Flexituff International

Flexituff International Limited
C 41-50, SEZ, Sector-3
Pithampur - 454 775, Distt. Dhar (M.P.) India
Phone : 91-7292-420200, 401681-82-83
Fax : 91-7292-401684
Email : mail@flexituff.com url : www.flexituff.com
CIN : L25202MP1993PLC034616

21st September, 2018

To, **The Listing Manager** **BSE Limited** **Floor 25, P.J. Towers, Dalal Street,** **Mumbai-400 001**	**To,** **The Manager - Corporate Compliance** **National Stock Exchange of India Limited** **Exchange Plaza, Bandra Kurla Complex,** **Bandra (East), Mumbai- 400 051**

REF: Flexituff International Limited (ISIN – INE060J01017), BSE Code-533638, NSE Scrip- FLEXITUFF

Sub: Submission of Annual Report

Dear Sir/Madam,

Please find enclosed herewith Annual report of the Financial Year 2017-18 under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Thanking you,

For Flexituff International Limited

Khushboo Kothari
Company Secretary

FLEXITUFF INTERNATIONAL LTD.

FlexiTuff
INTERNATIONAL

Growth, woven with Values

INSIDE THIS REPORT

FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospect and take informed investment decisions. This report and other statement - written and oral - that we periodically make, may content forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as "anticipates," "estimates", "expects", "projects", "intends", "plans", "believes" and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumption. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE INFORMATION

(As on 14th August, 2018)

BOARD OF DIRECTORS

Mr. Anirudh Sonpal
Chairman and
Non- Executive Independent Director

Mrs. Alka Rajesh Sagar
Woman Non Executive Director

Mr. Anand Khandelwal
Whole-Time Director

Mr. Ashish Jamidar
Whole-Time Director

Mr. Bhuwan Modi
Non Executive Independent Director

Mr. Saurabh Kalani
Whole-Time Director

BANKERS/LENDERS

UCO Bank (Lead Bank)
Punjab National Bank
Central Bank of India
State Bank of India

Axis Bank
Bank of Baroda
Tamilnad Mercantile Bank

KKR India Financial Services Private Limited
IFCI Limited

JOINT STATUTORY AUDITORS

Kailash Chand Jain & Co.,
Chartered Accountants, Indore (M.P.)

MSKA & Associates (Formerly known as MZSK & Associates),
Chartered Accountants, Mumbai (MH)

COMMITTEES OF DIRECTORS

Audit Committee
Mr. Anirudh Sonpal (Chairman)
Mr. Bhuwan Modi
Mr. Saurabh Kalani

Shareholders' Relationship Committee
Mr. Bhuwan Modi (Chairman)
Mrs. Alka Sagar
Mr. Anirudh Sonpal

Nomination and Remuneration Committee
Mr. Bhuwan Modi (Chairman)
Mrs. Alka Sagar
Mr. Anirudh Sonpal

CSR Committee
Mr. Saurabh Kalani (Chairman)
Mrs. Alka Sagar
Mr. Bhuwan Modi

Management Committee
Mr. Saurabh Kalani (Chairman)
Mr. Anand Khandelwal
Mr. Ashish Jamidar

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
C-101, 1st Floor, 247 Park,
L.B.S. Marg, Vikhroli (West)
Mumbai – 400083
Tel.: +91 22 4918 6000, Fax: +91 22 4918 6060
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

REGISTERED OFFICE

C-41-50, SEZ, Sector -3,
Pithampur- 454775, Dist. Dhar (M.P.)
Tel. +91 7292 420200, Fax: 07292-401684
Email: investors@flexituff.com
Website: www.flexituff.com

OTHER KEY MANAGERIAL PERSONNELS

Mr. Ajay Mundra - Chief Financial Officer

Ms. Khushboo Kothari - Company Secretary

MANUFACTURING FACILITIES

SEZ Unit
C-41 – 50, Special Economic Zone, Sector – III,
Industrial Area, Pithampur
Dist. Dhar – 454775,
Madhya Pradesh

DTA Unit
94, Industrial Area, Sector – I,
Pithampur
Dist. Dhar – 454775
Madhya Pradesh

Kashipur Unit
Khasra No. 672-728,
Village – Mahuakhera,
Aliganj Road, Kashipur,
Dist. Udhamsingh Nagar –
244713 Uttrakhand

Barwaha Unit
58/1, Jaimalpura, Maheshwar Road, Barwaha
Dist. Khargone – 451115
Madhya Pradesh

CHAIRMAN'S ADDRESS TO STAKEHOLDERS

Anirudh Sonpal
Chairman

We are India's largest producer of geo-textiles and injection moulded drippers, with a polymer processing capacity of more than 74,000 metric tonnes per annum.

Dear Shareholders,

Growth always comes through overcoming challenges. For Flexituff International, India's largest producer and exporter of polypropylene woven packaging solutions serving retail, industrial, agro and infrastructure sectors, FY 2017-18 was challenging, yet full of opportunities to align operations for growth.

While the Flexible Intermediate Bulk Containers (FIBC) division continued to operate at healthy margins, receivable delays in the geotextiles segment, high fluctuations in the raw material prices and stronger Indian Rupee posed a challenge. Nonetheless, given the headwinds we faced, the Company's performance remained satisfactory, with the last two quarters glimpsing the shoots of a growth trend.

This FY 2017-18 also witnessed a crucial decision to carve-out the FIBC business segment, essentially our operations of Pithampur (Madhya Pradesh) manufacturing plant, as a wholly-owned subsidiary through a slump sale agreement. This repositioning of the FIBC business will help the Company to unlock value and raise capital to facilitate future growth.

COMPANY OVERVIEW

Flexituff International Limited, headquartered in Pithampur, Madhya Pradesh, is a vertically integrated Company with four manufacturing facilities in India and a couple of direct and indirect subsidiaries. We are India's largest producer of geo-textiles and injection-moulded drippers, with a polymer processing capacity of more than 74,000 metric tonnes per annum. Our products are exported to 60 countries with little over half of the revenues achieved from exports. We have the industry's largest Research and Development centre in India, owning major patents and proprietary rights of technologies. With rigid adherence to high quality standards and dependable supply record, the Company's products enjoy an excellent reputation in the domestic and international markets.

FIBC BUSINESS

Our manufacturing of Flexible Intermediate Bulk Containers or standardised bulk sacks operate at close to full capacity utilisation levels at both the units with healthy operating margins and is an established segment both in the domestic and overseas markets. It finds application in the industrial bulk packaging of dry and flowable products, used for protection, storage, handling and transportation of goods. Chemicals, pharmaceuticals and food industries primarily drive the global FIBC market with some push from the fertiliser and mining industries. Together, these industries account for more than two-thirds of the demand for FIBCs.

With India and China as the key producers, the FIBC export market in Americas, Europe and Asia-Pacific region collectively accounts for 88% of this market. The FIBC segment has been our largest revenue generating division and holds a market share of nearly 20% of India's exports of FIBC while accounting for 44% of our revenues, which stood at ₹ 1,335 crore.

Customers prefer our eco-friendly and recyclable FIBCs as these are safe and have a long shelf life. The industry is expected to grow between 6% and 8% in the near future, even though it remains highly capital-intensive and cost sensitive.

In FY 2017-18, the Company decided to give it special attention by transferring operations of Pithampur (Madhya Pradesh) manufacturing plant to a wholly-owned subsidiary. The Company is hopeful that with this restructuring, it will achieve higher growth in future.

GEOSYNTHETICS SEGMENT

Flexituff International Limited is a leading manufacturer of geosynthetics, which are non-biodegradable and immune to bacteria and fungi. Primarily used in infrastructure and civil construction projects, geosynthetics usually account for 3% to 5% of the project cost, but help to reduce the maintenance cost by 30%.

We continue to offer a range of competitive geosynthetics-based pre-engineered solutions, with cost, time and quality advantages that has pushed the performance in this segment, in both the domestic and international markets, to 33% of Company revenues. Segmental growth is expected to rise with increase in demand. By 2020, growth in the global geosynthetics market is estimated to touch 10.5% with increase in value from US$ 47.8 billion in 2015 to 12.8 billion.

Our manufacturing plant at Kashipur, Uttaranchal housed in 40 acres of land with 7,50,000 square feet of modern constructed industrial shed, fully dedicated to manufacturing varied forms of geosynthetics, is geared to meet the growth challenge. The Company has completed large project orders from governments and private parties in India and aims to achieve ₹ 5,000 millions from this division.

As a leading supplier of reverse-printed Biaxially Oriented Polypropylene (BOPP) woven bags, with an installed production capacity of 100 million bags a year, this segment constitutes nearly 12% of our revenues. In FY 2017-18, we continued to operate at optimum capacity.

DRIP IRRIGATION BUSINESS

Flexituff International Limited continues to enjoy a leadership position in the market as a supplier of NPC drippers. With an installed production capacity of over one billion NPC drippers per annum, the Company enjoys 30% market share in India's flat dripper market. Our supplies to drip irrigation pipe manufacturers across the world has also grown.

The Government's exercise to create awareness of micro irrigation systems among Indian farmers along with higher budgetary support to farmers to move from conventional flood irrigation is expected to improve demand.

OPPORTUNITIES & OUTLOOK

World Economy

The global economy with a record growth of 3.8% in 2017, has staged a recovery with higher industrial production, resurgence in global trade volume and upbeat consumer and business sentiment with increase in the demand for investment and fall in unemployment. The global economy is expected to experience higher growth in 2018 while developing economies may experience faster growth.

Indian Economy

The Indian economy reflected the growth trend with some setback from the transition to the Goods and Services Tax (GST) regime even as the impact of demonetisation faded during FY 2017-18 and the economy resumed its normal course. Exports grew 9.8% in FY 2017-18. India's ranking on the World Bank's ease of doing business list improved with the slew of structural reforms unleashed by the Government. The Government's extended massive budgetary support for the development of infrastructure is expected to help agriculture and industry.

IMPACT ON COMPANY'S FUTURE

Flexituff International Limited is well-placed to address the growing demand in the domestic and international market as its FIBC products meet stringent international quality criteria and command premium realisations in the export market. The growing demand from domestic industry, especially fertilisers, cement, petrochemicals and fly ash is expected to create a surge in this business segment.

The technical textiles industry is expected to grow at 13.1% compounded annualised growth between FY 2017-18 and FY 2022-23, as per estimates of India Brand Equity Foundation. The growth in the technical textiles market is expected to be driven by demand in the healthcare and infrastructure sectors. In infrastructure, the Government is committed to making incremental investments in highway construction and roads.

Our geosynthetics division is expected to benefit from the Government's incremental spending on infrastructure across geographies. India's e-commerce boom and the growth in organised retail is also likely to push the demand for reverse-printed BOPP woven bags. Being a leader in this segment, Flexituff is well-placed to exploit the market opportunities and grow the revenue of this division.

The Government's encouragement of micro irrigation programmes holds promise for the Company's dripper business. Flexituff manufactures polymer compounds used in irrigation, automobiles, appliances, wires and cables, demand for which is expected to surge.

CHALLENGES AND CONCERNS

Over-Dependence on Government - Government demand drives the geosynthetics market and any budgetary constraints or change in the Government at the helm may pose a growth risk for this sector.

However, Flexituff has increased its presence across geographies to deal with such risks effectively and has been developing unique products at competitive costs.

Price Fluctuations - Sudden changes in prices of crude oil and natural gas impact raw material prices of polypropylene and cause foreign exchange rate fluctuations, putting a strain on profit margins. The Company mitigates this risk through short tenure contracts and timely price revisions besides following a board-approved hedging policy wherever possible. Its export orientation also offers a natural hedge to the Company.

> Flexituff International Limited is a leading manufacturer of geosynthetics, which are non-biodegradable and immune to bacteria and fungi.

Capital Intensive - Flexituff International Limited operates in one of the most capital and labour intensive sectors. However, it offers fair and rewarding growth opportunities for its people by organising intensive training programmes in addition to employing a robust system of checks and balances that covers all hierarchies and functions. Its relations with labour are cordial.

FUTURE SCOPE

Looking forward, we believe our commitment to growth and operational excellence will drive us forward with better prospects in the new financial year.

I thank each stakeholder for the continued support.

With regards,

Anirudh Sonpal
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

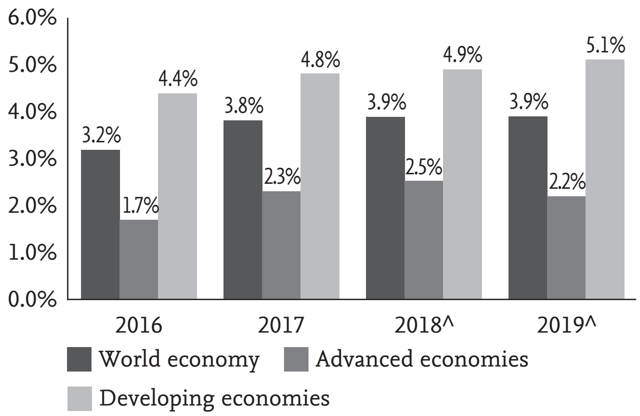
ECONOMIC REVIEW

Global Economy

By growing at 3.8% in 2017, the world economy staged the fastest economic growth since 2011. According to the International Monetary Fund (IMF), 2/3rd of world's economies constituting 75% of the global output registered higher growth in 2017 as compared to that in a year before. Higher industrial production, resurgence in global trade volumes, upbeat consumer and business sentiment, rapidly falling unemployment and a noticeable uptick in the investment demand helped the global recovery.

A sharp rise in the commodity prices accelerated the economic activity in the commodity-exporting nations.

Developing economies may experience faster growth in future...



^ projected growth

(Source: IMF)

World's largest economy, the U.S., witnessed a sharp upswing in the economic growth led by the strong consumer spending. Newly legislated tax cuts also boosted the consumer and business confidence. Labours experienced a nominal increase in their real wages. The U.S. Federal Reserve (Fed) raised interest rates steadily throughout the year as anticipated.

Despite the overhang of Brexit, the Euro Area witnessed a stable economic recovery which can be attributed to various policy stimulus measures initiated by the European Central Bank (ECB) in the past. While employment indicators appeared strong, wage growth remained softer in the Eurozone.

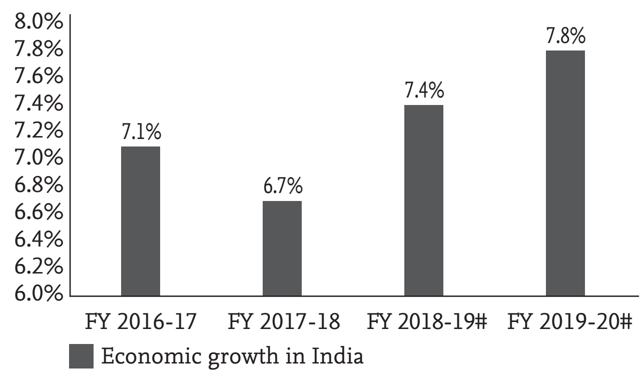
Although the global economy is likely to experience higher growth in 2018, it runs several downside risks. The possibility of trade war escalation, hawkish monetary policies, diminishing trade cooperation, rising inflation and energy prices and withdrawal of stimulus packages might drag the economic activities beyond 2018.

Indian Economy

The impact of demonetisation faded further in FY 2017-18, and the economy resumed its normal course. However, the transition to Goods and Services Tax (GST) regime caused some temporary disruptions which dragged the economic growth to 6.7% in FY 2017-18. Despite the uptick in the global trade, the performance of India's external sector remained sombre. Exports grew 9.8% in FY 2017-18.

Nonetheless, economic activity showed signs of a stronger rebound in the last two quarters of FY 2017-18.

Growth to pick up steam...



 # projected growth

(Source: IMF)

The Government decided to recapitalise Public Sector Banks (PSBs) by offering them a package of ₹ 2.11 lakh crore. It is also expected that the stricter implementation of Insolvency and Bankruptcy Code is likely to help the banking system deal effectively with the problem of Non-Performing Assets (NPAs). Banks are the panacea of economic growth in a country, as they meet the credit requirements of the industry.

As a result of structural reforms introduced by the Government, India secured 100th place, for the first time, on the World Bank's list of ease of doing business. India's ranking improved noticeably on the parameters such as 'getting credit', 'paying taxes' and 'resolving insolvency'. This improvement in the ranking is likely to boost the response to India's Make in India campaign. As a result of the upbeat sentiment of investors, Indian Rupee remained stable in FY 2017-18.

The Government extended massive budgetary support of ₹ 5.97 lakh crore for the development of infrastructure. Its decision of setting Minimum Support Prices (MSPs) for the all unannounced crops at 150% of the production costs is likely to boost the farmers' income and accelerate the growth in the rural areas. The prediction of normal monsoon in 2018 bodes well for the Indian economy.

RBI's baseline assumption for the crude oil prices of the Indian basket is US$ 68 per barrel. If the crude oil prices of the Indian basket remain above this level for a prolonged time, they might cause an adverse inflationary impact on the Indian economy. Under such a scenario, RBI might shift its policy stance. Worsening of the fiscal and current account deficit situation may also call for such action.

As per IMF's projections, Indian economy is likely to grow at 7.4% in FY 2018-19.

INDUSTRY OVERVIEW

As per the estimates of India Brand Equity Foundation (IBEF), the technical textiles industry in India is likely to grow at 13.1% compounded annualised rate between FY 2017-18 and FY 2022-23, to touch the value of US$ 32 billion in FY 2022-23. The growth in the technical textiles market is expected to be driven by their demand in the healthcare and infrastructure sectors. The industry enjoys significant policy support from the Government in terms official assistance and tax subventions.

COMPANY OVERVIEW

Flexituff International Limited is a multi-product, multi-market and multi-location Company headquartered in Pithampur, Madhya Pradesh. It is a 100% vertically integrated Company that serves the demand for technical textiles, construction textiles, packaging textiles, transport textiles, industrial textiles and agrotextiles among others.

Flexituff International Limited is a trusted name in the manufacturing of Flexible Intermediate Bulk Container (FIBC), geotextiles, reverse printed BOPP (Biaxially Oriented Polypropylene) woven bags and NPC drippers. The Company enjoys an excellent reputation in domestic as well international markets due to its adherence to high-quality standards and a dependable supply record.

The Company has total 4 manufacturing facilities in India. During FY 2017-18, the Company has 3 direct subsidiaries, out of which 2 are based in India & 1 in Cyprus.

BUSINESS OVERVIEW

The FY 2017-18 was a challenging year for the Company. Though the FIBC business continued to operate at healthy margins and strong order-book position, the main challenge came from the paralysis of the banking industry in India. Many of the consortium-bankers of the Company faced the PCA issues. This resulted in curtailed working capital availability to the Company. The working capital is the life blood for a robust growing business. The curtailment of working capital led to reduction in geo-textile and other business. The stronger Indian rupee and fluctuating raw material prices further added to the problem. Nonetheless the Company's performance remained satisfactory given the headwinds it faced.

In FY 2017-18, the Company took a crucial decision of transferring its FIBC business to a wholly-owned subsidiary through a slump sale agreement. This deal may offer a value-unlocking opportunity and might facilitate future growth.

Presently, the decision is pending the approval from its lenders (especially the banks)

FIBC BUSINESS

FIBCs or bulk sacks are the standardised containers that find applications in the industrial bulk packaging of dry and flowable products. They are mainly used for the purpose of protection, storage, handling and transportation of goods in a large quantity from the manufacturing facilities to distribution hubs. Usually, FIBCs are made up of woven polypropylene or polypropylene fabric materials.

FIBCs can be classified on the basis of size, shape, strength, durability and chemical properties among others. The industry is highly capital-intensive and at the same time is cost sensitive. Eco-friendly and recyclable FIBCs find favour with customers as they have a long shelf life.

Chemicals, pharmaceuticals and food industries primarily drive the global FIBC market. As per the estimates of Technavio, these industries account for more than 2/3rd of the demand for FIBCs. Construction, fertilisers and mining are some other industries that affect the FIBC demand. America, Europe and Asia-Pacific region collectively account for 88.0% of FIBC market whereas China and India are the key producers.

The industry is likely to grow in the range of 6% to 8% in the foreseeable future.

FIBC has been the largest revenue-generating segment for Flexituff International Limited. It holds a market share of 15%-20% of Indian exports of FIBC. At present, Company's FIBC division contributes around 44% to Company's topline.

In FY 2017-18, the Company decided to give it a special attention by transferring operations of Pithampur (Madhya Pradesh) manufacturing plant to a wholly-owned subsidiary. The Company is hopeful that with this restructuring, it will achieve higher growth in future.

Opportunities and Outlook

Flexituff International Limited is one of the few FIBC manufacturing companies across the world to meet the stringent quality criteria of USFDA, BRC and ISO. Nearly 65% of Company's FIBC product portfolio comprises food and pharma grade FIBCs and thus commands premium realisations in the export market. The Company is likely to benefit from the growth opportunities in the top three regions - America, Europe and Asia-Pacific. Moreover, it's well-placed to address the growing demand in the domestic market.

Risks and Concerns

Risk of availability of raw material in time:

Flexituff is vulnerable to any disruption in supply of raw material. Being the largest consumer of polypropylene in the Indian market it has to buy its raw material from multiple sources to avoid impact of the fluctuating prices. It tends to keep a low inventory and follows the just-in-time model for procuring raw material. Any disruption in the same can thus lead to disruption in production. The Company mitigates this risk through close follow-up with its suppliers and proper planning.

Risk of availability of quality labour:

FIBC is a labour-intensive industry and it requires trained people to make a fault-free product. Thus, proper and continuous availability of trained labour is important for production of FIBC. The Company has started two training centres for training of stitchers to mitigate this risk. The Company relies on its HR activities and interpersonal relationship to maintain harmony and well-being among its employees.

GEOSYNTHETICS BUSINESS

Geosynthetics are the planar products made up of durable polymers which are non-biodegradable and are immune to bacteria and fungi. There are eight types of geosynthetics-geotextiles, geomembrane, geogrids, geocells, geocomposite, geofoam, geonet and geosynthetic clay liner. Out of these, geotextiles and geocomposite perform all primary functions of geosynthetics-separation, reinforcement, filtration, drainage and containment.

Geosynthetics are primarily used in infrastructure and civil construction projects. Projects in the areas sharing proximity with hills, rivers and coasts consume a lot more geosynthetics as compared to that by a highway project. According to a report of Technavio, geosynthetics account for 3%-5% of project cost, but they reduce the total cost of a project by 30%.

In 2020, the global geosynthetics market is estimated to touch the value of US$ 12.8 billion as against the value of US$ 7.8 billion in 2015, thereby growing at 10.5% compounded annualised rate.

Geotextiles dominate the geosynthetics market and account for nearly 58.0% of industry's volumes and 22.0% of value.

Flexituff International Limited is a leading manufacturer of geosynthetics. With its vast product portfolio consisting of woven and non-woven geo-textiles, sand-tubular geomattresses, GRW (Geosynthetics-gravity Reinforced Walls) chains, megabags and geotextile tubes and proven project execution abilities, the Company has earned reputation in the domestic as well as international markets in a short span of time. The Company enjoys a first-mover advantage and doesn't face much competition in the domestic markets. At present, geotextile business accounts for 33% of Company's revenues and its share is expected to go up in the future.

