

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, w.e.f. 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, our Company has one executive director and six non-executive directors of whom three are independent directors.

During the financial year 2011-12, the 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 Director	DIN	Category	No. of Board Meeting Attended	Attendance at Last AGM	Directorship in other companies (excluding private limited companies)		Committee Position		Share holdings
					Chairman	Member	Chairman	Member	
Anirudh Sonpal	03367049	Non Executive, Independent, Chairman	6	Yes	1	1	0	3	-
Manish Kalani	00012279	Managing Director	12	Yes	0	1	0	1	11700
Sharat Anand	00083237	Non-Executive, Independent	6	Yes	0	1	4	0	-
Kevan John Upperdine	01214264	Non-Executive, Independent	2	No	0	1	0	1	-
Pawan Kumar Jain	00012279	Executive	13	Yes	0	1	0	3	-
Ravindra Kumar Chourasiya	00061084	Executive	13	Yes	0	0	0	1	-
Aswini Sahoo (Up to February 09, 2012)	01931805	Nominee Director	7	No	0	0	0	0	-

Kaushal Ganeriwal (W.e.f. February 09, 2012)	03497193	Nominee Director	1	No	0	0	0	0	-
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(B) Non Executive directors' Compensation and Disclosures

During the year 2011-12, 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 attending 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/-

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

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. 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, 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 futures 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 November 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 namely 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 of 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 3 members all are 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 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. 07292-420200, 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
16 th	Saturday, September 30, 2009 at 11.00A.M.	2 nd floor of Main Building, 19 R.N. Mukherjee road, Kolkata-700 001 (W.B.)	<ul style="list-style-type: none"> • Re- Appointment of Mr. Manish Kalani as Managing Director of the Company for a further period of 3 Years w.e.f. 1st April 2009. • Alteration of Capital Clause of Memorandum of Association. • Alteration of Clause V of Articles of Association
17 th	Thursday, September 30, 2010 at 11.00 A.M.	2 nd 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
18 th	Friday, September 30, 2011 at 11.00 A.M.	2 nd floor of Main Building, 19 R.N. Mukherjee road, Kolkata-700 001 (W.B.)	NIL

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

S.No.	Day, Date & Time	Venue	Special Resolution Passed
1	20 th August, 2011	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. 2. Appointment of Mr. Manish Kalani as Managing Director of the Company.

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 to Capital Markets 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. The Board Members and Senior Management have affirmed their compliance with the code and a declaration signed by the Chairman & 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.

11. 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.

12. 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.

13. **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 and at websites of stock exchanges where the shares of your Company's are listed.

14. **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**

- 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

b. **Book Closure Date**

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

c. **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.

d. **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.

e. **Stock Code**

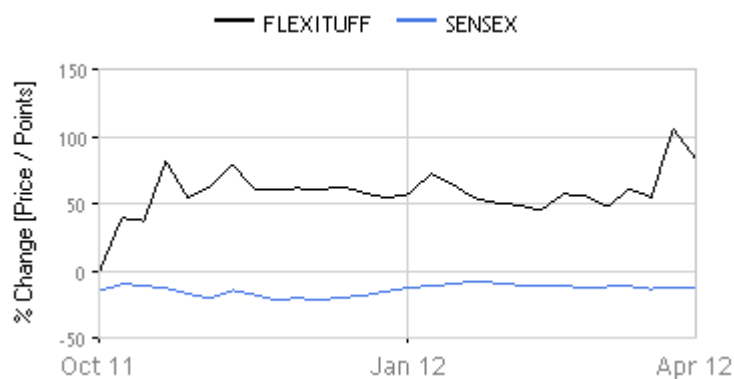
- f. - Trading Symbol- National Stock exchange of India Limited : **FLEXITUFF**
- Trading Symbol- BSE Limited: **533638**

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

g. Stock Market Price data for the Year 2011-12

Year and Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Oct, 2011	240.40	142.00	290.45	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

h. Performance of the Company's Share Price vis-avis BSE Sensex since Listing of the Stock



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 Share Holders	% 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
Total	541	100.00	21731810	100	217318100

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 93.80% and in physical 6.20%. . The Annual Custody Fee for the financial year 2012-13 has been paid to NSDL and CDSL, the Depository.

Share Transfer System

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

STATUS OF UNPAID DIVIDEND FROM FINANCIAL YEAR 2005-06

Dividend for the year	Total Amount of Dividend (Rs. In lacs)	Amount of Unpaid Dividend as on 31.03.2012 (Rs. In lacs)	% of Divident Unpaid	Due date of transfer to IEPF
2005-06	29.84	.34	1.12	06-11-2013

Remind to investors

Reminder for unpaid dividend present to shareholders as per records at appropriate intervals. The detailed list of shareholders is available on the website of the company.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments

The Company has not issued GDRs/ADRs/Warrants or any other instruments which is convertible into Equity Shares of the Company during 2011-12.

Address for Correspondence

Shareholder's correspondence should be addressed to the Company's RTA at the Address mention 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

Website: www.linkintime.co.in

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

Tel.033-40053995, 32212690

Fax. 033- 2231 2510

Corporate Office

Company Secretary

Flexituff International Limited

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

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

Tel. +91 7292 420200

Fax : 07292-401684

Email: investors@flexituff.com

Website: www.flexituff.com

Shareholders holdings 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.

Registered Office:

Flexituff International Limited

304, Diamond Prestige,

41-A, A.J.C. Bose Road

Kolkata-700 017 (W.B.)

Tel.: 033 – 40053995, 32212690

Fax : 033 - 22313510

Email:investors@flexituff.com

Website: www.flexituff.com

FOR AND ON BEHALF OF THE BOARD

Place: Pithampur

Date: 30.05.2012

Managing Director

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.

Place: Pithampur

Date: 30.05.2012

For Flexituff International Limited

Manish Kalani
Managing Director

Kaushal Kishore Vijayvergiya
Whole Time Director



PRACTISING COMPANY SECRETARY'S CERTIFICATION ON CORPORATE GOVERNANCE

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.

Place: Indore
Date: 28.05.2012

Ritesh Gupta & Co.
Practicing Company Secretaries

Sd/-
Ritesh Gupta
Practicing Company Secretaries