs globally after Turkey and China. It is the second-largest exporter of FIBC on account of low-cost labour, assured supply and superior quality. The Indian FIBC industry has grown four-fold in the last ten years,

comprising a significant increase in the percentage of food grade FIBC. The Indian FIBC output is expected to grow at 13-15 per cent over the next five years led by strong end-user demand and increased acceptance of FIBCs over other forms of packaging and the ability of Indian manufacturers to strengthen their hold over a large and growing export market.

Flexituff’s positioning

Flexituff is a focused player in the USD 3 billion FIBC space, a subset of the overall packaging industry. Flexituff is the world’s largest integrated clean room manufacturing facility, manufacturing one of the widest FIBC ranges comprising the following:

**High-end bags for food and pharma industry:** Made with precision and precaution to avoid contamination. Normally laminated or lined and made in a clean environment. Principal application in the packaging of food and pharmaceutical products and special plastics for the manufacture of specialised electronic items.

**Conductive and dessipitative bags:** For explosion sensitive industry.

**Sift -proof bags:** Needed for powdery

products and stitched in a special manner so as to block needle holes, preventing spillages.

**Baffle bags:** Baffle restraints stitched onto all corners to prevent expansion beyond a point. Largely used where cargo has to be containerised or space has to be saved.

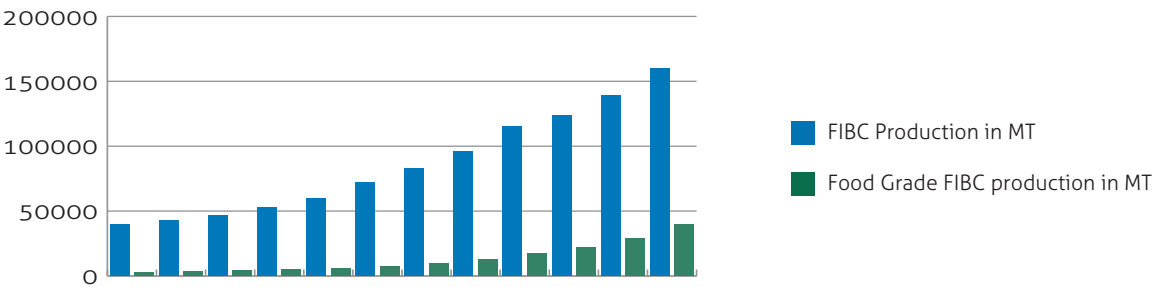
**Form-fitted liner bags:** Special FIBCs where the bag liner is also shaped in the form of a bag, attached by various methods (gluing, tabbing or sewing). Avoids extra liners inside the bag; liner assumes the shape of the bag rather than creating bulges.

**Builder bag/tunnel-lift:** FIBCs with large volumes. Used in construction and aggregate industry. Used for filling sand, construction waste or aggregates. A recent development is a tunnel-lift bag without a pallet using the body fabric as a lifting mechanism apart from four loops, saving costs.

**Single-loop bags:** Normally made for fertiliser or cement packaging. Different in construction where the body-fabric of the bag itself is formed into a lifting loop.

**Sling bags:** Mainly used to carry 20-40 bags of 25-50 kg each. An outer bag which enables easy carriage and mechanical handling of small bags without pallets.

Growth in India’s FIBC market





## Divisional overview

# Reverse printed BOPP woven bags

### Product overview

Reverse printed BOPP woven bags are small polypropylene woven bags laminated with a reverse printed BOPP film. The bag is made of PP woven fabric laminated with printed BOPP film on the outer surface. The BOPP film is printed with roto-gravure printing technology with a facility to extend to nine colors, covering all graphics and pictures. The use of reverse-printed BOPP woven bags is ideal for packing products in 5-50 kgs capacities where the customer seeks attractive printing without compromising strength.

The advantages of BOPP bags comprise the following:

- Tear-resistant
- Weather-resistant, can be stored in the open
- Resistant to water, grease and oils
- Superior shelf visibility
- Superior printability, high-impact gloss finish
- Better preservation of moisture resulting in superior aroma retention
- Excellent clarity with superior graphical printing

These bags have found users mainly in the retail segment where products are sold through retail chains, supermarkets and commercial establishments. In 2010, the US imposed an anti-dumping duty on BOPP bags from China, widening the opportunity for Indian manufacturers.

### Industry overview

India is at the cusp of a retail revolution. The country is a preferred destination for global retailers and ranks 35th in size with just about one-fourth of prominent global retailers present in the country. The Indian retail industry reported a noticeable shift towards organised retail formats. India's retail market is expected to grow at 7 per cent over the next decade, reaching a size of USD 850 billion by 2020. Traditional retail is expected to grow at 5 per cent to USD 650 billion (about 76 per cent), while organised retail is expected to grow at 25 per cent to USD 200 billion by 2020. India's retail sector is expected to grow to about USD 900 billion by 2014 (*Source: IBEF*).

### Flexituff overview

The Company selected to enhance its presence in this segment to leverage its polymer extrusion capability, encash the Indian retail boom and widen the industry window following the imposition of an anti-dumping duty by the US on Chinese imports. The Company commissioned 7200 TPA in 2009-10. Within the space of just three years, the Company accounts for 20 per cent share of a growing Indian market.

### Our strengths

- Largest scale within India, resulting in the ability to provide any quantity

anytime and anywhere

- Complete integration (except BOPP film), comprising woven fabric manufacture, printing, inking, lamination and stitching lines – the most extensive within the sector in India, strengthening the Company's cost management, quality and timely delivery
- Ability to provide the product in 5kg, 10kg and 25 kg SKUs to address the growing opportunity arising from the Indian retail boom and enhance affordability
- Deep experience in manual stitching efficiencies, enabling us to ramp up capacities and address customer needs at a short notice
- Ability to leverage the corporate standing to create products addressing specific sectors, seed the market and grow the brand
- Acquired a US company possessing the technology to manufacture secondary closures, making the Company the first in India to possess this capability

### Outlook

The Company targets 95 per cent capacity utilisation, enhance the proportion of small BOPP bags from 20 per cent of the product mix to 40 per cent, extend its sectoral presence to the relatively virgin area of cement bags and leverage the secondary closure option to enhance appeal and offtake.

Divisional overview

# Geo-textiles

Product overview

Geo-textiles are specially woven polypropylene fabrics that ensure the passage of measured quantities of water or soil particles. The fabric is technical, used in infrastructure development (road and coastal development) to prevent soil erosion, soil separation, river bank protection, strengthening road underlay, track bed and slope stabilisation and prevention of land slides, among others.

Geo-synthetics have numerous benefits. Firstly, they act as filters between the soil and drainage gravel and prevent the soil particles from being carried away by the filtered water. Secondly, they prevent the mixing of two materials, such as a soft sub-grade with a clean base aggregate. Thirdly, the soil movement can be reduced by the confinement and reinforcing action of geo-synthetics, which absorb part of the stress. Lastly, the permeability of geo-synthetics allows them to act as drains.

Within the construction and landscaping sector, the use of geo-textiles has become fundamental in solving an increasingly diverse range of global geotechnical and

environmental problems. The primary benefit of using geo-textiles is to enhance the performance and design life of development within the built environment. Geo-textiles are now incorporated into solutions to deal with the increasing occurrence of flooding, temperature extremes, differential ground movement and non-uniform settlement problems, landslips and landslides, as well as ground heave. Within the transportation, infrastructure and built environment sectors, the applications of geo-textiles now include pervious paving systems, green roofs, geocellular tank systems, trench soakaways and reed beds. Geo-textiles are being incorporated into major infrastructure projects. Their use plays an active role in minimising quarrying and use of natural aggregates of which there is a limited and finite supply. In addition to the many sustainable benefits of using geo-textiles, one of the primary advantages is the potential to reduce overall construction costs and in some cases having a major influence on the financial viability of the proposed development.

India expects to invest USD 1 trn in the 12th Five-Year Plan, which is

expected to grow the market for geo-textiles. Even a 1 per cent shift towards geo-textiles could create a market for Rs 1600 crore based on the overall market size as it existed in 2007-08.

Industry overview

The global demand for geo-synthetics is expected to increase dramatically over the next few years, with geo-textiles witnessing the greatest improvement. India, as one of the emerging markets with China and Russia, and with large-scale infrastructures in the pipeline, is expected to see one of the biggest developments in this field.

The global demand for geo-synthetics is expected to increase 5 per cent annually to 4.7 billion sq. m in 2013. In India, the demand for geo-synthetics is projected to increase 12.3 per cent a year to 100 million sq. m by 2013, up from just 56 million sq. m in 2008, with transportation representing the largest market. An international symposium on geo-textiles predicted the growth of geo-textiles could be around 15 per cent a year in India.

Around 37 million sq. m of geo-textiles was rolled out in 2008 and 65

The global demand for geo-synthetics is expected to increase dramatically over the next few years, with geo-textiles witnessing the greatest improvement.

million sq. m is expected for 2013 and 113 million sq. m in 2018. This demand largely comes from within the transportation sector as the country is expected to add 309,000 km of newly paved roads by 2013, about 75 per cent of India's population live in rural villages, so the new roads will bring prosperity and business to remote areas. According to a report on geo-textiles for roadways in India, it is estimated that the annual loss to economy due to poor roads and congestion is between USD 3-6 million, which is projected at USD 311 billion by 2012, around 10 per cent of which will be spent on roads.

Expenditure on infrastructure projects in India grew from 5 per cent of GDP to 8.9 per cent during the current the Eleventh Plan period. The Twelfth Plan aims at infrastructure spending of around USD 1,000 billion or roughly 11 per cent of the GDP.

As per the Twelfth Plan, an investment of USD 120 billion in roads is expected with the intention of converting 20,000 km of single-lane roads into double-lanes, targeting to award 7,300 km worth of projects every year (*Source: Economic Times, 15 February 2012*).

### Flexituff's positioning

The Company invested in 40 Sulzer looms to manufacture geo-textile fabrics corresponding to a manufacturing capacity of around 1,680 MT per annum. In India, there is negligible organised capacity to manufacture geo-textiles.

### Strengths

- The Company possesses the largest geo-bag manufacturing capacity in India
- The Company possesses the capability to manufacture woven, non-woven and composites
- The Company converts geo-textile fabric into bags
- The Company possesses the global manufacturing rights to manufacture geo-textiles for flood control in India
- The Company entered into a collaboration with ITW Signode to manufacture geo-tubes, sourcing technology from the multinational in exchange for fabric, plant and people
- The product is an import substitute in India

## Financial highlights

- Operating profits grew 62% to Rs. 3492.56 lakhs
- Profit before tax grew 41.19% to Rs. 1308.30 lakhs
- Net profits grew 25.24% to Rs. 692.40 lakhs
- Sales grew to Rs. 62278.26 lakhs against Rs. 49036.80 lakhs in 2010-11
- EBIDTA margins improved from 14.147% to 17.207% .
- Net worth stood at Rs. 26596.19 lakhs against Rs. 1637.37 lakhs in 2010-11, i.e. an increase by 62.395%.
- Return on Capital employed stood at 21.54% (16.60% in 2010-11)
- Earning per share (diluted) grew to Rs. 17.23 from Rs 16.40 in 2010-11



# Risk management

1

**Industry risk**

Any slowdown in the industry growth may impact the Company's revenue growth

**Mitigation**

- The Indian packaging industry is expected to become the fourth-largest packaging market in the world, growing its revenues to USD 43.7 billion by 2016
- An investment of USD 120 billion in roads is proposed in the Twelfth Plan with the intent of converting 20,000 km of single-lane roads into double-lanes to award 7,300 km worth of projects every year. This should catalyse the demand for

geo-textiles

- India's retail market is expected to grow 7 per cent over the next 10 years, reaching a size of USD 850 billion by 2020. Traditional retail is expected to grow at 5 per cent and reach a size of USD 650 billion (about 76 per cent), while organised retail is expected to grow at 25 per cent and reach a size of USD 200 billion by 2020. This should catalyse the offtake of BOPP bags

2

**Quality risk**

There is a growing need for FIBC products to be benchmarked with stringent global products and process quality requirements addressing the food and pharmaceutical industries

**Mitigation**

- The Company's product and process standards were benchmarked to the following demanding certifications:
  - AIB-USFDA for food contact packaging (with 'superior' category)
  - BRC-IoP, UK, for food packaging system certificates for category-1
  - ISO 9001:2008 for quality systems from DNV
  - Complies with ISO-6 (class 1000) for internal bubble cooling system

- Complies with ISO-7 (class 10000) for liner section
- Complies with ISO-8 (class 100000) for liner section (other than liner forming)
- ISO 14001:2004-certified for conforming to environmental management systems
- ISO 22000:2005-certified for conforming to food safety standards
- The effectiveness of the Company's quality standards is reflected in the proportion of revenues derived from customers longer than five years.

## Statutory Section

# Notice

**NOTICE** is hereby given that the **19<sup>th</sup> Annual General Meeting** of the Members of **Flexituff International Limited** will be held on 25<sup>th</sup> day of September, 2012 at 11:00 a.m. at the Registered office of the Company at 304, Diamond Prestige, 41-A, A.J.C. Bose Road, Kolkata- 700017 (West Bengal), to transact the following business: -

## Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2012 and the Profit and Loss Account for the Financial Year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To declare dividend on equity shares of the company.
3. To appoint a director in place of Mr. Kevan John Upperdine who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Sharat Anand who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditor to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the company and to fix remuneration and to pass the following resolution thereof:

**"RESOLVED THAT** M/s L.K. Maheshwari & Co., Chartered Accountants, Indore (Firm Registration No. 079873) be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration and out of pocket expenses as shall be fixed by the Board of Directors of the Company in consultation with the Auditors."

## Special Business

6. To consider, and if thought fit, to pass the following Resolution with or without modifications as an **Ordinary Resolution**

**"RESOLVED THAT** in modification of all earlier resolutions, if any, passed by the members, the Board of Directors be and are hereby authorised in accordance with Section 293(1)(d) of the Companies Act 1956 and the Articles of Association of the Company to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company notwithstanding that monies to be borrowed together with the monies already borrowed by the Company (apart from temporary

loans obtained from the Company's bankers in the ordinary course of the business) will exceed at any time, the aggregate of the paid up capital and its free reserves (that is to say, reserves not set apart for any specific purpose) provided, however, that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs. 1000.00 Crores (Rupees One Thousand Crores) and that the Board of Directors be and are hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may think fit in the best interest of the organisation."

7. To consider, and if thought fit, to pass the following resolution with or without modifications as an **Ordinary Resolution**

**"RESOLVED THAT** in modification of all earlier resolutions, if any, passed by the members, consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations as the Board may direct, on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of all or any of the financial institutions / banks / any other investing agencies / trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any of the financial institutions /banks / any other investing agencies or any other person(s) / bodies corporate by private placement or otherwise to secure rupee / foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 1000.00 Crores (Rupees One Thousand Crores) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the



Agreements / Arrangements entered into / to be entered into by the Company in respect of the said loans, debentures, bonds or other instruments;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to finalize with the aforesaid parties or any of them, the documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this resolution."

8. To consider, and if thought fit, to pass the following resolution with or without modifications as an **Special Resolution**

**"RESOLVED THAT** pursuant to the provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions, if any of the Companies Act 1956 approval of the members be and is hereby accorded for the appointment of Mr. Kartikeya Kalani as Manager (Product Development) of the company with effect from 1st November 2011 on such terms and conditions as mentioned below:-

- Gross Salary Rs. 49,500/- p.m., with an authority to board/ committee to increase the remuneration upto Rs. 2, 00,000/- p.m. based on increment policy of the company in force.
- He will be entitled to all other benefits and privileges, as per the policy of the Company in force.
- He shall abide by all rules and regulations as may be applicable.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized do needful to give effect to this resolution."

9. To consider, and if thought fit, to pass the following Resolution with or without modifications as an **Special Resolution**

**"RESOLVED THAT** pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, approval of members of the Company be and is hereby accorded for the following amendments to the Articles of Association:

- (a) Alteration of existing Clause 165 of the Articles of

Association of the Company and substituted clause to read as below:-

#### 165. Deeds how executed

Every deed or other instrument, to which the seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by at least one director or Secretary or some other person appointed by the Board. The seal of the Company shall not be affixed to any instrument except in the presence of at least one Director or Secretary or such other person as the Board may appoint for this purpose and the said Director or Secretary or the person aforesaid shall sign every instrument to which the seal of the Company is so affixed in his presence.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to do needful to give effect to this resolution."

10. To consider, and if thought fit, to pass the following Resolution with or without modifications as an **Ordinary Resolution**

**"RESOLVED THAT** Mr. Manish Kalani, in respect of whom company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the directorship, be and is hereby appointed as a director of the Company, who shall not be liable to retire by rotation;

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized do needful to give effect to this resolution."

11. To consider, and if thought fit, to pass the following Resolution with or without modifications as an **Ordinary Resolution**

**"RESOLVED THAT** Mr. Kaushal Kishore Vijayvergiya, in respect of whom company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the directorship, be and is hereby appointed as a director of the Company, liable to retire by rotation;

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized do needful to give effect to this resolution."

12. To consider, and if thought fit, to pass the following Resolution with or without modifications as an **Ordinary Resolution**

**"RESOLVED THAT** Mr. Manoj Kumar Dwivedi, in respect of whom company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the directorship, be and is hereby appointed as a director of the Company, liable to retire by rotation;

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized do needful to give effect to this resolution."

13. To consider, and if thought fit, to pass the following Resolution with or without modifications as an **Ordinary Resolution**

**"RESOLVED THAT** Mr. Saurabh Kalani, in respect of whom company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the directorship, be and is hereby appointed as a director of the Company, who shall be liable to retire by rotation;

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized do needful to give effect to this resolution."

14. To consider, and if thought fit, to pass the following Resolution with or without modifications as an **Ordinary Resolution**

**"RESOLVED THAT** pursuant to provisions of section 198, 269, 309, 310 read with schedule XIII, and any other applicable provisions of the Companies Act, 1956 and in terms of provisions of the Articles of association of the Company Mr. Kaushal Kishore Vijayvergiya, Director be and is hereby appointed as a Whole Time Director of the Company for a period of 5 years with effect from 30th May, 2012 on terms & conditions as mentioned in explanatory statement to the resolution;

**RESOLVED FURTHER THAT** in case of absence or inadequacy of profit in any financial year, the remuneration shall be paid to Mr. Kaushal Kishore Vijayvergiya as minimum remuneration;

**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as "the Board") be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such agreement, documents or instruments and writings, with power to settle all questions, difficulties or doubts that may arise in regard to the said remuneration as it may in its sole discretion deem fit and to delegate all or any its powers herein conferred to any directors and / or officers of the Company, to give effect to this resolution."

15. To consider, and if thought fit, to pass the following Resolution with or without modifications as an **Ordinary Resolution**

**"RESOLVED THAT** pursuant to provisions of section 198, 269, 309, 310 read with schedule XIII, and any other

applicable provisions of the Companies Act, 1956 and in terms of provisions of the Articles of association of the Company Mr. Manoj Kumar Dwivedi, Director be and is hereby appointed as a Whole Time Director of the Company for a period of 5 years with effect from 30th May, 2012 on terms & conditions as mentioned in explanatory statement to the resolution;

**RESOLVED FURTHER THAT** in case of absence or inadequacy of profit in any financial year, the remuneration shall be paid to Mr. Manoj Kumar Dwivedi as minimum remuneration;

**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as "the Board") be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such agreement, documents or instruments and writings, with power to settle all questions, difficulties or doubts that may arise in regard to the said remuneration as it may in its sole discretion deem fit and to delegate all or any its powers herein conferred to any directors and / or officers of the Company, to give effect to this resolution;

**RESOLVED FURTHER THAT** the board of directors of the Company be and is hereby authorised to do needful in this regard."

16. To consider, and if thought fit, to pass the following Resolution with or without modifications as an **Ordinary Resolution**

**"RESOLVED THAT** pursuant to provisions of section 198, 269, 309, 310, read with schedule XIII, and any other applicable provision of the Companies Act, 1956 and in terms of provisions of the Articles of association of the Company Mr. Saurabh Kalani, Director be and is hereby appointed as a Whole Time Director of the Company for a period of 5 years with effect from 30th May, 2012 on terms & conditions as mentioned in explanatory statement to the resolution;

**RESOLVED FURTHER THAT** in case of absence or inadequacy of profit in any financial year, the aforesaid remuneration shall be paid to Mr. Saurabh Kalani as minimum remuneration;

**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as "the Board") be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such agreement, documents or instruments and writings, with power to settle all questions, difficulties or doubts that may arise in regard to the said remuneration as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any directors and / or officers of the Company, to give effect to this resolution."

17. To consider, and if thought fit, to pass the following

Resolution with or without modifications as an **Ordinary Resolution**.