A low-budget Water Treatment Plant is constructed by application of geo-textile products of Flexituff International Limited at Muni Ki Reti, Tehri Garhwal District, Uttarakhand. The project has been completed in ₹ 3.5 crores only as compared to the Government-budgeted amount of ₹ 65 crores in 2500 yards in 5-7 days.

In FY 2017-18, the geosynthetics business saw a reduced topline basically on account of working capital challenge and to try and get the Government to realise its old dues before new material is supplied.

Opportunities and Outlook

The Government is committed to making incremental investments in the infrastructure development. In FY 2017-18, the Government cleared the most ambitious highway construction plan so far through which it aims to build 83,000 kilometres of roads by 2022 at a total cost of

₹ 6.92 lakh crore. This project includes 2,000 kilometres of coastal roads and 2,000 kilometres of border roads.

Besides this, agriculture, railways and the river sector would offer high growth opportunities. At present, the penetration of the geotextiles is low in India but given their eco-friendly nature, dependability and cost-effectiveness, they are likely to become a favoured choice of the Government.

Flexituff International Limited is also expected to benefit from the incremental spending on infrastructure across geographies. As per the estimates of Technavio, the global infrastructure spending is likely to increase at a compounded annualised rate of 7.0% to 7.5% until 2025. The Asia-Pacific and Europe are likely to experience faster growth in the demand for geosynthetics.

The Company is well-positioned to capitalise on this multi-year and multi-market opportunity by having established itself as a Research and Development (R&D) oriented Company offering end-to-end solutions in the geosynthetics segment.

Risks and Concerns

Over-dependence on Government: By and large, the Government demand drives the geosynthetics market. Any budgetary constraints or change in the Government at the helm may pose a risk to the growth of the sector. Flexituff International Limited has been increasing its presence across geographies to deal with such risks effectively and has been developing unique products at competitive costs.

Apathy among contractors: Unlike that in the other countries, the Government hasn't made it mandatory to use geotextiles in the road construction. The real benefit of the geotextiles is realised during the maintenance cycle of the project. As contractors always try to maximise their profits, they are often reluctant to use geotextiles throughout the project. Moreover, the prescribed standard for the use of geosynthetics in the case of the river and coastal sectors are abysmally low. This has been a long-standing and a sticky problem for the geotextile industry.

Taking a proactive step to ensure a thriving business in the long run, the Company has entered into the business of project execution as well. As a contractor, it will be able to demonstrate the benefits of using geotextiles in various infrastructure projects, thereby creating awareness among contractors and governments.

REVERSE-PRINTED BOPP WOVEN BAGS BUSINESS

A steady rise in the consumption demand, especially from the developing nations has propelled the demand for flexible packaging. High aspirations and increase in the discretionary income have led to the growth of food and beverages, pharmaceuticals and cosmetics and chemical industries. Reverse-printed Biaxially Oriented Polypropylene (BOPP) woven bags are the beneficiaries of this trend.

BOPP bags have a high-tensile strength and yet they are stiff. Moreover, they are waterproof and moisture resistant. Since their surface is flat and glossy, they are ideal for quality printing and thus increase the product appeal.

The global BOPP market is fragmented and relatively mature. It is expected to grow at a compounded annualised rate of 5%-6% in the foreseeable future.

Flexituff International Limited is a leading supplier of BOPP woven bags, special PP bags and leno bags. It has an installed production capacity of 100 million bags a year. Reverse-printed BOPP woven bags constitute close to 12% of revenues. In FY 2017-18, the Company continued to operate at its optimum capacity.

Opportunities and Outlook

India's e-commerce boom and the growth in organised retail is likely to push the demand for reverse-printed BOPP woven bags. Being a leader in India's BOPP woven bags, Flexituff is well-placed to exploit the market opportunities and grow the revenue of this division.

Risk and threats

Currency and raw material price fluctuations: With rising crude oil, the prices of polypropylene have been on the rise. If the raw material prices remain high, they may potentially impact Company's margins. Moreover, currency fluctuations also expose the Company to a risk of forex loss. The Company endeavours to mitigate these risks by following a board-approved hedging policy wherever possible. Its export orientation also offers a natural hedge to the Company.

DRIP IRRIGATION BUSINESS

Water is one of the most valuable, abundant yet fast depleting natural resource. As per the Government records, per capita water availability has fallen as much as 70% since 1951. Agriculture utilises about 80% of fresh water supply. As the demand for water is unabated due to rapid urbanisation and industrialisation, depleting groundwater supply has made it imperative to make diligent use of available water.

Micro-irrigation systems such as drip and sprinklers help save 20%-48% water and about 30% energy. Therefore, the Government has been not only creating awareness among farmers to use micro-irrigation instead of conventional flood irrigation but has also been providing higher budgetary support to improve the penetration of micro-irrigation facilities in the Indian farms.

Flexituff International Limited has the installed production capacity of over 1 billion NPC drippers per annum. With over 30% market share, it holds a leadership position in India's flat dripper market. It also exports the drippers to the drip irrigation pipe manufacturers outside India.

Opportunities and Outlook

As the use of irrigation facilities is directly linked to the savings of input costs and improvements in the farm yields, the Government is likely to push micro irrigation programmes aggressively. Its focus on rural development and aim of doubling farmers' income by 2022 augurs well for the prospects of the dripper business of the Company. The Company also manufactures polymer compounds used in irrigation, automobiles, appliances, wires and cables among others. This business segment holds a lot of promise.

Risk and Threats

Government spending remains the key: For the higher penetration of micro irrigation systems in India, Government's support and budgetary allocations remain the key. For financial constraints, if the Government fails to allocate incremental funds for the irrigation facilities, Company's revenue might get affected. To ward off from the risks associated with the domestic markets, the Company also caters to the export demand.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Flexituff International Limited has in place a system of adequate and effective internal controls commensurate with the nature, size and complexity of its business.

Through a sound internal control system, the Company ensures that all its assets are tested to ascertain their veracity thereby safeguarding and protecting against any unauthorised use and disposition.

The Company has in place a robust system of checks and balances that covers all hierarchies and functions. Such practices assist in minimising the business risks. Moreover, they also ensure that every single transaction is duly authorised, recorded and reported. The Company strictly adheres to all rules, policies, statutes and laws along with fulfilling all the statutory compliances which lead to higher transparency in operations.

FINANCIAL OVERVIEW

- In FY 2017-18, Company's revenues from operations has a slight decline from ₹ 13,329.75 millions in FY 2016-17 to ₹ 11,548.48 millions in FY 2017-18, thereby recording a downfall of 13.36%.

- The Company reported a growth of 1.07% in EBIDTA (Earnings before Interest, Tax, Depreciation and Amortization) in FY 2017-18 which reached to ₹ 1,861.38 millions. In FY 2016-17, the Company had recorded the EBIDTA of ₹ 1,844.35 millions.

- The Company's net worth mark a decrease to ₹ 3,842.87 millions in FY 2017-18.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Flexituff International Limited operates in one of the most capital and labour intensive sectors. Since the Company believes in growing along with its people, it offers them fair and rewarding growth opportunities. The Company frequently organises training programmes for them and ensures all recruitments happen after doing fair assessments of the candidates. The Company also has a sound and robust whistleblower policy in place to avoid malpractices which might pose a threat to its business interest.

CAUTIONARY STATEMENT

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward-looking statements" within the meaning of applicable Securities Laws & Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/supply influencing price conditions in the market in which the Company operates, changes in Government Regulations, Statutes, Tax Laws and other incidental factors.

Source of Data: Global Flexible Intermediate Bulk Container (FIBC) Market Report, Global Geosynthetics Market Report & Global Industrial Packaging Market Report by Technavio.com, Articles issued in Techtex India, ICRA Report and various magazines and newspapers.

DIRECTORS' REPORT

To,

The Members,

Flexituff International Limited

The Board of Directors hereby presents its 25th Director's Report on business & operations of your Company ('the Company' or 'FIL') alongwith Audited Financial Statements (Standalone & Consolidated) for the financial year ended 31st March, 2018.

FINANCIAL RESULTS

The Company's Financial Performance for the year ended 31st March, 2018 is summarized below:

FINANCIAL RESULTS AND APPROPRIATION **(₹ In Millions)**

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Sales & other Incomes	11,866.09	13,418.48	12,622.82	14,679.13
Profit before Interest, Depreciation & Tax	1,861.38	1,844.35	1,859.43	1,842.11
Profit before Tax	9.07	75.64	(14.07)	49.83
Profit for the year / Balance available for Appropriation	(23.44)	73.98	(43.32)	41.64
Other Comprehensive Income	4.46	2.51	4.46	2.51
Total Other Comprehensive Income	(18.98)	76.49	(38.86)	44.15

STATE OF COMPANY'S AFFAIRS

During the year under review, the company has achieved consolidated total revenue and profit before interest, depreciation and tax of Rs. 12,622.82 Millions and Rs. 1,859.43 Millions respectively as against total revenue and profit before interest, depreciation and tax of Rs. 14,679.13 Millions and Rs.1,842.11 Millions respectively during the previous financial year.

Further, the company has achieved standalone total revenue and profit before interest, depreciation and tax of Rs. 11,548.48 Millions and Rs. 1,861.38 Millions respectively as against total revenue and profit before interest, depreciation and tax of Rs. 13,329.75 Millions and Rs. 1,844.35 Millions respectively during the previous financial year.

DIVIDEND

During the year under review, Directors deem it proper to plough back the resources of the Company for its activities and therefore, do not propose any dividend for the Financial Year ended 31st March, 2018.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2018 was Rs. 248.8 Millions divided into 2,48,82,806 shares of Rs. 10/- each.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review forms part of the Annual Report.

AWARDS & CERTIFICATIONS

Company is certified for British Retail Consortium Certificate (BRC), ISO 9001:2015 (for Quality Management System), ISO 14001:2015 (for Environmental Management), ISO 22000:2005 (for Food and Safety Management) and OHSAS 18001:2007 (for Industrial Health and Safety).

During the year under review, Company achieved A Grade under Global Standard for Packaging & Packaging Material and the Company was inspected by a Qualified AIB Inspector under requirements of AIB International and was announced to be on 925/1000.

The Company has received the Country's Highest Exporter Award for FIBC through PLEXCOUNCIL, Ministry of Commerce, for 13 years in a row.

The Company has also achieved recognition from all its foreign buyers for its delivery and services. In geo-textile sector, the Company has received appreciation for its unique products and new technologies being introduced to solve the problems of the country especially related to flood protection & water cleaning.

CREDIT RATING

The credit rating assigned by ICRA Limited as on 31st March, 2018 was **"BBB+"** rating for the Long term loan and **"A2"** for Short term Non-Fund Based Limits, which indicates **"stable"** outlook.

SUBSIDIARIES/JOINT VENTURES/ASSOCIATES

During the year under review, the company has two new joint ventures, namely, Flexituff Sailendra Kalita JV and Flexituff Pulin Borgohain JV.

Further, a new wholly owned subsidiary has been incorporated during the year under review, namely, Flexituff FIBC Limited.

The Company has 3 Direct Subsidiaries, 1 Indirect Subsidiary, 6 Joint Ventures and 5 LLPs as on 31st March, 2018.

There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries and Joint Ventures.

Direct Subsidiaries

Nanofil Technologies Private Limited,

Flexituff FIBC Limited,

Flexiglobal Holdings Limited, Cyprus

Indirect Subsidiary

Flexiglobal (UK) Limited, UK

Joint Ventures/LLPs

Flexituff Javed Ahmed LLP

Flexituff Hi-Tech LLP

Flexituff SA Enterprise LLP

Flexituff Sailendra Kalita LLP

Ujjivan LUIT LLP

Budheswar Das Flexituff International Limited JV

Sanyug Enterprises Flexituff International Limited JV

Vishnu Construction Flexituff International Limited JV

Mayur Kartick Barooah Flexituff International Limited JV

Flexituff Shailendra Kalita JV

Flexituff Pulin Borgohain JV

Pursuant to the provisions of Section 136 of the Companies Act, 2013 the Standalone and Consolidated Financial Statements of the Company along with relevant documents and separate audited accounts in respect of subsidiaries are put up on the website of the Company (www.flexituff.com) and shall be made available upon request of any member of the Company interested in obtaining the same and shall also be kept for inspection on all working days, during business hours, at the Registered Office of the Company and that of the Subsidiary Companies concerned.

Company has formulated a policy for determining material subsidiaries, which can be accessed at the below link:-

(http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Determining-Material-Subsidiary.pdf)

Further, pursuant to provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial data of the Company's Subsidiaries & Joint Ventures is mentioned in Form AOC-1 as Annexure A of the board's report.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 & SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively have been duly followed by the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

a.) in the preparation of annual accounts for the year ended 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b.) the Directors have selected such accounting policies and 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 loss of the Company for that period.

c.) 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.

d.) the Directors have prepared the annual accounts on a going concern basis.

e.) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f.) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") forms an integral part of this Report. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

RELATED PARTY TRANSACTION

There have been no materially significant Related Party Transactions between the Company & the Directors, Management, Subsidiaries or relatives except for those disclosed in the Financial Statements.

Accordingly, particulars of Contracts or Arrangements with Related Party Transactions referred to in Section 188(1) of the Act in Form AOC-2 does not form part of Directors' Report.

A Policy on Related Party Transactions as approved by the Board can be accessed on the Company's website at: (http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Related%20Party%20Transactions%20Policy.pdf)

CORPORATE SOCIAL RESPONSILBILITY

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR policy can be accessed on the Company's website at:

(http://flexituff.com/wp-content/uploads/2018/02/Policies-and-Programmes-CSR.pdf)

The Annual Report on CSR activities is annexed herewith marked as Annexure C to this Report.

RISK MANAGEMENT

In today's economic environment, Risk Management is a very important part of business. The main aim of risk management is to identify, monitor & take precautionary measures in respect of the events that may pose risks for the business. The Board & Audit Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis by keeping

Risk Management Report before the Board & Audit Committee periodically.

The Risk Management Policy can be accessed on the Company's website at:

(http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Risk-Management-Policy.pdf)

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has put in place an adequate system of Internal Financial Control commensurate with the size and nature of business which helps in ensuring the orderly and efficient conduct of its business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention & detection of frauds, accuracy & completeness of accounting records and ensuring compliance with corporate policies.

The Company has an Internal Audit Department with a dedicated Internal Audit Team which is commensurate with the size, nature & complexity of operations of the Company. The Internal Audit Report is submitted to the Audit Committee on quarterly basis, the Audit Committee reviews the performance of internal audit function.

The Audit Committee, reviews adherence to internal control systems and internal audit reports.

DIRECTORS / KEY MANAGERIAL PERSONNEL (KMPS)

The following changes occurred in the position of Directors/KMPs of the Company from 1st April, 2017 till the date of this report:

S. No.	Name of Director/ KMPs	Date of Appointment/ (Cessation)	Event
1.	Mr. Akshay Tanna (DIN: 02967021)	15/04/2017	Appointed as Additonal Director (representative of TPG Growth II SF Pte Ltd.)
		(18/10/2017)	Ceased to be Investor Nominee Director (representative of TPG Growth II SF Pte Ltd.) due to personal reasons
2.	Mr. Bhuwan Modi (DIN: 02855329)	30/05/2017	Appointed as Additional Independent Director
3	Mr. Akhilesh Agnihotri (DIN: 07637010)	(30/05/2017)	Ceased to be Whole Time Director due to pre-occupation.
4.	Mr. Sharat Anand (DIN: 00083237)	(30/05/2017)	Ceased to be Independent Director due to personal and unavoidable circumstances
5.	Mr. Saurabh Kalani (DIN: 00699380)	30/05/2017	Re-appointed as Whole-Time Director
6.	Mr. Kevan John Upperdine (DIN: 01214264)	(13/06/2017)	Ceased to be Independent Director due to medical reasons
7.	Mr. Anand Khandelwal (DIN: 07889346)	24/07/2017	Appointed as Additional &Whole time Director
8.	Mr. Parag Gupta (DIN: 06423095)	24/07/2017	Appointed as Additional & Independent Director
		(13/03/2018)	Ceased to be Independent Director due to his other full time commitments
9.	Mr. Ankur Thadani (DIN: 03866737)	18/10/2017	Appointed as Bond-holder Nominee Director (representative of TPG Growth II SF Pte Ltd.)
		(27/02/2018)	Ceased to be Bond-holder Nominee Director (representative of TPG Growth II SF Pte Ltd.) due to conflict of interest
10.	Mr. Mayank Bajpai (DIN: 07713274)	18/10/2017	Appointed as Investor Nominee Director (representative of TPG Growth II SF Pte Ltd.)
		(27/02/2018)	Ceased to be Investor Nominee Director (representative of TPG Growth II SF Pte Ltd.) due to conflict of interest
11.	Mr. Vishwarupe Narain (DIN: 03394320)	(18/10/2017)	Ceased to be Bond-holder Nominee Director (representative of TPG Growth II SF Pte Ltd.) due to resignation from TPG
12.	Ms. Madhuri Jethani	(13/02/2018)	Ceased to be Company Secretary & Compliance Officer
13.	Ms. Khushboo Kothari	13/02/2018	Appointment as Company Secretary & Compliance Officer
14.	Mr. Mahesh Sharma (DIN: 07610685)	(30/05/2018)	Ceased to be KMP due to his resignation from the Board
15.	Mr. Ashish Jamidar (DIN: 08196328)	14/08/2018	Appointed as Additional & Whole-Time Director

The Board placed on record its sincere appreciation for the invaluable contribution and guidance provided by all outgoing directors and Company Secretary during their tenures.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations.

The following policies can be accessed at website of the Company:-

a.) Terms & Conditions for appointment of Independent Director

(http://flexituff.com/wp-content/uploads/2017/09/Policies-and-Programe-Terms-Conditions.pdf)

b) Nomination & Remuneration Policy

(http://flexituff.com/wp-content/uploads/2017/08/Policies-and-Programe-Nomination-Remuneration-Policy.pdf)

DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

In accordance with the provisions of the Act & Articles of Association of the Company, Mr. Saurabh Kalani (DIN: 00699380), Whole-Time Director of the Company, retires by rotation at the ensuing Annual General Meeting. The Board of Directors has recommended his re-appointment.

The Board of Directors on recommendation of the Nomination & Remuneration Committee has appointed Mr. Ashish Jamidar (DIN: 08196328) as Additional & Whole-Time Director of the Company w.e.f 14th August, 2018, subject to the approval of members in the ensuing Annual General Meeting.

PERFORMANCE EVALUATION

Pursuant to the applicable provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, its Committees, the Chairman of the Company and the Directors on the basis of the feedback received from all the Directors of the Company.

Structured performance evaluation questionnaire were circulated to the Directors for:

- Directors' – Self & Peer Level Evaluation;
- Board's Evaluation;
- Board Committees' Evaluation; and
- Chairman's Evaluation.

The evaluation questionnaires broadly cover parameters such as their participation in board meeting/other committee meeting, relationship management, knowledge & skill, adherence to the applicable code of conduct for independent directors and maintenance of confidentiality etc.

The summary of rating given by all the directors on the structured performance evaluation was placed before the Board of Directors.

AUDITORS

STATUTORY AUDITORS

M/s Kailash Chand Jain & Co., Chartered Accountants and M/s MSKA & Associates (formerly MZSK & Associates), Chartered Accountants, were appointed as Statutory Auditors of the Company, for a term of 5 years & 3 years; respectively, at the Annual General Meeting held on 22nd August, 2017. They have confirmed that they are not disqualified to become Auditors of the Company.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

SECRETARIAL AUDITOR

M/s. Ritesh Gupta & Company, Company Secretaries were appointed to conduct the secretarial audit of the Company for the Financial Year 2017-18, as required under Section 204 of the Companies Act, 2013 and rules made thereunder.

The Secretarial Audit Report for the Financial Year 2017-18 forms part of the Annual Report as Annexure B to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has appointed M/s. Ritesh Gupta & Company, Company Secretaries as Secretarial Auditor of the Company for the Financial Year 2018-19.

DISCLOSURES

NUMBER OF MEETINGS OF THE BOARD

Five meetings of the Board of Directors were held during the year under review. The details of meetings held and attendance of the Directors are detailed in the Corporate Governance Report, which forms part of this report.

AUDIT COMMITTEE

The details pertaining to composition, meetings and attendance of audit committee are included in the Corporate Governance Report, which forms part of this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 forms part of the Notes to the Financial Statements provided in this Annual Report.

VIGIL MECHANISM

The Company has a whistle blower policy/vigil mechanism to report genuine concerns or grievances. The Whistle Blower Policy/vigil mechanism has been posted on the website of the Company

(http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Vigil%20Mechanism%20Policy.pdf).

CODE OF CONDUCT

The Board has laid down a code of conduct for Board members & Senior Management Personnel as per Regulation 17 & 26 (3) of the Listing Regulations & has been posted on the website of the Company (http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Director%20and%20Senior%20Management.pdf).

All the Board members & Senior Management Personnel have affirmed compliance with the said code of conduct for the year ended 31st March, 2018. A declaration to this effect, signed by the Whole-Time Director, forms part of this Annual Report.

INSIDER TRADING

The Board has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015.The Insider trading Policy of the Company covering code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information and Code of Conduct for the prevention of Insider Trading has been posted on the website of the Company.

(http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Insider%20Trading-%20Schedule%20B.pdf).

All the Board members & KMPs have affirmed compliance with the said code of conduct for the year ended 31st March, 2018.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 136(1) of the Companies Act, 2013, the Board's Report is being sent to the shareholders without this annexure. Shareholders interested in obtaining a copy of the said annexure may write to Director or Company Secretary of the Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

In compliance with Section 134 of The Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules 2014, a statement giving information regarding Energy Conservation, Technology Absorption and Foreign Exchange earnings and out go is given in Annexure D forming part of this Annual Report.

DEMATERIALISATION AND ELECTRONIC REGISTRAR

The equity shares of your Company are available for dematerialization with both NSDL and CDSL under ISIN INE060J01017. As on 31st March 2018, 95.48% equity shares were in demat-form and remaining 4.52% equity shares were in physical form.

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

HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATION

Human Resource plays vital role in the 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. Company focuses on creating best health and safety standards and also has performance management process to motivate people to give their best output and encourages innovation and meritocracy.

Personnel relation with all employees remained cordial and harmonious at all levels throughout the year. Directors wish to place on record their sincere appreciations for the continued, sincere and devoted services rendered by all the employees of the Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, the Company has Internal Complaints Committees (ICC) who inquire into complaints of sexual harassment and recommend appropriate action.

During the year under review, no compliant was received from any employee of the Company and hence no complaint was outstanding as on 31st March, 2018.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is annexed herewith marked as Annexure – E to this Report.

NAME CHANGE OF THE COMPANY

It is proposed to change the name of the Company from "Flexituff International Limited" to "Flexituff Ventures International Limited".

The proposed change has been approved by the Board of Directors, subject to the approval of members in the ensuing Annual General Meeting (AGM), Stock Exchanges (BSE Limited & National Stock Exchange of India Limited) and Registrar of Companies.

The reason for the proposed change has been detailed in Notice of the AGM, which forms part of the Annual Report.

