

ANNEXURE- B To The Directors' Report

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising of regulators, employees, customers, vendors, investors and the society at large. It is founded on the pillars of fairness, accountability, disclosures and transparency. These pillars have been strongly cemented which is reflected in your Company's business practices and work culture. Strong leadership and effective corporate governance practices have been the Company's hallmark and it has inherited these from the Company's culture and ethos. The Company believes in adopting the 'best practices' that are followed in the area of corporate governance across various geographies.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Executive Directors, Non executive directors and Independent Directors. These codes are available on the Company's website. The Company's corporate governance philosophy has been further strengthened through the Flexituff Code of Conduct for Prevention of Insider Trading. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges with regard to corporate governance.

2. BOARD OF DIRECTORS

(a) Composition of Board, Meeting & Attendance:

- I. As on date your Board of Directors is comprised of Nine (9) directors, of which the Chairman is a Non-Executive Independent Director. In compliance with the requirements of Clause 49 of the Listing Agreement, your Company has three (3) Executive Director and Six (6) Non-Executive Directors of whom three (3) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement. None of the Non-Executive Directors are responsible for the day to day affairs of the Company.
- II. None of the Directors on the Board is member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he is a director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2014, have been made by the directors.
- III. The details of the composition, nature of directorship, number of Board Meeting attended, attendance at last AGM, directorships held in other companies by the directors of the Company and their shareholding are detailed below. Other directorships do not include alternate directorships, directorships of private limited companies, section 25 (now Section 8) companies and of companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Shareholders/Investors Grievance Committees.

Name of Director	DIN	Nature of Directorship	No. of Board Meetings attended	Attendance at last AGM	Directorship in other Companies (excluding private limited companies)	Member (M) / Chairmanship (C) in No. of Board Committees including other Companies (as declared to the Company)	Share Holding in Flexituff Int. Ltd.
Mr. Anirudh Sonpal	03367049	C, NE, I	5	No	1	2M	NIL
Mr. Sharat Anand	00083237	NE, I	4	Yes	0	2C	NIL
Mr. Kevan John Upperdine	01214264	NE, I	0	No	0	NIL	NIL

Name of Director	DIN	Nature of Directorship	No. of Board Meetings attended	Attendance at last AGM	Directorship in other Companies (excluding private limited companies)	Member (M) / Chairmanship (C) in No. of Board Committees including other Companies (as declared to the Company)	Share Holding in Flexituff Int. Ltd.
Mr. Kaushal Ganeriwal	03497193	CCP-ND	2	No	0	NIL	NIL
Mr. Saurabh Kalani	00699380	E, W	7	No	1	NIL	NIL
Mr. Kaushal Kishore Vijayvergiya	01941958	E, W	7	No	0	1M	NIL
Mr. Manoj Kumar Dwivedi	05290255	E, W	7	Yes	0	NIL	NIL
Mr. Manas Tandon	05254602	ID	7	No	2	1M	NIL
Mr. Vishwarupe Narain (w.e.f. 27.05. 2013)	03394320	BND	4	No	2	NIL	NIL

Abbreviations:

C: Chairman, E: Executive Director, NE: Non Executive Director, I: Independent Director, W: Whole Time Director, MD: Managing Director, CCP-ND: CCP Nominee Director, ID: Investor Director, BND: Bondholder Nominee Director

- IV. Seven (7) Board Meetings were duly held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held on 27th May, 2013, 2nd August, 2013, 30th October, 2013, 29th November, 2013, 24th December, 2013, 30th December, 2013 and 13th February, 2014.
- V. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- VI. During the year 2013-14, information as mentioned in Annexure 1A to clause 49 of the Listing Agreement has been placed before the Board for its consideration.

(b) Non Executive directors' Compensation and Disclosures

The sitting fees paid to Non-executive Directors was ₹5000/- per board meeting. No commission was paid or payable to the Non-executive Directors during the year 2013-14. During the year, sitting fees paid to Non-executive Directors was ₹45000/-* details of which are as below;

S. No.	Name of Director	Amount
1	Mr. Anirudh Sonpal	25000/-
2	Mr. Sharat Anand	20000/-

* Mr. Kaushal Ganeriwal has not taken any sitting fees.