**"RESOLVED THAT** pursuant to provisions of Section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to consent, sanctions and permissions of appropriate authority, departments or bodies as may be necessary, the authorised share capital of the Company i.e. Rs. 25,00,00,000 (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crores Fifty Lacs) equity shares of Rs. 10 ( Rupee Ten) each be increased to Rs. 30,00,00,000 (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores) equity shares of Rs. 10 ( Rupee Ten) each ranking pari passu with the existing shares in the Company with the power of Board to decide on the extent of variation in

such right and to convert from time to time, such shares into any class of shares.

**RESOLVED FURTHER THAT** the Memorandum of Association of the Company be altered by substituting the existing Clause V thereof by the following Clause V.

V. The Authorised Share Capital of the Company is Rs. 30,00,00,000 (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores) equity shares of Rs. 10 (Rupee Ten) each."

By Order of the Board

**D. K. Sharma**

*GM- Corporate Affairs &  
Company Secretary*

Place: Pithampur

Date: 30.05.2012

## NOTES:

- MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THEN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special business is annexed hereto.
- All documents referred to in the Notice are open for inspection at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
- THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM **17TH August, 2012 to 24th August, 2012** (BOTH DAYS INCLUSIVE) FOR THE PURPOSE OF PAYMENT OF DIVIDEND, IF DECLARED BY AT THE ANNUAL GENERAL MEETING.
- Dividend, if approved, will be paid to those members whose names appear in the Register of Members as on 24th August, 2012. In respect to shares held in electronic mode, the dividend will be paid on the basis of the beneficial ownership as per details to be received from the depositories, as the end of business on 24th August, 2012. In case of shareholders holding shares in physical mode, the instruments of transfer shall be lodged with the Registrar and Transfer Agent so as to reach them on or before 17th August, 2012.
- Members / Proxies are requested to
  - bring the attendance slip duly annexed herewith, duly filled in, and their copy of Annual Report to the meeting for attending the meeting.
  - notify to the Company, immediately, quoting Registered Folio no./ Client ID & DP ID Nos., Change in their address, if any, in all correspondence with the pin code number.
- In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
- Members are requested to send their queries, if any, at least 7 days prior to the date of the meeting at the registered office of the company so that information can be made available at the meeting.
- The company is publishing both standalone and consolidated financial results for the financial year 2011-12. These financial results are also available on website of the Company.

By Order of the Board

**D. K. Sharma**

*GM- Corporate Affairs &  
Company Secretary*

Place: Pithampur

Date: 30.05.2012



EXPLANTORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Presently your board of directors are authorised to borrow upto Rs. 500 crores from banks and financial institutions for Term Loan & Working Capital Facilities. In view of increased operations, it is proposed to increase the borrowing powers of the Board of Directors from Rs. 500 crores to Rs. 1000 crores.

In terms of provisions of section 293(1)(d) of the Companies Act, 1956, prior approval of shareholders of the company is required, hence this resolution for your approval.

Your Directors recommend the shareholders to pass the resolution set out at item no. 6 of the Notice as Ordinary Resolution.

None of the Directors of the Company is concerned or interested in the resolution except as a member of the Company.

Item No. 7

In view of item no. 6 as above, the Company may be required to mortgage/charge/hypothecate the assets and properties of the Company both present and future as may be required by the Lenders/Trustees etc.

Also the documents between the company and the Lenders/Trustees for the loan/debentures/bonds other instruments, may contain power to take over the management of the Company in certain events. It is therefore necessary to pass resolution under section 293(1)(a) of the Companies Act, 1956 before the creation of the mortgages/charges/ hypothecation.

Your Directors, therefore seek the approval of shareholders for giving authority to the Board to mortgage /charge/ hypothecate the assets and properties of the Company both present and future as may be required by the Lenders/ Trustees as per section 293(1)(a) of the Companies Act, 1956.

Your Directors therefore recommend the shareholders to pass the resolution set out at item no. 7 of the Notice as Ordinary Resolution.

None of the Directors of the Company is concerned or interested in the resolution except as a member of the Company.

Item No. 8

Your board of directors of the Company at their board meeting held on 9th November, 2011 have approved appointment of Mr. Kartikeya Kalani as Manager (Product Development) subject to approval of shareholders of the Company by way of Special Resolution.

Mr. Kartikeya Kalani is nephew of Mr. Manish Kalani, Managing Director and son of Mr. Saurabh Kalani, Director. In terms of provisions of Section 314(1)(b) of the companies act, 1956 read with rules in this behalf, his appointment for a salary exceeding Rs. 50,000 p.m. require approval of members of the Company by way of Special Resolution, hence this resolution.

Mr. Kartikeya Kalani is a science graduate from Cornell University,

USA and has acquired relevant experience in Industry over period of time. It is proposed to appoint him on below terms and conditions:-

- Gross Salary Rs. 49,500/- p.m., with an authority to board/ committee to increase the remuneration upto Rs. 2, 00,000/- p.m. based on increment policy of the company in force.
- He will be entitled to all other benefits and privileges, as per the policy of the Company in force.
- He shall abide by all rules and regulations as may be applicable.

Your Directors therefore recommend the shareholders to pass the resolution set out at item no. 8 of the Notice as Special Resolution

None of the directors of the Company, except Mr. Manish Kalani, Managing Director and Mr. Saurabh Kalani, Director are interested in the resolution.

Item No. 9

Board of Director of your Company proposes alteration in clause 165 of Articles of Association so as to streamline execution of documents.

Alteration in Articles of Association requires approval of members by way of Special Resolution, accordingly respective resolution is moved for the approval of members.

Your Directors therefore recommend the shareholders to pass the resolution set out at item no. 9 of the Notice as Special Resolution

None of the directors of the Company are interested except to the extent of their shareholding in the Company.

The directors are satisfied that it would be in the interest of the Company and its shareholders and accordingly recommends the resolution for your approval.

Item No. 10

Mr. Manish Kalani was appointed as an additional Director by the Board of Directors of the Company at their meeting held on 4th July, 2011. He was appointed as managing director in the same meeting. The Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Your Directors recommend for appointment of Mr. Manish Kalani as regular director, who shall not be liable to retire by rotation, by passing the resolution as an Ordinary Resolution.

None of the Directors of the Company, except Mr. Manish Kalani and Mr. Saurabh Kalani, Director are concerned or interested in this Resolution.

Item No. 11

Mr. Kaushal Kishore Vijayvergiya was appointed as an additional Director by the Board of Directors of the Company at their meeting held on 30th May, 2012. He was appointed as Whole Time Director

in the same meeting. The Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Your Directors recommend for appointment of Mr. Kaushal Kishore Vijayvergiya as regular director, who shall be liable to retire by rotation, by passing the resolution as an Ordinary Resolution.

None of the Directors of the Company, except Mr. Kaushal Kishore Vijayvergiya, is concerned or interested in this Resolution.

#### Item No. 12

Mr. Manoj Kumar Dwivedi was appointed as an additional Director by the Board of Directors of the Company at their meeting held on 30th May, 2012 & was appointed as Whole Time Director in the same meeting. The Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Your Directors recommend for appointment of Mr. Manoj Kumar Dwivedi as director, liable to retire by rotation, by passing the resolution as an Ordinary Resolution.

None of the Directors of the Company, except Mr. Manoj Kumar Dwivedi, is concerned or interested in this Resolution.

#### Item No. 13

Mr. Saurabh Kalani was appointed as an additional Director by the Board of Directors of the Company at their meeting held on 30th May, 2012 & was appointed as Whole Time Director in the same meeting. The Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Your Directors recommend for appointment of Mr. Saurabh Kalani as Director, liable to retire by rotation, by passing the resolution as an Ordinary Resolution.

None of the Directors of the Company, except Mr. Manish Kalani, managing director & Mr. Saurabh Kalani are concerned or interested in this Resolution.

#### Item No. 14

Mr. Kaushal Kishore Vijayvergiya was appointed as an additional Director by the Board of Directors of the Company at their meeting held on 30th May, 2012. He was appointed as Whole Time Director in the same meeting. Previously he was working as Vice President Finance and Account of the Company.

Terms and conditions of appointment of Mr. Kaushal Kishore Vijayvergiya as Whole Time Director which are subject to approval of shareholders are as under:-

- Present gross Salary Rs. 1,00,000/- (Rupees One Lac Only) per month with an authority to board/ committee to increase the remuneration from time to time based on increment policy of

the company in force & subject to maximum ceiling of Rs. 3,00,000/- p.m.

- Reimbursements upto Rs. 3,00,000/- (Rupees Three Lacs) per annum on account of books, periodicals, entertainment expenses for official purpose etc. with such periodic increments as may be decided by Board/ Committee from time to time, subject to maximum ceiling of Rs. 6,00,000/- per annum.
- All expenses incurred for the purpose of Company's work to be reimbursed on actual basis which would include telephone expense, diesel expense for car, driver's salary and travelling expenses etc.
- He will be entitled to other benefits and privileges, as per the policy of the Company in force.
- He will work under the supervision and control of Board of Directors of the Company. He will perform such duties and functions as may be assigned by the Board from time to time.
- He shall adhere to the Company's code of conduct for Directors and Management personnel and will be subject to other rules & regulations of the Company as in force from time to time.
- Either party may terminate this agreement by giving to the other advance notice of two months, provided that the Company may waive the notice by giving in cash the remuneration for two months which the Whole Time Director would have received had he remained in office for the said two months.

Your Directors recommend for appointment of Mr. Kaushal Kishore Vijayvergiya as Whole Time Director, who shall be liable to retire by rotation, by passing the resolution as an Ordinary Resolution.

None of the Directors of the Company, except Mr. Kaushal Kishore Vijayvergiya, is concerned or interested in this Resolution.

The above resolution concerning the terms of appointment of Whole Time Director be considered necessary disclosure in terms of Section 302 of the Companies Act, 1956.

#### Item No. 15

Mr. Manoj Kumar Dwivedi was appointed as an additional Director by the Board of Directors of the Company at their meeting held on 30th May, 2012. He was appointed as Whole Time Director in the same meeting. Previously he was working as Vice President Human Resource.

Terms and conditions of appointment of Mr. Manoj Kumar Dwivedi as Whole Time Director which are subject to approval of shareholders are as under:-

- Present gross Salary Rs. 1,48,353/- (Rupees One Lac Forty Eight Thousand Three Hundred Fifty Three Only) per month with an authority to board/ committee to increase the remuneration from time to time based on increment policy of the company in force & subject to a maximum upto Rs. 3,00,000/- p.m.
- Reimbursements upto Rs. 3,00,000/- (Rupees Three Lacs) per annum on account of books, periodicals, entertainment expenses for official purpose etc. with such periodic increments as may be decided by Board/ Committee from time to time,

subject to maximum ceiling of Rs. 6,00,000/- per annum.

- All expenses incurred for the purpose of Company's work to be reimbursed on actual basis which would include telephone expense, diesel expense for car, driver's salary and travelling expenses etc.
- He will be entitled to other benefits and privileges, as per the policy of the Company in force.
- He will work under the supervision and control of Board of Directors of the Company. He will perform such duties and functions as may be assigned by the Board from time to time.
- He shall adhere to the Company's code of conduct for Directors and Management personnel and will be subject to other rules & regulations of the Company as in force from time to time.
- Either party may terminate this agreement by giving to the other advance notice of two months, provided that the Company may waive the notice by giving in cash the remuneration for two months which the Whole Time Director would have received had he remained in office for the said two months.

Your Directors recommend for appointment of Mr. Manoj Kumar Dwivedi as Whole Time Director, who shall be liable to retire by rotation, by passing the resolution as an Ordinary Resolution.

None of the Directors of the Company, except Mr. Manoj Kumar Dwivedi, is concerned or interested in this Resolution.

The above resolution concerning the terms of appointment of Whole Time Director be considered necessary disclosure in terms of Section 302 of the Companies Act, 1956.

#### Item No. 16

Mr. Saurabh Kalani was appointed as an additional Director by the Board of Directors of the Company at their meeting held on 30th May, 2012 & was appointed as Whole Time Director in the same meeting. He shall be an Executive Director. Previously he was working as Chief Operating Officer of the Company for which permission from Central Government was received by your Company. He is the founder President of the Indian Flexible Intermediate Bulk Container Association (IFIBCA) and was the Vice President of All India Flat Tape Manufacturers' Association. Currently he is the member of the Committee of the Plastics Export Promotion Council (PLEXCONCIL). He has expert knowledge in the products manufactured by the Company and its utilization in global market.

Terms and conditions of appointment of Mr. Saurabh Kalani as Whole Time Directors which are subject to approval of shareholders are as under:-

- Present gross Salary Rs. 3,00,000/- (Rupees Three Lacs Only) per month with an authority to board/ committee to increase the remuneration from time to time based on increment policy of the company in force & subject to maximum ceiling of Rs. 6,00,000/- p.m.. Out of gross salary Rs. 1,00,000/- (Rupees One Lac) or as may be mutually agreed shall be transferred to Pension Scheme Plan.

- Housing: Suitable furnished accommodation, for him & his family shall be provided.
- Club fees: Club fees subject to a maximum of two clubs.
- Medical Reimbursement: Reimbursement of actual expenses incurred for Mr. Saurabh Kalani and his family.
- Leave Travel Concession: for Mr. Saurabh Kalani and his family anywhere in India subject to a maximum of three month's salary plus actual fare. He shall also be reimbursed for his any foreign travel on a holiday for himself or his family subject to a maximum of three month's salary in a year plus actual business class air fare.
- Medical/ Accident Insurance: Medical health insurance premium for self and his family including personal accident insurance, subject to maximum of Rs. 1,00,000 /- (Rupees One Lac).
- Gratuity: Not exceeding one half month salary for each completed year service subject to a ceiling of Rs. 10,00, 000/- (Rupees Ten Lacs only) or as per amendment in statutory limit.
- All expenses incurred for the purpose of Company's work to be reimbursed on actual basis which would include telephone expense, expense for car, driver's salary and travelling expenses etc.
- He will be entitled to other benefits and privileges, as per the policy of the Company in force.
- He will work under the supervision and control of Board of Directors of the Company. He will perform such duties and functions as may be assigned by the Board from time to time.
- He shall adhere to the Company's code of conduct for Directors and Management personnel and will be subject to other rules & regulations of the Company as in force from time to time.
- Either party may terminate this agreement by giving to the other advance notice of two months, provided that the Company may waive the notice by giving in cash the remuneration for two months which the Whole Time Director would have received had he remained in office for the said two months.

Your Directors recommend for appointment of Mr. Saurabh Kalani as Whole Time Director, who shall be liable to retire by rotation, by passing the resolution as an Ordinary Resolution.

None of the Directors of the Company, except Mr. Manish Kalani, Managing Director & Mr. Saurabh Kalani, are concerned or interested in this Resolution.

The above resolutions concerning the terms of appointment of Whole Time Directors be considered necessary disclosure in terms of Section 302 of the Companies Act, 1956.

#### Item No. 17

It is proposed to increase the authorised share capital of the Company. Accordingly the capital Clause "V" of the memorandum of the Association is required to be altered.

Alteration in the memorandum of association requires approval of members of the Company be way of Ordinary Resolution



Your Directors recommend passing of the resolutions as set out at item No. 17 of the notice.

None of the directors of the Company are interested except to the extent of their shareholding in the Company.

Details of Directors seeking re-appointment at the Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

S.No.	Name of Director	Age	Qualification	Date of Appointment	Expertise	Other Directorships (Excluding Pvt. Companies) as on 31st March, 2012	Chairman / Member of the Committees as on 31st March, 2012
1	Mr. Manish Kalani	43 years	B.A., M.B.A.	4th July, 2011	He was first appointed as Director of our Company in the year 2002. Under his management our Company started its second manufacturing facility at the SEZ in Pithampur in the financial year 2003-04. He has to his credit, successful completion of various expansion plans undertaken by our Company.	Entertainment Worlds Developers Limited	Member of Management Committee
2	Mr. Kevan John Upperdine	53 years	B.E. (Mech.)	18th November, 2006	Has over 29 years of experience as a mechanical engineer and production manager	Flexiglobal (UK) Limited	Member of Compensation Committee
3	Mr. Sharat Anand	52 years	MBA	8th April, 2008	He has been a banker for over 20 years with assignments overseas and in India. He has experience in capital market activities including fund management, debt origination, syndication and trading, forex market and enterprise risk management across diverse global markets and products	Elpro International Ltd.	Chairman of Audit Committee, Shareholders Investor Grievance Committee, Compensation Committee & *IPO Committee
4	Mr. Saurabh Kalani	50 years	B.Com.	30th May, 2012	He has more than two decades of experience in the field of manufacturing, import, export, market development, strategic planning, production planning, financial planning etc. relating to Raffia Industry.	N. A.	N. A.
5	Mr. Kaushal Kishore Vijayvergiya	53 years	FCA, FCS, FCWA	30th May, 2012	He has more than 30 years experience in the corporate sector in the field of corporate finance, accounting etc	N. A.	N. A.
6	Mr. Manoj Kumar Dwivedi	47 years	MSW, LLB.	30th May, 2012	He has more than 20 years experience in the field of Human Resource Management.	N. A.	N. A.

\* IPO Committee dissolved on 09.02.2012.

By Order of the Board

Place: Pithampur  
Date: 30.05.2012

**D. K. Sharma**  
GM- Corporate Affairs & Company Secretary

# Directors Report

To,  
The Members,

The Board of Directors present their Nineteenth Directors' Report on Company's business and operations together with the Audited Financial Statements for the year ended 31st March 2012.

## Financial Results and Appropriation

Particulars	2011-12 (Rs in Million) Standalone	2010-11 (Rs in Million) Standalone
Sales (Including other income)	6227.83	4903.68
Profit before interest, depreciation & Tax	1071.64	693.73
Profit before Tax	448.46	317.63
Profit after Tax	343.60	274.36
Profit for the year	343.60	274.36
Balance available for Appropriation	343.60	274.36
<b>Appropriation</b>		
Proposed dividend	21.73	17.21
Tax on dividend	3.52	2.86
Transfer to general reserve	–	–
Surplus carried to Balance Sheet	318.35	254.29

## Financial Highlights and Operations

During the period under review, Sales and other income stood at Rs. 6227.83 Millions as against that of Rs. 4903.68 Millions in the previous year showing a growth of 27%. Company's Profit before interest, depreciation and tax increased to Rs. 1071.64 Millions from Rs. 693.73 Millions in the previous year showing a growth of 54.47%.

During the period under review, Consolidated Sales and other income of your Company stands at Rs.7471.90 Millions as against that of Rs. 5793.92 Millions in the previous year showing a growth of 28.96%. Company's Consolidated Profit

after tax (PAT) increased to Rs. 378.39 Millions from Rs. 294.07 Millions in the previous year showing a growth of 28.67%.

### Export Sales

During the period export sales increased by Rs. 85.38 Million i.e.23.47 % and stood at Rs. 449.14 Millions as against Rs. 363.76 Million in the previous year.

### Dividend

Your Board of Directors are pleased to recommend a dividend of 10% on the equity share capital of the Company i.e. Rs. 1.00 per equity share for the year ended 31st March 2012. The

dividend, if approved, will be paid to the members within the time period stipulated by the Companies Act, 1956. .

### Initial Public Offer

During the year your company got listing of its equity shares on both BSE and NSE.

- Initial Public Offer of your Company was opened from 29th September 2011 to 4th October 2011 for QIB and 5th October 2011 for others.
- There was a fresh issue of 4500000 equity shares and Offer for sale of 2250000 equity shares from Clearwater Capital Partners (Cyprus) Ltd. of Rs. 10/- each at Rs. 155/- per share.
- Credit Analysis & Research Limited assigned Credit Rating 3 out of 5 to Company's IPO.
- Equity shares of your Company listed from 19th October 2011 at BSE and NSE.

### Credit Rating For Banking Facilities

M/s Credit Analysis & Research Limited (CARE) improved credit rating for Long Term and Facility as well as Short Term Facility for the Financial Year 2011-12 from CARE BBB (Triple B) and CARE PR 3 to CARE BBB + (Triple B+) and CARE A3 + respectively, which indicates moderate degree of safety regarding timely servicing of financial obligations.

### Dripper Project

Your Company has entered in new era of manufacturing of Drippers at Kashipur unit under Drip Irrigation System. The initial capacity of dripper project envisaged in Initial Public Offer document was 811 MT, however in view of initial encouraging results and better prospects ahead, it is planned to increase capacity further.

### Utilisation of IPO Fund

During the year your Company raised fund through Initial Public Offer for objects as mentioned in Prospectus and has utilised major amount towards the object. Through IPO funds, there will be expansion of FIBC manufacturing capacity by 1000 MT at SEZ, 2000 MT at DTA Unit Pithampur and dripper

811 MT at Kashipur Unit.

### Awards & Certifications

Your Company has been awarded with both the prestigious Food Grade Certificate i.e. American Institute of Baking Certificate (USFDA) and British Retail Consortium Certificate (BRC). During the year under review both the certifications have been renewed.

Besides certification from American Institute of Baking (USFDA), USA & British Retail Consortium (BRC), UK, your Company is accredited by ISO 14001: 2004, ISO 22000:2005 & ISO 9001-2008 certifications.