MATERIAL CHANGES AFFECTING THE COMPANY

Please find below details of material change affecting the Company between the end of the financial year and date of this report:-

"Extension provided by the lender for repayment of FCCBs"

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

On the request of the Company, TPG extended the said repayment to 30th June, 2018 and thereafter for a period of Forty-Eight (48) Months from 30th June, 2018 on revised terms & conditions as mutually agreed between Company & TPG subject to due approval from RBI. Authorized Dealer has approved the same & approval from RBI is underway.

SLUMP SALE

Board of Directors at its meeting held on 24th July, 2017 had approved separation of its FIBC business (Pithampur) into a wholly owned subsidiary Company through process of slump sale of FIBC division (Pithampur) of the Company including assets, liabilities/obligations of whatsoever nature & employees which are specific to the FIBC division (Pithampur) on a going concern basis to a wholly owned subsidiary Company.

Company deals in major products i.e. FIBC & Technical textile / Geo Textile.

The said separation of two product businesses in 2 separate companies will result into unlocking of value of business & raising growth capital.

The said process of slump sale is awaiting approval from the lenders.

GENERAL

Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

- Details relating to deposits covered under Chapter V of the Act.

- Issue of Sweat Equity Shares to employees of the Company under any scheme
- Details pertaining to Employee Stock Options (ESOPs) as no ESOPs were outstanding as on 31st March, 2018.
- Issue of differential shares with voting rights as to dividend, voting or otherwise
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future
- No fraud has been reported by the Auditors to the Audit Committee or the Board.

APPRECIATION

The Board takes this opportunity to express its sincere appreciation for the excellent support and cooperation received from company's bankers, investors, 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 operations and management of the Company.

For and on behalf of the Board of Directors of
Flexituff International Limited

Saurabh Kalani
Whole-Time Director
(DIN: 00699380)

Anand Khandelwal
Whole-Time Director
(DIN: 07889346)

Date: 14.08.2018
Place: Pithampur

Form AOC-1

Annexure A - Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Amounts in Millions)

S. NO	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before taxation	Provision for tax	Profit/(Loss) after taxation	Proposed Dividend	% of shareholding
Direct Subsidiaries														
1	Nanofil Technologies Private Limited	N.A.	INR	0.10	17.14	233.30	216.06	5.26	522.26	2.13	0.54	1.13	-	100 %
2	Flexiglobal Holdings Limited	N.A.	GBP- INR/ 1 GBP = 95.0882	12.52	(2.59)	28.03	25.44	0.92	0.13	(1.78)	(0.03)	(1.81)	-	100 %
3	Flexituff FIBC Limited	N.A.	INR	0.10	(0.16)	0.098	0.16	-	-	(0.16)	-	(0.16)	-	100 %
Indirect Subsidiary														
4	Flexiglobal (UK) Limited, UK	N.A.	GBP- INR/ 1 GBP = 95.0882	9.23	43.71	301.20	248.26	-	1170.42	(19.34)	6.78	(12.56)	-	100 %

Annexure to the Board's Report

Part "B": Associates and Joint Ventures

(Amounts in Rs.Millions)

S. No.	Name of Company	Latest Audited Balance Sheet Date	Shares of Associate/ joint Ventures held by the Company on the year end			Description of how there is significant influence	Reason why the Associate/ Joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit/loss for the year	Considered in Consolidation	Not considered in Consolidation
			No.	Amount of Investment in Associates/Joint Venture	Extend of Holding%						
1	Flexituff Javed Ahmed LLP	March 31, 2018	N.A.	0.08	80%	Flexituff holds 80% of capital & interest in Profit/Loss of the J V	N.A.	(15.30)	(15.08)	(15.08)	NIL
2	Flexituff HI-Tech LLP		N.A.	0.08	80%	Flexituff holds 80% of capital & interest in Profit/Loss of the J V	N.A.	0.69	(2.92)	(2.92)	NIL
3	Flexituff SA Enterprise LLP		N.A	0.075	75%	Flexituff holds 75% of capital & interest in Profit/Loss of the J V	N.A.	(17.96)	(19.34)	(19.34)	NIL
4	Flexituff Sailendra Kalita LLP		NA	0.08	80%	Flexituff holds 80% of capital & interest in Profit/Loss of the J V	N.A.	(1.61)	(0.99)	(0.99)	NIL
5	Ujjivan Luit LLP		NA	0.05	51%	Flexituff holds 51% of capital & interest in Profit/Loss of the J V	N.A.	(1.09)	(1.60)	(1.60)	NIL
6	Budheshwar Das Flexituff International Limited JV	March 31, 2018	NA		55%	Flexituff holds 55% of capital & interest in Profit/Loss of the J V	N.A.	2.07	4.44	4.44	NIL
7	Mayur Kartick Barooah Flexituff International Limited JV		NA		50%	Flexituff holds 55% of capital & interest in Profit/Loss of the J V	N.A.	1.00	3.22	3.22	NIL
8	Sanyug Enterprise Flexituff International Limited JV		NA		80%	Flexituff holds 80% of capital & interest in Profit/Loss of the J V	N.A.	1.06	1.49	1.49	NIL
9	Vishnu Construction Flexituff International Limited		NA		75%	Flexituff holds 75% of capital & interest in Profit/Loss of the J V	N.A.	0.89	1.57	1.57	NIL
10	Flexituff Sailendra Kalita JV		NA		80%	Flexituff holds 80% of capital & interest in Profit/Loss of the J V	N.A.	(1.31)	(1.63)	(1.64)	NIL
11	Flexituff Pulin Borgohain JV		NA		80%	Flexituff holds 80% of capital & interest in Profit/Loss of the J V	N.A.	(0.004)	(0.005)	(0.005)	NIL

For and On Behalf of the Board of Directors of **Flexituff International Limited**

Saurabh Kalani
Whole-Time Director
(DIN: 00699380)

Anand Khandelwal
Whole-Time Director
(DIN: 07889346)

Ajay Mundra
Chief Financial Officer

Khushboo Kothari
Company Secretary

Place: Pithampur

Date: - 14.08.2018

Annexures to the Board's Report

ANNEXURE - B

FORM No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

To,

The Members,
Flexituff International Limited
C41-50, Sec No III SEZ
Industrial Area Pithampur
Dhar (MP)-454775

We have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **Flexituff International Limited (CIN: L25202MP1993PLC034616)** (hereinafter called **"The Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on **31st March, 2018** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under.
5. The Provisions of the Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
6. The Company has identified and confirmed the following law as being applicable specifically to the company:
   - Factory Act,1948
   - Environment Protection Act,1986
   - The Water (Prevention and Control of Pollution) Act,1974;
   - The Water (Prevention and Control of Pollution) Act,1981;
   - Special Economic Act,2005;
   - Explosive Act, 1884.

We have relied on the representation made by the company, its officers and on the report by designated professionals for the system and processes formed by the company to monitor and ensure compliances under other applicable acts, regulation and laws to the company.

We have also examined compliance with the applicable clauses of the following-

- Secretarial Standards -1 pertaining to Board Meeting and Secretarial Standards-2 pertaining to General Meeting issued by Institute of Company Secretaries of India were applicable during the year.
- Securities Exchange of India (Listing Obligation and Disclosure Requirements) Regulation, 2015; the equity shares of the company are listed on **BSE Limited and National Stock Exchange of India Limited.**

We report that during the period under review the Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company during the Financial Year under report;

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We further report that during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations Guidelines, Standards, etc. which are applicable on the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, were captured and recorded as part of the minutes.

Based on the information, representation, clarifications and reports provided by the Company, its Board of Directors, its designated officers, and authorized representatives during the conduct of audit we further report that, adequate systems and processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules and Regulations, guidelines and happening of events etc. to the Company.

We further report that event/ actions having a major bearing in the affairs of the Company during the period under the report as below-

- During the Financial Year 2017-18, Company has approved divestment of its FIBC division including assets, liabilities/obligations etc. by way of Slump Sale on going concern basis to its wholly owned subsidiary company (Flexituff FIBC Limited) at sale consideration not less than Net Book Value of the division.

For Ritesh Gupta & Co.
Company Secretaries

Date: 14/08/2018 | **Ritesh Gupta**
Place: Indore | **CP:3764, FCS:5200**

Note: This report to be read with our letter of even date which is annexed as **'Annexure-A'** and forms part of this report.

'Annexure-A' to the Secretarial Audit Report

To,
The Members,
Flexituff International Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practice and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company since the same have been subject to review by statutory financial auditor, Cost auditor and other designated professionals.
4. The compliances of subsidiaries companies not been reviewed in this audit since the same have been subject to review by other designated professionals and not a part of our audit assignment.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future liability of the Company nor of the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For Ritesh Gupta & Co.
Company Secretaries

Date: 14/08/2018
Place: Indore

Ritesh Gupta
CP:3764, FCS:5200

Annexures to the Board's Report

ANNEXURE - C

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

1. **A Brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes;**

   CSR has been a way of life at Flexituff International Limited ("FIL" or "the Company") ingressed into its philosophy and vision.

   The 'headline' objective of FIL's CSR policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Company's business strategy for overall value creation for all stakeholders. FIL believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the people, preferably in the immediate vicinity in which the Company operates but at the same time ensure widespread spatial distribution of its CSR activities pan-India befitting its status as a conscientious corporate citizen.

   CSR Policy is stated herein below:

   (http://www.flexituff.com/Investor/Policies%20and%20Programme/Policies%20and%20Programme_Corporate%20Social%20Responsibility%20Policy.pdf)

2. **Composition of CSR Committee as on 31st March, 2018 :**

S. No	Name	Chairman/Member	Status
1.	Mr. Saurabh Kalani	Chairman	Whole-Time Director
2.	Ms. Alka Sagar	Member	Woman Non-Executive Director
3.	Mr. Bhuwan Modi	Member	Non Executive Independent Director

3. **Average net profit for last 3 financial years:**

   Average net profit: Rs. 66.66 Lakhs

4. **Prescribed CSR expenditure (2% of the of average net profit as given in point no. 3)**

   The Company is required to spend Rs. 13.33 Lakhs towards CSR.

5. **Details of CSR Spent for the financial year :**

   A. Total amount to be spent for the financial year: Rs. 3.83 Lakhs

   B. Amount unspent if any: Rs. 9.5 Lakhs

   Company has undertaken various CSR activities for the year 2017-18. But as few of the activities were rescheduled or postponed due to circumstance beyond control. Hence there was shortfall of Rs. 9.5 Lakhs in CSR Activities.

   C. Manner in which the amount is spent during the year:

(Amount in Lakhs)

S. No.	CSR Project/ Activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) Projects or programmes wise	Amount spent on the projects or programmes	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing Agency
1.	Training	cl.(i) Promoting Sports.	Mahuakhera ganj, Dist. Udhamsingh nagar in Uttrakhand	2.00	0.75	0.75	Direct
2.	Food to under privileged	cl.(i) eradicating hunger.	Mahuakhera ganj, Dist. Udhamsingh nagar in Uttrakhand	2.33	Nil	Nil	Nil
3.	Environment Sustainability	cl.(iv) Environmental Sustainability	Mahuakhera ganj, Dist. Udhamsingh nagar in Uttrakhand	2.00	Nil	Nil	Nil
4.	Education	cl.(ii) promoting education	Mahuakhera ganj, Dist. Udhamsingh nagar in Uttrakhand	3.00	Nil	Nil	Nil
5.	Other initiatives-CSR	cl.(i) promoting livelihood.	Mahuakhera ganj, Dist. Udhamsingh nagar in Uttrakhand	4.00	3.08	3.08	Direct
	TOTAL			**13.33**	**3.83**	**3.83**	**Direct**

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Please refer to item no. 5(B) above.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company:

We hereby declare that implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the company.

For and On Behalf of the Board of Directors of
Flexituff International Limited

Date: 14/08/2018
Place: Pithampur

Saurabh Kalani
Chairman, CSR Committee

Annexure to the Board's Report

ANNEXURE - D

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

A. CONSERVATION OF ENERGY

POWER CONSUMPTION -

Electricity	FY 2017-18	FY 2016-17
Unit Purchased (in KW)	67,793.00	68,719.71
Total Amount (Rs. in Millions)	368.14	347.10
Rate per Unit (in Rs.)	5.43	5.05

During the year under review, the Plant & Machineries were handled effectively to improve the productivity. Your Company has continued its endeavor to adopt the latest technologies and procure highly advanced machines for its products in order to meet the requirements of globally competitive market.

Your Company continuously upgrades the technologies which are used in manufacturing of products and also ready to accept global market challenges.

Some of the highlights are mentioned as below:-

1. Consumption of energy by Plants were audited by two different parties who suggested different areas of Plants where energy can be conserved. The Maintenance team of the Company is endeavoring the same.
2. The Glass fiber insulation heaters placed on barrel of tape plant in place of ceramic heaters. Energy saving was observed by 0.06 Unit / Kg. In same line, now other extrusions can have these types of heaters on their barrel. Per plant expenses is 0.25 Millions. Further, Company has policy to buy only energy efficient equipments and machines, whatever we purchase.
3. Company has contacted R.O. World and taken quotation for 150 kwp & 25 kwp roof top off grid solar power generation system. The said Project is under consideration.
4. Every division of plant is being audited for its unit/ kg consumption on day to day basis and, if any, deviation(s) was found immediate action is being taken to control the same. Water/ Air leakage or unnecessary switching on/off load being checked from time to time and necessary steps are being taken if such case was found.

B. TECHNOLOGY ABSORPTION

The Company continues to import technically upgrade machines for its products and performance. New technology so adopted has enabled us to produce and market our products in various new markets.

Some of the highlights are mentioned as below:-

1. Company adopted ultrasonic cutting of fabric for all food and pharma grade bags. Ultrasonic cutting technology has been imported from France.
2. Technology for Auto marking of belt for stitching purpose has been adopted from China.
3. Sealing and cutting of liner technology and machine has been imported from German, Guntur.
4. Online job change technique in lamination plant has been learned from China and also a die on lamination plant has been procured from China for same purpose to increase output and reduce wastage.
5. M/s Goldratt Consultants has been hired as consultant to learn theory of constraints i.e. how to identify constraints and thereon how to focus on such constraints in order to solve the problem so that production efficiency or Throughput can be increased.
6. VMS & Zero defect (Poke Yoka or Zero quality control), has been hired as consultant to understand the process of lean.

   By following all above, the Company could increase its Throughput from 40 Millions to 60 Millions per week and could reduce its gross wastage from 17% to 14 %.

C. FOREIGN EXCHANGE EARNING AND OUTGO (On standalone basis)

(Rs. in Millions)

Particulars	FY 2017-18	FY 2016-17
Earning in Foreign exchange	7357.29	6471.05
Expenditure in Foreign Currency	611.73	153.97

For and On Behalf of The Board of Directors of
Flexituff International Limited

	Saurabh Kalani	**Anand Khandelwal**
Place: Pithampur	**Whole-Time Director**	**Whole-Time Director**
Date: 14.08.2018	**DIN: 00699380**	**DIN: 07889346**

Annexures to the Board's Report

ANNEXURE-E

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended 31/03/2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L25202MP1993PLC034616
2.	Registration Date	08/04/1993
3.	Name of the Company	Flexituff International Limited
4.	Category/Sub-category of the Company	Company Limited by Shares and Indian Non Government Company
5.	Address of the Registered office & contact details	C 41-50, SEZ, Sector-3, Pithampur, Dist. Dhar, (M.P.) - 454775. Tel: 07292-420200, Fax: 07292-401684
6.	Whether listed company	Yes (At BSE Limited & National Stock Exchange of India Limited)
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (W), Mumbai-400083 Tel: 022 4918 6000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing & Textiles	22203	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Nanofil Technologies Private Limited	U25194WB2009PTC140211	Direct Subsidiary	100%	2(87)
2	Flexiglobal Holdings Limited	HE238405	Direct Subsidiary	100%	2(87)
3.	Flexituff FIBC Limited	U25209DL2017PLC322493	Direct Subsidiary	100%	2(87)
4.	Flexiglobal (UK) Limited, UK	06663662	Indirect Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1) **Indian**									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	8181603	-	8181603	32.88	8181603	-	8181603	32.88	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other									
Sub-total (A)(1):-	8181603	-	8181603	32.88	8181603	-	8181603	32.88	-
(2) **Foreign**									
a) NRI-Individual	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Other-Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any others	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A1) + (A2)	**8181603**	**0**	**8181603**	**32.88**	**8181603**	**-**	**8181603**	**32.88**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	1993388	0	1993388	8.01	1993388	0	1993388	8.01	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/FPIs	403110	0	403110	1.62	231110	0	231110	0.92	(0.69)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**2396498**	**0**	**2396498**	**9.63**	**2224498**	**0**	**2224498**	**8.93**	**(0.69)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	7237914	0	7237914	29.09	7590064	0	7590064	30.50	1.41
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	160160	3	160163	0.64	858036	3	858039	3.44	(2.80)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	556735	0	556735	2.23	639070	0	639070	2.57	0.33
c) Others (specify)									
(i) Director/Relatives	-	-	-	-	-	-	-	-	-
(ii) Clearing Member	186283	0	186283	0.75	177587	0	177587	0.71	(0.04)
(iii) Market Makers, Office Bearers	-	-	-	-	-	-	-	-	-
(iv) Foreign Nationals-NRI, Foreign Companies	5010017	1125795	6135812	24.67	3954137	1125795	5079932	21.08	(3.59)
(v) HUF	27798	0	27798	0.11	132013	0	132013	0.53	0.42
Sub-total (B)(2):-	11310734	1125798	12436532	49.98	13350907	1125798	14476705	58.18	0.69
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**15575405**	**1125798**	**16701203**	**67.11**	**15575405**	**1125798**	**16701203**	**67.11**	**00.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**23757008**	**1125798**	**24882806**	**100.00**	**23757008**	**1125798**	**24882806**	**100.00**	**00.00**

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year (01/04/2017)			Shareholding at the end of the year (31/03/2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Kalani Industries Private Limited	3621730	14.56	11.80	3621730	14.56	11.80	0.00
2	Miscellani Global Private Limited	1359163	5.46	5.46	1359163	5.46	5.46	0.00
3	High Skey Properties Private Limited	1044775	4.20	4.20	1044775	4.20	4.20	0.00
4	Sanovi Trading Private Limited	1009370	4.06	0.65	1009370	4.06	2.46	0.00
5	Anshuman Properties Private Limited	1146565	4.61	4.61	1146565	4.61	4.61	0.00

C) Change in Promoters' Shareholding

Particulars	Shareholding at the beginning of the year (01/04/2017)		Cumulative Shareholding during the year (31/03/2018)	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
No Change				

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date Wise Increase/decrease in shareholding due to buy & sell				Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	Date	No. Of Shares	% increase/ decrease	Reason	No. of shares	% of total shares of the company
1	International Finance Corporation	1902173	7.64	-	-	-	-	1902173	7.64
2	Saurabh Properties Private Limited	1637905	6.58	-	-	-	-	1637905	6.58
3	TPG Growth II SF PTE Limited	1227273	4.93	-	-	-	-	1227273	4.93
4	Life Insurance Corporation Of India	1193388	4.79	-	-	-	-	1193388	4.79
5	Sunrise Properties Private Limited	958630	3.85	-	-	-	-	958630	3.85
6	Seven Star Properties Private Limited	952470	3.83	-	-	-	-	952470	3.83
7	Fantasy Real Estates Private Limited	915800	3.68	-	-	-	-	915800	3.68
8	Clearwater Capital Partners (Cyprus) Limited*	1880314	7.56	-	-	-	-	809780	3.25

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date Wise Increase/decrease in shareholding due to buy & sell				Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	Date	No. Of Shares	% increase/ decrease	Reason	No. of shares	% of total shares of the company
9	General Insurance Corporation of India	800000	3.21	-	-	-	-	800000	3.21
10	Sorley Holdings Limited	653607	2.63	-	-	-	-	653607	2.63

*Note: Shareholding of Clearwater Capital Partners (Cyprus) Limited has changed 45 times during the year under review. Therefore, change is as per BENPOS maintained by Company's Registrar and Share Transfer Agent.

E) **Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	None of the Directors and Key Managerial Personnel holds Shares in the Company.			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				

V) **INDEBTEDNESS -** Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rs. Millions)

INDEBTNESS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,965.40	2,598.90	-	7,564.30
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.10	48.23	-	51.32
Total (i+ii+iii)	4,968.50	2,647.13	-	7,615.62
Change in Indebtedness during the financial year				
* Addition	228.19	114.84	-	343.03
* Reduction	741.45	92.40	-	833.85
Net Change			-	-
Indebtedness at the end of the financial year				
i) Principal Amount	4,451.70	2,621.79	-	7,073.49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.54	52.60	-	56.14
Total (i+ii+iii)	4,455.24	2,674.39	-	7,129.63

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.Millions)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				
		Mr. Saurabh Kalani, WTD	Mr. Mahesh Sharma, WTD & CEO	Mr. Akhilesh Agnihotri, WTD[1]	Mr. Anand Khandelwal, WTD[2]	Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.58	11.28	0.35	0.67	14.88
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-			
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-			
2	Stock Option	-	-			
3	Sweat Equity	-	-			
4	Commission - as % of profit - others, specify…	-	-			
5	Others, please specify	-	-			
	Total (A)	**2.58**	**11.27**	**0.35**	**0.67**	**14.88**
	Ceiling as per Companies Act, 2013	12.52	12.52	12.52	12.52	50.08

Note:

1. Mr. Akhilesh Agnihotri has resigned w.e.f. 30th May, 2017.
2. Mr. Anand Khandelwal has been appointed as a Whole-Time Director of the Company w.e.f.24th July, 2017.