3. AUDIT COMMITTEE

- I. The Audit Committee was reconstituted on 2nd August, 2013. In line with the provisions of clause 49 of the Listing Agreement.
- II. The terms of reference of the Audit Committee are broadly as per clause 49 of the Listing Agreement.
- III. The previous Annual General Meeting (AGM) of the Company was held on September 30, 2013 and was attended by Mr. Sharat Anand, Chairman of the Audit Committee.
- IV. The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Sharat Anand (Chairman)	Independent, Non Executive	4	3
Mr. Anirudh Sonpal	Independent, Non Executive	4	4
Mr. Kaushal Kishore Vijayvergiya (upto 12.08.2014)	Executive	4	4
Mr. Manas Tandon (w.e.f. 27.05.2013)	Non Executive	4	2

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

- V. Four Audit Committee Meetings were held during the year on 27th May, 2013, 2nd August, 2013, 30th October, 2013 and 13th February, 2014.

4. COMPENSATION COMMITTEE

- I. The Company has a Compensation Committee of Directors.
 II. The broad terms of reference of the Compensation Committee are as under clause 49 of the Listing Agreement.
 III. The Compensation Committee was reconstituted on 2nd August, 2013.
 IV. The composition of the Compensation Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Sharat Anand (Chairman)	Independent, Non Executive	2	2
Mr. Anirudh Sonpal	Independent, Non Executive	2	2
Mr. Kevan John Upperdine	Independent, Non Executive	2	0
Mr. Vishwarupe Narain (w.e.f. 27.05.2013)	Nominee Director	2	1

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

- V. Two Compensation Committee Meetings were duly held on 27th May, 2013 and, 30th October, 2013.
 VI. Company has remuneration policy for all directors and key managerial personnel.
 VII. Remuneration to all the directors paid during the year is disclosed in this report in details.
 VIII. Board of Directors on its meeting held on 27.5.2014 changed its name from Compensation Committee to Nomination and Remuneration Committee. It inter-alia include the following-
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employee.
 - Formulation of criteria for evaluation of Independent Directors and the Board;
 - Devising a policy on Board diversity;
 - Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

5. SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE

- I. The Company has a Shareholders' & Investors' Grievance Committee of Directors headed by Mr. Sharat Anand, Non Executive and Independent Director.
- II. The broad terms of reference of the Committee are to look into the redressal of shareholder and investor complaints.
- III. Mr. D.K. Sharma, Asst. Vice President- Corporate Affairs is compliance officer.
- I. There were not any investor grievances received and pending for more than 21 days during the year.
- IV. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Sharat Anand (Chairman)	Independent, Non Executive	4	3
Mr. Anirudh Sonpal	Independent, Non Executive	4	4
Mr. Kaushal Kishore Vijayvergiya (Upto 12.08.2014)	Executive	4	4

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

- V. Four Committee Meetings were duly held on 27th May, 2013, 2nd August, 2013, 30th October, 2013 and 13th February, 2014.

6. MANAGEMENT COMMITTEE

- I. Management committee was reconstituted on 2nd August, 2013.
- II. It has been delegated with an authority in relation to procurement and management of funds for existing and future projects of the Company. It 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.
- III. The committee also has the powers and authority in relation to day to day management of affairs such as:
 - a) Administration and management
 - b) Production
 - c) Strategic Planning Expansion and Performance review
 - d) Marketing
 - e) Fund & Project Execution etc.
- IV. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Saurabh Kalani (Chairman)	Executive	14	14
Mr. Kaushal Kishore Vijayvergiya (Upto 12.08.2014)	Executive	14	14
Mr. Manoj Kumar Dwivedi	Executive	14	14
Mr. Sharat Anand (Upto 02.08.2013)	Independent, Non Executive	14	0

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

7. ISSUE MANAGEMENT COMMITTEE

- I. The Issue Management Committee was re-constituted on 24th December, 2013 for various formalities relating to issue of equity shares on preferential basis and Foreign Currency Convertible Bonds.
- II. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year	
		Held	Attend
Mr. Saurabh Kalani (Chairman)	Executive	3	3
Mr. Kaushal Kishore Vijayvergiya	Executive	3	3
Mr. Manoj Kumar Dwivedi	Executive	3	3
Mr. Kevan John Upperdine	Independent Director	3	1

Secretary to the Committee: Mr. D. K. Sharma, Asst. Vice President- Corporate Affairs & CS.