Your Company is a major exporter of FIBC and woven products from India and has received the Top Exporter Award from the PLEXCOUNCIL, Ministry of Commerce from 2005-06 to 2010-11.

### Subsidiaries

Your Company has three direct subsidiaries and two steps down subsidiaries. None of the subsidiaries have a negative net worth.

#### Subsidiaries

1. M/s Satguru Polyfab Private Limited, Gandhidham
2. M/s Nanofil Technologies Private Limited, Kolkata
3. M/s Flexiglobal Holdings Limited, Cyprus

#### Step-down Subsidiaries

1. M/s Flexiglobal (UK) Limited, UK
2. M/s Lakshmi Incorporated, USA

The financial details of the subsidiary companies as well as the extent of holdings therein are provided in a separate section of this Annual Report.

The Ministry of Corporate Affairs has, vide General Circular No. 2/2011 dt. 8th February, 2011, granted general exemption for not attaching the annual accounts of the subsidiary companies with the annual accounts of holding company.

Pursuant to the said circular, the Board of Directors of your company in their meeting held on 30th May 2012 has given their consent, for not attaching the Annual Accounts of the Subsidiary Companies with that of the Holding Company.



Accordingly, Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report of the Subsidiary Companies and other documents required to be attached under section 212(1) of the Act to the Balance Sheet of the Company shall not be attached. However, these documents shall be made available upon request by any member of the Company interested in obtaining the same and shall also be kept for inspection at the Registered Office of your Company and that of Subsidiary Companies concerned. Further, the financial data of the Subsidiary Companies have been furnished along with the statement pursuant to section 212 of the Companies Act, 1956 forming part of this Annual Report.

Changes in Share Capital

During the year the Company allotted 45, 00,000 Equity Shares of the Face Value of Rs. 10/- each in IPO and 19700 equity shares of Rs. 10/- each under ESOP Scheme 2011 in Board Meeting held on 9th February, 2012, consequently the number of issued, subscribed and paid up capital increased from 17212110 Equity Shares to 21731810 Equity Shares of Rs. 10/- each aggregating Rs. 217,318,100/-.

Reconciliation of options is as under:

Particulars	Number of Shares
In-principle approval taken from BSE and NSE	1075000
Less: No. of Shares allotted & listed	19700
Less: No. of options/ shares lapsed (due to Resignation etc.) as on 31st March, 2012*	70750*
Balance outstanding	984550

\* \* With reference to clause No. 3.3 of ESOP Scheme 2011, the Employee Stock Options that expires/ lapse/ get cancelled shall become available for future grants, subject to compliance with the applicable laws.

Directors

Mr. Kaushal Ganeriwal was appointed as Director in place of Mr. Aswini Sahoo, due to change in nomination by Clearwater Capital Partners, (Cyprus) Ltd. w.e.f. 09.02.2012 pursuant to Section 260 of the Companies Act, 1956.

Mr. Saurabh Kalani, Mr. Kaushal Kishore Vijayvergiya and Mr. Manoj Kumar Dwivedi are appointed as additional director by the Board of Directors of the Company at their meeting held on 30th May, 2012. They were appointed as Whole Time Directors in the same meeting. They are liable to retire by rotation.

Mr. Pawan Kumar Jain and Mr. Ravindra Kumar Chourasiya also tendered their resignation which were accepted by Board of Directors w.e.f. 30.05.2012.

There are two directors who are liable to retire by rotation for the financial year under review namely, Mr. Anirudh Sonpal and Mr. Kevan John Upperdine. Mr. Anirudh Sonpal and Mr. Kevan John Upperdine are being eligible and offer themselves for re-appointment. The board recommends their reappointment for your approval.

Auditors

M/s L.K. Maheshwari & Co, Chartered Accountants, Indore, Statutory Auditor of the Company hold office upto the conclusion of forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a certificate from M/s L.K. Maheshwari & Co, Chartered Accountants regarding their eligibility for appointment as statutory auditors as per Section 224(1B) of the Companies Act, 1956 along with their consent for reappointment. The board recommends the re-appointment of M/s L.K. Maheshwari & Co, Chartered Accountants, Indore, as statutory auditors of the Company.

Auditors' Report

The observations made in the Auditors' Report, read with the relevant notes thereon are self explanatory and hence do not call for any further comments under section 217 of the Companies Act, 1956.

Public Deposits

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

Code of Conduct

The Board has laid down a code of conduct for prohibition of Insider Trading to all Board members and Senior Management of the Company. Members of the Board and Senior Management have affirmed compliance with the said code of conduct for the Financial Year 2011-12.

Industrial Relations

The Board is pleased to inform you that Industrial relations have been continued cordial at all levels throughout the year. The Board of Directors place on record their deep appreciation for the sincere, devotion and dedicated team work of all employees at all levels to meet the quality, cost and delivery requirements of the customers.

## Particulars of Employees

There are no employees who come under the provisions of Section 217(2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo

These fields continue to be the areas for improvement and of major progress. Keeping in view the escalation in energy cost, our organization is continuously endeavoring to find new and better ways for optimization of energy cost in its various manufacturing operations.

In compliance with Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, statement giving information regarding Energy Conservation, Technology Absorption and Foreign Exchange earnings and out go is given in Annexure- A forming part of this Annual Report.

## Directors' Responsibility Statement

The Directors confirm:

1. that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
2. that the Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. that the Directors had prepared the annual accounts on a going concern basis.

## Corporate Governance

The Board is glad to inform you that your Company is professionally managed company and complied with all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of Stock Exchanges with which the Company listed on 19th day of October, 2011.

As per requirement of Clause 49 of Listing Agreement a brief

report on Corporate Governance along with Certificate from Practicing Company Secretary is annexed herewith for the information of the members as an **Annexure - B** in this Annual Report.

## Dematerialisation

The equity shares of your Company are available for dematerialization with both NSDL and CDSL and the ISIN is INE060J01017. As on 31st March 2012, 93.80% equity shares are in Demat form and remaining 6.20 % equity shares are in physical form.

## Electronic Registrar

Our registrar for electronic connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) is M/s. Link Intime India Private Limited, Mumbai (Formerly M/s Intime Spectrum Registry Limited).

## Human Resource Management

Human Resource plays vital role in your company. If Finance is the blood of any organization then Human Resource is not less than pulse which keeps running production by their hard work day and night. Your company has performance management process to motivate people to give their best output and encourages innovation and meritocracy. Your Company has continued to maintain cordial and harmonious relation with employees and the board places on record their appreciation and sincere thanks towards their contribution to the Company's performance during the year.

## Appreciation

The Board takes this opportunity to express its sincere appreciation for the excellent support and cooperation received from Company's bankers, investors, financial institutions, shareholders, customers, suppliers, statutory authorities for their consistent support to the Company.

The Directors also sincerely acknowledge the outstanding support and services of the workers, staff and executives of the Company, which have together contributed to the efficient operation and management of the Company.

**For and on Behalf of The Board**

*Managing Director*

*Whole Time Director*

Place: Pithampur

Date: 30th May, 2012

# Form A

Form for disclosure of particulars with respect to conservation of energy

## Power and Fuel Consumption

Electricity	2007-08	2008-09	2009-10	2010-11	2011-12
Unit Purchased	14368637	15717773	15488706	16565130	15630805
Total Amount (Rs.)	4,27,25,464	4,69,30,279	4,76,80,933	4,97,36,153	7,16,37,210
Rate per Unit (Rs.)	2.97	2.98	3.26	3.99	4.58
Sp. Power consumption/kg	1.18	1.18	1.26	1.21	1.26
Exp. / kg. of Input (Rs.)	3.65	3.63	3.96	4.05	5.89

1. Plant and machinery utilized effectively to improve the productivity and to reduce the power consumption like -
  - In place of heat cutting of fabrics on looms, we are now cutting fabrics by ultrasonic cutters which consumes very low power.
  - We use more and more AC variable frequency drives and induction motors in place of DC motors and DC drives.
  - The plants are run on 24x7 bases to save power wasted in pre-heating. The frictional heats generated are running at higher RPMs, also saves energy loss in heating.
2. In the expansion program, every attempt is being made to procure new highly efficient machines - new efficient plant and machines are replacing inefficient old machines.



## Form B

Form for disclosure of particulars with respect to absorption

### Research & Development

The major areas where Research & Development were carried out are as under:

1. Longitudinally Folded Tapes and Fibrillated Tapes were developed to make 190 to 290 GSM Fabrics for Export of Fabrics in roll form.
2. Higher tenacity tapes were produced to bring down the weight of tape for the same strength.
3. Special D Type Fabric for FIBC were developed, so that it becomes static dissipative and can pass ignition test and can retain its lamination up to 5 washing cycle
4. In-house production of carbon black compound, Juki Threads in place of imported material.
5. To make bags heat resistant up to 150°C, PP Liners were developed and produced.
6. Co- Extruded Conductive Liners with Low Break down Voltage, Type L2 Liners, Baffle Liners, Zip Lock bags, Aluminum Foil liners were developed and produced for export.
7. Radiation shield liners and FIBC bags are being developed

### Future plan of action:

Company has embarked continuous expenditure on R&D in the forthcoming years also, so that the research and

development opens new avenues for the Company along with new products and cost efficient processes.

- a) To cater to high value addition Pharmaceutical packaging market, pharmaceutical grade bags production facility is being developed.
- b) To cater to the North-American market, Bio-degradable FIBC and liners suitable for composting are being developed.

### Technology Absorption, Adaptation and Innovation

- 1) **Efforts in brief made towards technology absorption, adaptation and innovation:**

This year the Company continues to import technically upgraded machines for its product and performance.

- 2) **Benefits derived as a result of above efforts:**

New technology adopted has opened new markets for our products and now we are able to produce and market our products in various new markets. We are able to produce high value FIBC for pharmaceuticals sector and made special fabrics & liner for the export market.

Place: Pithampur

**For and on Behalf of The Board**

Date: 30th May, 2012

*Managing Director*

*Whole Time Director*

Annexure B to The Directors' Report

Corporate Governance

1. Company's Philosophy on Code of Corporate Governance

Your Board believes that Better Corporate Governance is secret formula of success and long life survival of the Company as well as to represent its culture, policies and the manner to deal with stakeholders with timely disclosure of financial status, performance to the public to improve organization in better way through which they will attract to the Company and trust and confidence of the investors, stakeholders would enhance.

Corporate Governance is a reflection of your company's commitment towards your beliefs, values, ethical business conduct as well as how organization is managed.

We strive to attain high standards of corporate governance while interacting with all our stakeholders.

It is very encouraging to share that your Company is following corporate governance practices, since it was an unlisted entity. Equity shares of your Company got listed on BSE Limited

(Formerly known as Bombay Stock Exchange Limited) and National Stock Exchange of India Limited, on 19th October, 2011 and hence corporate governance under listing agreement has now become mandatory on it.

The Company has complied with the corporate governance code as stipulated under the listing agreement with the stock exchanges. A separate section on Corporate Governance along with a certificate from the Practicing Company Secretary confirming the level of compliance is annexed and forms a part of the Directors' Report.

2. Board of Directors

(A) Composition of Board, Meeting & Attendance:

Currently, your Board comprises of seven Directors, of which the Chairman is a Non-Executive and Independent Director. In compliance with the requirements of Clause 49 of the Listing Agreement, your Company has one executive director and six non-executive directors of whom three are independent directors.

During the financial year 2011-12, meetings of the board of Directors were convened 13 (Thirteen) times. The meetings were held on 14.04.2011, 15.06.2011, 18.06.2011, 04.07.2011, 15.09.2011, 20.09.2011, 26.09.2011, 07.10.2011, 10.10.2011, 13.10.2011, 15.10.2011, 09.11.2011 and 09.02.2012. In the financial year Board consist of the following:

Name of Directors	DIN	Category	No. of Board Meeting Attended, 2011-12	Attendance at Last AGM	Directorship in other companies (excluding private limited companies)*		Committee Position of other companies*		Share holdings*
					Chairman	Member	Chairman	Member	
Mr. Anirudh Sonpal	03367049	Non Executive, Independent, Chairman	6	Yes	0	1	0	0	-
Mr. Manish Kalani	00169041	Managing Director	12	Yes	0	1	0	0	11700
Mr. Sharat Anand	00083237	Non-Executive, Independent	6	Yes	0	1	0	0	-
Mr. Kevan John Upperdine	01214264	Non-Executive, Independent	2	No	0	1	0	0	-
Mr. Pawan Kumar Jain	00012279	Non-Executive	13	Yes	0	1	0	0	-
Mr. Ravindra Kumar Chourasiya	00061084	Non-Executive	13	Yes	0	0	0	0	-
Mr. Aswini Sahoo (Up to February 09, 2012)	01931805	Investor Nominee Director, Non-Executive	7	No	0	2	0	0	-
Mr. Kaushal Ganeriwal (W.e.f. February 09, 2012)	03497193	Investor Nominee Director, Non-Executive	1	No	0	0	0	0	-

\*As on 31st March, 2012

**(B) Non Executive directors' Compensation and Disclosures**

During the year 2011-12 under review, sitting fees paid to Non-executive Directors amounted to Rs. 25000/-.

As approved by the Board of Directors in accordance with the Articles of Association of the Company, the Non-executive Directors are paid sitting fees of Rs. 1000/- for every meeting attended by them. No commission was paid or payable to the Non-executive Directors during the year 2011-12.

Details of fees paid to Non-executive Directors are as under:

S.No.	Name of Director	Amount
1	Mr. Anirudh Sonpal	6000/-
2	Mr. Sharat Anand	6000/-
3	Mr. Pawan Kumar Jain	13000/-

**3. Board Committees:****3. (i) Audit Committee**

Composition: The Audit Committee was constituted on March 18, 2006 and was reconstituted on December 9, 2010. The committee functions as prescribed under Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement. The members of the committee at present are: Mr. Sharat Anand, Chairman, Mr. Anirudh Sonpal and Mr. Pawan Kumar Jain. All the members of the Audit Committee possess financial/ accounting expertise/exposure. The composition of the Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreement.

Audit Committee met two times during the financial year 2011-12 under review, i.e. 09.11.2011 and 09.02.2012. The constitution of the Committee and the attendance of each member of the Committee are given below:

Name	Designation	Committee Meetings Attended
Mr. Sharat Anand	Chairman	2
Mr. Anirudh Sonpal	Member	2
Mr. Pawan Kumar Jain	Member	2

**Secretary to the Committee:** Mr. D. K. Sharma, GM- Corporate Affairs & Company Secretary is the Secretary to the Audit

Committee

**3. (ii) Management Committee**

Management committee was constituted on December 20, 2007 and was reconstituted on July 4, 2011. The members of the committee at present are Mr. Manish Kalani, Chairman, Mr. Sharat Anand, Mr. Pawan Kumar Jain and Mr. Ravindra Chourasiya. Management committee has been delegated with an authority in relation to procurement and management of fund for existing and future projects of the Company. Management committee is also authorised to approve and execute deeds, documents, undertakings and declaration as may be required by the lender banks/ institutions in connection with the debt financing of the company.

The committee will also have the powers and authority in relation to day to day management affairs such as:

1. Administration and management
2. Production
3. Strategic Planning
4. Expansion and Performance review
5. Marketing
6. Fund & Project Execution etc.

The Committee duly met 16 (Sixteen) times in this financial year ended on March 31, 2012. The composition and attendance of committee is as under:

Name of Committee Member	Designation	No. of Meeting Attended
Mr. Sharat Anand	Chairman	0
Mr. Manish Kalani	Member	9
Mr. Pawan Kumar Jain	Member	16
Mr. Ravindra Chourasiya	Member	16

**Secretary to the Committee:** Mr. D. K. Sharma, GM- Corporate Affairs & Company Secretary is the Secretary to the Management Committee

**3. (iii) Shareholders' & Investors' Grievance Committee**

The committee was constituted on March 18, 2006 and has been reconstituted as on December 9, 2010. The committee, under the chairmanship of non-executive independent director is formed to specifically look into the redressal of



shareholder and investor complaints. The members of the committee at present are Mr. Sharat Anand Chairman, Mr. Anirudh Sonpal and Mr. Pawan Kumar Jain. There were not any investor grievances which were pending for more than 21 days during the year. Committee duly met 3 (Three) times in this financial year on 9th November 2011, 16th Novemeber 2011 and 9th February 2012.

Name of Committee Member	Designation	No. of Meeting Attended
Mr. Sharat Anand	Chairman	3
Mr. Anirudh Sonpal	Member	3
Mr. Pawan Kumar Jain	Member	3

**Secretary to the Committee:** Mr. D. K. Sharma, GM- Corporate Affairs & Company Secretary is the Secretary to the Committee.

**3. (iv) IPO Committee**

IPO Committee was constituted on July 14, 2010 and was reconstituted on December 9, 2010. This committee was delegated powers to take care of day to day matters related to pre and post IPO matters and is currently comprised with 4 members nemely Mr. Sharat Anand, Chairman, Mr. Anirudh Sonpal, Mr. Aswini Sahoo and Mr. Pawan Kumar Jain to assist the Board in handling matters. Committee duly met 1 (One) time in this financial year on 23rd May, 2011.

Name of Committee Member	Designation	No. of Meeting Attended
Mr. Sharat Anand	Chairman	1
Mr. Anirudh Sonpal	Member	1
Mr. Pawan Kumar Jain	Member	1
Mr. Aswini Sahoo	Member	0

**Secretary to the Committee:** Mr. D. K. Sharma, GM- Corporate Affairs & Company Secretary is the Secretary to the Committee.

The IPO Committee stands dissolved on 9th February 2012.

**3. (V) Selection Committee**

The committee was constituted on March 12, 2010 and was reconstituted on December 9, 2010. The members of the committee at present are Mr. Sharat Anand, Chairman, Mr. Anirudh Sonpal and Mr. Kevan John Upperdine. Selection committee was constituted to analysis and decides role &

responsibilities and to recommends the appointment of key managerial personnel in the Company on such remuneration and terms & conditions as committee deems fit into best interest of the company; Selection committee was also granted with all general powers including conducting interview of the applicant and hereby instructed to submit the report including areas of inspection along with recommendation and draft appointment letter to the board.”

**Secretary to the Committee:** Mr. D. K. Sharma, GM- Corporate Affairs & Company Secretary is the Secretary to the Committee.

The Selection Committee stands dissolved on 9th February, 2012.

**3. (VI) Compensation Committee**

The remuneration committee was constituted on March 18, 2006 and was reconstituted and renamed as compensation committee on December 9, 2010. The committee comprises of 3 Independent Directors namely Mr. Sharat Anand, Chairman, Mr. Anirudh Sonpal and Mr. Kevan John Upperdin, to analyse and decides role & responsibilities and to recommend the appointment of key managerial personnel in the Company. During the year under review, Committee duly met 1 (One) time in this financial year on 9th February 2012.

Name of Committee Member	Designation	No. of Meeting Attended
Mr. Sharat Anand	Chairman	1
Mr. Anirudh Sonpal	Member	1
Mr. Kevan John Upperdine	Member	0

**Secretary to the Committee:** Mr. D. K. Sharma, GM- Corporate Affairs & Company Secretary is the Secretary to the Committee.

**4. Name and Designation of Compliance Officer:**

**Mr. D. K. Sharma**

GM- Corporate Affairs & Company Secretary  
Flexituff International Ltd  
C 41-50, SEZ, Sector-3,  
Pithampur, Dist. Dhar (M.P.) 454775  
Contact No. 07292-401681-83  
Fax: 07292- 401684

### Last 3 years Annual General Meetings

(a) Details of Annual General Meetings held in last 3 years are as under:

AGM	Day, Date & Time	Venue	Special Resolution Passed
16th	Saturday, September 30, 2009 at 11.00A.M.	2nd floor of Main Building, 19 R.N. Mukherjee Road, Kolkata-700 001 (W.B.)	<ul style="list-style-type: none"> <li>■ Alteration of Capital Clause of Memorandum of Association for increase in authorise Share Capital</li> <li>■ Alteration of Clause V of Articles of Association for increase in authorise Share Capital</li> </ul>
17th	Thursday, September 30, 2010 at 11.00 A.M.	2nd floor of Main Building, 19 R.N. Mukherjee Road, Kolkata-700 001 (W.B.)	Appointment of Mr. Saurabh Kalani as Chief Operating Officer for the period of 3 year w.e.f. July 1, 2010
18th	Friday, September 30, 2011 at 11.00 A.M.	2nd floor of Main Building, 19 R.N. Mukherjee Road, Kolkata-700 001 (W.B.)	NIL

(b) Details of Extra Ordinary General Meeting held during the year is as under:

S.No.	Day, Date & Time	Venue	Special Resolution Passed
1	Saturday, 20th August, 2011, 11.30 A.M.	C- 41-50, SEZ, Sector – 3, Pithampur, Dist. Dhar (M.P.)	1. Alteration of the Article of Association in relation to deletion of affirmative voting rights and amendment in existing Article 146.