B. Remuneration to other directors (Amount in Rs. Millions)

SN.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	**Mr. Anirudh Sonpal**	**Mr. Bhuwan Modi[1]**	**Mr. Parag Gupta[2]**	**Mr. Sharat Anand[3]**	**Mr. Kevan Upperdine[4]**	
	Fee for attending board committee meetings	0.05	0.04	0.03	-	-	0.12
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	**0.05**	**0.04**	**0.03**	**-**	**-**	**0.12**
2	Other Non-Executive Directors	**Mr. Mayank Bajpai[5]**	**Mr. Vishwarupe Narain[6]**	**Mr. Ankur Thadani[7]**	**Mrs. Alka Sagar**	**Mr. Akshay Tanna[8]**	
	Fee for attending board committee meetings	-	-	-	0.05	-	0.05
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	0.10	-	0.10
	Total (2)	**-**	**-**	**-**	**0.15**	**-**	**0.15**
	Total (B)=(1+2)	**-**	**-**	**-**	**-**	**-**	**0.27**

Note:

1. Mr. Bhuwan Modi was appointed w.e.f. 30th May, 2017.
2. Mr. Parag Gupta has resigned w.e.f. 13th March, 2018.
3. Mr. Sharat Anand has resigned w.e.f. 30th May, 2017.
4. Mr. Kevan Upperdine has resigned w.e.f. 19th June, 2017.
5. Mr. Mayank Bajpai was appointed w.e.f. 18th October, 2017 and resigned w.e.f. 27th February, 2018.
6. Mr. Vishwarupe Narain has resigned w.e.f. 18th October, 2017.
7. Mr. Ankur Thadani was appointed w.e.f. 18th October, 2017 and resigned w.e.f. 27th February, 2018.
8. Mr. Akshay Tanna was appointed w.e.f. 15th April, 2017 and resigned w.e.f. 18th October, 2017.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rs. Millions)

SN	Particulars of Remuneration	Key Managerial Personnel				
		Mr. Mahesh Sharma, CEO & WTD	Mr. Ajay Mundra, CFO	Ms. Madhuri Jethani, CS[1]	Ms. Khushboo Kothari, CS[2]	Total
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.28	3.45	0.20	0.07	15
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-		-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-		-
2	Stock Option	-	-	-		-
3	Sweat Equity	-	-	-		-
4	Commission	-	-	-		-
	- as % of profit	-	-	-		-
	others, specify...	-	-	-		-
5	Others - (Incentives)	-	-	-		-
	Total	**11.28**	**3.45**	**0.20**	**0.07**	**15**

1. Ms Madhuri Jethani has resigned w.e.f. 13th February, 2018.
2. Ms.Khushboo Kothari was appointed w.e.f. 13th February, 2018.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and On Behalf of The Board of Directors of
Flexituff International Limited

Saurabh Kalani
Whole-Time Director
(DIN: 00699380)

Anand Khandelwal
Whole-Time Director
(DIN: 07889346)

Place: Pithampur
Date: 14/08/2018

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2017-18

Report on Corporate Governance pursuant to Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {hereinafter referred as Listing Regulations}.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Company seeks to apply the core principles of good corporate governance i.e. fairness, accountability, responsibility and transparency.

Company in general has its internal rules and regulations within the framework of various laws and regulations which govern the conduct of all employees of the Company.

Company has set guidelines in the form of Code of Conduct for members of the Board and Senior Management Personnel to enhance ethical and transparent process in managing the affairs of the Company and to sustain the trust and confidence shown in the Management by the shareholders of the Company. Company also ensures timely disclosures to various authorities, as and when required.

Company also believes in Employee Satisfaction, which is reflected in the stability of our Senior Management.

Company has set down various rules, parameters, SOPs & Internal Audit plans to integrate all components of good governance by ensuring proper compliances by the Company.

The Board has established five Committees to discharge its responsibilities in an effective manner.

Chairman of the Company also plays a vital role in ensuring good Corporate Governance. Chairman guides in strengthening various systems. He takes a lead role in managing the Board, managing and mitigating the risk, ensuring effectiveness of the Board Committees & provides constructive feedback and advice on performance evaluation to Directors.

The Board critically evaluates the Internal Audit Reports & ensures compliance of various laws applicable on the Company through Compliance Reports from various departments. Various codes and policies have been adopted by the Company such as Code of Conduct, Code of Conduct for Prohibition of Insider Trading, Vigil Mechanism & Whistle – Blower Policy, Policy on Materiality of Related Party transactions, Corporate Social Responsibility Policy, Policy for determining material subsidiaries, Policy for preservation of documents etc.

All the requests of the shareholders are duly complied with.

2. BOARD OF DIRECTORS

Composition and Category of Directors

Regulation 17 of the Listing Regulations mandates that there shall be an optimum combination of Executive and Non-Executive Directors with at least one Woman Director and not less than 50% of the Board of Directors shall comprise of Non-Executive Directors.

In accordance with Regulation 17 of the Listing Regulations, Board comprised of Six (6) Directors, out of which 50% were Executive and 50% were Non-Executive as on 31st March, 2018.

Also, none of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees, as specified in Regulation 26 of the Listing Regulations across all the Public Companies in which he/she is a Director.

The composition & category of Directors as on 31st March, 2018 are as follows:

Category	Name of Directors
Executive Directors	Mr. Saurabh Kalani Mr. Mahesh Sharma Mr. Anand Khandelwal
Woman Non-Executive Director	Mrs. Alka Sagar
Independent Directors	Mr. Anirudh Sonpal Mr. Bhuwan Modi

Attendance & Membership/Chairmanship of Directors in other Companies

Name of Director	No. of Board Meetings attended	Attendance at last AGM held on 22nd August, 2017	No. of Directorship in other Companies (excluding private companies)	Membership/Chairmanship of Committees of other Companies (Represents Audit Committee & Stakeholders' Relationship Committee)	
				Member	Chairman
Board of Directors as on 31st March, 2018					
Mr. Anirudh Sonpal (DIN: 03367049)	5	Yes	1	2	1
Mr. Bhuwan Modi (DIN: 02855329)	5	Yes	0	0	0
Mrs. Alka Sagar (DIN: 07138477)	4	No	0	0	0
Mr. Saurabh Kalani (DIN: 00699380)	5	Yes	1	0	0
Mr. Mahesh Sharma (DIN: 07610685)	5	No	0	0	0
Mr. Anand Khandelwal (DIN: 07889346)	3	No	1	0	0

Board of Directors during the financial year 2017-18

Mr. Sharat Anand[1] (DIN: 00083237)	1	NA	NA	NA	NA
Mr. Parag Gupta[2] (DIN: 06423095)	2	No	NA	NA	NA
Mr. Kevan John Upperdine[3] (DIN: 01214264)	0	NA	NA	NA	NA
Mr. Akshay Tanna[4] (DIN: 02967021)	3	No	NA	NA	NA
Mr. Vishwarupe Narain[5] (DIN: 03394320)	2	No	NA	NA	NA
Mr. Mayank Bajpai[6] (DIN: 07713274)	1	NA	NA	NA	NA
Mr. Ankur Thadani[6] (DIN: 03566737)	1	NA	NA	NA	NA
Mr. Akhilesh Agnihotri[1] (DIN: 07637010)	1	NA	NA	NA	NA

NA – Not Applicable

[1]Mr. Sharad Anand & Mr. Akhilesh Agnihotri ceased to be Directors w.e.f 30th May, 2017.

[2]Mr. Parag Gupta was appointed as Director w.e.f 24th July, 2017 & ceased to be Director w.e.f 13th March, 2018.

[3]Mr. Kevan John Upperdine ceased to be Director w.e.f 13th June, 2017.

[4]Mr. Akshay Tanna was appointed as Director w.e.f 15th April, 2017 & he ceased to be a Director w.e.f 18th October, 2017.

[5]Mr. Vishwarupe Narain ceased to be a Director w.e.f 18th October, 2017.

[6]Mr. Mayank Bajpai & Mr. Ankur Thadani were appointed as Directors w.e.f 18th October, 2017 & ceased to be Directors w.e.f 27th February, 2018.

No. of Board Meetings held during the year

During the year under review, 5 (Five) board meetings were held

The dates on which the said meetings were held:

30th May, 2017; 24th July, 2017; 12th September, 2017; 9th December, 2017 and 13th February, 2018.

The gap between two meetings did not exceed one hundred and twenty days. The Company placed before the Board most of the information specified in Part A of Schedule II to the Listing Regulations from time to time. The Board periodically reviews compliance reports of all laws applicable to the Company. The Company takes effective steps to rectify instances of non- compliance, if any.

There are no relationships between the Directors of the Company, inter-se.

Details of shares/convertible instruments held by Non-Executive Directors

None of our directors were holding shares & convertible instruments of the Company as on 31st March, 2018.

Familiarisation Programmes

The details of familiarisation programmes are available on the website of the Company at the following link:

(http://flexituff.com/wp-content/uploads/2016/11/Policies-and Programme_Familiarisation-Programme.pdf)

Independent Directors' Meeting

Every Independent Director, at the first meeting of the Board of Directors in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets criteria of independence as provided under the law.

Separate Meeting of Independent Directors was held during the year under review on 13th February, 2018 without the presence of Executive Directors to discuss the matters pertaining to Company's affairs and evaluate the performance of Non-Independent Directors.

Directors' Profile

A brief profile of Directors, their educational qualifications, nature of their expertise in specific functional areas are put up on the Company's website and can be accessed at (http://flexituff.com/brief-profile-of-the-board-of-directors/).

3. COMMITTEES OF THE BOARD

Currently, the Board has 5 (Five) committees: Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Management Committee. Meeting of each of these Committees are administered by the respective Chairman of the Committees. The minutes of the Committee meetings are sent to all the Committee Members individually & tabled at the Board Meetings.

AUDIT COMMITTEE

Company's Audit Committee has been constituted in accordance with the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

Composition, Meetings & Attendance

Name of director	Category	No. of meetings during the Financial Year 2017-18		
		Held during the year	Liable to Attend	Attended
Composition as on 31st March, 2018				
Mr. Anirudh Sonpal	Chairman	6	6	6
Mr. Bhuwan Modi	Member	6	5	5
Mr. Saurabh Kalani	Member	6	6	6
Members who ceased to be Directors during the Financial Year 2017-18				
Mr. Sharat Anand[1]	Chairman	6	1	1
Mr. Kevan John Upperdine[2]	Member	6	2	0
Mr. Parag Gupta[3]	Member	6	3	3

[1]Mr. Sharad Anand ceased to be Director w.e.f 30th May, 2017.

[2]Mr. Kevan John Upperdine ceased to be Director w.e.f 13th June, 2017.

[3]Mr. Parag Gupta was appointed as Director w.e.f 24th July, 2017 & ceased to be Director w.e.f 13th March, 2018.

Secretary to the Committee:

Ms. Madhuri Jethani, Company Secretary – upto 13th February, 2018

Ms. Khushboo Kothari, Company Secretary – w.e.f 13th February, 2018

During the year under review, the Audit Committee met 6 (Six) times and the gap between two meetings did not exceed one hundred and twenty days:

30th May, 2017 (2 Meetings); 24th July, 2017; 12th September, 2017; 9th December, 2017 and 13th February, 2018.

Terms of Reference

The terms of reference of the Audit Committee are broadly as per Part C of Schedule II of the Listing Regulations read with Section 177 of the Companies Act, 2013.

The terms of reference of the Committee inter-alia include the following:-

- Oversight of the Company's financial reporting process and the disclosures of its Financial Reporting process.
- Recommendation for appointment, remuneration and terms of appointment of Auditors.
- Reviewing Annual Financial Statements & Auditors' Report thereon.
- Review of Management Discussion & Analysis of Financial condition & results of operations.
- Approval & review of Related-party transactions.
- Review of Internal Audit Reports

NOMINATION AND REMUNERATION COMMITTEE

Company's Nomination and Remuneration Committee has been constituted in accordance with the provisions of Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013.

Composition, Meetings & Attendance

Name of director	Category	No. of meetings during the Financial Year 2017-18		
		Held during the year	Liable to Attend	Attended
Composition as on 31st March, 2018				
Mr. Bhuwan Modi	Chairman	3	2	2
Mr. Anirudh Sonpal	Member	3	3	3
Members who ceased to be Directors during the Financial Year 2017-18				
Mr. Sharat Anand[1]	Chairman	3	1	1
Mr. Vishwarupe Narain[2]	Member	3	2	2
Mr. Mayank Bajpai[3]	Member	3	1	0

Note:- Composition of Nomination & Remuneration Committee as on 31st March, 2018 was not as per regulations of SEBI (LODR), 2015 due to resignation of Mr. Mayank Bajpai from his directorship w.e.f 27th February, 2018. However, Board has appointed a new member in its next Board Meeting.

[1]Mr. Sharad Anand ceased to be Director w.e.f 30th May, 2017.

[2]Mr. Vishwarupe Narain ceased to be Director w.e.f 18th October, 2017.

[3]Mr. Mayank Bajpai was appointed as Director w.e.f 18th October, 2017 & ceased to be Director w.e.f 27th February, 2018.

Secretary to the Committee:

Ms. Madhuri Jethani, Company Secretary – upto 13th February, 2018

Ms. Khushboo Kothari, Company Secretary – w.e.f 13th February, 2018

During the year under review, 3 (Three) Nomination & Remuneration Committee Meetings were held and the gap between two meetings did not exceed 120 days. The dates on which the said meetings were held are as follows:

30th May, 2017; 24th July, 2017 and 13th February, 2018.

Terms of Reference

The terms of reference of the Nomination and Remuneration Committee are broadly as per Part D of Schedule II of the Listing Regulations & Section 178 of Companies Act, 2013.

The terms of reference of the Committee inter-alia include the following:-

- Formulation of the criteria for determining independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, KMP and other employees.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board.
- Identifying persons who are qualified to become Directors and who may be appointed as Director and recommend to the Board their appointment/removal
- Specifying the manner for effective evaluation of performance of Board, its Committees and Individual Directors and review its implementation & compliance

Performance Evaluation

Pursuant to the applicable provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, its Committees, the Chairman of the Company and the Directors, on the basis of the feedback received from all the Directors of the Company.

Structured performance evaluation questionnaire were circulated to the Directors for:

- Directors' – Self & Peer Level Evaluation;
- Board's Evaluation;
- Board Committees' Evaluation; and
- Chairman's Evaluation.

The evaluation questionnaires broadly cover parameters such as their participation in board meeting/other committee meeting, relationship management, knowledge & skill, adherence to the applicable code of conduct for independent directors and maintenance of confidentiality etc

The summary of rating given by all the directors on the structured performance evaluation was placed before the Board of Directors.

REMUNERATION

Relation & transactions of Non-Executive Directors

During the year under review, no pecuniary transaction was undertaken between Company & its Non-Executive Directors.

Criteria of making payments to Non-Executive Directors

Criteria for making payment to Non-Executive Directors have been put up on the website of the Company under below link:

(http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Nomination-and-Remuneration-Policy.pdf)

Details of Remuneration/Sitting Fees

The details of remuneration/Sitting Fees paid to the Directors during the year under review are as under:

(Rs. In Millions)

Name of Director	Salary, Allowance & benefit	Reimbursement	Bonus	Pension	Provident Fund	Stock Options	Sitting Fees	Total
Mr. Saurabh Kalani	1.07	0.58	0.007	0.80	0.13	-	-	2.58
Mr. Mahesh Sharma	10.09	-	0.007	-	1.18	-	-	11.28
Mr. Anand Khandelwal	0.61	-	0.005	-	0.05	-	-	0.67
Mr. Akhilesh Agnihotri	0.32	-	0.001	-	0.03	-	-	0.35
Mr. Anirudh Sonpal	-	-	-	-	-	-	0.05	0.05
Mrs. Alka Sagar	-	0.12	-	-	-	-	0.05	0.17
Mr. Bhuwan Modi	-	-	-	-	-	-	0.04	0.04
Mr. Parag Gupta	-	-	-	-	-	-	0.03	0.03

Service Contracts, Severance Fees and Notice Period

The Whole-Time Director's appointed can be terminated by two months' notice in writing on either side, and no severance fees or performance linked incentives were paid to Directors of the Company.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Company's Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Regulation 20 of the Listing Regulations and Section 178 of the Companies Act, 2013.

Composition, Meetings & Attendance

Name of director	Category	No. of meetings during the Financial Year 2017-18		
		Held during the year	Liable to Attend	Attended
Composition as on 31st March, 2018				
Mr. Bhuwan Modi	Chairman	4	4	4
Mr. Anirudh Sonpal	Member	4	4	4
Member who ceased to be Director during the Financial Year 2017-18				
Mr. Parag Gupta[1]	Member	4	3	2

[1]Mr. Parag Gupta was appointed as Director w.e.f 24th July, 2017 & ceased to be Director w.e.f 13th March, 2018.

Secretary to the Committee:

Ms. Madhuri Jethani, Company Secretary – upto 13th February, 2018

Ms. Khushboo Kothari, Company Secretary – w.e.f 13th February, 2018

During the year under review, 4 (Four) Stakeholders' Relationship Committee Meetings were held.

The dates on which the said meetings were held are as follows:

24th July, 2017; 12th September, 2017; 9th December, 2017 and 13th February, 2018.

Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee are broadly as per Part D of Schedule II of the Listing Regulations & Section 178 of Companies Act, 2013.

The terms of reference of the Committee inter-alia include the following:-

- Review matters connected to transfer of securities.
- Consider, resolve and monitor redressal of stakeholders' grievances/requests related to transfer of securities, non-receipt of annual reports, etc.

Name & Designation of Compliance Officer

Ms. Madhuri Jethani, Company Secretary acts as Compliance Officer upto 13th February, 2018.

Ms. Khushboo Kothari, Company Secretary acts as the Compliance Officer w.e.f 13th February, 2018.

Details of shareholders' complaints during the year 2017-18*:-

No. of complaints as on 01.04.2017	Received during the year	Resolved during the year	No. of complaints as on 31.03.2018
NIL	NIL	NIL	NIL

* The above data is based on report downloaded from SEBI Complaints Redress System (SCORES) & certificate received from Link Intime India Private Limited (Registrar & Share Transfer Agent).

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Company's Corporate Social Responsibility (CSR) Committee has been constituted in accordance with the provisions of Section 135 of Companies Act, 2013.

Composition, Meetings & Attendance

Name of director	Category	No. of meetings during the Financial Year 2017-18		
		Held during the year	Liable to Attend	Attended
Composition as on 31st March, 2018				
Mr. Bhuwan Modi	Chairman	3	2	2
Mrs. Alka Sagar	Member	3	3	3
Mr. Saurabh Kalani	Member	3	3	3
Member who ceased to be Director during the Financial Year 2017-18				
Mr. Sharat Anand[1]	Member	3	1	1

[1]Mr. Sharad Anand ceased to be Director w.e.f 30th May, 2017.

Secretary to the Committee:

Ms. Madhuri Jethani, Company Secretary – upto 13th February, 2018

Ms. Khushboo Kothari, Company Secretary – w.e.f 13th February, 2018

During the year under review, 3 (Three) Corporate Social Responsibility Committee Meetings were held. The dates on which the said meetings were held are as follows:

30th May, 2017; 24th July, 2017 and 13th February, 2018.

The Terms of Reference and its composition are as under:

Terms of Reference

The terms of reference of Corporate Social Responsibility Committee are in accordance with Section 135 read with Schedule VII of the Companies Act, 2013.

The terms of reference of the Committee inter-alia include the following:-

- Formulate & recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. Recommend the amount of expenditure to be incurred on the CSR activities.
- Monitor CSR Policy of the Company from time to time.
- Monitor the CSR activities undertaken by the Company.
- Review of Annual Report on CSR.

MANAGEMENT COMMITTEE

Board has constituted Management Committee in accordance with the provisions of the Companies Act. The terms of reference are those which can be delegated to Committees of Board of Directors.

Composition, Meetings & Attendance

Name of director	Category	No. of meetings during the Financial Year 2017-18		
		Held during the year	Liable to Attend	Attended
Composition as on 31st March, 2018				
Mr. Saurabh Kalani	Chairman	18	18	18
Mr. Mahesh Sharma	Member	18	18	18
Mr. Anand Khandelwal	Member	18	13	13
Member who ceased to be Director during the Financial year 2017-18				
Mr. Akhilesh Agnihotri[1]	Member	18	2	2

[1]Mr. Akhilesh Agnihotri ceased to be Director w.e.f 30th May, 2017.

Secretary to the Committee:

Ms. Madhuri Jethani, Company Secretary – upto 13th February, 2018

Ms. Khushboo Kothari, Company Secretary – w.e.f 13th February, 2018

During the year under review, 18 (Eighteen) Management Committee Meetings were held. The dates on which the said meetings were held are as follows:

1st April 2017; 21st April, 2017; 3rd June, 2017; 12th June, 2017; 17th July, 2017; 4th August, 2017; 12th August, 2017; 4th October, 2017; 11th October, 2017; 3rd November, 2017; 18th November, 2017; 11th December, 2017; 29th December, 2017; 23rd January, 2018; 19th February, 2018; 7th March, 2018 and 28th March, 2018.

Terms of Reference

The terms of reference of the Committee inter-alia include the following:-

- Procurement & management of funds for existing & future projects of the Company.
- Approval & execution of deeds, documents, undertakings & declarations as may be required by the lenders banks/

institutions in connection with the debts financing of the Company.

- To carry any other functions as may be mandated by the Board from time to time.

4. **GENERAL BODY MEETINGS**

Annual General Meeting

AGM	Financial Year	Date	Time	Venue
22nd	2014-15	30th September, 2015	10:00 A.M.	C41-50, SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) – 454775
23rd	2015-16	30th July, 2016	11:00 A.M.	C41-50, SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) – 454775
24th	2016-17	22nd August, 2017	12:30 P.M.	C41-50, SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) – 454775

Extraordinary General Meeting

During the year under review, no extraordinary general meeting was held.

Special resolutions

AGM	Financial Year	Special Resolution Passed
22nd	2014-15	NIL
23rd	2015-16	Issue of Secured or Unsecured Non-Convertible Debentures/Bonds
		Approval for payment of remuneration to Mr. Saurabh Kalani, Whole-time Director of the Company in case of inadequate profits for the Financial year 2015-16
		Approval for payment of remuneration to Mr. Saurabh Kalani, Whole-time Director of the Company in case of inadequate profits from 1st April, 2016 to 30th May, 2017
24th	2016-17	Appointment of Mr. Mahesh Sharma as Whole-Time Director of the Company
		Re-appointment of Mr. Saurabh Kalani as Whole-Time Director of the Company
		Appointment of Mr. Anand Khandelwal as Whole-Time Director of the Company
		Ratification of remuneration paid to Mr. Akhilesh Agnihotri as Whole-Time Director
		Approval of Strategic Debt Restructuring Scheme

Postal Ballot

During the year under review, special resolution as set out in the below table was passed by requisite majority by way of Postal Ballot, including e-voting.

Procedure for Postal Ballot:-

- At the Board Meeting held on 24th July, 2017, the Board has approved Postal Ballot Notice to be sent to shareholders of the Company for passing resolution by Postal Ballot in respect of items stated in the Postal Ballot Notice.
- Board has appointed M/s Ritesh Gupta & Co., Practicing Company Secretary to act as Scrutinizer for conducting the Postal Ballot Voting (including remote E-Voting) in accordance with The Companies Act, 2013 and in a fair & transparent manner.
- The information pursuant to Regulation 30 of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015 was submitted to Stock Exchanges on 24th July, 2017.
- Postal Ballot Notice was sent by electronic mode to the Members of the Company, whose e-mail Id was registered with the Company and Postal Ballot Notice alongwith the Ballot Paper and self-addressed postage prepaid envelopes were sent by registered post to all shareholders whose E-mail was not registered with the Company. The record date for determining the members who are entitled to be sent Postal Ballot Notice and Vote was fixed as 24th July, 2017 (i.e. Cut off date).
- The voting period commenced on Sunday, 6th August, 2017 at 10:00 AM IST & ended on Monday, 25th September, 2017 at 5:00 PM IST.
- Mr. Ritesh Gupta Proprietor of M/s Ritesh Gupta & Co., Practicing Company Secretary, Scrutinizer handed over the Combined Scrutinizer's Report (Postal Ballot & E-Voting) dated 5th September, 2017 to Mr. Saurabh Kalani enabling him for declaring the consolidated results. The resolution was passed on Monday, 5th September, 2017.