III. Three meetings were duly held on 26th April, 2013, 24th December, 2013 and 30th January, 2014.

8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR Committee)

I. As per Ministry of Corporate Affairs notification dated 27th February 2014 from 1st April 2014, the provisions of Section 135 and Schedule VII of Companies Act 2013 will be implemented. Board on its meeting held on 27th May, 2014 has approved constitution of CSR Committee. Constitution of Committee are as follows -

S. No.	Name of Director	Designation
1	Mr. Saurabh Kalani (Chairman)	Chairman
2	Mr. Manoj Kumar Dwivedi	Member
3.	Mr. Sharat Anand	Member

II. Role of CSR Committee

- To formulate and recommend to the board CSR Policy as per activities specified in Schedule VII.
- To recommend the amount of expenditure to be incurred on above activities.
- To monitor the policy from time to time.

III. Role of Board

- To approve the CSR Policy recommended by the committee.
- To disclose contents of the policy in the report & place it on website.
- To ensure that the company spends, in every FY, at least 2% of the average net profits of the company (as per section 198) made during the 3 immediately preceding FYs, in pursuance of its CSR Policy.
- For spending the amounts local area should be preferred.

9. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Mr. Rishabh Kumar Jain

Asstt. Company Secretary & Compliance Officer

Flexituff International Ltd

C 41-50, SEZ, Sector-3,

Pithampur, Dist. Dhar (M.P.) 454775

Contact No. 07292-420248

Fax: 07292- 401684

10. 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
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
19th	Tuesday, September 25, 2012 at 11.00 A.M.	304, Diamond Prestige, 41-A, A.J.C. Bose Road, Kolkata-700 017 (W. B.)	Appointment of Mr. Kartikeya Kalani as Manager (Product Development) Alteration in Existing Clause 165 of Articles of Association
20th	Monday, September 30, 2013 at 10:00 AM	Kalakunj- Kalamandir, 48 Shakespear Sarani, Kolkata-700017 (W.B.)	NIL

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

S. No.	Day, Date & Time	Venue	Special Resolution Passed
1	Friday, 5th April, 2013 at 11.00 A.M.	94, Industrial Area, Sector-1, Pithampur, Dist. Dhar (M.P.)	Adoption of new set of Articles of Association.
2	Monday, 23rd December, 2013 at 11.00 A.M.	94, Industrial Area, Sector-1, Pithampur, Dist. Dhar (M.P.)	Preferential Issue of Equity Shares/ CCD & Issue of Foreign Currency Convertible Bonds. Increase in the FII and NRI/ PIOs investment limit under Portfolio Investment Scheme. Increase in remuneration of Mr. Saurabh Kalani, Wholetime Director.
3	Saturday, 25th January, 2014 at 11.00 A.M.	94, Industrial Area, Sector-1, Pithampur, Dist. Dhar (M.P.)	Adoption of new set of Articles of Association
4	Tuesday, 11th March, 2014 at 11.00 A.M.	94, Industrial Area, Sector-1, Pithampur, Dist. Dhar (M.P.)	Appointment of Joint Statutory Auditor

11. 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) Risk Management

The Company has framed risk management policy for various risk exposures, hedging and cost reduction structure as permitted and defined by Reserve Bank of India.

d) Proceeds from public Issue, right issues, preferential issues etc.