## 5. Disclosures

### a) Related Party Transactions

Related party transactions in terms of Accounting Standard-18 are set out in the notes to accounts. These transactions are not likely to have a conflict with the interest of the Company. The details of all significant transactions with related parties are periodically placed before the Audit Committee and the Board. All the related party transactions are negotiated on arms' length basis and are intended to further the interest of the Company.

### b) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

### c) Proceeds from the issue of Equity shares under Initial Public Offer and ESOP Scheme 2011

During the year the Company has issued 45, 00,000 equity shares at a price of Rs. 155/- per equity share (inclusive premium of Rs. 145/- per equity shares) to the public and Company also issued 19700 equity shares under ESOP Scheme 2011 at a price of Rs. 95/- per equity shares (inclusive premium of Rs. 85/- per equity shares) to the Employees of the Company.

### d) Particulars of Directors to be appointed/re-appointed

Information pertaining to particulars of Directors to be appointed and re- appointed at the forth coming Annual

General Meeting is being included in the Notice convening the Annual General Meeting.

### e) Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49 (IV)(F) of Listing Agreement.

### f) Penalties or strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority.

No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matters related to Capital Market during the last three years.

## 6. Code of Conduct

The Company has adopted the code of conduct and ethics for Directors and Senior Management. The code has been circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website [www.flexituff.com](http://www.flexituff.com). The Board Members and Senior Management have affirmed their compliance with the code and a declaration signed by the Managing Director appointed in terms of Companies Act, 1956 (i.e. the CEO within the meaning of Clause 49-V of the Listing Agreement) is annexed to this report.

## 7. CEO/CFO Certification

Mr. Manish Kalani, Managing Director and Mr. Kaushal Kishore

Vijayvergiya, Whole Time Director have given CEO/CFO certificate as per format prescribed under Clause 49 (V) of Listing Agreement to the Board at its meeting held on 30.05.2012.

### 8. Non-Mandatory Requirement under Clause 49 of Listing Agreement

The status of compliance with the non-mandatory requirements of Clause 49 of the Listing Agreement is provided below:

#### 1. The Board

The Chairman of the Company is non- executive and Independent Director.

All the Directors including Independent Director are appointed/ re-appointed by the Board from time to time. No maximum tenure for the Independent Directors has been specifically determined by the Board.

#### 2. Remuneration Committee (Compensation Committee)

The Company has set up a Remuneration Committee. The Composition, terms of reference and other details of the same are provided in this report under section "Compensation Committee"

#### 3. Shareholders' Rights

The quarterly, half yearly and annual financial result of the Company are published in the news papers and are also posted on the Company's website. The complete Annual Report is sent to each and every shareholder of the Company.

#### 4. Audit Qualification

There is no Audit Qualification in the Company's financial statements for the year under reference.

#### 5. Training of Board Members

There is no formal training programme for the Board Members. However, the Board Members are periodically updated on the business model, company profile, entry into new products and markets, global business environment, business strategy and risk involved.

#### 6. Mechanism for evaluation of Non-Executive Directors

The role of the Board of Directors is to provide direction and exercise control to ensure that the Company is managed in a manner that fulfils stakeholders' aspiration and societal expectations. The Board has so far evaluated Non-Executive Directors collectively to reinforce the principle of collective responsibility.

#### 7. Whistle Blower Policy

The Company does not have Whistle Blower Policy for the time being.

### 9. Means of Communication

The quarterly un-audited financial results duly approved by

the Board of Directors are sent to all the Stock Exchanges where the Company's shares are listed immediately after the Board Meeting. The same are also published in 'English' and 'Bengali' news papers in terms of Listing Agreement within the stipulated period and in the format as prescribed by the stock Exchange and the Company posts its financial results for last two quarters after listing on its website i.e. [www.flexituff.com](http://www.flexituff.com) and at websites of stock exchanges where the shares of your Company's are listed.

### 10. General Shareholders Information

#### a. Annual General Meeting

Date: 25th September, 2012  
Day: Tuesday  
Time: 11:00 AM  
Venue: 304, Diamond Prestige, 41-A, A.J.C. Bose Road, Kolkata-700 017 (W.B.)

#### b. Financial Calendar for the year 2012-13

- Results for quarter ending 30.06.2012	: With in 45 Days from end of quarter
- Results for quarter ending 30.09.2012	: With in 45 Days from end of quarter
- Results for quarter ending 30.12.2012	: With in 45 Days from end of quarter
- Results for quarter ending 31.03.2013	: With in 60 Days from end of quarter

#### c. Book Closure Date

17th August, 2012 to 24th August, 2012 (both days inclusive)

#### d. Dividend Payment Date

Dividend for the financial year 2011-12, if declared will be paid/ credited to the account of the shareholders on or after 25th September, 2012.

#### e. Listing of Equity Shares on Stock Exchanges

The equity shares are listed on the following Stock Exchanges:

- 1) **BSE Limited** (Formerly known as Bombay Stock Exchange Limited,) Mumbai
- 2) **National Stock Exchange of India Limited**, Mumbai

Note: Annual Listing Fees for the Year 2012-13 have been duly paid to both the above Stock Exchanges.

#### f. Stock Code

- Trading Symbol- National Stock exchange of India Limited: **FLEXITUFF**

Trading Symbol- BSE Limited: **533638**

g. Demat ISIN Number in NSDL & CDSL: **INE060J01017**

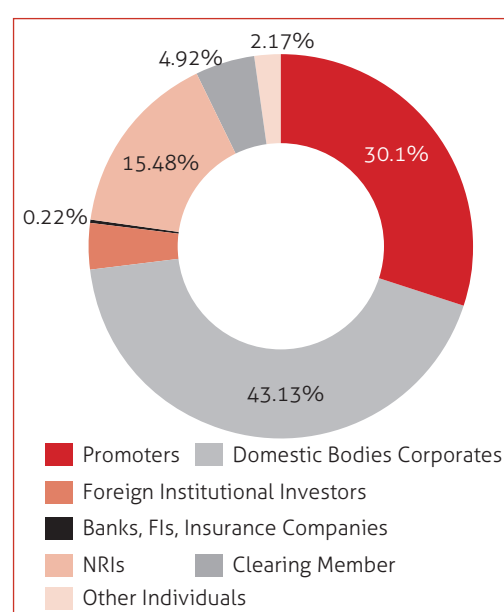


## h. Stock Market Price data for the Year 2011-12

Year and Month	BSE		NSE	
	High (Rs. per share)	Low (Rs. per share)	High (Rs. per share)	Low (Rs. per share)
Oct, 2011	240.40	142.00	240.45	142.00
Nov 2011	295.60	208.00	297.00	207.30
Dec 2011	301.95	233.15	302.80	231.50
Jan 2012	269.00	222.00	275.00	239.90
Feb 2012	283.85	229.05	284.95	230.10
March 2012	298.00	227.15	296.70	191.90

## Shareholding Pattern As on 31st March, 2012

Category	No. of Shares	%age
Indian Promoters	6542220	30.10
Foreign Promoters	NIL	NIL
Mutual Funds & UTI	NIL	NIL
Banks, FIs, Insurance Companies	48610	0.22
Central/State Govt. Institutions/Non-Govt. Institutions	NIL	NIL
Foreign Institutional Investors	856600	3.94
Domestic Bodies Corporates	9373835	43.13
NRIs/ OCB	3363037	15.48
Clearing Members	1070166	4.92
Other Individual	477342	2.17
Grand Total	21731810	100



## Distribution Schedule as on 31st March, 2012

Nominal Value of Each Equity Share is Rs. 10/-

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Total Shares	Amount (in Rs.)
0001-500	422	78.00	22976	0.11	229760.00
501-1000	8	1.48	4801	0.02	48010.00
1001-2000	27	5.00	35661	0.16	356610.00
2001-3000	2	0.36	4932	0.02	49320.00
3001-4000	2	0.37	7958	0.04	79580.00
4001-5000	2	0.37	9051	0.04	90510.00
5001-10000	12	2.22	102658	0.47	1026580.00
10001-*****	66	12.20	21543773	99.14	215437730.00
<b>Total</b>	<b>541</b>	<b>100.00</b>	<b>21731810</b>	<b>100</b>	<b>217318100</b>

Whole Time Director

## Managing Director Certification on Corporates Governance

To,  
The Members of  
M/s. Flexituff International Limited

The Company has framed a specific Code of Conduct for the members of the Board of Directors and Key Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen Corporate Governance practices in the Company.

All the members of the Board and Key Management Personnel of the Company have affirmed due observation of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March 2012.

Place: Pithampur  
Date: 30.05.2012

**Manish Kalani**  
*Managing Director*

## Certification from CEO/CFO

We, Manish Kalani, Managing Director and Mr. Kaushal Kishore Vijayvergiya, Whole Time Director, to the best of our knowledge and belief hereby certify to the Board of Directors of M/s. Flexituff International Limited that:

- a. We have reviewed financial statements and the cash flow statement for the year ended on 31.03.2012 and that to the best of our knowledge and belief.
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the years that are fraudulent, illegal or violative of the Company's code of conduct.
- c. we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiency in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. we have indicated to the auditors:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

**For and on Behalf of The Board**

Place: Pithampur  
Date: 30th May, 2012

**Manish Kalani**  
*Managing Director*

**Kaushal Kishore Vijayvergiya**  
*Whole Time Director*



# Certification from Practicing Company Secretary

To,  
The Members  
**Flexituff International Limited**  
Kolkata

We have examined the Compliance of conditions of Corporate Governance by Flexituff International Limited for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Ritesh Gupta & Co.**  
*Practicing Company Secretaries*

Place: Indore  
Date: 28.05.2012

Sd/-  
**Ritesh Gupta**  
*Practicing Company Secretaries*

## AUDITORS' REPORT

To  
The Members of  
**Flexituff International Ltd.**

We have audited the attached Balance Sheet of M/s Flexituff International Limited as at March 31, 2012 and also the Profit and Loss account for the year ended on March 31, 2012 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss account statement

dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the Balance Sheet, and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012.
  - b) in the case of the profit and loss account, of the profit for the year ended March 31, 2012.

For **L.K. Maheshwari & Co.**  
*Chartered Accountants*  
FRN No. 000780C

**Abhay Singi**  
*Partner*

Place: Indore  
Dated : 30th May 2012

Membership No 079873

ANNEXURE TO THE AUDITORS' REPORT

of even date to the Members of Flexituff International Ltd.

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

c) There was no disposal of fixed assets during the year and therefore does not affect the going concern assumption.
- ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year other than those kept with third parties.

b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii) a) The company has not taken Inter Corporate Deposit from companies covered in the register maintained under section 301 of the Companies Act, 1956

b) According to the information and explanation given to us, Company has, during the year, not granted any loans, security or unsecured, to companies, firm and other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.
- v) a) According to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.

b) In our opinion and according to information and explanations given to us, the register is maintained the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, an exceeding the value of Rupees Five Lacs in respect of any one party during the year have been made at prices which are reasonable having regard to the prevailing market at relevant time.
- vi) The Company has not accepted any deposits from public. Therefore, the provision of Clause of (vi) of paragraph 4 of the Order are not applicable to the company.
- vii) In our opinion, the Company has an Internal Audit System commensurate with the size and nature of its business.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act , 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, ESI, Income-Tax, Sales-Tax, Wealth-Tax, Custom Duty, Service Tax, Excise Duty, VAT, Cess and other statutory dues applicable to it.

b) According to the records of the Company, the dues outstanding of taxes on account of any dispute are as follows:

Name of the statute	Nature of dues	Demand (Rs. In million)	Amount paid (Rs. In million)	Period to which the Amount relates	Forum where dispute is pending.
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year.	7.00	3.00	A.Y. 2004-05	CIT (A)
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year, SEZ Loss u/s 10A & 80HHC deduction.	10.13	3.00	A.Y. 2004-05	CIT (A)
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year.	2.66	1.33	A.Y.2005-06	CIT (A)
Income Tax Act	Disallowances in respect of Share Capital Subscribed during the year.	12.73.	NIL	A.Y.2005-06	CIT (A)
Income Tax Act	Disallowances in respect of SEZ Loss u/s 10 A.	6.03	NIL	A.Y.2006-07	CIT (A)
Income Tax Act	Departmental Appeal against penalty order decided in Company's favor by ITAT	1.45	-NA-	A.Y.2003-04	M.P. HIGH COURT

Name of the statute	Nature of dues	Demand (Rs. In million)	Amount paid (Rs. In million)	Period to which the Amount relates	Forum where dispute is pending.
Income Tax Act	Departmental Appeal against appeal allowed by ITAT in case of Investment made by certain companies in Equity Capital of Company and also against deduction allowed under Section 80 IB in Company's favor by ITAT	6.58	-NA-	A.Y.2003-04	M.P. HIGH COURT
Income Tax TDS	Non Deduction of TDS on payment of Lease Rent to MPAKVN and Interest thereon.	0.71	NIL	A.Y.2005-06 to A.Y. 2007-08	CIT(A)
M.P. Commercial Tax Act, 1994	Difference in Sales tax exemption Caping calculation	.02	.004	F.Y. 2005-06	The Appellate Board, M.P.Tax Tribunal Bhopal
Central Sales Tax Act, 1956	Difference in Sales tax exemption Caping calculation	1.96	1.54	F.Y. 2005-06	The Appellate Board, M.P. Tax Tribunal Bhopal
M.P. Entry Tax Act, 1976	Entry Tax levied on Job Work for SEZ unit	1.68	1.61	F.Y. 2007-08	The Appellat Board, M.P. Tax Tribunal Bhopal
M.P. Entry Tax Act, 1976	Entry Tax levied on Job Work for SEZ unit	2.89	0.88	F.Y. 2008-09	The Appellate Board, M.P. Tax Tribunal Bhopal
Uttarakhand Commercial Tax	Assessment FY 2010-11 u/s 10(A)/ 10(B) and 10(D)	1.56	NIL	F.Y. 2010-11	The Joint Commissioner (Appeal)-I

- x) The Company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the year and in the immediately preceding year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.
- xii) Based on our examination and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the Company has given corporate guarantee on behalf of EWDPL for Rs.4.55 million to State Bank of India, and on behalf of M/s Satguru Polyfab Private Limited, for Rs.60.00 million to State Bank of Patiala, and on behalf of Nanofil Technologies Pvt.Ltd. for Rs. 0.2 million to Governor of Uttarakhand, which are not prima facie prejudicial to the interest of the company.
- xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii) On the examination of books of accounts and the

information and explanations given to us, in our opinion the funds raised on short term basis have not been used for long term investment and vice versa;

- xviii) During the year, the Company has not made any allotment of preferential shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any Debenture therefore the provision of clause 4(xix) of the companies (Auditor's Report) Order, 2003 are not applicable.
- xx) During the year the Company has issued 4500000 Equity share of Rs. 10/- each at a premium of Rs. 145/- each through IPO and an Offer for sale of 2250000 equity share by Clearwater Capital Partners (Cyprus) Ltd. & 19700 Equity Shares of Rs. 10/- each at a premium of Rs. 85/- per Share under ESOP Scheme. The end use of money raised by IPO has been disclosed in Financial Statements and the same has been verified.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **L.K. Maheshwari & Co.**  
Chartered Accountants  
FRN No. 000780C

**Abhay Singi**  
Partner

Place: Indore  
Dated : 30th May 2012

Membership No 079873



**BALANCE SHEET** As at 31<sup>st</sup> March, 2012

(Rs. in Million)

Particulars	Note No.	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. Shareholder's Fund</b>					
a) Share Capital	2	217.32		172.12	
b) Reserve & Surplus	3	2,442.30	2,659.62	1,465.62	1,637.74
<b>2. Non Current Liabilities</b>					
a) Long Term Borrowings	4	1,086.50		1,490.37	
b) Deferred Tax Liability ( Net )		282.49		177.63	
c) Other Long term liabilities	5	2.75		0.69	
d) Long term provisions	6	15.16	1,386.90	15.34	1,684.03
<b>3. Current Liabilities</b>					
a) Short Term Borrowing	7	1,287.33		1,052.25	
b) Trade Payable	8	864.48		891.38	
c) Other current liabilities	9	710.90		711.29	
d) Short term Provisions	10	115.03	2,977.74	34.17	2,689.09
<b>Total</b>			<b>7,024.27</b>		<b>6,010.86</b>
<b>II. ASSETS</b>					
<b>1. Non Current Assets</b>					
a) Fixed Assets	11				
I) Tangible Assets			3,672.11		2,515.40
II) Intangible Assets			0.61		0.60
III) Capital Work in Progress			–		714.25
b) Non Current Investments	12		104.72		104.72
c) Long term loans and advances	13		18.10		16.36
<b>2. Current Assets</b>					
a) Inventories	14	808.54		961.76	
b) Trade Receivable	15	1,591.35		1,194.78	
c) Cash & Cash Equivalents	16	182.36		122.27	
d) Short term loans & Advances	17	646.48		371.22	
e) Other Current Assets		0.00	3,228.72	9.49	2,659.52
<b>Total</b>			<b>7,024.27</b>		<b>6,010.86</b>
Significant Accounting Policies and Notes on financial statements	1 -26				

As per our report of even date attached

for **L.K.Maheshwari & Co.,**  
Chartered Accountants  
FRN No. 000780C

**Abhay Singi**  
Partner  
Membership No. 079873

Place : Indore  
Date : 30th May 2012

For and on Behalf of Board

**Manish Kalani**  
Managing Director

**Dinesh Kumar Sharma**  
GM-Corporate Affairs &  
Company Secretary

**K. K. Vijayvergiya**  
Whole Time Director

**STATEMENT OF PROFIT AND LOSS** for the year ended 31<sup>st</sup> March, 2012

(Rs. in Million)

Particulars	Note No.	Year ended 31 <sup>st</sup> March 2012		Year ended 31 <sup>st</sup> March 2011	
I. Revenue from Operation	18		6,210.44		4,890.80
II. Other Income	19		17.39		12.88
III. <b>Total Revenue (I + II)</b>			<b>6,227.83</b>		<b>4,903.68</b>
IV. <b>EXPENSES</b>					
Cost of Material Consumed	20		3,318.23		2,817.75
Purchases of Stock in Trade	21		215.01		111.71
Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade	22		55.94		-244.37
Employee Benefit Expense	23		759.58		691.98
Financial Costs	24		463.29		244.86
Depreciation and Amortization Expense	11		159.89		131.25
Other Expenses	25		807.43		832.87
<b>Total</b>			<b>5,779.37</b>		<b>4,586.05</b>
V. Profit Before Tax			448.46		317.63
VI. Tax Expenses					
Current Tax		89.73		14.06	
Less : Mat Credit Entitlement for Ass.Yr. 2012-13		89.73		14.06	
Net Current Tax		0.00		0.00	
Deferred Tax		104.86	104.86	43.26	43.26
VII. Profit After Tax			343.60		274.36
Earning per share					
Basic			17.79		21.69
Diluted			17.23		16.40
Significant Accounting Policies and Notes on financial statements	1 - 26				

As per our report of even date attached

for **L.K.Maheshwari & Co.,**  
Chartered Accountants  
FRN No. 000780C

**Abhay Singi**  
Partner  
Membership No. 079873

Place : Indore  
Date : 30th May 2012

For and on Behalf of Board

**Manish Kalani**  
Managing Director

**Dinesh Kumar Sharma**  
GM-Corporate Affairs &  
Company Secretary

**K. K. Vijayvergiya**  
Whole Time Director

CASH FLOW STATEMENT For the year ended 31<sup>st</sup> March, 2012

(Rs. in Million)

Particulars	Year ended		Year ended	
	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2011	
<b>A) CASH FLOW FROM OPERATING ACTIVITY</b>				
Net Profit before tax		448.46		317.63
<b>Adjustment for :</b>				
Depreciation & Amortisation		159.89		131.25
Foreign Currency Exchange Fluctuation Reserve		78.30		3.13
Profit on sale of Investment		0.00		-0.04
Prior Period Adjustment		0.00		-4.42
Loss on Assets Retirement		0.45		0.17
		687.11		447.72
Interest & Financial Charges		463.29		244.86
<b>Operating Profit before Working Capital changes</b>		1,150.39		692.59
Adjustment for				
Trade Receivable	-396.57		-694.57	
Inventories	153.22		-343.08	
Other Assets	-267.50		-40.23	
Current Liabilities	62.48	-448.36	601.41	-476.47
Cash from Operating Activity		702.03		216.12
Direct Taxes Paid (net)		-14.10		-5.79
<b>Net Cash from Operating Activity (A)</b>		687.93		210.33
<b>B) CASH FLOW FROM INVESTING ACTIVITY</b>				
Purchase of Fixed Assets / CWIP	-606.39		-627.52	
Proceed from sale of Mutual Fund & Investment	0.00		-76.28	
Proceeds from sale of Subsidiary	0.00		0.44	
Sale Proceed from Assets Retirement	3.58		0.40	
<b>Net Cash used in Investing Activity (B)</b>		-602.81		-702.97
<b>C) Cash Flow from Financing Activity</b>				
Equity Share Issued/Share Warrants/Share Premium	625.23		71.61	
Proceeds/Payment from Long Term Borrowing	-401.98		293.60	
Proceeds from Short Term Borrowing	235.08		373.69	
Payment of Dividends	-20.07		-13.21	
Payment of Interest & Financial Charges	-463.29		-244.86	
<b>Net Cash used in Financing Activity (C)</b>		-25.03		480.83
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>		60.09		-11.81
<b>Opening Balance in Cash &amp; Cash Equivalents</b>		122.27		134.08
<b>Closing Balance in Cash &amp; Cash Equivalents</b>		182.36		122.27

Notes :

1. The Cash Flow Statement has been prepared in indirect method with corresponding adjustment in Assets & Liabilities.
2. Cash & Cash Equivalents represent Cash & Bank Balances which are short-term in nature.
3. Previous year figures have been regroup & reclassify where ever necessary in confirmation with current year figures.