Details of Voting Pattern:-

Special Resolution passed through Postal Ballot	Votes in favour of resolution (%)	Votes against the resolution (%)
Approval to sell, transfer and/or otherwise dispose of FIBC division of the company including assets, liabilities/obligations of whatsoever nature & employees which are specific to the FIBC division, by way of slump sale, on a going concern basis, to a wholly owned subsidiary company	99.99	00.01

There is no immediate proposal for passing any resolution through Postal Ballot.

5. **DISCLOSURES**

Details of Director seeking appointment / re-appointment at the Annual General Meeting

Details of the Directors seeking appointment/re-appointment have been provided in the Notice of the Annual General Meeting.

Disclosures on materially significant Related – Party transactions that may have potential conflict with the interests of listed entity at large

During the year under review, all the transactions were entered into by the Company with Related-Parties with approval of Audit Committee, Board or Shareholders, as need be.

Company's major related party transactions are with its subsidiaries, LLPs & JVs.

None of the transactions with any of the related parties were in conflict with the Company's interest.

The policy on dealing Related Party Transactions has been posted on the website of the Company under below link:

(http://flexituff.com/wp-content/uploads/2016/11/Policy-on-Related-Party-Transactions.pdf)

Details on non-compliance by the Company, penalties imposed by Stock Exchanges or any other Statutory Authority

(a) Company has received Letter from National Stock Exchange of India Limited (NSE) for non-compliance observed in Corporate Governance Report submitted by the Company to the Exchange for the quarter and year ended 31st March, 2018 with respect to composition of Nomination & Remuneration Committee (Regulation 19 of the Listing Regulations).

The Company has replied appropriately to the above-mentioned letter stating that this situation has arisen due to resignation of Mr. Mayank Bajpai, TPG Nominee Director from his directorship w.e.f 27th February, 2018.

Further, Company has appointed a new member in Nomination & Remuneration Committee in its next Board Meeting.

(b) No penalties, strictures were imposed on the Company by Stock Exchange(s) or the Board or any Statutory Authority, on any matter related to capital markets during last three years.

Details of establishment of vigil mechanism & whistle blower policy

The Whistle Blower Policy/vigil mechanism has been posted on the website of the Company on link given below & affirming that no personnel have been denied access to the Audit Committee.

(http://flexituff.com/wp-content/uploads/2016/11/Vigil-Mechanism-Policy.pdf)

Details of compliance with mandatory requirements & adoption of non-mandatory requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

The status of Compliance with non – mandatory (discretionary requirements) listed in Part E of Schedule II of the Listing Regulations is as under:

- The Non-Executive Chairman maintains a separate office for which the Company is not required to reimburse expenses.
- No half yearly declaration of financial performance is sent to shareholders separately.
- The financial statements of the Company are with unmodified audit opinion.
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Whole-time Director and Chief Executive Officer.
- The Internal Auditor reports to the Audit Committee.

Web-link for policies

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 at the following link:

(http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Director-and-Senior-Management.pdf)

The Board Members and Senior Management have affirmed their compliance with the code and a declaration signed by Mr. Saurabh Kalani, Whole-Time Director of the Company is annexed to this report.

Determining Material Subsidiaries

The policy for determining material subsidiaries has been put up on the website of the Company under below link:

(http://flexituff.com/wp-content/uploads/2016/11/Policies-and-Programme_Determining-Material-Subsidiary.pdf)

Compliance of Corporate Governance Requirements

Company confirms the compliances with Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b to i) of sub-regulation (2) of Regulation 46 of the Listing Regulations as on 31st March, 2018 except Regulation 19(1)(a) viz. constitution of Nomination & Remuneration Committee. Reason for the non-compliance is mentioned in this Report. However, it has been complied with, in the next Board Meeting.

Disclosures with respect to Unpaid/Unclaimed Dividend

Company has not declared dividend during the year under review. However, details of unpaid/ unclaimed dividend for previous years are contained in below-mentioned table.

Dividend for the year	Total Amount of Dividend (Rs. In Lakhs)	Amount of Unpaid Dividend as on 31.03.2018 (Amount in Rs.)	% of Dividend Unpaid	Due date of transfer to IEPF
2014-15	248.83	928	0.004	06-11-2022
2013-14	248.82	4794	0.020	06-11-2021
2012-13	229.02	2264	0.010	06-11-2020
2011-12	217.53	2664	0.010	06-11-2019

6. MEANS OF COMMUNICATION

Quarterly Results

The quarterly results duly approved by the Board of Directors are sent immediately after the Board Meeting to both the Stock Exchanges where the Company's shares are listed. The same are published in "Times of India" and "Swadesh" in terms of the Listing Regulations and Secretarial Standards in the format as prescribed by the Stock Exchange. The Company also posts its financial results on its website i.e. www.flexituff.com.

Website

The Company's website www.flexituff.com contains a separate section "Investor Relations" where shareholders' information is available.

NEAPS & BSE Corporate Compliance & Listing Centre

All periodical filings like shareholding pattern, corporate governance, statement of investor complaints, among others are filed electronically to NSE through NEAPS (NSE Electronic Application Processing System) & to BSE through BSE Corporate Compliance & Listing Centre.

Mail

The Company has designated investors@flexituff.com for investor servicing.

7. **GENERAL SHAREHOLDER INFORMATION**

Annual General Meeting

Date : 19th September, 2018

Day : Wednesday

Time : 12 Noon

Venue : C 41-50, SEZ, Sector-III, Pithampur, Distt. Dhar (M.P.) 454775

Financial Year

Year ending : 31st March, 2018

Dividend payment : Nil

Listing on stock exchanges

Name & address of the Stock Exchange	Stock Code / Scrip Code	ISIN Number for NSDL/ CDSL (Dematerialized shares)
The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	FLEXITUFF	INE060J01017
BSE Limited 25th Floor, P.J. Towers, Dalal Street, Mumbai 400 001	533638	

Company has made payment of listing fees to both the Stock Exchanges on time.

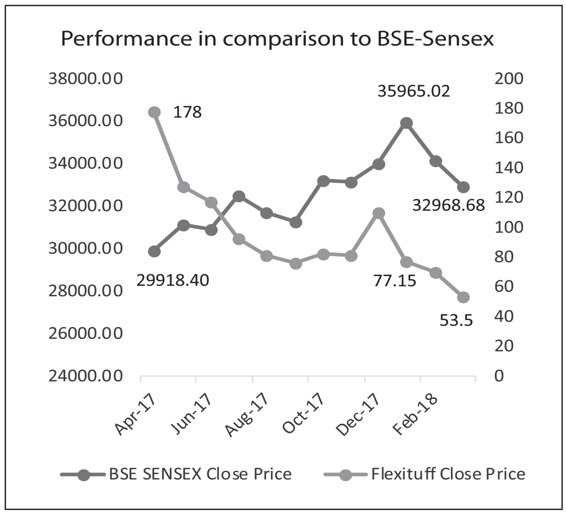
Corporate Identification Number (CIN): L25202MP1993PLC034616

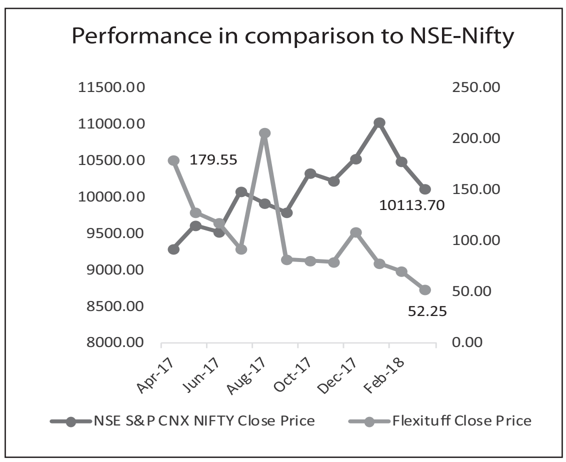
Market Price Data

High, low (based on monthly closing prices) and number of equity shares traded during each month in the year 2017-18 on BSE Ltd. and National Stock Exchange of India Limited:-

Month and Year	BSE			NSE		
	High (Rs.)	Low (Rs.)	Traded Quantity	High (Rs.)	Low (Rs.)	Traded Quantity
Apr-17	220.00	166.00	64931	220.00	170.60	415067
May-17	188.90	123.55	10185	183.80	127.25	78748
Jun-17	140.00	116.10	8351	137.00	117.10	78470
Jul-17	124.90	76.00	308619	124.80	81.00	894727
Aug-17	94.95	79.00	113237	96.00	75.00	425747
Sep-17	98.00	74.30	229135	95.00	75.00	635159
Oct-17	94.05	74.00	262088	93.85	71.80	781863
Nov-17	91.95	79.25	202472	89.50	79.20	568644
Dec-17	119.05	73.00	466609	119.25	77.80	2456647
Jan-18	115.80	76.75	223125	112.75	76.25	689071
Feb-18	78.00	68.00	44041	79.00	68.90	149994
Mar-18	71.95	51.30	139345	73.75	51.60	488253

Performance in comparison to BSE-Sensex and NSE-Nifty





Registrar and Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park, L B S Marg,
Vikhroli (West), Mumbai - 400083
Tel.: +91 22 49186000, Fax: +91 22 49186060
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

Share Transfer system

The transfer system of the Company is with the registrar & transfer agent. As on 31st March 2018, 95.47% of the equity shares were in the electronic form and transfer of these shares is done through the depository without involvement of the Company.

As regards to the transfer of shares in the physical form, if the documents are complete in all respects, transfer is normally processed within stipulated time period.

Distribution of equity shareholding as on 31st March, 2018

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

No. of equity shares held	No. of share holders	% of shareholders	No. of share held	% of total shares held	Amount (In Rs.)
1 to 500	2552	82.5089	299727	1.2046	2997270
501 to 1000	248	8.0181	194396	0.7812	1943960
1001 to 2000	121	3.9121	172978	0.6952	1729780
2001 to 3000	36	1.1639	88601	0.3561	886010
3001 to 4000	10	0.3233	35026	0.1408	350260
4001 to 5000	9	0.2910	42051	0.1690	420510
5001 to 10000	30	0.9699	238999	09605	2389990
10001 and above	87	2.8128	23811028	95.6927	238110280
Total	**3093**	**100.00**	**24882806**	**100.00**	**248828060**

Categories of equity shareholders as on 31st March, 2018

Category	No. of Equity Shares held	Percentage of holding (%)
Indian Promoters (Corporates)	8181603	32.88
Banks, FIs, Insurance Companies	1993388	8.01
Foreign Portfolio Investors (Corporate)	231110	0.93
Other Bodies Corporate	7590064	30.50
Foreign Companies	5065021	20.35
Non Resident	14911	0.06
Clearing Members	177587	0.71
Hindu Undivided Family	132013	0.54
Public	1489509	5.99
Relatives of Director	7600	0.03
Grand Total	**24882806**	**100.00**

Dematerialization of Shares and Liquidity

The equity shares of your Company are available for dematerialization with both NSDL and CDSL under ISIN INE060J01017. As on 31st March 2018, 95.47% equity shares are in Demat form and remaining 4.53 % equity shares are in physical form.

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

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. (TPG), convertible at the option of Bondholder into fully paid up equity shares of the Company at a price of Rs. 218/- per equity share were due on 26th April, 2018.

On the request of the Company, TPG extended the said repayment to 30th June, 2018 and thereafter for a period of Forty-Eight (48) Months from 30th June, 2018 on revised terms & conditions as mutually agreed between Company & TPG subject to due approval from RBI. Authorized Dealer has approved the same & approval from RBI is underway.

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 Rs. 230/- per equity share on or before 30th January, 2019.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

Company hedges its foreign currency exposure in respect of its imports, borrowings and export receivables as per its laid down policies. Company uses a mix of various derivative instruments like forward covers, currency swaps, interest rate swaps or a mix of all. Further, Company also hedges its commodity price risk through fixed price swaps.

Plant locations

SEZ Unit

C-41 – 50, Special Economic Zone, Sector – III, Industrial Area, Pithampur
Dist. Dhar – 454775,
Madhya Pradesh

DTA Unit
94, Industrial Area, Sector – I, Pithampur
Dist. Dhar – 454775
Madhya Pradesh

Kashipur Unit
Khasra No. 672-728, Village – Mahuakhera, Aliganj Road, Kashipur,
Dist. Udhamsingh Nagar – 244713
Uttrakhand

Barwaha Unit
58/1, Jaimalpura, Maheshwar Road, Barwaha
Dist. Khargone – 451115
Madhya Pradesh

Address for Correspondence

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

Link Intime India Private Limited
C-101, 247 Park, L B S Marg,
Vikhroli (West), Mumbai - 400083
Tel.: +91 22 49186000, Fax: +91 22 49186060
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

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

Registered 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

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

Email ID for redressal of Investor Grievances i.e. investors@flexituff.com.

8. **PCS CERTIFICATE ON CORPORATE GOVERNANCE**

   Certificate from the Practicing Company Secretary, Mr. Ritesh Gupta, Proprietor of M/s Ritesh Gupta & Co., confirming compliance with conditions of Corporate Governance, as stipulate under Regulation 34 of the Listing Regulations is annexed to this Report.

9. **DECLARATION BY CHIEF EXECUTIVE OFFICER**

   As required by the Listing Regulations, declaration signed by Mr. Saurabh Kalani, Whole-Time Director stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management is annexed to this report.

10. **CEO AND CFO CERTIFICATION**

    The annual certificate given by the Executive Director and the Chief Financial Officer is published in this report.

11. **SERVICE OF DOCUMENTS IN ELECTRONIC FORM**

    In order to conserve paper and environment, the Ministry of Corporate Affairs (MCA), Government of India, has allowed and envisaged the companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Board's Report, Auditors' Report, etc., henceforth to their shareholders electronically as a part of its Green Initiative.

    Keeping in view the aforesaid green initiative of MCA, Company has sent the Annual Report to its shareholders in electronic form, at the e-mail address provided by them and made available to it by the Depositories. In case of any change in your e-mail address, you are requested to please inform the same to your Depository (in case you hold the shares in dematerialised form) or to the Company (in case you hold the shares in physical form).

    The said documents are also available on Company's website www.flexituff.com. Please note that physical copies of the above documents shall also be made available for inspection, during office hours, at the Registered Office of the Company at Pithampur, Dhar-454775 (M.P.).

For and On Behalf of The Board of Directors of
Flexituff International Limited

	Saurabh Kalani	**Anand Khandelwal**
Date: 14.08.2018	**Whole-Time Director**	**Whole-Time Director**
Place: Pithampur	**(DIN: 00699380)**	**(DIN: 07889346)**

ED/CFO CERTIFICATION

We here by certify that:

a) We have reviewed the Financial Statement and Cash Flow statement for the year ended on 31st March, 2018 and to the best of our knowledge and belief:

i. these statements do not contain any materially untrue statements or omit any material fact or contain statements 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) To the best of our knowledge and belief, no transaction entered into by the company during the year ended on 31st March, 2018 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 we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee, and steps have been taken to rectify these deficiencies.

d) i) There has not been any significant change in internal control over financial reporting during the period under reference;

ii) There has not been any significant change in accounting policies during the period; and

iii) We are not aware of any instance during the period of significant fraud with involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.

Saurabh Kalani
Whole-Time Director

Ajay Mundra
Chief Financial Officer

Date: 14.08.2018
Place: Pithampur

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

{Under Regulation 34(3) and Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}

To,

The Members

Flexituff International Limited

We have examined the compliance of conditions of Corporate Governance by Flexituff International Limited (The Company), for the year ended March 31, 2018, as stipulated in Regulation 34 (3) read with Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the 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 according to the explanations given to us and the representations made by the Directors and Management, we certify that the company has complied with conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

For Ritesh Gupta & Co.
Company Secretaries

Place: Indore
Date: 14.08.2018

Ritesh Gupta
CP:3764, FCS:5200

INDEPENDENT AUDITOR'S REPORT

To the Members of Flexituff International Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Flexituff International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the accounting principles generally accepted in India.

This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 for the year ended March 31, 2016 and March 31, 2017 on which we issued an unmodified audit opinion vide our reports dated May 20, 2016 and May 30, 2017 respectively on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have also been audited by us.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 40 to the standalone Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure B', a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **MSKA & Associates (Formerly known as MZSK & Associates)**
Chartered Accountants
Firm Registration No.105047W

Amrish Anup Vaidya
Partner
Membership number: 101739

Date: May 30, 2018
Place: Pithampur

For **Kailash Chand Jain & Co**
Chartered Accountants
Firm Registration No. 112318W

Rajeev Kumar Dubey
Partner
Membership number: 407139

Date: May 30, 2018
Place: Pithampur

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FLEXITUFF INTERNATIONAL LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Flexituff International Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **MSKA & Associates (Formerly known as MSKA & Associates)** Chartered Accountants Firm Registration No.105047W	For **Kailash Chand Jain & Co.** Chartered Accountants Firm Registration No. 112318W
Amrish Anup Vaidya Partner Membership No.: 101739	**Rajeev Kumar Dubey** Partner Membership No.: 407139
Place: Pithampur Date: May 30, 2018	Place: Pithampur Date: May 30, 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Flexituff International Limited on the financial statements for the year ended March 31, 2018)

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

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory (excluding stocks with third parties), has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.

iii. The Company has granted loans, secured or unsecured to a company and Limited Liability Partnerships covered in the register maintained under section 189 of the Act.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the rate of interest and other terms and conditions on which the loans have been granted to a company and Limited Liability Partnerships covered in the register maintained under section 189 of the Companies Act, 2013 are not, prima facie, prejudicial to the interest of the Company.

(b) In the case of the loans granted to a company and Limited Liability Partnerships covered in the register maintained under section 189 of the Companies Act, 2013, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the payment of the principal and interest.

(c) There are no amounts overdue for more than ninety days in respect of the loans granted to a company and Limited Liability Partnerships covered in the register maintained under section 189 of the Companies Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.

According to the information and explanation given to us, no undisputed amounts are payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which were applicable to it were in arrears, as at March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. However, according information and explanation given to us and the records of the Company examined by us, the dues outstanding of income-tax, sales-tax, value added tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount in INR million	Period to which the amount relates	Forum where dispute is pending
Income tax Act	Income tax, penalty and interest thereon[1]	4.25	AY 2005-06 to 07-08, AY 2010-11, AY 2012-13, AY 14-15	CIT (A)
	Income tax, penalty and interest thereon[1]	8.03	AY 2003-04	Madhya Pradesh High Court
	Income tax, penalty and interest thereon[1]	39.29	AY 2004-05, AY 2005-06	ITAT & CIT(A)

Name of the statute	Nature of dues	Amount in INR million	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales tax[2]	22.97	FY 2009-10 to 2014-15	Joint Commissioner (Appeal) Haldwani
	Sales tax[2]	0.01	FY 2006-07	The Appellate Board M.P. Tax Tribunal, Bhopal
M.P. commercial Tax Act, 1994	Sales tax[3]	5.39	FY 2006-07 and FY 2009-10	The Appellate Board M.P. Tax Tribunal, Bhopal
	Sales tax[3]	1.06	FY 2015-16	The Appellate Authority and Additional commissioner of commercial tax, Indore division
Uttarakhand VAT Act, 2005	Sales tax[4]	2.92	FY 2010-11 to FY 2014-15	Deputy (Joint) Commissioner (Appeal) Haldwani
M.P. Entry Tax Act, 1976	Entry tax[5]	0.28	FY 2010-11	The Appellate Authority and Additional commissioner of commercial tax, Indore division
	Entry tax[5]	9.04	FY 2006-07 to FY 2009-10	The Appellate Board M.P. Tax Tribunal, Bhopal

[1]Amount disclosed is net of amount paid under protest of Rs. 39.45 million

[2] Amount disclosed is net of amount paid under protest of Rs. 9.32 million

[3]Amount disclosed is net of amount paid under protest of Rs. 3.09 million

[4]Amount disclosed is net of amount paid under protest of Rs. 11.24 million

[5]Amount disclosed is net of amount paid under protest of Rs. 4.57 million

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution and bank. The Company does not have any outstanding debentures during the year.

ix. In our opinion, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3

(xvi) of the Order are not applicable to the Company.

For **MSKA & Associates (Formerly known as MSKA & Associates)**
Chartered Accountants
Firm Registration No.105047W

Amrish Anup Vaidya
Partner
Membership No.: 101739

Place: Pithampur
Date: May 30, 2018

For **Kailash Chand Jain & Co.**
Chartered Accountants
Firm Registration No. 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

Place: Pithampur
Date: May 30, 2018

STANDALONE BALANCE SHEET as at March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	6	5,857.63	6,262.78	6,602.53
Other intangible assets	7	532.44	437.78	319.45
Investments in subsidiaries and LLP	8	13.09	12.99	12.86
Financial assets				
Loans	9	-	-	20.02
Other financial assets	10	253.06	187.63	58.50
Non-current tax assets (net)	11	36.53	30.07	30.05
Other non-current assets	12	0.26	17.24	4.78
Total non-current assets		**6,693.01**	**6,948.49**	**7,048.19**
Current assets				
Inventories	13	1,619.54	1,521.97	1,067.63
Financial assets				
Trade receivables	14	3,627.42	3,945.30	3,322.57
Cash and cash equivalents	15	70.21	129.03	171.69
Bank balances other than cash and cash equivalent	16	72.39	109.47	90.41
Loans	17	308.63	176.23	84.68
Other current financial assets	18	63.53	58.35	44.49
Other current assets	19	1,111.63	723.38	369.39
Total current assets		**6,873.35**	**6,663.73**	**5,150.86**
Total assets		**13,566.36**	**13,612.22**	**12,199.05**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	20	248.83	248.83	248.83
Other equity	21	3,594.04	3,613.02	3,536.53
Total equity		**3,842.87**	**3,861.85**	**3,785.36**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	22	2,188.69	4,433.32	2,826.91
Provisions	23	64.53	75.94	63.89
Deferred tax liability (net)	38	100.10	68.45	85.48
Total non-current liabilities		**2,353.32**	**4,577.71**	**2,976.28**
Current liabilities				
Financial liabilities				
Borrowings	24	2,636.88	2,723.07	2,835.36
Trade payables	25	1,893.25	1,542.01	1,574.43
Other current financial liabilities	26	2,676.40	787.02	922.11
Other current liabilities	27	161.22	102.11	99.54
Provisions	28	2.42	2.11	5.41
Current tax liabilities (net)	29	-	16.34	0.56
Total current liabilities		**7,370.17**	**5,172.66**	**5,437.41**
Total liabilities		**9,723.49**	**9,750.37**	**8,413.69**
Total equity and liabilities		**13,566.36**	**13,612.22**	**12,199.05**
Summary of significant accounting policies	2			
The accompanying notes are an integral part of the financial statements.				