The uses/ application of proceeds from public issue and preferential issue of equity shares have been disclosed to the Audit Committee as a part of quarterly declaration of financial results.

e) Remuneration of Directors

1) The details of remuneration paid/payable to the Executive Directors during the year are as under:

MR. SAURABH KALANI- WHOLE TIME DIRECTOR

Salary & Allowance	₹3,25,000 per month*(upto September, 2013) ₹6,00,000 per month (from October 2013 to March 2014)
Other benefits	Furnished accommodation Club fees (Up to 2 clubs), Reimbursement of expenses which includes telephone expenses, Car, Driver salary
Stock options	Growth-NIL Loyalty-NIL

MR. KAUSHAL KISHORE VIJAYVERGIYA – WHOLE TIME DIRECTOR

Salary & Allowance	₹1,25,000 per month
Other benefits	Reimbursement of expenses which includes telephone expenses, Car, Driver salary.
Stock Option	Growth- 13,500 Loyalty- NIL

MR. MANOJ KUMAR DWIVEDI – WHOLE TIME DIRECTOR

Salary & Allowance	₹1,73,353 per month
Other benefits	Reimbursement of expenses which includes telephone expenses, Car, Driver salary.
Stock Option	Growth- 17600 Loyalty- 11,800

Period: from 1st April, 2013 to 31st March, 2014

12. CODE OF CONDUCT

The Company has adopted Code of Conduct for members of the Board and Senior Management personnel. 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. The Board Members and Senior Management have affirmed their compliance with the code and a declaration signed by the Whole Time Director of the Company is annexed to this report.

13. CEO/CFO CERTIFICATION

Mr. Saurabh Kalani and Mr. Kaushal Kishore Vijayvergiya, Whole time Director have given certificate on the Financial Statements of the company as per format prescribed under Clause 49(V) of Listing Agreement to the Board at its meeting held on 27th May, 2014.

14. 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 published in English and Bengali news papers in terms of Listing Agreement and in the format prescribed by the Stock Exchange. The Company also posts its financial results on its website i.e. www.flexituff.com and on websites of stock exchanges where shares of the Company are listed.

15. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting

Date: 30th September, 2014

Day: Tuesday

Time: 10.00 A.M.

Venue: Kalakunj, Kalamandir, 48 Shakespear Sarani, Kolkata – 700 017 (WB)

b. Financial Calendar

- Results for quarter ending 30.06.2014 : With in 45 Days from end of quarter

- Results for quarter ending 30.09.2014 : With in 45 Days from end of quarter

- Results for quarter ending 31.12.2014 : With in 45 Days from end of quarter

- Results for quarter ending 31.03.2015 : With in 60 Days from end of quarter

c. Book Closure Date

23rd September, 2014 to 30th September, 2014 (both days inclusive)

- E-voting: All information are available on Company's website.

d. Dividend Payment Date

Dividend for the financial year 2014, if declared will be paid/ credited to the account of the shareholders on or after 30th September, 2014.

e. Listing of Equity Shares on Stock Exchanges

The equity shares are listed on the following Stock Exchanges:

1. BSE Limited, Mumbai
2. National Stock Exchange of India Limited, Mumbai

Note: Annual Listing Fees for the Year 2014-15 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. ISIN Number of equity shares: INE060J01017

h. Stock Market Price data for the Year 2013-14

Month and Year	BSE			NSE		
	High (₹)	Low (₹)	Traded Quantity	High (₹)	Low (₹)	Traded Quantity
Apr-13	230.00	210.25	513456	229.60	212.25	574547
May-13	235.00	211.00	330912	238.80	217.35	1002964
Jun-13	240.00	200.05	426659	231.90	190.10	722396
Jul-13	235.00	210.00	350667	227.00	210.00	600087
Aug-13	218.50	204.00	291958	217.50	203.00	412325
Sep-13	240.00	210.20	315424	238.25	210.25	433414
Oct-13	263.10	171.25	397085	229.65	171.55	510633
Nov-13	245.00	212.75	301339	245.50	211.15	362214
Dec-13	255.10	215.55	555143	268.70	215.10	796647
Jan-14	245.00	224.50	298982	237.80	223.50	529929
Feb-14	271.00	225.00	252882	236.95	225.00	351997
Mar-14	233.85	224.00	299597	235.95	223.00	353742