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

Abhay Singi  
Partner  
Membership No. 079873

Place : Indore  
Date : 30th May 2012

For and on Behalf of Board

Manish Kalani  
Managing Director

Dinesh Kumar Sharma  
GM-Corporate Affairs &  
Company Secretary

K. K . Vijayvergiya  
Whole Time Director

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**Note 1 SIGNIFICANT ACCOUNTING POLICIES**


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**I. Basis of accounting:**

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ("GAAP"), comprising of the mandatory Accounting Standards, Guidance Notes etc. issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

**II. Revenue recognition**

- a) Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer.
- b) Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.
- c) Claims and refunds due from Government authorities and parties, through receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favor of the Company.
- d) Claims lodged with insurance companies are recognized as income on acceptance by the Insurance Company.

**III. Fixed assets.**

- a) Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs & experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.
- b) Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalization rate to expenditure on that assets, for the period as per provisions of AS 16, until all activities necessary to prepare qualifying assets for its intended use are complete.

**IV. Depreciation / Amortization**

- Depreciation is provided under the straight line method at the rates provided by Schedule XIV to the Companies Act, 1956 on pro-rata basis, On the basis of technical evaluation by Chartered Engineer, the plant and machineries of all the three divisions are categorized as continuous process plant and therefore the depreciation rate applied are for the continuous process.
- Leased assets are amortized over the operating period of 99 years.

**V. Employee Benefits**

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b) The eligible employees of the company are entitled to receive benefits under the provident fund a defined contribution plan in which both the employees and the Company make monthly contribution at a specified percentage of the covered employees salary ( currently 12% of the employee's salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner. The Company recognizes such contribution as expense of the year in which the liability is incurred.
- c) The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plant provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.

**VI. Investment**

Long Term Investment are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investment are carried at cost or fair value whichever is lower.

**VII. Valuation of inventory**

- a) Inventories are valued at historical cost and net realisable value whichever is lower. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realizable value, after providing for obsolete, slow moving and defective Inventories, wherever necessary on a consistent basis.
- b) Cost of raw materials includes duties net of Cenvat Credit available. Finished goods exclude "excise duty" thereon.



## NOTES FORMING PART OF ACCOUNTS

### VIII. Retirement benefit

- Contribution to Provident Fund is recognized in the accounts on actual liabilities basis.
- Provision / contribution to Gratuity Funds are made on the basis of actuarial valuation certificate from a registered actuary.

### IX. Foreign currency transactions

- All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.
- Monetary assets & liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognized in the financial statements.
- Any income or expense on account of exchange difference either on settlement or on translation is Recognized in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.
- The company uses foreign currency forward contracts/options to hedge its actual underlying exposure and not for trading or speculation purpose to movement in foreign currency rates. The use of these forward contracts/options reduces the risk and/or cost to the company. Exchange difference on such contracts is recognized in the reporting period in which exchange rates change.

### X. Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. For this purpose, deferred tax liabilities and assets are reckoned on net basis, after inter-se set-off, for each component for the timing differences.

The Deferred Tax Liability comprise of the following:

(Rs. in Million)

	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>(A) Deferred Tax Liability</b>		
Net Block as per books	3,489.93	2493.23
Net Block as per Income Tax	2,339.76	1,705.04
Less : Differences reversing during tax holiday period	58.25	53.82
Timing Difference	1,091.92	734.37
Deferred tax liabilities @ 32.445% on the timing difference	354.27	243.96
Opening Balance	243.96	185.79
Deferred Tax Liability Created	110.32	58.17
Closing Balance (A)	354.27	243.96
<b>(B) Deferred Tax Assets</b>		
Opening Balance	66.33	51.42
Deferred Tax Assets created	5.46	14.91
Cumulative Deferred Tax Assets (B)	71.78	66.33
Net Deferred Tax Liability (A-B)	282.49	177.63

### XI. Impairment of Fixed Assets

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following Accounting Standard (AS) 28 "Impairment of Assets".

### XII. Replenishment

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

### XIII. Others

Besides debit / credit in previous year adjustment account, amounts related to previous years, a risen / settled during the year have been debited / credited to respective heads of accounts.

## NOTES FORMING PART OF ACCOUNTS

(Rs. in Million)

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Note 2 SHARE CAPITAL</b>		
<b>Authorised</b>		
25000000 Equity Shares of Rs 10/- each	250.00	250.00
<b>Total</b>	<b>250.00</b>	<b>250.00</b>
<b>Issued, Subscribed, Called &amp; Paid up</b>		
21731810 Equity Shares of Rs.10/-each fully paid up	217.32	172.12
(Out of above during the year 4500000 share of Rs. 10 each at a premium of Rs. 145 each is issued through IPO with offer for sale of 2250000 equity share of Clearwater Capital Partners (Cyprus) Ltd. & ESOP 19700 Equity Shares of Rs. 10 each at a premium of Rs. 85 were also issued.)		
(Previous year 17212110 Equity Shares of Rs.10/-each fully paid up)		
<b>Total</b>	<b>217.32</b>	<b>172.12</b>

2.1 7554053 Shares out of the issued, subscribed and paid up share capital were allotted as Bonus Shares in the last five years by capitalisation of Securities Premium and Reserves (Previous year 7554053)

2.2 NIL Shares out of the issued, subscribed and paid up share capital were allotted on conversion of Fully convertible Debentures and exercise of warrants. (Previous year 5986492)

2.3 Details of Shareholders holding more than 5% shares

(Rs. in Million)

Name of the Shareholder	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of Shares	% Held	No. of Shares	% Held
A. Kalani Industries Pvt. Ltd.	3483600	16.03	3483600	20.24
B. Clearwater Capital Partners(Cyprus)Ltd.	2236592	10.29	4486592	26.07
C. Saurabh Properties Pvt. Ltd.	1270530	5.85	1270530	7.38
D. Miscellani Global Pvt. Ltd.	1217520	5.60	1217520	7.07
E. Sanovi Trading Pvt. Ltd.			936700	5.44
F. Anshuman Properties Pvt. Ltd.			940500	5.46
G. High Sky Properties Pvt. Ltd.			904400	5.25
H. Fantasy Real Estate Pvt. Ltd.			915800	5.32
I. Seven Star Properties Pvt. Ltd.			952470	5.53

2.4 The reconciliation of the number of shares outstanding is set out below :

Equity Shares at the beginning of the year	17212110	11523430
Add : Shares issued on exercise of Initial Public Offer	4500000	0
Add: Conversion of Fully Convertible Debenture	0	4486492
Add: Conversion of Warrants into Equity Shares	0	1068000
Add: Allotment on Private placement basis	0	134188
Add : Shares issued on exercise of Employee Stock Options	19700	0
Equity Shares at the end of the year	21731810	17212110

2.5 The Company has reserved issuance of 1075000 (Previous year 1075000) Options under Employees Stock Option Scheme (ESOP) 2011 for offering to eligible employees of the Company. The Company has granted 1068500 Options to the eligible employees at a price of Rs. 95/- per option. The options would vest over a maximum period of 5 years. During the year 2011-12, 19700 options are exercised by the option holders (Previous year NIL).

## NOTES FORMING PART OF ACCOUNTS

(Rs. in Million)

Particulars		As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
Note 3 RESERVE & SURPLUS					
i) Capital Reserve					
a. SEZ Re-Investment Allowance Reserve		113.34		0.00	
Add :- Addition during the year		136.37		113.34	
		249.71		113.34	
Less :- Utilized during the year		-104.19	145.52	0.00	113.34
ii) Securities Premium Account					
Opening Balance		833.60		282.99	
Addition during the year		654.17		550.61	
Less : Utilization during the year against IPO exp.		74.14		0.00	
Closing Balance			1,413.63		833.60
iii) Other Reserves					
a. General Reserve Account			140.50		140.50
b. Foreign Currency Exchange Fluctuation Reserve			81.43		3.13
iv) Profit & Loss Account					
Opening Balance		375.05		234.09	
Addition during the year		343.60		274.36	
Add : SEZ Re-Investment Allowance Reserve Utilization A/c		104.19		0.00	
Less : Utilization during the year :					
a. Proposed Dividend		21.73		17.21	
b. Dividend Distribution Tax		3.53		2.86	
c. Transfer to General Reserve Account		0.00		0.00	
d. Transfer to SEZ Re-Investment Allowance Reserve		136.37		113.34	
Closing Balance			661.22		375.05
			2,442.30		1,465.62

**Note 4 LONG TERM BORROWINGS**

## SECURED TERM LOANS :

## A. FROM BANKS:

## a. Rupee Currency Loan

## i) – UCO Bank, Indore

(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement i.e. 27.10.2007, present rate of Interest -14.50 % PA)

## ii) – Axis Bank Ltd., Indore

(Payable in 12 quarterly Instalments after 9 months from the date of disbursement i.e. 03.08.2010, present rate of interest -14 % P A)

## Total (a)

## b. Term Loans For Kashipur Projects

## For Phase-I :

## i) – UCO Bank Ltd., Indore\*

(Payable in 24 quarterly Instalments after 6 months from the date of disbursement i.e. 20.05.2010, present rate of interest -14.50 % P A)

## ii) – State Bank of India, Indore

(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement wef 29.08.2008, present rate of interest -15.50 % P A)

## iii) – Central Bank of India, Indore

(Payable in 24 quarterly Instalments, wef 30.08.2008, present rate of interest -15.00 % PA )

## iv) – Punjab National Bank, Indore\*

(Payable in 24 quarterly Instalments after 1 year from the date of disbursement wef 30.08.2008, present rate of interest - 14.50 % P A)

68.58 102.95

174.84 200.00

243.41 302.95

298.62 355.52

111.34 150.59

69.87 96.11

153.16 632.99 192.68 794.90

## NOTES FORMING PART OF ACCOUNTS

(Rs. in Million)

Particulars		As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
Note 4 LONG TERM BORROWINGS (Contd.)					
For Phase-II :					
i) – UCO Bank Ltd., Indore*		202.50		212.38	
(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement wef 26.03.2009, present rate of interest -14.50 % P A)					
ii) – State Bank of India, Indore		89.90		101.20	
(Payable in 7 years, (24 quarterly Instalments) after 1.25 year the date of disbursement wef 31.12.2009, from present rate of interest 15.25 % P A)					
iii) – State Bank of Patiala, Indore		99.45		111.18	
(Payable in 4 quarterly Instalments of Rs 1.31 mln and 20 instalments of Rs 5.238 mln after 1 year from the date of disbursement wef 26.03.2010, present rate of interest - 14.75 % P A)					
iv) – Punjab National Bank, Indore		94.41		117.96	
(Payable in 23 quarterly Instalments after 1.5 year from the date of disbursement wef 20.05.2010, present rate of interest -14.50 % P A)					
v) – HSBC Bank, Race Course Road Indore		0.00	486.26	14.55	557.26
For Others -					
– Uco Bank, R & D Loan			121.52		155.87
(Payable in 17 unequal quarterly Instalments after 11 month from the date of disbursement wef 29.03.2010, present rate of interest - 15.00 % P A)					
Out of the above secured term loans, the following amount have been converted into Foreign Currency Term Loans for a period of six months :-					
*UCO Bank Rs 447.30 million on 14.12.2011					
*PNB Rs 144.05 million on 29.03.2012					
Total (b)			1,240.77		1,508.03
B FROM FINANCIAL INSTITUTIONS:					
i) MPFC Capital Market			4.61		24.39
(A Div.of M.P.Financial Corporation,Indore)					
(Payable in 20 quarterly Instalments after 6 months from the date of disbursement)					
Sub Total			1,488.80		1,835.37
Less: Instalment of Term Loans payable in next one year			402.30		345.00
Total			1,086.50		1,490.37

**Nature of security on secured loans :**

- Term Loans are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets & a second charge on all current assets of the company.
- All term loans facilities are further secured by Personal Guarantee of Shri Manish Kalani and corporate guarantee of M/S Kalani Industries P.Ltd.

**Note 5 OTHER LONG TERM LIABILITY**

Vehicle Loans		3.62		1.36
Less : Instalments due within Next year		0.86		0.67
		<b>2.75</b>		<b>0.69</b>

**Nature of security on secured loans :**

- Vehicle Loan are secured by Hypothecation of the respective Vehicles of the Company.



NOTES FORMING PART OF ACCOUNTS

(Rs. in Million)

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
Note 6 LONG TERM PROVISION				
Outstanding Group Gratuity Contribution		15.16		15.34
Note 7 SHORT TERM BORROWING				
(A) SECURED WORKING CAPITAL LOANS				
i) UCO Bank, Indore				
Cash Credit Loan	277.15		233.18	
Export Packing Credit	6.51		199.77	
(New Gold Card)	46.40	330.06	37.16	470.10
ii) Punjab National Bank, Indore				
Cash Credit Loan	146.91		101.07	
Export Packing Credit	269.85	416.76	197.17	298.25
iii) Central Bank of India, Indore				
Cash Credit Loan	171.52		3.22	
Cash Credit Loan	14.66		14.05	
Export Packing Credit	140.92	327.10	5.50	22.77
iv) State Bank of India, Indore				
Cash Credit Loan	4.70		14.51	
Export Packing Credit	17.08	21.78	57.43	71.94
v) State Bank of India, Pithampur				
Cash Credit Loan		5.99		0.88
vi) State Bank of Patiala, Indore				
Cash Credit Loan		20.58		20.67
vii) Axis Bank Ltd., Indore				
Cash Credit Loan	65.19		36.33	
Export Packing Credit	79.82	145.01	111.01	147.34
viii) The HSBC Ltd., Indore				
Cash Credit Loan				1.30
Total (A)		1,267.28		1,033.25
1. The Working capital facilities are secured by First charge on all current assets viz .Raw Material Stores & Spares, Work-in-Progress, Finished Goods and Book Debts & Second charge on all fixed assets of the Company.				
2. All working capital facilities are further secured by Personal Guarantee of Shri Manish Kalani and corporate guarantee of M/S Kalani Industries P.Ltd.				
(B) UNSECURED LOANS FROM OTHERS		20.05		19.00
1. Guaranteed by Shri Manish Kalani and corporate guarantee of M/S Kalani Industries P.Ltd., Saurabh Properties Pvt Ltd. & Fantancy Real Estate Pvt. Ltd.)				
Total (A +B)		1,287.33		1,052.25
Note 8 TRADE PAYABLES				
Trade Creditors		864.48		891.38

## NOTES FORMING PART OF ACCOUNTS

(Rs. in Million)

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
<b>Note 9 OTHER CURRENT LIABILITIES</b>				
i) Creditors for Capital Goods	116.59		114.20	
ii) Sundry Liabilities	174.55		242.15	
iii) Tax Payable	5.87		6.80	
iv) Unpaid Dividend	0.03	297.04	0.03	363.18
v) Repayment of Term Loan Payable in next one year		402.30		345.00
vi) Repayment of Vehicle loans Payable in next one year		0.86		0.67
vii) Accrued Interest		10.70		2.43
		<b>710.90</b>		<b>711.29</b>

**Note 10 SHORT TERM PROVISION**

i) For Income Tax		89.73		14.06
ii) For Wealth Tax		0.04		0.04
iii) For Proposed Dividend		21.73		17.21
iv) For Dividend Tax		3.53		2.86
		<b>115.03</b>		<b>34.17</b>

**Note 11 FIXED ASSETS**

(Rs. in Million)

Name of the Assets	Gross Block				Depreciation				Net Block		
	As on 01.04.2011	Addition	Deduction	As on 31.03.2012	As on 01.04.2011	Written Back	Amorti- sation	For the year	As on 31.03.2012	As on 31.03.2012	As on 31.03.2011
<b>Tangible Assets</b>											
Land (Lease Hold)	24.75	0.00	0.00	24.75	1.97	0.00	0.26	0.00	2.23	22.52	22.78
Land (Free Hold)	111.08	49.19	0.00	160.28	0.00	0.00	0.00	0.00	0.00	160.28	111.08
Factory Building	542.71	204.93	0.00	747.64	62.38	0.00	0.00	20.60	82.98	664.66	480.33
Plant & Machinery	2,041.75	946.91	22.35	2,966.31	283.27	4.10	0.00	125.36	404.53	2,561.78	1,758.48
Electric Installation	103.99	83.45	0.00	187.44	16.78	0.00	0.00	6.75	23.53	163.91	87.21
Furniture & Fixtures	27.06	8.15	0.00	35.21	6.14	0.00	0.00	1.91	8.05	27.16	20.92
Office Equipments	26.79	33.93	0.00	60.72	5.10	0.00	0.00	1.62	6.72	54.01	21.70
Vehicles - Cars	13.16	3.47	2.30	14.33	4.90	1.47	0.00	1.25	4.68	9.66	8.26
Vehicles - Others	0.23	0.00	0.00	0.23	0.18	0.00	0.00	0.01	0.18	0.05	0.05
Computer	10.62	5.55	0.00	16.18	6.03	0.00	0.00	2.06	8.09	8.09	4.59
<b>Sub Total</b>	<b>2,902.13</b>	<b>1,335.61</b>	<b>24.65</b>	<b>4,213.09</b>	<b>386.73</b>	<b>5.57</b>	<b>0.26</b>	<b>159.56</b>	<b>540.97</b>	<b>3,672.11</b>	<b>2,515.40</b>
<b>Intangible Assets</b>											
Patent	0.75	0.09	0.00	0.84	0.15	0.00	0.00	0.08	0.23	0.61	0.60
<b>Sub Total</b>	<b>0.75</b>	<b>0.09</b>	<b>0.00</b>	<b>0.84</b>	<b>0.15</b>	<b>0.00</b>	<b>0.00</b>	<b>0.08</b>	<b>0.23</b>	<b>0.61</b>	<b>0.60</b>
<b>Total</b>	<b>2,902.88</b>	<b>1,335.70</b>	<b>24.65</b>	<b>4,213.93</b>	<b>386.88</b>	<b>5.57</b>	<b>0.26</b>	<b>159.63</b>	<b>541.20</b>	<b>3,672.73</b>	<b>2,516.00</b>
Previous year	2,650.30	253.45	0.86	2,902.88	255.92	0.29	0.26	131.00	386.88	2,516.00	2,394.38

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
<b>Note 12 INVESTMENTS</b>				
<b>In Subsidiary : Unquoted (at Cost)</b>				
i) <b>Flexiglobal Holding Ltd., Cyprus</b> (Wholly Owned Subsidiary of the company) (2,00,000 Equity Shares of Euro 1 /- each partly paid up)		12.52		12.52
ii) <b>Nanofil Technologies Private Limited, Kashipur</b> (Wholly Owned Subsidiary of the company) (10,000 Equity Share of Rs. 10/- each fully paid)		0.10		0.10
iii) <b>Satguru Polyfab Pvt.Ltd., Gandhidham</b> (Subsidiary of the company) (80,00,000 Equity Shares of Rs. 10/- each & 10,00,000 Equity Shares of Rs. 12.10 each)		92.10		92.10
		<b>104.72</b>		<b>104.72</b>

## NOTES FORMING PART OF ACCOUNTS

(Rs. in Million)