As per our report of even date

For **MSKA & Associates (formerly known as MZSK & Associates)**
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739

For **Kailash Chand Jain & Co.**
Chartered Accountants
Firm Registration No.: 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

Place: Pithampur
Date: May 30, 2018

For and on behalf of the Board of Directors
Flexituff International Limited
CIN: L25202MP1993PLC034616

Saurabh Kalani
Whole time director
DIN: 00699380

Anand Khandelwal
Whole time director
DIN: 07889346

Ajay Mundra
Chief Finance Officer

Khushboo Kothari
Company Secretary
Membership No: A33720

Place: Pithampur
Date: May 30, 2018

STANDALONE STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	30	11,548.48	13,329.75
Other income	31	317.61	88.73
Total income		**11,866.09**	**13,418.48**
Expenses			
Cost of material consumed	32	5,507.16	5,577.08
Purchase of stock-in-trade		1,119.65	3,037.64
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(113.31)	(422.85)
Excise duty		14.34	65.96
Employee benefits expense	34	1,963.17	1,794.94
Finance costs	35	1,104.59	1,082.17
Depreciation and amortization expense	36	747.72	686.54
Other expenses	37	1,513.70	1,521.36
Total expenses		**11,857.02**	**13,342.84**
Profit before tax		**9.07**	**75.64**
Income tax expense			
Current tax (MAT)	38	0.86	18.69
MAT credit entitlement	38	(1.34)	(19.51)
Deferred tax charge /(benefit) (excluding MAT credit entitlement)	38	32.99	2.48
Total income tax expense		**32.51**	**1.66**
Profit/(loss) for the year		**(23.44)**	**73.98**
Other comprehensive income			
Items that will not to be reclassified to profit or loss			
Re-measurement gains on defined benefit plans		4.93	3.33
Income tax effect on above		(0.47)	(0.82)
Other comprehensive income for the year		**4.46**	**2.51**
Total other comprehensive income for the year		**(18.98)**	**76.49**
Earnings/(loss) per share (face value of Rs.10/- each)**:**			
Basic earnings/(loss) per share (INR)	39	(0.94)	2.97
Diluted earnings/(loss) per share (INR)	39	(0.94)	2.97
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

For **MSKA & Associates (formerly known as MZSK & Associates)**
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739

For **Kailash Chand Jain & Co.**
Chartered Accountants
Firm Registration No.: 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

Place: Pithampur
Date: May 30, 2018

For and on behalf of the Board of Directors
Flexituff International Limited
CIN: L25202MP1993PLC034616

Saurabh Kalani
Whole time director
DIN: 00699380

Anand Khandelwal
Whole time director
DIN: 07889346

Ajay Mundra
Chief Finance Officer

Khushboo Kothari
Company Secretary
Membership No: A33720

Place: Pithampur
Date: May 30, 2018

STANDALONE CASH FLOW STATEMENT for the year ended March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from operating activities		
Profit/Loss before tax	9.07	75.64
Adjustments for:		
Depreciation and amortization expenses	747.72	686.54
Interest and finance charges	1,104.59	1,082.17
Interest income	(54.42)	(40.78)
Provision for doubtful debts	(6.49)	2.49
Bad debts	35.39	-
Loss on sale of property, plant & equipment	0.05	-
Unrealized foreign exchange loss/(gain)	(83.37)	54.27
Provision for retirement benefits	4.46	2.51
Operating profit before working capital changes	**1,757.00**	**1,862.84**
Changes in working capital		
Increase/(decrease) in trade payables	351.24	(28.68)
Increase/(decrease) in other liabilities	59.10	3.00
(Increase)/decrease in other financial liabilities	(35.49)	99.96
Increase/(decrease) in provisions	(11.09)	8.74
Decrease/(increase) in trade receivables	372.37	(683.63)
Decrease/(increase) in inventories	(97.57)	(454.34)
Decrease/(increase) in other assets	(371.27)	(366.50)
Decrease/increase) in other financial assets	(24.73)	(46.79)
Decrease/increase) in Loans	(132.40)	(71.53)
Decrease/(increase) in other cash and cash equivalents	37.08	(19.06)
Cash generated used in operations	**1,904.24**	**304.01**
Income tax paid	(23.67)	(2.91)
Net cash flows used in operating activities (A)	**1,880.57**	**301.10**
Cash flow from Investing activities		
Payment for property, plant and equipment and intangible assets (net)	(475.22)	(358.07)
Interest received	64.32	26.14
Investment in joint ventures	(0.10)	(0.13)
Investment in bank deposits (having original maturity of more than three months)	(55.78)	(81.56)
Net cash flow from investing activities (B)	**(466.78)**	**(413.62)**
Cash flow from Financing activities		
Repayment from long-term borrowings	(395.15)	(967.87)
Proceeds from long-term borrowings	113.32	2,232.19
Net proceeds from short-term borrowings	39.18	34.44
Repayment of cash credit facility (net)	(125.37)	(146.73)
Interest and finance charges paid	(1,104.59)	(1,082.17)
Net cash flow from financing activities (C)	**(1,472.61)**	**69.86**
Net increase in cash and cash equivalents (A+B+C)	**(58.82)**	**(42.66)**
Cash and cash equivalents at the beginning of the year	129.03	171.69
Cash and cash equivalents at the end of the year	**70.21**	**129.03**
Cash and cash equivalents comprise (refer note 15)		
Balances with banks		
On current accounts	32.71	56.99
Fixed deposits with maturity of less than 3 months	34.01	70.52
Cash on hand	3.49	1.52
Cheques on hand		
Total cash and bank balances at end of the year	**70.21**	**129.03**

Amendment to Ind AS 7

The amendments to Ind AS 7 Cash flow statements required entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of reconciliation between opening and closing balances of Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1 April 2017 and the required disclosure is made below.

	As at 31 March 2017	Cash flow	Non cash adjustment Forex movements	As at 31 March 2018
Long term borrowings (including current maturities of long term Debt)	4,899.36	(281.84)	(37.94)	**4,579.58**
Short term borrowings	2,723.07	(86.19)	-	**2,636.88**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **MSKA & Associates (formerly known as MZSK & Associates)**
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739

For **Kailash Chand Jain & Co.**
Chartered Accountants
Firm Registration No.: 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

Place: Pithampur
Date: May 30, 2018

For and on behalf of the Board of Directors
Flexituff International Limited
CIN: L25202MP1993PLC034616

Saurabh Kalani
Whole time director
DIN: 00699380

Anand Khandelwal
Whole time director
DIN: 07889346

Ajay Mundra
Chief Finance Officer

Khushboo Kothari
Company Secretary
Membership No: A33720

Place: Pithampur
Date: May 30, 2018

STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

		As at 31 March 2018		As at 31 March 2017	
(A)	**Equity share capital**	**No. of shares**	**Amount**	**No. of shares**	**Amount**
	Equity shares of Rs.10 each issued, subscribed and fully paid				
	Opening	24.88	248.83	24.88	248.83
	Add: issue during the year	-	-	-	-
	Closing	**24.88**	**248.83**	**24.88**	**248.83**
(B)	**Other equity**				
		Reserves & surplus			**Total**
		Securities premium reserve	**General reserve**	**Retained earnings**	
	Balance as at 1 April 2016	2,055.07	114.24	1,367.22	3,536.53
	Profit for the year	-	-	73.98	73.98
	Other comprehensive income	-	-	2.51	2.51
	Total comprehensive income for the year	-	-	**76.49**	76.49
	Balance as at 31 March 2017	**2,055.07**	**114.24**	**1,443.71**	**3,613.02**
	Balance as at 1 April 2017	2,055.07	114.24	1,443.71	3,613.02
	Loss for the year			(23.44)	(23.44)
	Other comprehensive income			4.46	4.46
	Total comprehensive income for the year	-	-	**(18.98)**	(18.98)
	Balance as at 31 March 2018	**2,055.07**	**114.24**	**1,424.73**	**3,594.04**
	The accompanying notes are an integral part of the financial statements.				

As per our report of even date

For **MSKA & Associates (formerly known as MZSK & Associates)**
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739

For **Kailash Chand Jain & Co.**
Chartered Accountants
Firm Registration No.: 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

Place: Pithampur

Date: May 30, 2018

For and on behalf of the Board of Directors
Flexituff International Limited
CIN: L25202MP1993PLC034616

Saurabh Kalani
Whole time director
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Whole time director
DIN: 07889346

Ajay Mundra
Chief Finance Officer

Khushboo Kothari
Company Secretary
Membership No: A33720

Place: Pithampur

Date: May 30, 2018

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

SIGNIFICANT ACCOUNTING POLICIES

1 General Information

Flexituff International Limited ("the Company") is engaged in the business of technical textile. Manufacturing units of the Company are located at Pithampur in Madhya Pradesh and at Kashipur in Uttarakhand. The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act. The Company is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office of the Company is located at C-41 50, SEZ, Sector - 3, Pithampur, Madhya Pradesh- 454 775.

These financial statements were authorised for issue by the Board of Directors on 30 May 2018.

2 Significant accounting policies

Significant accounting policies adopted by the company are as under:

2.1 Basis of Preparation of Financial Statements

(a) **Statement of Compliance with Ind AS**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2018 are the first set of financial statements prepared in accordance with Ind AS. Refer note 5 for an explanation of how the Company has adopted Ind AS.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) **Basis of measurement**

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following:

i) certain financial assets and liabilities (including derivative instruments) that is measured at fair value.

ii) defined benefit plans -plan assets measured at fair value

(c) **Current / non current classification**

The Company has ascertained its operating cycle as twelve months for the purpose of Current/ Non-Current classification of its Assets and Liabilities. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

(d) **Use of estimates**

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

(e) **Rounding off of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

2.2 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Spare parts are recognised when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Estimated useful life (in years)
Factory building	30
Leasehold land	over the period of lease term
Office equipment	5
Plant and machinery	15
Electrical installations	10
Laboratory equipment's	5 to 10
Furniture and fittings	10
Motor vehicles	8
Computers	3

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

2.3 Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "Intangible assets under development".

Amortisation method and periods

The Company amortizes intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Estimated useful life (in years)
Development assets	5 years
Computer software	3 years
Patents	5 years

The estimated useful lives and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its all intangible assets recognised as at 1 April 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

2.4 Research and development expenditure

Research Costs are charged as an expense in the year in which they are incurred and are reflected under the appropriate heads of account.

Development costs that are directly attributable to the design and testing of identifiable and unique assets controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use

- management intends to complete the asset to use it or sell it

- there is an ability to use or sell the asset

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

- it can be demonstrated how the asset will generate probable future economic benefits

- adequate technical, financial and other resources to complete the development and to use or sell the asset are available and

- the expenditure attributable to the asset during its development can be reliably measured

Directly attributable costs that are capitalised as part of the asset include employee cost and appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for future use.

Development expenditure that do not meet the above criteria are recognised as expense as incurred. Development costs previously recognised as expense are not recognised as an asset in the subsequent period.

2.5 Impairment of non financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

For non financial assets, an assessment is made at each reporting period end or whenever triggering event occurs as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimation of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimations used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, or had no impairment loss been recognised for the asset in prior years.

2.6 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. All exchange differences arising on reporting on foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalized as cost of assets.

In respect of foreign exchange differences arising on restatement or settlement of long term foreign currency monetary items attributable to depreciable assets, the Company has availed the option available in Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding as on March 31, 2017, wherein foreign exchange differences on account of depreciable asset, are adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.

Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

2.7 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

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- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.8 Revenue recognition

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of indirect taxes, trade allowances, rebates and amounts collected on behalf of third parties and is not recognised in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognised on reasonable certainty of collection.

In respect of above, the amounts received in advance are reflected in the Balance sheet under "Other Current Liabilities" as "Advance from customer".

Revenue from sale of goods

Revenue from sale of goods is recognized when all the following conditions have been satisfied:

a) The company has transferred to the buyer the significant risks and rewards of the ownership of the goods;

b) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the company; and

e) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of services

Income from services are recognized as and when the services are rendered. The Company collects goods and service tax/ service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Export benefits

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Focus Market Scheme, Merchandise Exports from India Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes are accounted in the year of export and included under the head `Other operating revenue'.

Interest income

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

2.10 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred income tax is provided, using the balance sheet approach, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected

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to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.9 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.10 Inventories

Raw materials, stores, consumables, work in progress, traded goods and finished goods are valued at the lower of cost and net realisable value.

Cost of raw materials, stores, consumables and traded goods includes purchase price, (excluding those subsequently recoverable by the Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realizable value is made on item by item basis.

2.11 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company records a provision for decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

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Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

2.13 Corporate social responsibility (CSR)

Provisions are recognised for all CSR activity undertaken by the Company for which an obligation has arisen during the year and are recognized in Statement of profit on loss on accrual basis. No provision is made against unspent amount, if any.

2.14 Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy related to revenue, it is netted off from respective expenditure on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant is related to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

2.15 Borrowing Costs

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to Statement of Profit and Loss.

2.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

<u>Amortized cost</u>: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

<u>Fair value through other comprehensive income (FVOCI)</u>: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

<u>Fair value through profit or loss</u>: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

<u>Equity instruments</u>:

Investments in subsidiaries are recognised at cost as per Ind AS 27 less impairment, if any, except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

All other equity investments are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent

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changes in the fair value (currently no such choice is made). The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Investment in Limited Liability Partnership (LLP):

Investments in capital of Limited liability partnership (LLP), where the Company has control over these LLP's, are recognised at cost as per Ind AS 27 less impairment, if any.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses(ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The impairment methodology for each class of financial assets stated above is as follows:

Trade receivables from customers: The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which requires the use of the lifetime expected loss provision for all trade receivables.

Debt investments measured at amortised cost and FVOCI: Debt investments at amortised cost and those at FVOCI where there has been a significant increase in credit risk, lifetime expected credit loss provision method is used and in all other cases, the impairment provision is determined as 12 months expected credit losses.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(iv) Derecognition of financial assets

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Compound financial instruments

Compound financial instruments issued by the company which can be converted into fixed number of equity shares for fixed price at the option of the holders irrespective of changes in the fair value of the instrument are accounted by separately recognising the liability and the equity components. The liability component is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The directly attributable transaction costs are allocated to the liability and the equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

(iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.17 Derivative financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks. Such derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognized in the statement of profit and loss, under financial income or financial cost, in the period when they arise.

2.18 Employee benefits

(a) **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) **Other long-term employee benefit obligations**

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

Compensated absences can be encashed only on discontinuation of service by employee.

(c) Post employment obligations

(i) **Defined contribution plan**

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a

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monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) **Defined benefit plans**

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

2.19 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment of manufacturing of technical textile. Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

2.21 Contributed equity

Equity Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Defined benefit plans and other long term benefits (gratuity benefits and leave encashment)

The cost of the defined benefit plans and other long term benefits such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and

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its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

(c) Intangible asset under development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

(d) Foreign currency convertible bonds (FCCB)

FCCB issued by the company are converted into fixed number of equity shares for fixed price at the option of the holders at fixed rate of exchange. Hence, FCCB issued by the Company is Compound financial instrument and is accounted separately, recognising the liability and the equity components. Based on management estimate, the coupon rate at the time of issue of FCCB is same as coupon rate applicable to comparable liability that does not have an equity conversion option. On initial recognition, the fair value of liability component of FCCB is same as consideration received, resulting in nil equity component. Hence, entire FCCB is recognised as liability.

4 Standards (including amendments) issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

(a) **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is currently evaluating the requirements of amendments. The Company believe that the adoption of this amendment will not have a material effect on its financial statements.

(b) **Ind AS 115- Revenue from Contract with Customers**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

(ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

5 First-time adoption of Ind-AS

These financial statements are the first set of Ind AS financial statements prepared by the Company. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on 31 March 2018, together with the comparative year data as at and for the year ended 31 March 2017, as described in the significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, being the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

5.1 Exemptions availed on first time adoption of Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

(a) Deemed Cost

The Company has opted para D7 AA and accordingly considered the carrying value of property, plant and equipment's and Intangible assets as deemed cost as at transition date.

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(b) Long term foreign currency monetary item

Ind AS 101 permits a first-time adopter to continue the accounting policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the year ending March 31, 2017. The Company has opted to follow this exemption.

(c) Deemed cost of investment in subsidiary and limited liability partnership

The Company has opted para D14 and D15 and accordingly considered the Previous GAAP carrying amount of Investments as deemed cost as at the transition date.

5.2 Mandatory Exemption on first-time adoption of Ind AS

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 and 31 March, 2017 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

- Impairment of financial assets based on expected credit loss model.

(b) Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date).

(c) Classification and measurement of financial assets

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

5.3 Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS required under Ind AS 101:

(a) Reconciliation of Balance sheet as at 1 April 2016 (Transition Date)
(b) Reconciliation of Balance sheet as at 31 March 2017
(c) Reconciliation of statement of profit and loss for the year ended 31 March 2017
(d) Reconciliation of Equity as at 1 April 2016 and as at 31 March 2017
(e) Reconciliation of total comprehensive income for the year ended 31 March 2017

The presentation requirements under previous GAAP differs from Ind AS, and hence, previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped previous GAAP/ Indian GAAP information is derived from the Financial Statements of the Company prepared in accordance with previous GAAP.

(a) **Reconciliation of balance sheet as at date of transition 1 April 2016**

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	f(i)	6,620.40	(17.87)	6,602.53
Other Intangible assets		319.45	-	319.45
Investments in subsidiaries and LLP		12.86	-	12.86
Financial assets				-
Loans		20.02	-	20.02
Other financial assets		58.50	-	58.50
Non-current tax assets (net)		30.05	-	30.05
Other non-current assets		4.78	-	4.78
Total non-current assets		**7,066.06**	**(17.87)**	**7,048.19**
Current assets				
Inventories		1,067.63	-	1,067.63
Financial assets				
Trade receivables	f(ii)	3,197.32	125.25	3,322.57
Cash and cash equivalents		171.69	-	171.69
Bank balances other than cash and cash equivalents		90.41	-	90.41
Loans		84.68	-	84.68
Other financial assets		44.49	-	44.49
Other current assets	f(iv)	628.08	(258.69)	369.39
Total current assets		**5,284.30**	**(133.44)**	**5,150.86**
Total assets		**12,350.36**	**(151.31)**	**12,199.05**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		248.83	-	248.83
Other equity	(d)	3,532.14	4.39	3,536.53
Total equity		**3,780.97**	**4.39**	**3,785.36**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	f(i)	2,849.72	(22.81)	2,826.91
Provisions		63.89	-	63.89
Deferred Tax Liability	f(iv)	342.19	(256.71)	85.48
Total non-current liabilities		**3,255.80**	**(279.52)**	**2,976.28**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
Current liabilities				
Financial liabilities				
Borrowings	f(ii)	2,710.11	125.25	2,835.36
Trade payables		1,574.43	-	1,574.43
Other financial liabilities	f(i)	923.54	(1.43)	922.11
Other current liabilities		99.54	-	99.54
Provisions		5.41	-	5.41
Current tax liabilities (net)		0.56	-	0.56
Total current liabilities		**5,313.59**	**123.82**	**5,437.41**
Total liabilities		**8,569.39**	**(155.70)**	**8,413.69**
Total equity and liabilities		**12,350.36**	**(151.31)**	**12,199.05**

(b) Reconciliation of balance sheet as at 31 March 2017

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	f(i)	6,279.47	(16.69)	6,262.78
Other intangible asset		437.78	-	437.78
Investments in subsidiaries and LLP		12.99	-	12.99
Financial assets				
Loans		-	-	-
Other financial assets	f(iii)	217.89	(30.26)	187.63
Current tax assets (net)		30.07		30.07
Other non-current assets	f(iii), f(iv)	314.62	(297.38)	17.24
Total non-current assets		**7,292.82**	**(344.33)**	**6,948.49**
Current assets				
Inventories		1,521.97	-	1,521.97
Financial assets				
Trade receivables	f(ii)	3,825.95	119.35	3,945.30
Cash and cash equivalents		129.03	-	129.03
Bank balances other than cash and cash equivalents		109.47	-	109.47
Loans		176.23	-	176.23
Other financial assets	f(iv)	61.30	(2.95)	58.35
Other current assets		723.38	-	723.38
Total current assets		**6,547.33**	**116.40**	**6,663.73**
Total assets		**13,840.15**	**(227.93)**	**13,612.22**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		248.83	-	248.83
Other equity	(d)	3,618.26	(5.24)	3,613.02
Total equity		**3,867.09**	**(5.24)**	**3,861.85**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	f(i)	4,494.55	(61.23)	4,433.32
Provisions		75.94	-	75.94
Deferred Tax Liability	f(iv)	349.26	(280.81)	68.45
Total non-current liabilities		**4,919.75**	**(342.04)**	**4,577.71**
Current liabilities				
Financial liabilities				
Borrowings	f(ii)	2,603.72	119.35	2,723.07
Trade payables		1,542.01	-	1,542.01
Other financial liabilities		787.02	-	787.02
Other current liabilities		102.11	-	102.11
Provisions		2.11	-	2.11
Current tax liabilities (net)		16.34	-	16.34
Total current liabilities		**5,053.31**	**119.35**	**5,172.66**
Total liabilities		**9,973.06**	**(222.69)**	**9,750.37**
Total equity and liabilities		**13,840.15**	**(227.93)**	**13,612.22**

(c) **Reconciliation of statement of profit or loss for the year ended 31 March 2017**

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
Income				
Revenue from operations	f(v)	13,263.79	65.96	13,329.75
Other income	f(iii)	87.64	1.09	88.73
Total income		**13,351.43**	**67.05**	**13,418.48**
Expenses				
Cost of material consumed		5,577.08	-	5,577.08
Purchase of Stock-in-trade		3,037.64	-	3,037.64
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(422.85)	-	(422.85)
Excise duty	f(v)	-	65.96	65.96
Employee benefit expense	f(vi)	1,791.60	3.34	1,794.94
Finance costs	f(i), f(iii)	1,065.73	16.44	1,082.17
Depreciation and amortization expense	f(i)	687.72	(1.18)	686.54
Other expenses	f(iii)	1,521.33	0.03	1,521.36
Total expenses		**13,258.25**	**84.59**	**13,342.84**
Profit /(loss) before tax		**93.18**	**(17.54)**	**75.64**
Income tax expense				
Current tax (MAT)	f(vi)	19.51	(0.82)	18.69
MAT credit entitlement		(19.51)	-	(19.51)
Deferred tax charge / (benefit) (excluding MAT credit entitlement)	f(iv)	7.07	(4.59)	2.48
Total income tax expense		**7.07**	**(5.41)**	**1.66**
Profit/(loss) for the year		**86.11**	**(12.13)**	**73.98**
Other comprehensive income				
Items that will not to be reclassified to profit or loss				
Re-measurement gains/ (losses) on defined benefit plans	f(vi)	-	3.33	3.33
Income tax effect	f(vi)	-	(0.82)	(0.82)
Other comprehensive income for the year		**-**	**2.51**	**2.51**
Total other comprehensive income for the year		**86.11**	**(9.62)**	**76.49**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(d) **Reconciliation of total equity as at 31 March 2017 and 1 April 2016**

	Notes to first-time adoption	As at 1 April 2017	As at 1 April 2016 (Deemed cost)
Total Shareholder's equity as per previous GAAP		3,867.09	3,780.97
Adjustments:			
EIR Impact of transition cost/processing fees on borrowings	f(i)	9.19	24.22
Reversal of processing cost capitalised (net of accumulated depreciation)	f(i)	(16.69)	(17.87)
Fair valuation of security deposits	f(iii)	(0.36)	-
Tax on the above adjustments	f(iv)	2.62	(1.96)
Total adjustment		**(5.24)**	**4.39**
Total Shareholder's equity as per Ind AS		**3,861.85**	**3,785.36**

(e) **Reconciliation of total comprehensive income for the year ended 31 March 2017**

	Notes to first-time adoption	Year ended 31 March 2017
Total Net Profit after tax as per previous GAAP (A)		86.11
Adjustments:		
Increase in borrowing cost pursuant to application of effective interest rate (EIR)	f(i)	(15.02)
Decrease in depreciation due to reversal of processing cost capitalised	f(i)	1.18
Increase in finance cost due to amortisation of prepaid guarantee commission	f(iii)	(1.40)
Increase in interest income pursuant application of EIR on interest free security deposit	f(iii)	1.09
Increase in rent expenses due to amortisation of prepaid rent	f(iii)	(0.04)
Increase in employee benefit expenses due to re-measurement gains on defined benefit plans reclassified to OCI	f(vi)	(3.33)
Tax on the above adjustments	f(iv), f(vi)	5.41
Total Ind AS adjustment (B)		**(12.13)**
Profit after tax as per Ind AS (C = A+ B)		**73.98**
Other Comprehensive Income (OCI)		
Re-measurement gains/ (losses) on defined benefit plans	f(vi)	3.33
Tax on above adjustment	f(vi)	(0.82)
Total (D)		**2.51**
Total Comprehensive income under Ind AS (C-D)		**76.49**

(f) Notes to first-time adoption

(i) Processing cost incurred on Borrowings

Under the previous GAAP, processing cost incurred for borrowings related to qualifying assets are capitalised fully. Remaining processing cost are charged to profit and loss.