i. Shareholding Pattern As on 31st March, 2014

Category	No. of Shares	Percentage
Indian Promoters	7035038	28.27
Foreign Promoters	0	0.00
Mutual Funds & UTI	286	0.00
Banks, Fls, Insurance Companies	1599203	6.43
Central/State Govt. Institutions/ Non-Govt. Institutions	0	0.00
Foreign Institutional Investors	2425807	9.75
Domestic Bodies Corporate	8659695	34.80
NRI/ OCB/ Foreign Companies	4589696	18.45
Clearing Members	150609	0.61
Other Individual	422472	1.70
Grand Total	24882806	100.00

j. Distribution Schedule as on 31st March, 2014

Nominal Value of Each Equity Share is ₹10/-

No. of equity shares held	No. of share holders	% of shareholders	No. of share held	% of total shares held	Amount
1 to 500	654	83.42	27429	0.11	274290
501 to 1000	4	0.51	3391	0.01	33910
1001 to 2000	20	2.55	26492	0.11	264920
2001 to 3000	5	0.64	12970	0.05	129700
3001 to 4000	3	0.38	11220	0.05	112200
4001 to 5000	4	0.51	18548	0.07	185480
5001 to 10000	23	2.93	185791	0.75	1857910
10001 and above	71	9.06	24596965	98.85	245969650
Total	784	784	24882806	100.00	248828060

k. Dematerialization of shares and Liquidity

The Company has entered into necessary agreements with NSDL and CDSL for dematerialization of the shares held by investors. Shares held in Demat form with NSDL and CDSL constitute 95.47% and in physical 4.53%. The Annual Custody Fee for the financial year 2014-15 has been paid to both NSDL and CDSL.

1902173 equity shares allotted to International Finance Corporation, for which corporate action was filed on 31st December, 2013 were credited to its account on 10th January, 2014.

l. Share Transfer System

The Share transfer document complete in all respects are registered and/or share transfers under objections are returned within stipulated time period.

m. Status of Unpaid Dividend

Dividend for the year	Total Amount of Dividend (₹ In lacs)	Amount of Unpaid Dividend as on 31.03.2014 (₹ In lacs)	% of Dividend Unpaid	Due date of transfer to IEPF
2011-12	21.75	0.02	0.01	01-11-2017
2012-13	22.98	0.00	0.00	N.A.

During the year your company has deposited ₹34500/- to Investor Protection fund regarding unclaimed amount of dividend for the year 2005-06.

n. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments

5.44% Foreign Currency Convertible Bonds (the "FCCBs") of USD 25 Million issued to TPG Growth SF II Pte. Ltd. are convertible at the option of Bondholder into fully paid up equity shares of the Company at a price of ₹218/- per equity share on or before 26th April, 2018.

5.34% Foreign Currency Convertible Bonds (the "FCCBs") of USD 9 Million issued to International Finance Corporation are convertible at the option of Bondholder into fully paid up equity shares of the Company at a price of ₹230/- per equity share on or before 30th January, 2019.

o. Address for Correspondence

Shareholder's correspondence should be addressed to the Company's RTA at the Address mentioned below:

Link Intime India Private Limited

(Formerly Intime Spectrum Registry Limited)

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West)

Mumbai-400078

Tel.: +91 22 2596 0320, Fax: +91 22 2596 0329

Email: mumbai@linkintime.co.in

Website: www.linkintime.co.in

For any further assistance, the shareholder's may Contact:

Corporate Office:

Flexituff International Limited.

C-41-50, SEZ, Sector -3,

Pithampur- 454775, Dist. Dhar (M.P.)

Tel. +91 7292 420200, Fax : 07292-401684

Email: investors@flexituff.com

Website: www.flexituff.com

Registered Office:

Flexituff International Limited,

304, Diamond Prestige, 41-A, A.J.C. Bose Road

Kolkata-700 017 (W.B.)

Tel.: 033 -32212690 Fax : 033 - 22313510

Email: investors@flexituff.com

Website: www.flexituff.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants.

In Compliance of Clause 47(f) of the listing Agreement, the Company has designated exclusive Email ID for redressal of Investor Grievances i.e. investors@flexituff.com.

FOR AND ON BEHALF OF THE BOARD

Place: Pithampur

sd/-

sd/-

Date: 12th August, 2014

Whole Time Director

Whole Time Director