Rs. in Millions

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
Note 13 LONG TERM LOANS AND ADVANCES				
Sundry Deposits		18.10		16.36
Note 14 INVENTORIES				
i) Raw materials		131.68		177.53
ii) a) Finished Goods	161.47		244.58	
b) Semi-Finished Goods	407.80		385.49	
c) Waste / Scrap	9.68		13.26	
d) Moulded Articles	0.03		0.06	
e) Stock at Indore Depot. / Kolkata	8.94	587.92	0.46	643.86
iii) Store & Spares parts & Stationary		87.40		138.33
iv) Loose Tools / Paintings		1.53		2.03
		808.54		961.76
Note 15 TRADE RECEIVABLES				
(Unsecured, Considered Good)				
i) Exceeding six months from the date they are due for payment		109.21		155.82
ii) Others		1,482.13		1,038.97
		1,591.35		1,194.78
Note 16 CASH & CASH EQUIVALENTS				
i) Cash in Hand		4.13		1.68
ii) Balance with Scheduled Banks :				
a) – In Current Accounts	24.17		14.25	
b) – In Margin Money Deposit Accounts	145.56		105.84	
c) – Other FDRs	8.50	178.23	0.50	120.59
		182.36		122.27
Note 17 SHORT TERM LOANS & ADVANCES				
(Unsecured, Considered Good)				
i) Loans and advances to related parties				
a) Flexiglobal Holding Ltd., Cyprus (Wholly Owned Subsidiary of the company)		0.45		0.31
b) Satguru Polyfab Pvt Ltd (Subsidiary of the company)		65.48		140.83
ii) Others				
a) Advance against Supplies & Expenses		272.53		79.94
b) Advance to Staff & Workers		36.05		9.94
c) Advance recoverable in cash or in kind or value to be received		24.77		13.98
d) Sundry Deposits		7.95		0.99
e) Sundry Receivables		213.92		98.81
f) Tax Deducted at Source		2.50		2.71
g) Balance With Excise Authorities		22.83		23.71
		646.48		371.22

## NOTES FORMING PART OF ACCOUNTS

(Rs. in Million)

Particulars	Year ended 31 <sup>st</sup> March 2012		Year ended 31 <sup>st</sup> March 2011	
<b>Note 18 REVENUE FROM OPERATIONS</b>				
SALE OF PRODUCTS				
i) Export Sales		4,491.48		3,637.61
ii) Domestic Sales & Receipts		1,772.33		1,320.13
Less : Excise Duty		53.37		66.95
		<b>6,210.44</b>		<b>4,890.80</b>

<b>Note 19 OTHER INCOME</b>				
i) Interest Income		12.47		6.19
ii) Net gain / Loss of Investment		0.00		0.04
iii) Other Non Operating Income				
a) Profit on sale of Agglomerates / Scrap		1.65		1.14
b) Other Receipts		3.26		5.52
		<b>17.39</b>		<b>12.88</b>

<b>Note 20 COST OF MATERIAL CONSUMED</b>				
Raw Material Consumed				
i) Granuels, Master Batch & Fabric		2,947.22		2,619.96
ii) Others Raw Material		371.01		197.78
		<b>3,318.23</b>		<b>2,817.75</b>

<b>Note 21 PURCHASES OF STOCK IN TRADE</b>				
i) Purchase of Bag,FIBC/Moulding Articles & sheet		172.78		5.24
ii) Purchase of Liner, Rope, Belt,Waste etc.		0.56		0.05
iii) Cylinder, Bopp film & Ink Purchase		0.00		83.16
iv) Purchase of Fabric		14.75		18.96
v) Purchase for Woven Sacks		26.92		4.29
		<b>215.01</b>		<b>111.71</b>

<b>Note 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK IN TRADE</b>				
a) Finished	161.47		244.58	
b) Semi Finished	407.80		385.49	
c) Waste/Scrap	9.68		13.26	
d) Moulding Articles	0.03		0.06	
e) Stock at Indore Depot./ Kolkata	8.94	587.92	0.46	643.86
<b>ii) Less : Opening Stock</b>				
a) Finished	244.58		153.83	
b) Semi Finished	385.49		225.59	
c) Waste/Scrap	13.26		20.07	
d) Moulding Articles	0.06		0.00	
e) Stock at Indore Depot.	0.46	643.86	0.00	399.49
		<b>-55.94</b>		<b>244.37</b>

<b>Note 23 EMPLOYEE BENEFIT EXPENSES</b>				
i) Labour charges		90.97		72.56
ii) Factory Salary & Wages & Bonus		504.42		475.25
iii) Provident Fund & ESI Contribution		40.82		38.06
iv) Administrative Salaries & Allowances		96.65		83.73
v) Staff & Workmen Welfare Expenses		26.73		22.38
		<b>759.58</b>		<b>691.98</b>



## NOTES FORMING PART OF ACCOUNTS

(Rs. in Million)

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>Note 24 FINANCE COST</b>		
<b>A. Interest Expenses</b>		
i) Interest on Term Loan	202.73	104.74
ii) Interest on Working Capital	137.18	76.48
iii) Interest to Others	9.89	6.65
iv) Interest on Income Tax	1.58	0.00
<b>B. Other Borrowing Cost</b>		
i) Bills Discounting Charges	56.54	35.59
ii) Misc Bank Charges	55.95	32.62
<b>C. Foreign Exchange Fluctuation</b>	-0.58	-11.21
	<b>463.29</b>	<b>244.86</b>

**Note 25 OTHER EXPENSES**

<b>(A) MANUFACTURING EXPENSES</b>				
i) Power & Fuel		218.05		223.72
ii) Rent, Rates and Taxes		8.45		7.40
iii) Jobwork expenses		58.71		66.60
iv) Consumption of Stores & Spare parts		59.55		60.40
v) Repairs & Maintenance		6.13		3.67
vi) Freight Inward		15.80		35.24
vii) Entry Tax		8.29		11.93
viii) Laboratory and R & D Expenses		1.20		0.00
ix) Factory Expenses		1.55		1.59
		<b>377.72</b>		<b>410.55</b>
<b>(B) ADMINISTRATIVE EXPENSES</b>				
i) Courier & Telephone Expenses		12.82		11.16
ii) Vehicle Running Expenses		5.02		6.10
iii) Insurance Charges		5.77		5.21
iv) Rent for Office / Guest House		1.29		1.62
v) Legal and Professional Fees		65.89		24.07
vi) Miscellaneous Expenses		23.96		21.86
vii) Provision for Wealth tax		0.04		0.04
		<b>114.79</b>		<b>70.06</b>
<b>(C) SELLING EXPENSES</b>				
i) Freight & Carriage Outward		224.84		266.51
ii) Travelling Expenses:				
a) Directors	0		0.02	
b) Staff	25.88	25.88	18.10	18.12
iii) Advt., Newspaper & Periodicals		0.21		0.04
iv) Inspection Charges		2.53		2.23
v) ECGC Premium		5.83		5.33
vi) Tender Fees & Form Expenses		0.00		0.02
vii) Rebate & Discount on Sale:				
a) Domestic Sale	4.07		0.59	
b) Export sale	0.07	4.15	0.21	0.80
viii) Business Promotion Expenses		6.32		5.87
ix) Commission on Sales:				
a) Domestic Sale	0.54		0.57	
b) Export sale	4.50	5.05	2.00	2.57
x) Octroi Duty		0		0.01

## NOTES FORMING PART OF ACCOUNTS

(Rs. in Million)

Particulars	Year ended 31 <sup>st</sup> March 2012		Year ended 31 <sup>st</sup> March 2011	
Note 25 OTHER EXPENSES (Contd.)				
xi) Taxation on Domestic Sale:				
Value Added Tax/Commercial Tax/CST		40.12		55.18
		314.92		356.68
(D) PRIOR PERIOD EXPENSES				
a. Mat Credit Entitlement for Ass.Yr. 2009-10	0.00		-5.79	
b. Income Tax Provision earlier year	0.00		0.53	
c. Loss on Sale of Investments	0.00	0.00	0.84	-4.42
Total of Other Expenses		807.43		832.87

## Note 26

## A. CONTINGENT LIABILITIES AND COMMITMENTS

- i. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 57.43 million (Previous Year Rs. 8.47 million).
- ii. Guarantee given by Bank on behalf of the Company for Rs.73.10 million (Previous year Rs. 30.38 million).
- iii. Outstanding liabilities on account of Letter of Credit for Rs. 176.37 million (Previous year Rs. 53.05 million).
- iv. Foreign Bills Discounted with Bank Rs.329.51 million ( Previous year Rs.77.95 million).
- v. Forward purchase contracts remaining outstanding Rs. NIL against export sales (Previous year Euro 0.47 million and GBP 1.19 million ). The mark to market profit/(loss) of Rs.0.58 million (Previous year profit Rs.11.21 million) has been provided in the accounts.
- vi. Corporate Guarantee given by the Company is as under:

Sr.	Given in favour of	Given on Behalf of	Amount (Rs. in million)
1.	Customs & Central Excise Department	Entertainment World Developers Limited,	Rs.4.55 million (P. Y. 4.55 million)
2.	State Bank of Patiala	Satguru Polyfab Pvt. Ltd.,	Rs.60.00 million (P.Y. 60.00 million)
3.	Governor of Uttarakhand	Nanofil Technologies Pvt.Ltd.,	Rs. 0.20 million (P.Y. 0.20 million)

- vii. Outstanding of Taxes on account of disputes are as follows:

- (a) The company filed appeal before CIT(A)/ITAT and contested the disputed Income Tax demand for the A.Y. 2004-05, 2005-06 and 2006-07 for Rs.17.13 million, Rs.15.39 million & Rs. 6.03 million respectively and also contested disputed of TDS demand for the A.Y.2005-06 to 2007-08 Rs.0.71 million .
- (b) The company has contested disputed of M.P.C.T. demand for F.Y. 2005-06, 2007-08 & 2008-09 for Rs. 0.03 million , 1.96 million & 1.06 million respectively & Central Sales Tax demand for Rs. 1.96 million for the F.Y 2005-06 and Entry Tax demand for Rs. 1.67 million and 2.89 million for the F.Y 2007-08 and 2008-09 respectively as per legal opinion obtained.
- (c) The company has contested disputed of Commercial Tax for FY 2010-11 for Rs 1.55 million at Kashipur unit.
- viii. The Income Tax department has filed an appeal before the M.P.High Court, challenging the order of ITAT passed in favor of Company for the A.Y.2003-04. The amount of tax and penalty is Rs 6.58 million and 1.45 million respectively.

NOTES FORMING PART OF ACCOUNTS

B. In the opinion of the Board of Directors the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

C. Earning per share (AS-20)

(a) Net Profit after Tax (As per Profit / Loss Account) Number of fully paid up equity share	Rs. 343.60 million (Previous year Rs.274.36 million) 21731810 Equity Share of Rs. 10/- each (Previous year 17212110 EquityShares)
(b) Weighted average number of equity Shares outstanding during the year	19317368 Equity Shares (Previous year 12650765 Equity shares)
(c) Effects of potential dilutive equity share	623292 Equity Shares (Previous year 4078354 Equity Shares)
(d) Weighted average number of equity in computing diluted earning per share	19940660 Equity Shares (Previous year 16729119 Equity Shares)
(e) Earning per share: – Basic [(a)/(b)]	Rs. 17.79 (Previous year Rs. 21.69)
– Diluted [(a)/(d)]	Rs. 17.23 (Previous year Rs. 16.40)

D. During the year the Company has booked the amount of interest subsidy of Rs.23.08 million (Previous year 11.07 million) and the same has been credited in interest paid on term loan account.

E. Details of utilisation of fund as on 31.03.12 is as under (Rs. in Million)

Particulars	Amount Raised through IPO	Amount Utilised	Unutilised IPO fund
Expansion of manufacturing facilities at SEZ and DTA units at Pithampur	189.32	189.32	–
Setting up of Dripper Project at Kashipur	80.97	73.02	7.95
Working capital requirements	250.00	250.00	–
General corporate purposes	112.38	112.38	–
Issue Related Expenses	64.80	64.80	–

Unutilised amount has been invested in interest bearing securities and FDRs.

F. Insurance Claim pertaining to damage to the factory premises at Kasipur including stock, building, plant & machinery etc Rs 40.00 million (app.) is yet to be settled against which sufficient insurance coverage is available.The loss on account of this is provided in the books by valuation in case of inventory and repairs expenses in case of Plant & Machiney. Similar claim money stolen of Rs 2. 03 million is also yet to be settled against which sufficient insurance coverage is available. Loss of cash has been provided in the books.

G. Segment Information (AS-17) : As per Accounting Standard (AS) 17 on “Segment Reporting”, segment information has been provided under the Notes to Consolidated Financial Statements.

H. Related Party Disclosure (AS-18) Transactions with related shown in below: (Rs. in Million)

	Subsidiaries	Associates	Relatives of Key Management Personnel	Total
Sale of Goods	108.14	10.62		118.76
Purchases of Goods	158.29	–	–	158.29
Purchases of fixed assets	8.69	–	–	8.69
Rendering of services	1.65	–	–	1.65
Receiving of services	7.61	0.83	2.90	11.35

**NOTES FORMING PART OF ACCOUNTS****Names of related parties and description of relationship:**

1. Subsidiaries	(i) Satguru Polyfab Pvt. Ltd., Gandhidham- Subsidiary
	(ii) Flexiglobal Holdings Ltd., Cyprus- Wholly Owned Subsidiary
	(iii) Nanofil Technologies Pvt. Ltd.- Wholly Owned Subsidiary
2. Associates	(i) Kalani Industries Pvt. Ltd.
	(ii) Entertainment World Developers Limited,
3. Key Management Personnel	Mr. Manish Kalani
4. Relatives of Key Management Personnel	Mr. Saurabh Kalani
I. Prior period item :	
The sum of Rs. NIL ( Previous year Rs. 4.42 million) MAT Credit debited to Other Expenses as Net Prior Period item.	
J. Previous year figures are re-grouped or re-arranged to confirm to current year figures	

**K. Quantitative & Other informations:**

	Quantity		Value (Rs in million )
(I) Turnover			
Bags	86,711,728	Nos	5,562.87*
	(103,975,761)	Nos	(4,384.13)*
Fabrics	3,477,691	Kgs	
	(3,070,246)	Kgs	
P.P.Compound/Thermoforming Product/Other	962,117	Kgs	
	(1,960,693)		
Liner, Thread & Belts etc.	1,434,285	Kgs	591.14*
	(57,427)	Kgs	(487.97)*
Waste & Reprocessed Granual	7,136,244	Kgs	
	(2,286,516)	Kgs	
Job Work Receipts			0.37
			(3.76)
*Amount Net of Excise Duty and exclusive of Export Incentive overall effect of Rs. 56.05 million ( Rs.14.95 million )			
(II) Raw Material Consumed			
Granules, master batch and fabric			2,947.22
			(2,619.96)
Other raw materials			371.01
			(197.78)
(III) Op. & Cl. Stock of Finished Goods			
a. Opening Stock -			
– Bags			224.11
			(136.62)
– P.P. Compound/Thermoforming Product/Other			20.47
			(17.20)
b. Closing Stock			
– Bags			150.47
			(224.11)
– P.P.Compound/Thermoforming Product/Other			11.00
			(20.47)
(IV) Value of Material Imported (CIF)			271.55
			(224.95)
(V) Expenditure in Foreign Currency			
i) for Travelling			14.33
			(5.52)
ii) for Machinery & Spares			150.62
			(146.31)



NOTES FORMING PART OF ACCOUNTS

K. Quantitative & Other informations (Contd.)		(Rs. in Million)		
	Rs. in Million	Imported (%)	Rs. in Million	Indigenous (%)
(VI) Value of imported and indigenous material consumed and percentage of total consumption				
i) Raw Material	274.21	9.30%	2,673.01	90.70%
	(215.79)	(8.24%)	(2,404.17)	(91.76%)
ii) Stores	51.35	13.84%	319.65	86.16%
	(27.92)	(14.12%)	(169.86)	(85.88%)
(VII) Earning in Foreign Exchange				
Export Sales (F.O.B)		4,168.09		(3,329.35)
(VIII) Payment to Auditors				
i) Audit Fees		0.43		(0.43)
ii) Tax Audit Fees		0.03		(0.03)
iii) For Other Work		0.16		(0.04)
		0.61		(0.49)
(IX) Meeting Fees Paid to Directors		0.03		(0.02)
Figures given in brackets are pertaining to the previous year				

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

Abhay Singi  
Partner  
Membership No. 079873

Place : Indore  
Date : 30th May 2012

For and on Behalf of Board

Manish Kalani  
Managing Director

Dinesh Kumar Sharma  
GM-Corporate Affairs &  
Company Secretary

K. K . Vijayvergiya  
Whole Time Director

BALANCE SHEET ABSTRACT AND COMPANY'S GERERAL BUSINESS PROFILE AS PER SCHDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

1. Registration Details

Registration No.

1

1

1

3

8

2

State Code

2

1

Balance Sheet Date

3

1

0

3

2

0

1

2

Date

Month

Year

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

4

5

0

0

0

Right Issue

N

I

L

Bonus issue

N

I

L

Private Placement (Share Warrant Converted)

N

I

L

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

7

0

2

4

2

6

7

Total Assets

7

0

2

4

2

6

7

Sources of Funds

Paid up Capital

2

1

7

3

1

8

Reserves & Surplus

2

4

4

2

3

0

2

Non Current Liability

1

3

8

6

9

0

5

Current Liability

2

9

7

7

7

4

2

Application of Funds

Non Current Assets

3

7

9

5

5

4

3

Current Assets

3

2

2

8

7

2

4

4. Performance of the Company (Amount in Rs. Thousands)

Turnover

6

2

2

7

8

2

6

Total Expenditure

5

7

7

9

3

6

5

Profit/Loss Before Tax

4

4

8

4

6

1

Profit/Loss After Tax

3

4

3

6

0

4

Earning Per Share

1

7

.

7

9

Dividend Rate %

1

0

%

5. Generic Names of Three Principal Products (as per monetary terms)

Item Code No. (ITC Code)

3

9

2

3

2

9

9

0

,

6

3

0

5

3

2

0

0

Product Description

HDPE/PP Woven Sacks & Jambo bags/BOPP Bags/Geo Textile/Compounding etc

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

Abhay Singi  
Partner  
Membership No. 079873

Place : Indore  
Date : 30th May 2012

For and on Behalf of Board

Manish Kalani  
Managing Director

K. K . Vijayvergiya  
Whole Time Director

Dinesh Kumar Sharma  
GM-Corporate Affairs &  
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO THE INTEREST IN THE SUBSIDIARY COMPANIES

1.	Name of the subsidiary company	Flexiglobal Holdings Ltd.
2.	The financial year of the subsidiary company ended on	31st March, 2012
3.	Date from which it became subsidiary	22nd September, 2008
4.	(a) No. of share held by Flexituff International Ltd. Holding Company) in subsidiary company	200000 Equity Shares of Euro 1/-each partly paid
	(b) Extent of interest of Holding Company at the end of the financial year of the subsidiary company	100%
5.	Net aggregate amount, so far as it concerns the member of Flexituff International Ltd. and is not dealt with in the Company account, of the Subsidiary's profit;	
	(a) Profit/(loss) for the Subsidiary' financial year	Nil
	(b) Profit/(loss) for the previous financial year of subsidiary Since it became the Subsidiary of Flexituff International Ltd.	Nil
6.	Net aggregate amount of the Profit of the subsidiary after Deducting its losses or vice versa:	
	(a) For the financial year or years of Subsidiary aforesaid	Rs. 31.90 million
	(b) For the previous financial years since it became the subsidiary of Flexituff International Ltd.	Rs. 20.19 million

For and on Behalf of Board

Manish Kalani  
Managing Director

Place : Indore  
Date : 30th May 2012

Dinesh Kumar Sharma  
GM-Corporate Affairs &  
Company Secretary

K. K . Vijayvergiya  
Whole Time Director

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO THE INTEREST IN THE SUBSIDIARY COMPANIES

1. Name of the subsidiary company	Nanofil Technologies Pvt. Ltd.
2. The financial year of the subsidiary company ended on	31st March, 2012
3. Date from which it became subsidiary	15th December, 2009
4. (a) No. of share held by Flexituff International Ltd. Holding Company) in subsidiary company	10000 Equity Shares of Rupee 10/-each fully paid
(b) Extent of interest of Holding Company at the end of the financial year of the subsidiary company	100%
5. Net aggregate amount, so far as it concerns the member of Flexituff International Ltd. and is not dealt with in the Company account, of the Subsidiary's profit;	
(a) Profit/(loss) for the Subsidiary' financial year	Nil
(b) Profit/(loss) for the previous financial year of subsidiary Since it became the Subsidiary of Flexituff International Ltd.	Nil
6. Net aggregate amount of the Profit of the subsidiary after Deducting its losses or vice versa:	
(a) For the financial year or years of Subsidiary aforesaid	Rs. 1.56 million
(b) For the previous financial years since it became the subsidiary of Flexituff International Ltd.	Rs. 0.59 million

For and on Behalf of Board

**Manish Kalani**  
Managing Director

Place : Indore  
Date : 30th May 2012

**Dinesh Kumar Sharma**  
GM-Corporate Affairs &  
Company Secretary

**K. K. Vijayvergiya**  
Whole Time Director



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO THE INTEREST IN THE SUBSIDIARY COMPANIES

1.	Name of the subsidiary company	Satguru Polyfab Pvt.Ltd.
2.	The financial year of the subsidiary company ended on	31st March, 2012
3.	Date from which it became subsidiary	24th October. 2008
4.	(a) No. of share held by Flexituff International Ltd. Holding Company) in subsidiary company	9000000 Equity Shares of Rs.10/-each fully paid up
	(b) Extent of interest of Holding Company at the end of the financial year of the subsidiary company	78.60%
5.	Net aggregate amount, so far as it concerns the member of Flexituff International Ltd. and is not dealt with in the Company account, of the Subsidiary's profit;	
	(a) Profit/(loss) for the Subsidiary' financial year	Rs. 0.34 million
	(b) Profit/(loss) for the previous financial year of subsidiary Since it became the Subsidiary of Flexituff International Ltd.	Rs. (2.38) million
6.	Net aggregate amount of the Profit of the subsidiary after Deducting its losses or vice versa:	
	a) For the financial year or years of Subsidiary aforesaid	Rs. 1.25 million
	(b) For the previous financial years since it became the subsidiary of Flexituff International Ltd.	Rs. (37.87) million

For and on Behalf of Board

Manish Kalani  
Managing Director

Place : Indore  
Date : 30th May 2012

Dinesh Kumar Sharma  
GM-Corporate Affairs &  
Company Secretary

K. K . Vijayvergiya  
Whole Time Director

## CONSOLIDATED AUDITORS' REPORT

To  
The Board of Directors of  
**Flexituff International Ltd.**

We have audited the attached Consolidated Balance Sheet of M/s Flexituff International Limited and its subsidiaries as at March 31, 2012 and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended March 31, 2012 annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the financial statements of subsidiaries companies, whose financial statements reflect the total assets of Rs. 282.72 million (Previous Year Rs. 337.50 million) as at March 31, 2012 and, total revenues of Rs. 1357.04 million (Previous Year Rs. 1126.83 million) [before giving effect to the consolidation adjustments] for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Company's management, and our opinion is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 21, on "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and notified under sub-section (3C) of Section 211 of the Companies Act, 1956.