As required under the IND AS 109 transactions costs incurred towards origination of borrowings have been deducted from the carrying amount of borrowings on initial recognition. These costs are amortised over the tenure of the borrowing as interest expense, computed using the effective interest rate method corresponding effect being in Long term borrowings and to the extent attributable to Current maturity of long term debts. Transaction cost amortised are accounted as follows:

1) capitalised to the extent amortised till date assets is capitalised, in case it is related to qualifying assets

2) charged to profit and loss as interest expenses in all other case except for (1) above.

On transition to Ind AS, all processing cost incurred are amortised over the period of borrowings and the unamortised amount of processing cost (including unamortised processing cost under Indian GAAP reclassified from prepaid expenses) as at the date of

Notes forming part of Financial Statements for the year ended March 31, 2018
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the transition is adjusted from the carrying amount of borrowings. Under Ind AS, processing cost incurred for borrowing related to qualifying assets, amortised till the date of capitalisation are capitalised. The Company has already capitalised the processing cost, incurred for borrowing related to qualifying assets, as a part of the cost of the property, plant & equipment. As a consequence, to restate the carrying amount of loan in accordance with paragraph 10 of Ind AS 101, the carrying amount of the property, plant & equipment as at the date of the transition is reduced by the amount of unamortised processing cost till the date of capitalisation (net of cumulative depreciation impact). The difference between the adjustments to the carrying amount of loan and to property, plant & equipment, respectively is recognised in the retained earnings as at the date of the transition.

Consequent to the above, impact on transition to Ind AS is summarised below:

Balance Sheet impact:	**31 March 2017**	**1 April 2016**
Decrease in borrowings (due to unamortised transaction cost)	(61.23)	24.22
Decrease in prepaid expenses (due to reclassification of unamortised transaction cost to borrowings)	52.05	-
Decrease in property, plant and equipment's (Due to difference in processing cost capitalised under Indian GAAP and Ind AS)	16.69	17.87
Increase / (Decrease) in retained earnings (Corresponding adjustment of all of the above Ind AS adjustments)	**7.51**	**6.35**
Statement of Profit and Loss impact:		
Increase in finance cost (Due to amortisation of transaction cost)	15.04	Not applicable
Decrease in depreciation (Due to decrease in PPE under Ind AS)	1.18	Not applicable
Decrease in net profit	**(13.86)**	

(ii) Derecognition of financial instruments

Under Indian GAAP, trade receivables derecognised by way of bills of exchange have been shown as contingent liability since there is recourse clause. Under Ind AS, the trade receivables have been restated with corresponding recognition of short term borrowings.

Consequent to the above, impact on transition to Ind AS is summarised below:

Balance Sheet impact:	**31 March 2017**	**1 April 2016**
Increase in Trade receivables	119.35	125.25
Increase in Short term borrowings	119.35	125.25
Increase / (Decrease) in retained earnings	**-**	**-**

(iii) Security Deposits

Under Indian GAAP, interest-free security deposit are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value on initial recognition. Subsequently, these financial assets are carried at amortised cost using effective interest rate.

Consequent to the above, impact on transition to Ind AS is summarised below:

Balance Sheet impact:	**31 March 2017**	**1 April 2016**
Increase in prepaid expenses	29.90	-
Decrease in security deposits	30.25	-
Increase / (Decrease) in retained earnings	**(0.36)**	-
Statement of Profit and Loss impact:		
Increase in Other income (Due to interest income recognised on interest free security deposits)	1.09	Not applicable
Increase in Other expenses (Due to amortisation of prepaid rent on fair valuation of interest free security deposits given for leases)	(0.04)	Not applicable
Increase in Finance cost (Due to amortisation of prepaid guarantee commission on fair valuation of interest free security deposits given to guarantor for borrowings taken by the Company)	(1.40)	Not applicable
Decrease in net profit	**(0.35)**	

Notes forming part of Financial Statements for the year ended March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

(iv) Deferred tax

Under previous GAAP, Minimum alternative tax (MAT) credit entitlement is disclosed under other non current/current assets as applicable. Under Ind AS, MAT credit entitlement is reclassified to Deferred tax. Further, Deferred tax is accounted on all Ind AS adjustments.

Consequent to the above, impact on transition to Ind AS is summarised below:

Balance Sheet impact:	31 March 2017	1 April 2016
MAT Credit entitlement reclassified from other non current/current assets to deferred tax assets (No impact on retained earnings)	**278.18**	**258.67**
Deferred tax assets/(liabilities) on Ind AS adjustments (net)	2.62	(1.96)
Increase / (Decrease) in retained earnings	**2.62**	**(1.96)**
Statement of Profit and Loss impact:		
Deferred tax expenses/(credit) on Ind AS adjustments (net)	(4.58)	
Increase in net profit	**(4.58)**	

(v) Excise Duty

Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of the Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

Consequent to the above, impact on transition to Ind AS is summarised below:

Statement of Profit and Loss impact:	31 March 2017
Increase in Revenue from operations	65.96
Increase in Excise duty	65.96
Increase/(Decrease) in net profit	**-**

(vi) Defined benefit liabilities

Under Ind AS, remeasurements on defined benefit plans i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year.

Consequent to the above, impact on transition to Ind AS is summarised below:

Statement of Profit and Loss impact:	31 March 2017
Increase in employee benefit expenses (Due to re-measurement gains/ (losses) on defined benefit plans reclassified to OCI)	(3.33)
Tax on above adjustment	0.82
(Decrease) in net profit	**(2.51)**
Other Comprehensive income (OCI) impact:	
Re-measurement gains/ (losses) on defined benefit plans	3.33
Tax on above adjustment	(0.82)
Increase in other comprehensive income	**2.51**

(vii) Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS adjustments

(viii) Statement of cash flows

No material impact on transition from Indian GAAP to Ind AS on the statement of cash flows.

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

6 Property, plant and equipment

	Gross block				Depreciation				Net block	
	As at 1 April 2017	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ Adjustments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Owned assets										
Freehold land	161.73	-	-	161.73	-	-	-	-	161.73	161.73
Leasehold land	21.50	-	-	21.50	0.26	0.26	-	0.52	20.98	21.24
Buildings	1,123.43	27.74	-	1,151.17	44.05	44.54	-	88.59	1,062.58	1,079.38
Plant and machinery	5,342.39	228.32	0.38	5,570.33	518.61	586.44	0.08	1,104.97	4,465.36	4,823.78
Laboratory equipments	169.93	11.29	-	181.22	45.01	35.95	-	80.96	100.26	124.92
Furniture and fixtures	23.20	3.05	-	26.25	6.80	5.14	-	11.94	14.31	16.40
Office equipment	21.36	1.94	-	23.30	3.99	4.76	-	8.75	14.55	17.37
Vehicles	15.20	5.65	5.30	15.55	1.99	2.77	4.01	0.75	14.80	13.21
Computers	7.68	1.58	-	9.26	2.93	3.27	-	6.20	3.06	4.75
Total	**6,886.42**	**279.57**	**5.68**	**7,160.31**	**623.64**	**683.13**	**4.09**	**1,302.68**	**5,857.63**	**6,262.78**

	Gross block				Depreciation				Net block	
	As at 1 April 2016 (Deemed cost)	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2017	As at 1 April 2016 (Deemed cost)	For the year	Deductions/ Adjustments	As at 31 March 2017	As at 31 March 2017	As at 1 April 2016
Owned assets										
Freehold land	161.73	-	-	161.73	-	-	-	-	161.73	161.73
Leasehold land	21.50	-	-	21.50	-	0.26	-	0.26	21.24	21.50
Buildings	1,099.32	24.11	-	1,123.43	-	44.05	-	44.05	1,079.38	1,099.32
Plant and machinery	5,112.92	229.47	-	5,342.39	-	518.61	-	518.61	4,823.78	5,112.92
Laboratory equipments	151.28	18.65	-	169.93	-	45.01	-	45.01	124.92	151.28
Furniture and fixtures	20.33	2.87	-	23.20	-	6.80	-	6.80	16.40	20.33
Office equipment	17.63	3.73	-	21.36	-	3.99	-	3.99	17.37	17.63
Vehicles	12.88	2.94	0.62	15.20	-	2.60	0.61	1.99	13.21	12.88
Computers	4.94	2.74	-	7.68	-	2.93	-	2.93	4.75	4.94
Total	**6,602.53**	**284.51**	**0.62**	**6,886.42**	**-**	**624.25**	**0.61**	**623.64**	**6,262.78**	**6,602.53**

Note:
(a) The above fixed assets have been hypothecated against the Company's borrowings. Refer note 22 and 24 for further details

7 Other intangible assets

	Gross block					Depreciation				Net block	
	As at 1 April 2017	Additions – being internally developed	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ Adjustments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Other intangible assets											
Patents	0.36	-	-	-	0.36	0.10	0.10	-	0.20	0.16	0.26
Computer software	3.86	-	0.18	-	4.04	0.98	1.35	-	2.33	1.71	2.88
Development asset	192.81	-	178.64	-	371.45	61.21	63.14	-	124.35	247.10	131.60
Intangible asset under development	303.04	159.07	-	178.64	283.47	-	-	-	-	283.47	303.04
Total	**500.07**	**159.07**	**178.82**	**178.64**	**659.32**	**62.29**	**64.59**	**-**	**126.88**	**532.44**	**437.78**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

	Gross block					Depreciation				Net block	
	As at 1 April 2016 (Deemed cost)	Additions – being internally developed	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2017	As at 1 April 2016 (Deemed cost)	For the year	Deductions/ Adjustments	As at 31 March 2017	As at 31 March 2017	As at 1 April 2016
Other intangible assets											
Patents	0.36	-	-	-	0.36	-	0.10	-	0.10	0.26	0.36
Computer software	2.36	-	1.50	-	3.86	-	0.98	-	0.98	2.88	2.36
Development asset	192.81	-	-	-	192.81	-	61.21	-	61.21	131.60	192.81
Intangible asset under development	123.92	179.12	-	-	303.04	-	-	-	-	303.04	123.92
Total	**319.45**	**179.12**	**1.50**	**-**	**500.07**	**-**	**62.29**	**-**	**62.29**	**437.78**	**319.45**

8 Investments in subsidiaries and LLP

	31 March 2018	31 March 2017	1 April 2016
Investment in subsidiaries			
- Equity instruments at cost (unquoted)			
200,000 (31 March 2017 and 1 April 2016: 200,000) Equity shares of Euro 1 each fully paid-up in Flexiglobal Holding Ltd., Cyprus	12.52	12.52	12.52
10,000 (31 March 2017 and 1 April 2016) Equity shares of Rs. 10 each fully paid-up in Nanofil Technologies Private Limited	0.10	0.10	0.10
10,000 (31 March 2017: NIL and 1 April 2016:NIL) Equity shares of Rs. 10 each fully paid-up in Flexituff FIBC Ltd	0.10	-	-
Investments in Limited Liability Partnership through capital contribution at cost:			
Flexituff SA Enterprises LLP	0.08	0.08	0.08
Flexituff Javed LLP	0.08	0.08	0.08
Flexituff Hi Tech LLP	0.08	0.08	0.08
Ujjivan Luit LLP	0.05	0.05	-
Flexituff Sailendra Kalita LLP	0.08	0.08	-
Total non-current investments	**13.09**	**12.99**	**12.86**
Aggregate book value of:			
Unquoted investments	13.09	12.99	12.86
Aggregate market value of:			
Unquoted investments	13.09	12.99	12.86
Aggregate amount of impairment in value of investments	-	-	-

9 Non-current financial assets - loans

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Loans and advances to related parties	-	-	20.02
Total non-current financial assets - loans	**-**	**-**	**20.02**

10 Non-current financial assets - others

	31 March 2018	31 March 2017	1 April 2016
Fixed deposit accounts with maturity for more than 12 months from balance sheet date	155.95	100.17	18.61
Security deposits	97.11	87.46	39.89
Total non-current financial assets - others	**253.06**	**187.63**	**58.50**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

11 Non-current tax assets (net)

	31 March 2018	31 March 2017	1 April 2016
Advance income tax (net)	36.53	30.07	30.05
Total non-current tax assets (net)	**36.53**	**30.07**	**30.05**

12 Other non-current assets

	31 March 2018	31 March 2017	1 April 2016
Capital advance	-	-	4.57
Balances with government authorities	0.26	0.26	0.21
Prepaid expenses	-	16.98	-
Total other non-current other assets	**0.26**	**17.24**	**4.78**

13 Inventories (valued at lower of cost and net realizable value)

	31 March 2018	31 March 2017	1 April 2016
Raw materials and components	125.36	152.48	157.63
Raw materials in transit	5.26	-	-
Work in progress	267.90	428.16	500.68
Finished goods	1,073.26	799.70	304.32
Consumables	127.93	76.17	40.96
Store and spares parts including packing material (valued at cost)	19.83	65.46	64.04
	1,619.54	**1,521.97**	**1,067.63**
*Hypothecated as charge against borrowings. Refer note 22 and 24			

14 Trade receivable

	31 March 2018	31 March 2017	1 April 2016
Unsecured			
- Considered good	3,627.42	3,945.30	3,322.57
- Considered doubtful	18.82	25.30	22.81
	3,646.24	**3,970.60**	**3,345.38**
Less : Allowance for bad and doubtful debts	(18.82)	(25.30)	(22.81)
Total trade receivables	**3,627.42**	**3,945.30**	**3,322.57**
Further classified as:			
Receivable from related parties	509.46	51.73	16.88
Receivable from others	3,117.96	3,893.57	3,305.69
	3,627.42	**3,945.30**	**3,322.57**

15 Cash and cash equivalents

	31 March 2018	31 March 2017	1 April 2016
Balances with banks			
- On current accounts	32.71	56.99	38.15
- Fixed deposits with maturity of less than 3 months	34.01	70.52	130.50
Cash on hand	3.49	1.52	3.04
Total cash and cash equivalents	**70.21**	**129.03**	**171.69**

16 Bank balances other than cash and cash equivalent

	31 March 2018	31 March 2017	1 April 2016
Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date	72.38	109.46	90.40
Unpaid dividend accounts	0.01	0.01	0.01
Total bank balances other than cash and cash equivalent	**72.39**	**109.47**	**90.41**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

17 Current financial assets - loans

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Loans to related parties	308.63	176.23	77.44
Intercorporate deposit	-	-	7.24
Total current financial assets - loans	**308.63**	**176.23**	**84.68**

18 Current financial assets - others

	31 March 2018	31 March 2017	1 April 2016
Accrued interest	9.40	19.30	4.66
Advance to staff	8.67	7.61	8.25
Advance recoverable in cash	6.50	0.93	2.96
Security deposit	38.96	30.51	28.62
Total current financial assets - other	**63.53**	**58.35**	**44.49**

19 Other current assets

	31 March 2018	31 March 2017	1 April 2016
Advance to suppliers	211.21	175.59	68.72
Balance with government authorities	826.98	462.93	288.46
Deposits with government authorities	5.18	0.00	0.00
Advance to employees	2.67	1.13	1.69
Capital advance	31.23	61.25	-
Prepaid expenses	34.36	22.48	10.52
Total other current assets	**1,111.63**	**723.38**	**369.39**

20 Equity share capital

The Company has only one class of equity share capital having a par value of INR 10 per share, referred to herein as equity shares.

	31 March 2018	31 March 2017	1 April 2016
Authorized			
4,00,00,000 (31 March 2017: 4,00,00,000, 1 April 2016: 4,00,00,000) Equity Shares of Rs.10 each	400.00	400.00	400.00
	400.00	**400.00**	**400.00**
Issued, subscribed and paid up			
2,48,82,806 (31 March 2017: 2,48,82,806, 1 April 2016: 2,48,82,806) equity shares of Rs.10 each fully paid	248.83	248.83	248.83
Total	**248.83**	**248.83**	**248.83**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	31 March 2018		31 March 2017	
	Number of shares in millions	Amount	Number of shares in millions	Amount
Outstanding at the beginning of the year	24.88	248.83	24.88	248.83
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**24.88**	**248.83**	**24.88**	**248.83**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2018, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2017: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	31 March 2018		31 March 2017		1 April 2016	
	Number of shares in millions	% of holding in the class	Number of shares in millions	% of holding in the class	Number of shares in millions	% of holding in the class
1.Kalani Industries Pvt Ltd	3.62	14.55%	3.62	14.55%	3.62	14.55%
2.International Finance Corporation	1.90	7.64%	1.90	7.64%	2	7.64%
3.Clearwater Capital Partners(Cyprus) Ltd	1.88	7.56%	1.88	7.56%	1.88	7.56%
4.Saurabh Properties Pvt Ltd	1.64	6.59%	1.64	6.59%	1.64	6.59%
5.Miscellani Global Pvt Ltd	1.36	5.47%	1.36	5.47%	1.36	5.47%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

(e) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

21 Other equity

	31 March 2018	31 March 2017	1 April 2016
Securities premium reserve	2,055.07	2,055.07	2,055.07
General reserve	114.24	114.24	114.24
Retained earnings	1,424.73	1,443.71	1,367.22
Total other equity	**3,594.04**	**3,613.02**	**3,536.53**

Nature and purpose of other reseves	
Securities premium reserve	Securities premium reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Companies Act.
General reserve	The General Reserve is used from time to time to record transfer of profit from retained earnings, for appropriation purposes. As general reserve is created by transfer from one component of equity to another and it is not an item of other comprehensive income, item included in the General Reserve will not be reclassified subsequently to Profit or Loss.
Retained earnings	All other net gains, losses and transactions with owners (eg: dividends) not recognised elsewhere.

		31 March 2018	31 March 2017
(a)	**Securities premium reserve**		
	Opening balance	2,055.07	2,055.07
	Add : Securities premium credited on share issue	-	-
	Closing balance	**2,055.07**	**2,055.07**
(b)	**General reserve**		
	Opening balance	114.24	114.24
	Addition during the year	-	-
	Closing balance	**114.24**	**114.24**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

		31 March 2018	31 March 2017
(c)	**Retained earnings**		
	Opening balance	1,443.71	1,367.22
	Add: Net profit/(loss) for the current year	(23.44)	73.98
	Less: Re-measurement gain/(loss) on post employment benefit obligation (net of tax)	4.46	2.51
	Closing balance	**1,424.73**	**1,443.71**
	Total other equity	**3,594.04**	**3,613.02**

22 Non-current borrowings

	31 March 2018	31 March 2017	1 April 2016
Secured			
- Term loans			
From banks (refer note (a) and (c) below)	52.30	107.55	272.81
From other parties (refer note (a) and (c) below)	1,304.07	1,805.59	285.86
Unsecured			
Foreign Currency Convertible Bonds (refer note (b) below)	584.12	2,197.40	2,242.66
Finance lease obligations	65.82	8.46	16.47
From other parties	182.38	313.36	-
Deferred payment liabilities	-	0.96	9.11
Total long term borrowings	**2,188.69**	**4,433.32**	**2,826.91**

a. **Terms of secured borrowing are as under**

	Rate of interest	Loan outstanding as at 31 March, 2018	Loan outstanding as at 31 March, 2017	Loan outstanding as at 1 April, 2016	Repayment schedule
Term loans from Banks					
Central bank of India	12.55% (31 March 2017: 14.20%; 1 April 2016: 13.90%)	11.60	27.61	43.57	Payable in Quarterly Installments Last Installment Date-30th December, 2018
Central Bank of India	12.55% (31 March, 2017: 14.20%; 1 April, 2016: 13.90%)	111.70	149.30	211.80	Payable in quarterly installments of Rs. 12.5 each Last Installment Date- 31st March 2020
Vehicle loan from Banks	8% to 11% (31 March , 2017: 8% to 10%; 1 April 2016: 8% to 10%)	6.13	4.10	4.54	Repayable in equated monthly instalments.
UCO Bank, Indore	Nil (1 April 2016: 7.75%)	-	-	56.88	Fully repaid as at 31 March 2018
Kotak Mahindra Bank (erstwhile ING Vysya Bank)	Nil (1 April 2016: 11.85%)	-	-	31.91	Fully repaid as at 31 March 2018
Punjab National Bank, Indore	Nil (1 April 2016: 10.85%)	-	-	12.11	Fully repaid as at 31 March 2018
State Bank Of India	Nil (1 April 2016: 13.70%)	-	-	4.37	Fully repaid as at 31 March 2018
State Bank Of Patiala	Nil (1 April 2016: 14.05%)	-	-	20.91	Fully repaid as at 31 March 2018
State Bank Of Patiala	Nil (1 April 2016: 14.05%)	-	-	7.40	Fully repaid as at 31 March 2018
Bank of Baroda	Nil (1 April 2016: Nil)	-	-	209.18	Fully repaid as at 31 March 2018
Others	-	-	-	30.27	Fully repaid as at 31 March 2018

Notes forming part of Financial Statements for the year ended March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

	Rate of interest	Loan outstanding as at 31 March, 2018	Loan outstanding as at 31 March, 2017	Loan outstanding as at 1 April, 2016	Repayment schedule
Term loan from other parties					
KKR India Financial Services Private Limited, Mumbai	15.25% (31 March 2017: 15.25%, 1 April 2016: Nil)	1,380.10	1,500.00	-	Repayable in equated quarterly installments of Rs. 99.90 Date Of Last Installment- 30 December 2020
Clix Capital Services Private Limited (Formerly known as GE Money Financial Services Private Limited)	14.65% (31 March 2017: 15.30%, 1 April 2016: 15.30%)	15.16	131.58	189.17	Payable in monthly Installment Last Installment Date- 30 Sepetember 2019
IREP Credit Capital Private Limited	Nil (31 March 2017: 14.75%, 1 April 2016: 14.75%)	-	100.00	200.00	Fully repaid as at 31 March 2018
Daimler Financial Services Private Limited	Nil (31 March 2017: 9.25%, 1 April 2016: 9.25%)	-	0.45	1.33	Fully repaid as at 31 March 2018
IFCI Limited	13.15% (31 March 2017: 13.15%, 1 April 2016: Nil)	500.00	500.00	-	Repayable in 14 instalments from December, 2018 of Rs. 30.00
Total		**2,024.69**	**2,413.04**	**1,023.45**	
Less: Unamortised processing cost		(37.46)	(50.52)	(8.62)	
Less: Classified under current liabilities		(630.86)	(449.38)	(456.16)	
		1,356.37	**1,913.14**	**558.68**	

b. **Terms of unsecured borrowing are as under**

i **Foreign Currency Convertible Bonds**

As at 31 March 2018, the Company has two foreign currency convertible bonds aggregating USD 34 millions : i) The Company has issued 9,000, 5.34% foreign currency convertible bond of USD 1,000 each aggregating to USD 9 millions on 24 December 2013. The bonds are convertible at the option of bondholders into equity shares of Rs. 10 each fully paid at the conversion price of Rs. 230 per share, subject to terms of issue, with fixed rate of exchange of Rs. 61.86 equal to USD 1 on 30 January 2019. ii) The Company has issued 25,000, 5.44% foreign currency convertible bond of USD 1,000 each aggregating to USD 25 millions on 26 April 2013. The bonds are convertible at the option of bondholders into equity shares of Rs. 10 each fully paid at the conversion price of Rs. 218 per share, subject to terms of issue, with fixed rate of exchange of Rs. 54.16 equal to USD 1 on 26 April 2018

ii **Finance Lease obligation**

The Company has obtained finance lease from TATA capital and Netsal Mashinen, AG Switzerland for purchase of plant and machinery at fixed rate of interest 13% and floating rate of Libor+2.5% respectively. The balance of TATA lease as on 31 March 2018 amounts to Rs. 82.65 (including current maturities of Rs.16.84) repayable in monthly installments up to September 2022 and of Netstal amounts to Rs.8.81 (classified entirely to current maturities).

iii **Loan from others**

Loan from other parties is repayable over a period ranging between 12 to 36 months and has rate of interest ranging from 14% to 17.5%.

c. **Nature of security :**

(i) Term Loans from banks amounting to Rs. 48.27 (31 March 2017: Rs. 176.90; 1 April 2016: Rs. 628.40) and term loan from other parties amounting to Rs. 1,304.07 (31 March 2017 : Rs. 2,131.58; 1 April 2016 : Rs. 189.17) are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets and a second charge on all current assets of the company. Above Term loans are further secured by Personal Guarantee of Mr. Manish Kalani and corporate guarantee of M/s Kalani Industries Private Limited

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(ii) Term Loan from other parties amounting to Nil (31 March 2017: 100.00; 1 April 2016: 200.00) is secured by pari passu first charge on all current assets and pari passu second charge on entire fixed assets and further secured by personal guarantee of Mr. Saurabh Kalani and corporate guarantee of Kalani Industries Private Limited.