Based on our audit and on consideration of the report of other auditors on the separate financial statements of the subsidiaries and to the best of our information and according to the explanations given to us we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its Subsidiaries as at March 31, 2012;
- b) in the case of the Consolidated Profit & Loss Account, of the profit of the Company and its Subsidiaries for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and its Subsidiaries for the year ended on that date.

For **L.K. Maheshwari & Co.**

*Chartered Accountants*

FRN No. 000780C

**Abhay Singi**

*Partner*

Place: Indore

Dated : 30th May 2012

Membership No 079873

CONSOLIDATED BALANCE SHEET As at 31<sup>st</sup> March, 2012

(Rs. in Million)

Particulars	Note No.	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. Shareholder's Fund</b>					
a) Share Capital	2	217.32		172.12	
b) Reserve & Surplus	3	2,464.43	2,681.75	1,467.73	1,639.85
<b>2. Minority Interest</b>			16.73		16.21
<b>3. Non Current Liabilities</b>					
a) Long Term Borrowings	4	1,233.55		1,577.23	
b) Deferred Tax Liability (Net)		296.27		186.18	
c) Other Long term liabilities	5	2.75		0.69	
d) Long term provisions	6	15.16	1,547.73	15.34	1,779.45
<b>4. Current Liabilities</b>					
a) Short Term Borrowing	7	1,325.95		1,086.98	
b) Trade Payable	8	1,400.42		1,252.75	
c) Other current liabilities	9	934.60		756.74	
d) Short term Provisions	10	115.03	3,776.01	39.78	3,136.25
<b>Total</b>			<b>8,022.22</b>		<b>6,571.76</b>
<b>II. ASSETS</b>					
<b>1. Non Current Assets</b>	11				
a) Fixed Assets					
I) Tangible Assets		3,972.02		2,697.76	
II) Intangible Assets		48.15		5.94	
III) Capital Work in Progress		0.00	4,020.17	714.25	3,417.96
IV) Goodwill on consolidation			7.50		8.34
b) Long term loans and advances	12		21.84		20.10
c) Other non-current assets	13		0.73		0.83
<b>2. Current Assets</b>					
a) Inventories	14	1,069.32		1,218.75	
b) Trade Receivable	15	2,051.30		1,464.42	
c) Cash & Cash Equivalents	16	225.16		145.59	
d) Short term loans & Advances	17	626.19		286.28	
e) Other Current Assets		0.00	3,971.97	9.49	3,124.54
<b>Total</b>			<b>8,022.22</b>		<b>6,571.76</b>
Significant Accounting Policies and Notes on financial statements	1 – 26				

As per our report of even date attached

for **L.K.Maheshwari & Co.,**  
Chartered Accountants  
FRN No. 000780C

**Abhay Singi**  
Partner  
Membership No. 079873

Place : Indore  
Date : 30th May 2012

**Dinesh Kumar Sharma**  
GM-Corporate Affairs &  
Company Secretary

For and on Behalf of Board

**Manish Kalani**  
Managing Director

**K. K. Vijayvergiya**  
Whole Time Director

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** For the year ended 31<sup>st</sup> March, 2012

(Rs. in Million)

Particulars	Note No.	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
I. Revenue from Operation	18	7,434.05	5,779.40
II. Other Income	19	37.85	14.53
III. Total Revenue (I + II)		7,471.90	5,793.92
<b>IV. EXPENSES</b>			
Cost of Material Consumed	20	4,335.05	3,369.57
Purchases of Stock in Trade	21	215.08	309.49
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	42.99	-390.01
Employee benefit expense	23	823.61	743.94
Financial costs	24	491.62	277.41
Depreciation and amortization expense	11	180.13	148.85
Other expenses	25	892.95	987.06
<b>Total</b>		6,981.42	5,446.32
V. Profit Before Tax (III-IV)		490.48	347.61
VI. Tax Expenses			
Current Tax		92.85	19.67
– Mat Credit Entitlement for Ass.Yr. 2011-12		-89.73	-14.06
– for Deferred Tax		108.99	47.92
VII. Profit After Tax		378.39	294.07
VIII. Loss on Sale of Subsidiary		0.00	0.84
IX. Pre-acquisition Profits & Share of Minority		0.34	-16.44
X. Net Profit (+) / Loss (-) for the year		378.04	309.67
Earning per share in Rs			
Basic		19.57	24.48
Diluted		18.96	18.51
Significant Accounting Policies and Notes on financial statements	1 – 26		

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

Abhay Singi  
Partner  
Membership No. 079873

Place : Indore  
Date : 30th May 2012

For and on Behalf of Board

Manish Kalani  
Managing Director

Dinesh Kumar Sharma  
GM-Corporate Affairs &  
Company Secretary

K. K. Vijayvergiya  
Whole Time Director



**CONSOLIDATED CASH FLOW STATEMENT** For the year ended 31<sup>st</sup> March, 2012

(Rs. in Million)

Particulars	Year ended 31 <sup>st</sup> March 2012		Year ended 31 <sup>st</sup> March 2011	
<b>A) CASH FLOW FROM OPERATING ACTIVITY</b>				
Net Profit before tax		490.48		347.61
<b>Adjustment for :</b>				
Depreciation & Amortisation		180.13		148.85
Foreign Currency Exchange Fluctuation Reserve		78.30		3.13
Foreign Currency Translation Reserve		-14.42		-6.74
Prior Period Adjustments		0.00		-5.26
Profit from sale of Investment		0.00		-0.04
Profit/Loss on Assets Retirement		-7.82		0.17
		726.67		487.71
Interest & Financial Charges		491.62		277.41
Operating Profit before Working Capital changes		1,218.29		765.13
Adjustment for				
Trade Receivable	-586.88		-823.99	
Inventories	149.43		-488.09	
Other Assets	-242.34		-28.19	
Current Liabilities	325.54	-354.25	762.72	-577.56
Cash from Operating Activity		864.04		187.57
Direct Taxes Paid (net)		-19.67		5.26
<b>Net Cash from Operating Activity (A)</b>		<b>844.37</b>		<b>192.83</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITY</b>				
Purchase of Fixed Assets / CWIP	-801.38		-636.96	
Sale Proceed from Assets Retirement	25.86		0.40	
Investment	0.00		2.54	
Proceed from sale of subsidiary	0.00		0.44	
<b>Net Cash used in Investing Activity (B)</b>		<b>-775.52</b>		<b>-633.58</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITY</b>				
Equity Share Issued/Share Warrants/Share Premium	625.23		71.61	
Proceeds from Long Term Borrowing	0.00		539.40	
Proceeds from Short Term Borrowing	238.97		370.08	
Repayment of Long Term Borrowing	-341.80		-250.40	
Payment of Dividends	-20.07		-13.21	
Payment of Interest & Financial Charges	-491.62		-277.41	
<b>Net Cash used in Financing Activity (C)</b>		<b>10.72</b>		<b>440.07</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(A+B+C)</b>	<b>79.57</b>		<b>-0.68</b>
<b>Opening Balance in Cash &amp; Cash Equivalents</b>		<b>145.59</b>		<b>146.27</b>
<b>Closing Balance in Cash &amp; Cash Equivalents</b>		<b>225.16</b>		<b>145.59</b>

**Notes :**

- 1 The Cash Flow Statement has been prepared in indirect method with corresponding adjustment in Assets & Liabilities.
- 2 Cash & Cash Equivalents represent Cash & Bank Balances which are short-term in nature.
- 3 Previous year figures have been regrouped & reclassified where ever necessary in confirmation with current year figures.

As per our report of even date attached

for **L.K.Maheshwari & Co.,**  
Chartered Accountants  
FRN No. 000780C

**Abhay Singi**  
Partner  
Membership No. 079873

Place : Indore  
Date : 30th May 2012

For and on Behalf of Board

**Manish Kalani**  
Managing Director

**K. K. Vijayvergiya**  
Whole Time Director

**Dinesh Kumar Sharma**  
GM-Corporate Affairs &  
Company Secretary

## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

### I) SIGNIFICANT ACCOUNTING POLICES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :

The Consolidated financial statements envisage combining of financial statements of Flexituff International Ltd and all its subsidiaries.

The following components are included in consolidation:

#### A. Direct Subsidiaries

Name of Company	Country of Incorporation	Nature of Business	Date of Becoming Subsidiary/ Incorporation	Proportion of owner-ship interest
Satguru Polyfab Pvt. Ltd.	India	Reprocessing of Plastic waste/Scrap	24 Oct., 2008/ 10 Nov, 1997	78.60%
Flexiglobal Holdings Ltd.	Cyprus	Holding of Investment & Group financing	22 Sep., 2008/ 22 Sep., 2008	100%
Nanofil Technologies Pvt. Ltd.	India	Manufacturing of Chemical and Master Batches	15 Dec., 2009/ 15 Dec., 2009	100%

#### B. Indirect Subsidiaries (Subsidiaries of Flexiglobal Holdings Ltd.)

Name of Company	Country of Incorporation	Nature of Business	Date of Acquisition/ Incorporation	Proportion of Ownership Interest
Lakshmi Incorporated - MDH Global Packaging Solutions	USA	Distribution of FIBC (Flexible Intermediate Bulk Container)	October 7th, 2009/ January 5th, 2009	100%
Flexiglobal (UK) Ltd.	UK	Distribution of FIBC (Flexible Intermediate Bulk Container)	December 1st, 2009/ August 4th, 2008	100%

### II) PRINCIPLES OF CONSOLIDATION

- The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 on "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.
- The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial Statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortised over a period of 10 years beginning first full year of operation under consolidation.
- Minority interest's share of the net profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Minority interest's share of net profit / loss of consolidated Subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the shareholders of the Company.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements. Variation in the respective accounting policies is given effect to in the consolidated financial statements only if the impact is significant.
- In case of foreign subsidiary, M/s. Flexiglobal Holdings Ltd. being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the "Foreign Currency Translation Reserve".

### III) SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Accounting

The audited financial statements of foreign subsidiaries have been prepared in accordance with the generally accepted accounting principle of its country of incorporation or International Financial Reporting Standards. The differences in accounting policies of the company and its subsidiaries are not material however in respect of indirect subsidiary i.e. M/s Lakshmi Incorporated -MDH Global Packaging Solution, financial year of fifteen months i.e. ended on 31st March 2012 is considered for consolidation.

**NOTES FORMING PART OF CONSOLIDATED ACCOUNTS**

## b) Going Concern

Since the Board of Directors of M/s Laxmi Incorporated has cease the operations of Laxmi Incorporated as of an undetermined date, hence going concern Status of such indirect subsidiary is questionable.

## c) Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements

(Rs. in Million)

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
Note 2 SHARE CAPITAL				
<b>Authorised</b>				
2,50,00,000 Equity Shares of Rs 10/- each		250.00		250.00
(Previous year 2,50,00,000 Equity Shares of Rs.10/-each)				
		<b>250.00</b>		<b>250.00</b>
<b>Issued, Subscribed, Called &amp; Paid up</b>				
21731810 Equity Shares of Rs.10/-each fully paid up		217.32		172.12
(Previous year 17212110 Equity Shares of Rs.10/-each fully paid up)				
<b>Total</b>		<b>217.32</b>		<b>172.12</b>

2.1 - 7554053 Shares out of the issued, subscribed and paid up share capital were allotted as Bonus Shares in the last five years by capitalisation of Securities Premium and Reserves ( Previous year 7554053)

2.2 - NIL Shares out of the issued, subscribed and paid up share capital were allotted on conversion of Fully convertible Debentures and exercise of warrants. (Previous year 5986492)

## 2.3 Details of Shareholders holding more than 5% shares

(Rs. in Million)

Name of the Shareholder	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of Shares	% Held	No. of Shares	% Held
A. Kalani Industries Pvt. Ltd.	3483600	16.03	3483600	20.24
B. Clearwater Capital Partners(Cyprus)Ltd.	2236592	10.29	4486592	26.07
C. Saurabh Properties Pvt. Ltd.	1270530	5.85	1270530	7.38
D. Miscellani Global Pvt. Ltd.	1217520	5.60	1217520	7.07
E. Sanovi Trading Pvt. Ltd.			936700	5.44
F. Anshuman Properties Pvt. Ltd.			940500	5.46
G. High Sky Properties Pvt. Ltd.			904400	5.25
H. Fantasy Real Estate Pvt. Ltd.			915800	5.32
I. Seven Star Properties Pvt. Ltd.			952470	5.53

## 2.4 The reconciliation of the number of shares outstanding is set out below :

Equity Shares at the beginning of the year	17212110	11523430
Add : Shares issued on exercise of Initial Public Offer	4500000	0
Add: Conversion of Fully Convertible Debenture	0	4486492
Add: Conversion of Warrants into Equity Shares	0	1068000
Add: Allotment on Private placement basis	0	134188
Add : Shares issued on exercise of Employee Stock Options	19700	0
Equity Shares at the end of the year	21731810	17212110

2.5 The Company has reserved issuance of 1075000 (Previous year 1075000) Options under Employees Stock Option Scheme (ESOP) 2011 for offering to eligible employees of the Company. The Company has granted 1068500 Options to the eligible employees at a price of Rs. 95/- per option. The options would vest over a maximum period of 5 years. During the year 2011-12, 19700 options are exercised by the option holders (Previous year NIL).

## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rs. in Million)

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
<b>Note 3 RESERVE &amp; SURPLUS</b>				
<b>i) Capital Reserve</b>				
a. SEZ Re-Investment Allowance Reserve	113.34		0.00	
Add :- Addition during the year	136.37		113.34	
	249.71		113.34	
Less :- Utilized during the year	-104.19		0.00	
Closing Balance		145.52		113.34
<b>ii) Securities Premium Account</b>				
Opening Balance	833.60		282.99	
Addition during the year	654.17		550.61	
Less : Utilization during the year against IPO Expenses	74.14		0.00	
Closing Balance		1,413.63		833.60
<b>iii) Other Reserves</b>				
a. General Reserve Account		140.50		140.50
b. Foreign Currency Translation Reserve		-18.23		-3.81
c. Foreign Currency Exchange Fluctuation Reserve		81.43		3.13
<b>iv) Profit &amp; Loss Account</b>				
Opening Balance	380.97		204.71	
Addition during the year	378.04		309.67	
Add : SEZ Re-Investment Allowance Reserve Utilization A/c	104.19			
Less : Utilization during the year				
a. Proposed Dividend	21.73		17.21	
b. Dividend Distribution Tax	3.53		2.86	
c. Transfer to General Reserve Account	0.00		0.00	
d. Transfer to SEZ Re-Investment Allowance Reserve	136.37		113.34	
Closing Balance		701.58		380.97
		2,464.43		1,467.73

**Note 4 LONG TERM BORROWINGS**

<b>SECURED TERM LOANS :</b>				
<b>A. FROM BANKS:</b>				
<b>a. Rupee Currency Loan</b>				
<b>i) – UCO Bank, Indore</b>	68.58		102.95	
(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement i.e. 27.10.2007, present rate of Interest -14.50 % P A)				
<b>ii) – Axis Bank Ltd. Indore</b>	174.84	243.41	200.00	302.95
(Payable in 12 quarterly Instalments after 9 months from the date of disbursement i.e. 03.08.2010, present rate of interest -14.00 % P A)				
<b>Term Loans For Kashipur Projects</b>				
<b>for Phase-I :</b>				
<b>i) – UCO Bank Ltd., Indore*</b>	298.62		355.52	
(Payable in 24 quarterly Instalments after 6 months from the date of disbursement i.e. 20.05.2010, present rate of interest -14.50 % P A)				
<b>ii) – State Bank of India, Indore</b>	111.34		150.59	
(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement wef 29.08.2008, present rate of interest -15.50 % P A)				
<b>iii) – Central Bank of India, Indore</b>	69.87		96.11	
(Payable in 24 quarterly Instalments, wef 30.08.2008, present rate of interest -15.00 % PA)				
<b>iv) – Punjab National Bank, Indore*</b>	153.16	632.99	192.68	794.90
(Payable in 24 quarterly Instalments after 1 year from the date of disbursement wef 30.08.2008, present rate of interest - 14.50 % P A)				



## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rs. in Million)

Particulars		As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
Note 4 LONG TERM BORROWINGS (Contd.)					
For Phase-II :					
i) – UCO Bank Ltd., Indore*		202.50		212.38	
(Payable in 24 quarterly Instalments after 1.5 year from the date of disbursement wef 26.03.2009, present rate of interest -14.50 % P A)					
ii) – State Bank of India, Indore		89.90		101.20	
(Payable in 7 years, (24 quarterly Instalments) after 1.25 year from the date of disbursement wef 31.12.2009, present rate of interest 15.25 % P A)					
iii) – State Bank of Patiala,Indore		99.45		111.18	
(Payable in 4 quarterly Instalments of Rs 1.31 mln and 20 instalments of Rs 5.238 mln after 1 year from the date of disbursement wef 26.03.2010, present rate of intt. 14.75 % P A)					
iv) – Punjab National Bank, Indore		94.41		117.96	
(Payable in 23 quarterly Instalments after 1.5 year from the date of disbursement wef 20.05.2010, present rate of interest -14.50 % P A)					
v) – HSBC Bank Limited, indore		0.00		14.55	
– For Others					
– Uco Bank Ltd., R & D Loan		121.52	607.78	155.87	713.13
(Payable in 17 unequal quarterly Instalments after 11 month from the date of disbursement wef 29.03.2010, present rate of interest - 15 % P A)					
Out of Above, following amount converted into Foreign Currency Term Loans for a period of SIX months :-					
*UCO Bank Rs 447.30 million on 14.12.2011					
*Punjab National Bank Rs 144.05 million on 29.03.2012					
Term Loan for Satguru, Kandla					
i) – State Bank of Patiala, Indore		47.44		57.44	
(Repayable door to door tenor 7-1/4 years)					
ii) – State Bank of Travancore, Indore		41.53	88.97	47.83	105.27
(Repayable door to door tenor 7-1/4 years)					
			1,573.16		1,916.24
B. FROM FINANCIAL INSTITUTIONS:					
i) MPFC Capital Market			4.61		24.39
(A Div.of M.P.Financial Corporation,Indore)					
C. Secured Term Loan / Hire Purchase and Leasing at FGH			76.48		0.00
Total (A+B+C)			1,654.25		1,940.63
Less: Repayable in next one year			420.70		363.40
Total			1,233.55		1,577.23

## Nature of security on secured loans :

- Term Loans are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets & a second charge on all current assets of the company.
- All term loans facilities are further secured by Personal Guarantee of Shri Manish Kalani and corporate guarantee of M/S Kalani Industries P. Ltd.

## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rs. in Million)

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Note 5 OTHER LONG TERM LIABILITY</b>		
Vehicle Loans	3.61	1.36
Less : Instalments due within Next year	0.86	0.67
	<b>2.75</b>	<b>0.69</b>

**Nature of security on secured loans :**

- Vehicle Loan are secured by Hypothecation of the respective Vehicles of the Company.

<b>Note 6 LONG TERM PROVISION</b>		
Outstanding Group Gratuity Contribution	15.16	15.34

<b>Note 7 SHORT TERM BORROWING</b>				
<b>(A) SECURED WORKING CAPITAL LOANS</b>				
<b>i) UCO Bank, Indore</b>				
Cash Credit Loan	277.15		233.18	
Export Packing Credit	6.51		199.77	
Export Packing Credit (New Gold Card)	46.40	330.06	37.16	470.10
<b>ii) Punjab National Bank, Indore</b>				
Cash Credit Loan	146.91		101.07	
Export Packing Credit	269.85	416.76	197.17	298.25
<b>iii) Central Bank of India, Indore</b>				
Cash Credit Loan	171.52		3.22	
Cash Credit Loan	14.66		14.05	
Export Packing Credit	140.92	327.10	5.50	22.77
<b>iv) State Bank of India, Indore</b>				
Cash Credit Loan	4.70		14.51	
Export Packing Credit	17.08	21.78	57.43	71.94
<b>v) State Bank of India, Pithampur</b>				
Cash Credit Loan		5.99		0.88
<b>vi) State Bank of Patiala, Indore</b>				
Cash Credit Loan	23.16		24.08	
Export Packing Credit	18.13	41.29	14.00	38.08
<b>vii) State Bank of Patiala, Gandhidham</b>				
Cash Credit Loan		2.51		2.18
<b>viii) State Bank of Travancore, Indore</b>				
Cash Credit Loan		15.41		15.14
<b>ix) Axis Bank Ltd., Indore</b>				
Cash Credit Loan	65.19		36.33	
Export Packing Credit	79.82	145.01	111.01	147.34
<b>x) The HSBC Ltd., Indore</b>				
Cash Credit Loan		0.00		1.30
<b>Total (A)</b>		<b>1,305.91</b>		<b>1,067.98</b>
<b>(B) UNSECURED LOANS FROM OTHERS :</b>				
1. Guaranteed by Shri Manish Kalani and corporate guarantee of M/S Kalani Industries P.Ltd., Saurabh Properties Pvt Ltd. & Fantancy Real Estate Pvt. Ltd		20.05		19.00
<b>Total (A+B)</b>		<b>1,325.95</b>		<b>1,086.98</b>

- The Working capital facilities are secured by First charge on all current assets viz .Raw Material Stores & Spares, Work-in-Progress, Finished Goods and Book Debts & Second charge on all fixed assets of the Company.
- All working capital facilities are further secured by Personal Guarantee of Shri Manish Kalani and corporate guarantee of M/S Kalani Industries P.Ltd.

## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rs. in Million)

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
<b>Note 8 TRADE PAYABLES</b>				
Trade Creditors		1400.42		1252.75

**Note 9 OTHER CURRENT LIABILITIES**

i) Creditors for Capital Goods	116.59		130.31	
ii) Sundry Liabilities	368.92		248.66	
iii) Tax Payable	15.65		9.79	
iv) Unpaid Dividend	0.03		0.03	
v) Repayment of Term Loan Payable in next one year	420.70		363.40	
vi) Repayment of Vehicle loans Payable in next one year	0.86		0.67	
vii) Accrued Interest	11.84	934.60	3.88	756.74

**Note 10 SHORT TERM PROVISION**

i) For Income Tax	89.73		19.67	
ii) For Wealth Tax	0.04		0.04	
iii) For Proposed Dividend	21.73		17.21	
iv) For Dividend Tax	3.53	115.03	2.86	39.78

**Note 11 FIXED ASSETS**

(Rs. in Million)

Name of the Assets	Gross Block				Depreciation					Net Block	
	As on 01.04.2011	Addition	Deduction	As on 31.03.2012	As on 01.04.2011	Written Back / Adjustment	Amortisation	For the year	As on 31.03.2012	As on 31.03.2012	As on 31.03.2011
Tangible Assets											
1. Land (Lease Hold)	24.75	0.00	0.00	24.75	1.97	0.00	0.26	0.00	2.23	22.52	22.78
2. Land (Free Hold)	111.08	49.19	0.00	160.28	0.00	0.00	0.00	0.00	0.00	160.28	111.08
3. Factory Building	571.23	333.16	0.00	904.39	64.75	0.00	0.00	22.77	87.51	816.87	506.48
4. Plant & Machinery	2,198.09	949.77	22.40	3,125.46	300.37	4.18	0.00	133.96	430.15	2,695.31	1,897.72
5. Electric Installation	118.77	83.60	0.00	202.37	19.40	0.00	0.00	7.54	26.94	175.43	99.37
6. Furniture & Fixtures	33.33	8.96	5.84	36.45	8.85	4.42	0.00	3.33	7.76	28.69	24.48
7. Office Equipments	27.22	34.23	0.00	61.46	5.30	0.00	0.00	1.66	6.96	54.50	21.92
8. Vehicles - Cars	14.46	3.47	2.30	15.63	5.48	1.47	0.00	1.41	5.42	10.22	8.98
9. Vehicles - Others	0.23	0.00	0.00	0.23	0.18	0.00	0.00	0.01	0.18	0.05	0.05
10. Computer	11.08	5.57	0.45	16.19	6.18	0.30	0.00	2.16	8.03	8.16	4.90
Sub Total (A)	3,110.24	1,467.95	30.99	4,547.20	412.48	10.37	0.26	172.83	575.19	3,972.02	2,697.76
Intangible Assets											
11. Patent	0.75	0.09	0.00	0.84	0.15	0.00	0.00	0.08	0.23	0.61	0.60
12. Goodwill (UK)	9.66	0.00	0.00	9.66	4.32	0.74	3.66	0.00	7.24	2.42	5.34
13. Development Assets	0.00	47.59	0.00	47.59	0.00	0.00	0.00	2.48	2.48	45.12	0.00
Sub Total (B)	10.41	47.68	0.00	58.10	4.47	0.74	3.66	2.55	9.95	48.15	5.94
TOTAL C= (A+B)	3,120.65	1,515.63	30.99	4,605.30	416.95	11.11	3.91	175.38	585.13	4,020.17	2,703.70
Other											
14. Goodwill on Consolidation	9.26	0.00	0.00	9.26	0.93	0.00	0.83	0.00	1.76	7.50	8.34
Sub Total (D)	9.26	0.00	0.00	9.26	0.93	0.00	0.83	0.00	1.76	7.50	8.34
GRAND TOTAL E= (C+D)	3,129.92	1,515.63	30.99	4,614.56	417.88	11.11	4.75	175.38	586.89	4,027.67	2,712.04

Note: Adjustment representing the fluctuation in currency rate

(Rs. in Million)

Particulars	As at 31 March 2012		As at 31 March 2011	
<b>Note 12 NON TERM LOANS AND ADVANCES</b>				
Sundry Deposits		21.84		20.10

## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rs. in Million)

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
<b>Note 13 OTHER NON CURRENT ASSETS</b>				
Miscellaneous Expenditure :	0.83		0.92	
(To the extent not written off or adjusted)				
Less : Written Off During the period	0.09	0.73	0.09	0.83

<b>Note 14 INVENTORIES</b>				
i) Raw materials		158.70		214.84
ii) a) Finished Goods	382.37		436.84	
b) Semi-Finished Goods	414.79		408.40	
c) Waste / Scrap	9.68		13.26	
d) Moulding Articles	0.03		0.06	
e) Stock at Indore Depot.	8.94	815.81	0.46	859.02
iii) Store & Spares parts		93.27		142.86
iv) Loose Tools / Paintings		1.53		2.03
		<b>1,069.32</b>		<b>1,218.75</b>

<b>Note 15 TRADE RECEIVABLES</b>				
(Unsecured, Considered Good)				
i) Exceeding six months from the date they are due for payment		165.28		196.48
ii) Others		1,886.01		1,267.94
		<b>2,051.30</b>		<b>1,464.42</b>

<b>Note 16 CASH &amp; CASH EQUIVALENTS</b>				
i) Cash in Hand		4.44		11.07
ii) Balance with Scheduled Banks:				
a) – In Current Accounts	62.32		24.76	
b) – In Margin Money Deposit Accounts	149.90	212.22	109.76	134.03
c) – Other FDRs		8.50		0.50
		<b>225.16</b>		<b>145.59</b>

<b>Note 17 SHORT TERM LOANS &amp; ADVANCES</b>				
(Unsecured, Considered Good)				
i) Advance against Supplies & Expenses		299.23		134.09
ii) Advance to Staff & Workers		36.05		10.15
iii) Advance recoverable in cash or in kind or value to be received		25.46		13.98
iv) Sundry Deposits		7.95		0.99
v) Other Advances / Receivables		232.17		99.17
vi) Tax Deducted at Source		2.50		2.78
vii) Balance With Excise Authorities		22.83		25.12
		<b>626.19</b>		<b>286.28</b>

## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rs. in Million)

Particulars	Year ended 31 <sup>st</sup> March 2012		Year ended 31 <sup>st</sup> March 2011	
<b>Note 18 REVENUE FROM OPERATIONS</b>				
SALE OF PRODUCTS:				
i) Export Sales		5,427.25		4,403.55
ii) Domestic Sales & Receipts		2,070.89		1,442.79
Less : Excise Duty		64.10		66.95
		<b>7,434.05</b>		<b>5,779.40</b>
<b>Note 19 OTHER INCOME</b>				
i) Interest Received		15.92		6.60
ii) Net gain / Loss of Investment		0.00		0.04
iii) Other Non Operating Income :-				
a) Profit on sale of Agglomerates / Scrap		1.65		1.14
b) Other Receipts		20.27		6.75
		<b>37.85</b>		<b>14.53</b>
<b>Note 20 COST OF MATERIAL CONSUMED</b>				
i) Granuels, Master Batch & fabric		3,944.11		3,352.49
ii) Others Raw Material		390.94		17.08
		<b>4,335.05</b>		<b>3,369.57</b>
<b>Note 21 PURCHASES OF STOCK IN TRADE</b>				
i) Purchase of Bag,FIBC/Moulding Articles & sheet		172.85		202.99
ii) Purchase of Liner, Rope, Belt,Waste etc.		0.56		83.32
iii) Purchase of Fabric		14.75		18.96
iv) Purchase for Woven Sacks		26.92		4.22
		<b>215.08</b>		<b>309.49</b>
<b>Note 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK IN TRADE</b>				
i) Finished Goods & Work in Progress				
a) Finished	382.37		436.84	
b) Semi Finished	414.79		408.40	
c) Waste/Scrap	9.68		13.26	
d) Moulding Articles	0.03		0.06	
e) Stock at Indore Depot.	8.94	815.81	0.46	859.02
ii) Less : Opening Stock				
a) Finished	438.84		223.35	
b) Semi Finished	406.17		225.59	
c) Waste/Scrap	13.26		20.07	
d) Moulding Articles / Stock obtained during trial run	0.06		0.00	
e) Stock at Indore Depot.	0.46	858.80		469.02
		<b>-42.99</b>		<b>390.01</b>
<b>Note 23 EMPLOYEE BENEFIT EXPENSES</b>				
i) Labour charges	105.59		73.44	
ii) Factory Salary & Wages & Bonus	533.94		511.71	
iii) Provident Fund & ESI Contribution	40.90		38.20	
iv) Administrative Salaries & Allowances	116.37		96.99	
v) Staff & Workmen Welfare Expenses	26.80	823.61	23.60	743.94



## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rs. in Million)

Particulars	Year ended 31 <sup>st</sup> March 2012		Year ended 31 <sup>st</sup> March 2011	
Note 24 <b>FINANCE COST</b>				
<b>A. Interest Expenses</b>				
i) Interest on Term Loan		216.99		128.20
ii) Interest on Working Capital		142.34		82.09
iii) Interest to Others		14.54		6.88
iv) Interest on Income Tax		1.58		0.00
<b>B. Other Borrowing Cost</b>				
i) Bills Discounting Charges		56.54		35.59
ii) Misc Bank Charges		60.22		36.35
<b>C. Foreign Exchange Fluctuation</b>		-0.58		-11.71
		<b>491.62</b>		<b>277.41</b>

Note 25 <b>OTHER EXPENSES</b>				
<b>(A) MANUFACTURING EXPENSES</b>				
i) Power & Fuel		239.25		247.48
ii) Rent, Rates and Taxes		23.29		20.31
iii) Jobwork expenses		51.10		68.41
iv) Consumption of Stores & Spare parts		61.97		62.64
v) Repairs & Maintenance		7.85		5.17
vi) Freight Inward		20.05		52.56
vii) Entry Tax		8.29		11.93
viii) Laboratory and R & D Expenses		1.20		0.00
ix) Factory Expenses		1.71		1.88
		<b>414.72</b>		<b>470.39</b>
<b>(B) ADMINISTRATIVE EXPENSES</b>				
i) Rent for Directors House		0.00		1.32
ii) Courier & Telephone Expenses		16.01		13.67
iii) Vehicle Running Expenses		5.26		6.87
iv) Insurance Charges		9.30		7.75
v) Rent for Office / Guest House		1.30		1.62
vi) Legal and Professional Fees		72.81		31.41
vii) Miscellaneous Expenses		39.87		23.01
viii) Amortisation of Preoperative Exp		0.01		0.00
ix) Provision for Wealth tax		0.04		0.04
		<b>144.58</b>		<b>85.70</b>
<b>(C) SELLING EXPENSES</b>				
i) Freight & Carriage Outward		226.61		270.86
ii) Travelling Expenses:				
a) Directors	0.00		0.00	
b) Staff	28.73	28.73	21.07	21.07
iii) Advt., Newspaper & Periodicals		0.51		0.14
iv) Inspection Charges		4.12		2.82
v) ECGC Premium		5.83		5.33
vi) Tender Fees & Form Expenses		0.00		0.02
vii) Rebate & Discount on Sale:				
a) Domestic Sale	4.07		58.87	
b) Export sale	0.07	4.15	0.74	59.61
viii) Business Promotion Expenses		8.28		7.62

## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rs. in Million)

Particulars	Year ended 31 <sup>st</sup> March 2012		Year ended 31 <sup>st</sup> March 2011	
Note 25 OTHER EXPENSES (Contd.)				
ix) Commission on Sales:				
a) Domestic Sale	0.55		0.58	
b) Export sale	4.50	5.05	2.00	2.57
x) Octroi Duty / Charity & Donation		0.00		0.01
xi) Taxation on Domestic Sale:				
a) Commercial Tax / CST	48.48		55.86	
b) Value Added Tax	1.88	50.36	10.15	66.02
xii) Clearing, Packing & Forwarding Charges		0.00		0.15
		333.65		436.23
(D) PRIOR PERIOD EXPENSES				
a. Mat Credit Entitlement for Ass.Yr. 2009-10	0.00		-5.79	
b. Earlier year adjustment	0.00	0.00	0.53	-5.26
Total of Other Expenses		892.95		987.06

## Note 26

## A. CONTINGENT LIABILITIES AND COMMITMENTS

- i. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 57.43 million (Previous Year Rs. 8.47 million).
- ii. Guarantee given by Bank on behalf of the Company for Rs.73.10 million (Previous year Rs. 30.38 million).
- iii. Outstanding liabilities on account of Letter of Credit for Rs. 176.37 million (Previous year Rs. 61.91 million).
- iv. Foreign Bills Discounted with Bank Rs.329.51 million (Previous year Rs.77.95 million).
- v. Forward purchase contracts remaining outstanding Rs. NIL against export sales (Previous year Euro 4.68 lacs and GBP 11.94 Lacs ). The mark to market profit/(loss) of Rs.0.06 million (Previous year profit Rs.11.21million) has been provided in the accounts.
- vi. Corporate Guarantee given by the Company is as under:

Sr.	Given in favour of	Given on Behalf of	Amount (Rs. in million)
	Customs & Excise Department	Entertainment World Developers Limited, Mumbai	Rs.4.54 million (Previous Year 4.54 million)
	Governor of Uttarakhand	Nanofil Technologies Pvt.Ltd., Kashipur	Rs.0.02 million (Previous Year Nil)

## vii. Outstanding of Taxes on account of disputes are as follows:

- a) The company filed appeal before CIT(A)/ITAT and contested the disputed Income Tax demand for the A.Y. 2004-05, 2005-06 and 2006-07 for Rs.17.13 million, Rs.15.39 million & Rs. 6.03 million respectively and also contested disputed of TDS demand for the A.Y.2005-06 to 2007-08 Rs.0.71 million .
- b) The company has contested disputed of M.P.C.T. demand for F.Y. 2005-06, 2007-08 & 2008-09 for Rs. 0.03 million, 1.96 million & 1.06 million respectively & Central Sales Tax demand for Rs. 1.96 million for the F.Y 2005-06 and Entry Tax demand for Rs. 1.67 million and 2.89 million for the F.Y 2007-08 and 2008-09 respectively as per legal opinion obtained.
- c) The company has contested disputed of Commercial Tax for FY 2010-11 for Rs 1.55 million at Kashipur unit.
- d) The Income Tax department has filed an appeal before the M.P.High Court, challenging the order of ITAT passed in favor of Company for the A.Y.2003-04. The amount of tax and penalty is Rs 6.58 million and 1.45 million respectively

**NOTES FORMING PART OF CONSOLIDATED ACCOUNTS**

B. In the opinion of the Board of Directors the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**C. Segment Information (AS-17)**

The Company is principally engaged in the business of Manufacturing of HD/PP Woven sacks and FIBC/Jumbo Bags. There is no primary segment for reporting, However the Company has identified Geographical segments as a Secondary reportable Segment, taking into account nature of operations and services, the differing risks and returns. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company.

*(Rs. in Million)*

Particulars	Within India		Outside India		Total	
	2012	2011	2012	2011	2012	2011
<b>Segment Revenue</b>						
Revenue from Operations	6,521.75	5,055.78	912.87	723.62	7,434.62	5,779.40
Less : Inter Segment Turnover	–	–	0.57	–	0.57	–
Net Turnover	6,521.75	5,055.78	912.29	723.62	7,434.05	5,779.40
<b>Segment Results before Interest, Tax &amp; Other Income</b>	917.32	578.64	26.92	31.85	944.25	610.49
Less : Interest Expenses	485.13	268.67	6.49	8.74	491.62	277.41
Add : Other Income	24.10	13.38	13.75	1.14	37.85	14.53
Profit Before Tax	456.30	323.35	34.18	24.25	490.48	347.61
Less : Tax						
Current Tax	89.73	14.20	3.11	5.47	92.85	19.67
MAT Credit Entitlement	-89.73	-14.06	–	–	-89.73	-14.06
Deffered Tax	108.99	47.92	–	–	108.99	47.92
Net Tax	108.99	48.06	3.11	5.47	112.10	53.53
Profit After Tax before adjustment for						
Minority Interest	347.31	275.29	31.07	18.78	378.39	294.07
Less : Pre acquisition Profit/ Loss & Share of Minority	0.34	-16.44	–	–	0.34	-16.44
Less : Loss on sale of Subsidiary	–	0.84	–	–	–	0.84
Profit After Tax after adjustment for						
Minority Interest	346.97	290.89	31.07	18.78	378.04	309.67
<b>Other Information</b>						
Segment Assets	7,910.52	6,553.45	111.70	18.30	8,022.22	6,571.76
Segment Liabilities	4,742.90	4,582.39	597.57	349.52	5,340.47	4,931.91
Depreciation & Amortisation	173.33	142.13	6.80	6.72	180.13	148.85
Capital Expenditure	1,385.16	257.85	130.47	6.75	1,515.63	264.60

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

D. Earning per share (AS-20)

(a) Net Profit after Tax (As per Profit / Loss Account) Number of fully paid up equity share of Rs. 10/- each	Rs. 378.04 million (Previous year Rs. 309.67 million) 21731810 Equity Share (Previous year 17212110 Equity Shares)
(b) Weighted average number of equity Shares outstanding during the year	19317368 Equity Shares (Previous year 12650765 Equity shares)
(c) Effects of potential dilutive equity share	623292 Equity Shares (Previous year 4078354 Equity Shares)
(d) Weighted average number of equity in computing diluted earning per share	19940660 Equity Shares (Previous year 16729119 Equity Shares)
(e) Earning per share: – Basic [(a)/(b)]	Rs. 19.57 (Previous year Rs. 24.48)
– Diluted [(a)/(d)]	Rs. 18.96 (Previous year Rs. 18.51)

E. Related Party Disclosure (AS-18)

Name of Related Parties & Transaction with them shown in below: (Rs. in Million)

Particulars	Associates	Relatives of Key Management Personnel	Total
Sale of Goods	10.62	0.00	10.62
Receiving of services	0.83	2.91	3.74

Names of related parties and description of relationship:

1. Associates	(i) Kalani Industries Pvt. Ltd. (ii) Entertainment World Developers Limited,
2. Key Management Personnel	Mr. Manish Kalani
3. Relatives of Key Management Personnel	Mr. Saurabh Kalani
F. Previous year figures are re-grouped or re-arranged to confirm to current year figures	

As per our report of even date attached

for L.K.Maheshwari & Co.,  
Chartered Accountants  
FRN No. 000780C

Abhay Singi  
Partner  
Membership No. 079873

Place : Indore  
Date : 30th May 2012

For and on Behalf of Board

Manish Kalani  
Managing Director

Dinesh Kumar Sharma  
GM-Corporate Affairs &  
Company Secretary

K. K . Vijayvergiya  
Whole Time Director

Notes



Notes