(iii) Term loan from banks amounting to Rs. 4.03 (31 March 2017: Rs. 4.09; 1 April 2016: Rs. 4.53) and term loans from others amounting to Nil (31 March 2017: Rs. 0.45; 1 April 2016: Rs. 1.33) is secured by hypothecation of vehicles.

d. **Period and amount of default:**

The Company has made no defaults in the payment of principal or interest in the current period.

23 Long term provisions

	31 March 2018	31 March 2017	1 April 2016
Provision for employee benefits			
Provision for gratuity (funded) (refer note 41)	42.34	56.24	46.25
Provision for compensated absences (unfunded)	22.19	19.70	17.64
Total long term provisions	**64.53**	**75.94**	**63.89**

24 Short -term borrowings

	31 March 2018	31 March 2017	1 April 2016
Secured			
On cash credit, packing credit and working capital demand loan accounts from banks (refer note below)	2,427.01	2552.38	2,699.11
Bills discounted with banks	102.87	47.38	125.25
Unsecured			
From other parties (refer note below)	30.00	51.34	11.00
Bills discounted	77.00	71.97	-
Total short-term borrowings	**2,636.88**	**2,723.07**	**2,835.36**

a. **Terms and conditions of loans:**

i. Outstanding loans from banks carry interest from 5% to 14% p.a., repayable on demand

ii. Outstanding loans other parties carry interest rate of 15% to 16% p.a., repayable within 30 to 91 days

b. **Nature of security :**

i. Outstanding loans 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

ii. Outstanding loans are further secured by personal guarantee of Mr. Manish Kalani and corporate guarantee of M/s Kalani Industries Private Limited.

iii. Outstanding loans are further secured by personal guarantee of Mr. Saurabh Kalani, director of the Company

c. **Period and amount of default:**

The Company has made no defaults in the payment of principal or interest in the current period

25 Trade payables

	31 March 2018	31 March 2017	1 April 2016
Total outstanding dues of micro enterprises and small enterprises *	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,893.25	1,542.01	1,574.43
Total trade payables	**1,893.25**	**1,542.01**	**1,574.43**

* Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

26 Other financial liabilities

	31 March 2018	31 March 2017	1 April 2016
Current maturities of long term borrowings	2,390.90	466.04	701.09
Interest accrued but not due on loan	56.14	51.32	59.73
Unpaid dividend	0.01	0.01	0.01
Capital creditor	-	54.48	13.66
Employee related payable	221.68	208.94	143.98
Other payables	6.94	6.23	3.64
Derivative liabilities	0.73	-	-
Total other financial liabilities	**2,676.40**	**787.02**	**922.11**

27 Other current liabilities

	31 March 2018	31 March 2017	1 April 2016
Statutory due payable	40.52	53.45	41.14
Advance from customer	120.70	48.66	58.40
Total other current liabilities	**161.22**	**102.11**	**99.54**

28 Short term provisions

	31 March 2018	31 March 2017	1 April 2016
Provision for employee benefits			
Provision for gratuity (funded) (refer note 41)	-	-	3.48
Provision for compensated absences (unfunded)	2.42	2.11	1.93
Total short term provisions	**2.42**	**2.11**	**5.41**

29 Current tax liabilities (net)

	31 March 2018	31 March 2017	1 April 2016
Provision for income tax (net)	-	16.34	0.56
Total current tax liabilities (net)	**-**	**16.34**	**0.56**

30 Revenue from operations

	31 March 2018	31 March 2017
Sale of products		
- Finished goods	10,314.49	10,033.66
- Traded goods	1,021.64	3,090.65
Sale of services	6.20	8.08
Other operating revenue	206.15	197.36
Total revenue from operations	**11,548.48**	**13,329.75**
Details of products sold		
Finished goods sold		
Technical textile (gross of excise duty)	10,314.49	10,033.66
Traded goods sold		
Fabrics	1,021.64	3,090.65

31. Other income

	31 March 2018	31 March 2017
Interest income	54.42	40.78
Other non operating income	58.26	47.95
Foreign exchange gain	198.44	-
Excess provision written back	6.49	-
Total other income	**317.61**	**88.73**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

32. Cost of material consumed

		31 March 2018	31 March 2017
(a)	**Raw materials consumed**		
	Inventory at the beginning of the year	152.48	157.63
	Add : Purchases during the year	4,481.09	4,437.94
	Less: Inventory at the end of the year	(125.36)	(152.48)
	Cost of raw material consumed	**4,508.21**	**4,443.09**
(b)	**Consumables consumed**		
	Inventory at the beginning of the year	76.17	40.96
	Add : Purchases during the year	1,050.71	1,169.20
	Less: Inventory at the end of the year	(127.93)	(76.17)
	Cost of consumables consumed	**998.95**	**1,133.99**
	Total cost of material consumed (a+b)	**5,507.16**	**5,577.08**
	Details of material consumed	**31 March 2018**	**31 March 2017**
	Polymer granuels	4,508.21	4,443.09
	Yarn	248.60	226.18
	Others	750.35	907.81
	Total	**5,507.16**	**5,577.08**

33 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	31 March 2018	31 March 2017
Inventories at the beginning of the year		
-Finished goods	799.70	304.32
-Work-in-progress	428.15	500.68
	1,227.85	**805.00**
Less: Inventories at the end of the year		
-Finished goods	1,073.26	799.70
-Work-in-progress	267.90	428.15
	1,341.16	**1,227.85**
Net decrease/ (increase)	**(113.31)**	**(422.85)**

34 Employee benefits expense

	31 March 2018	31 March 2017
Salaries, wages, bonus and other allowances	1,752.35	1,595.35
Contribution to provident and other funds	132.78	115.19
Gratuity expenses (refer note 41)	26.79	24.20
Staff welfare expenses	51.25	60.20
Total employee benefits expense	**1,963.17**	**1,794.94**

35 Finance costs

	31 March 2018	31 March 2017
Interest expense		
- On borrowings	961.14	970.82
- On foreing currency convertible bonds	143.45	111.35
Total finance costs	**1,104.59**	**1,082.17**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

36 Depreciation and amortization expense

	31 March 2018	31 March 2017
Depreciation (refer note 6)	683.13	624.25
Amortization (refer note 7)	64.59	62.29
Total depreciation and amortization expense	**747.72**	**686.54**

37 Other expenses

	31 March 2018	31 March 2017
Consumption of store & spares parts	148.55	154.83
Power and fuel	386.72	368.14
Rent	36.99	26.20
Repairs and maintenance	31.67	21.12
Job work charges	146.69	115.45
Insurance	22.98	20.31
Rates and taxes	5.64	16.39
Freight outward	441.96	393.60
Travelling expenses	61.63	62.49
Auditor's remuneration (refer note below)	4.95	3.84
Printing and stationery	6.21	6.48
Communication expenses	16.72	21.07
Legal and professional charges	58.17	108.16
Advertisement and publicity	26.33	17.24
Business promotion expenses	-	-
Commission on sales	11.38	34.60
Loss on sale of property, plant & equipment	0.05	-
Provision for doubtful debts	-	2.49
Bad debts written off	35.39	-
Research & development expenses	-	3.84
Loss on foreign exchange fluctuations	-	76.63
Corporate social responsibility (CSR)	0.45	1.56
Miscellaneous expenses	71.22	66.92
	1,513.70	**1,521.36**

Note : The following is the break-up of Auditors remuneration (exclusive of service tax / GST)

As auditor:	31 March 2018	31 March 2017
Statutory audit fees	2.73	1.58
Limited review	0.60	1.43
Certification fees	0.03	0.03
Tax audit fees	0.30	0.33
Other services	1.27	0.40
Reimbursement of expenses	0.02	0.07
	4.95	**3.84**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

38 Income tax

(A) Deferred tax relates to the following:	31 March 2018	31 March 2017	1 April 2016
Deferred tax liabilities			
On property, plant and equipment	676.38	702.80	694.46
On unamortised transaction cost on borrowings	3.27	2.73	7.48
On others	4.05	-	-
	683.70	**705.53**	**701.94**
Deferred tax assets			
On provision for employee benefits	(25.84)	(26.48)	(7.64)
On provision for doubtful debts and deferred taxes	(5.81)	(7.82)	(7.05)
On unabsorbed depreciation and carry forward business losses	(251.42)	(303.39)	(322.09)
On capital losses	(21.01)	(21.01)	(21.01)
On others	-	(0.20)	-
	(304.08)	**(358.90)**	**(357.79)**
Deferred tax liabilities net	379.62	346.63	344.15
Minimum Alternative Tax (MAT) entitlements	(279.52)	(278.18)	(258.67)
Total Deferred tax liabilities net	**100.10**	**68.45**	**85.48**

(B) Deferred tax assets/ (liabilities) to be recognized in Statement of Profit and Loss

	31 March 2018	31 March 2017
Deferred tax liabilities net	379.62	346.63
Less: Opening Deferred tax liabilities	(346.63)	(344.15)
Deferred Tax expense for the year (A)	**32.99**	**2.48**
Minimum Alternative Tax (MAT) entitlements:		
Closing balances	(279.52)	(278.18)
Less: Opening balances	278.18	258.67
MAT credit for the year (B)	**(1.34)**	**(19.51)**
Net impact on Statement of profit & loss (A+B)	**31.65**	**(17.03)**

(C) Income tax expense	31 March 2018	31 March 2017
Current tax (MAT)	0.86	18.69
MAT credit entitlement	(1.34)	(19.51)
Deferred tax charge /(benefit) (excluding MAT credit entitlement)	32.99	2.48
Total	**32.51**	**1.66**

(D) Reconciliation of effective tax rate

	31 March 2018	31 March 2017
Profit/(Loss) before tax	9.07	75.64
Enacted income tax rate in India applicable to the Company	**30.90%**	**30.90%**
Tax amount at the enacted income tax rate	2.80	23.37
Tax effects of:		
- Permanent disallowance	(0.08)	(0.84)
- Adjustment to deferred tax recognised in previous year	27.77	(16.20)
- Others	2.02	(4.67)
Income tax expense	**32.51**	**1.66**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

39 Earnings/ loss per share

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2018	31 March 2017
Profit/ (Loss) attributable to equity holders	(23.44)	73.98
Add: Interest on Foreign currenct convertible bonds*	-	-
Profit/ (Loss) attributable to equity holders adjusted for the effect of dilution	**(23.44)**	**73.98**
Weighted average number of equity shares for basic EPS	24.88	24.88
Effect of dilution:		
Foreign currency convertible bonds (anti dilutive)	-	-
Weighted average number of equity shares adjusted for the effect of dilution	**24.88**	**24.88**
Basic loss per share (INR)	(0.94)	2.97
Diluted loss per share (INR)	(0.94)	2.97

*The Company has Foreign currency convertible bonds as potential equity shares, which have been ignored in calculating diluted earning per share since conversion of above mentioned potential equity shares would decrease loss per share from continuing ordinary activities as these are anti-dilutive in nature.

40 Contingent liabilities

	31 March 2018	31 March 2017	1 April 2016
Corporate guarantees given on behalf of subsidiary	0.20	0.20	0.20
Disputed tax demands			
-Income Tax	91.02	104.24	95.69
-Sales tax/ VAT	56.02	69.33	67.36
-Entry tax	13.89	13.89	13.89
	161.13	**187.66**	**177.14**

41 Employee benefits

The Company has the following employee benefit plan:

		31 March 2018	31 March 2017
(A)	Defined Contribution Plans: Employers' Contribution to Provident Fund and Employee State Insurance		
	Expense recognised during the year	132.78	115.19
(B)	Defined benefit plans: Gratuity payable to employees		
	Expense recognised during the year	26.79	24.20
i)	**Actuarial assumptions**	**31 March 2018**	**31 March 2017**
	Discount rate (per annum)	7.71%	7.50%
	Rate of increase in Salary	4.00%	4.00%
	Expected average remaining working lives of employees (years)	27.41	28.41
	Attrition rate		
	-upto 30 years	3%	3%
	-31 to 44 years	2%	2%
	-above 44	1%	1%

ii) Changes in the present value of defined benefit obligation

	Employee's gratuity fund	
	31 March 2018	**31 March 2017**
Present value of obligation at the beginning of the year	**83.70**	**69.30**
Current service cost	21.37	20.22
Past service cost	1.20	-
Interest cost	6.28	5.54
Curtailments	-	-
Settlements	-	-
Benefits paid	(8.06)	(8.33)
Actuarial (gain)/ loss on obligations	(6.04)	(3.03)
Present value of obligation at the end of the year	**98.45**	**83.70**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

		Employee's gratuity fund	
iii)	**Change in the fair value of plan assets:**	**31 March 2018**	**31 March 2017**
	Opening fair value of plan assets	27.47	19.57
	Expected return on plan assets	2.06	1.57
	Contributions by employer	35.75	14.36
	Benefits paid	(8.06)	(8.33)
	Actuarial (losses)/ gains	(1.11)	0.29
	Closing fair value of plan assets	**56.11**	**27.46**
iv)	**Assets and liabilities recognized in the Balance Sheet:**	**Employee's gratuity fund**	
		31 March 2018	**31 March 2017**
	Liabilities at the end of the year	98.45	83.70
	Fair value of plan assets at the end of the year	(56.11)	(27.46)
	Difference	42.34	56.24
	Unrecognised past service cost	-	-
	Liabilities recognised in the Balance Sheet*	**42.34**	**56.24**
	*Included in provision for employee benefits (Refer note 23 and 28)		
		Employee's gratuity fund	
v)	**Actual return on plan assets:**	**31 March 2018**	**31 March 2017**
	Expected return on plan assets	2.06	1.57
	Actuarial (losses)/ gains on plan assets	(1.11)	0.29
	Actual return on plan assets	**0.95**	**1.86**
vi)	**Expense recognized in the Statement of Profit and Loss consist of:**	**Employee's gratuity fund**	
	Employee benefits expense	**31 March 2018**	**31 March 2017**
	Current service cost	21.37	20.22
	Past service cost	1.20	-
	Interest cost	4.22	3.98
	Total expenses**	**26.79**	**24.20**
	**Included in employee benefit expenses (Refer note 34)		
		Employee's gratuity fund	
	Other comprehensive income	**31 March 2018**	**31 March 2017**
	Actuarial gain / (loss) for the year on PBO	6.04	3.03
	Actuarial gain /(loss) for the year on asset	(1.11)	0.30
	Total actuarial [losses]/ gains to be recognised	**4.93**	**3.33**
	Total expenses recognised in Statement of profit and loss	**21.86**	**20.87**
vii)	**Expected contribution to the fund in the next year**	**31 March 2018**	**31 March 2017**
	Gratuity	29.51	30.59
viii)	**A quantitative sensitivity analysis for significant is as shown below:**		
		Employee's gratuity fund	
	Impact on defined benefit obligation	**31 March 2018**	**31 March 2017**
	Discount rate		
	0.5% increase	(5.87)	(5.15)
	0.5% decrease	6.46	5.68
	Rate of increase in salary		
	0.5% increase	(6.62)	(5.86)
	0.5% decrease	6.05	5.34

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

x)	**Maturity profile of defined benefit obligation**	**Employee's gratuity fund**	
	Year	**31 March 2018**	**31 March 2017**
	Apr 2017- Mar 2018	-	3.84
	Apr 2018- Mar 2019	4.67	1.86
	Apr 2019- Mar 2020	1.70	2.15
	Apr 2020- Mar 2021	2.42	2.69
	Apr 2021- Mar 2022	3.57	1.88
	Apr 2022 onwards	86.08	71.28

x) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	**31 March 2018**	**31 March 2017**
Insurance policy with LIC Life Insurance (%)	100.00%	100.00%

42 Leases

Operating leases where Company is a lessee:

The Company has entered into lease transactions mainly for leasing of office premise for a period between 1 to 6 years. The terms of lease include terms of renewal, increase in rents in future periods, which are in line with general inflation, and terms of cancellation. The operating lease payments recognized in the Statement of Profit and Loss amount to Rs.36.99 (31 March 2017: 26.20) included in Note 37.

Future minimum rentals payable under non-cancellable operating leases are, as follows:

	31 March 2018	**31 March 2017**	**1 April 2016**
Within one year	7.65	5.57	1.68
After one year but not more than five years	7.38	8.17	2.80
More than five years	42.40	42.94	44.00

Finance leases where Company is a lessee:

The Company has finance leases and hire purchase contracts for various items of plant and machinery. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments (MLP) are, as follows:

	31 March 2018		**31 March 2017**		**1 April 2016**	
	Minimum Lease payments	Present value of MLP	Minimum Lease payments	Present value of MLP	Minimum Lease payments	Present value of MLP
Within one year	29.67	26.88	-	-	-	-
After one year but not more than five years	77.50	55.77	-	-	-	-
More than five years	-	-	-	-	-	-
Total minimum lease payments	107.17	82.65	-	-	-	-
Less: amounts representing finance charge	(24.52)	-	-	-	-	-
Present value of mimum lease payments	**82.65**	**82.65**	-	-	-	-

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

43	**Related party disclosures:**
(A)	Names of related parties and description of relationship as identified and certified by the Company:
	Subsidiaries
i.	Flexiglobal Holdings Ltd., Cyprus
ii.	Flexiglobal (UK) Limited (subsidiary of Flexiglobal Holding Ltd.)
iii.	Nanofil Technologies Private Limited
iv.	Flexituff FIBC Limited
v.	Flexituff S.A. Enterprises LLP
vi.	Flexituff Javed Ahmed LLP
vii.	Flexituff Hi-Tech LLP
viii.	Flexituff Sailendra Kalita LLP
ix.	Ujjivan LUIT LLP
x.	Budheswar Das Flexituff International Limited JV
xi.	Sanyug Enterprise Flexituff International Limited JV
xii.	Vishnu Construction Flexituff International Limited JV
xiii.	Mayur Kartick Barooah Flexituff International Limited JV
xiv.	Sailendra Kalita JV
xv.	Pulin Borgohain JV
xvi.	Flexituff International Ltd Employees Group Gratuity Fund/Trust
	Entities over which Key Management Personnel and their relatives have significant influence
i.	Kalani Industries Pvt Ltd.
ii.	Ecstasy Heights LLP
iii.	Venetian Realty LLP
iv.	Ambika Commercial LLP
v.	Rising Sun Properties LLP
vi.	Chitrakoot Mercantiles LLP
	Key Management Personnel
i.	Mr. Saurabh Kalani, (Whole Time Director)
ii.	Mr. Mahesh Sharma (Chief Executive Officer & Whole Time Director wef 16.09.2016)
iii.	Mr. Ajay Mundra (Chief Financial officer)
iv.	Mr. Dinesh Kumar Sharma (Executive Director) (Resigned wef 09.08.2016)
v.	Mr. Akhilesh Agnihotri (Whole Time Director) (Resigned wef 30.05.2017)
vi.	Mr. Rishabh Jain (Company Secretary) (Resigned wef 09.08.2016)
vii.	Ms. Madhuri Jethani (Company Secretary) (Resigned wef 13.2.2018)
viii.	Mr. Anand Khandelwal (Whole-Time Director) (Joined wef 24.7.2017)
ix.	Ms. Khushboo Kothari (Company Secretary) (Joined wef 13.2.2018)
x.	Mr. Kevan John Upperdine (Independent Director) (Resigned wef 13.6.2017)
xi.	Mr. Bhuwan Modi (Independent Director w.e.f. 30.05.2017)
xii.	Mr. Anirudh Sonpal (Chairman)
xiii.	Ms. Alka Sagar (Non Executive Woman Director)
	Relatives of Key Management Personnel
i.	Mrs. Padma Kalani (Mother of Mr. Saurabh Kalani)
ii.	Mr. Manish Kalani (Brother of Mr. Saurabh Kalani)
iii.	Mr. Kartikeya Kalani (Son of Mr. Saurabh Kalani)
iv.	Mrs. Devakshi Kalani (Daughter in Law of Mr. Saurabh Kalani)
v.	Mr. Vinayak Kalani (Son of Mr. Saurabh Kalani)
vi.	Mrs. Monica Sharma (Wife of Mr. Dinesh Kumar Sharma)
vii.	Mrs. Manju Mundra (Wife of Mr. Ajay Mundra)

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(B) **Details of transactions with related party in the ordinary course of business for the year ended:**

		31 March 2018	31 March 2017
(i)	**Sale of goods**		
	Flexituff Javed LLP	19.93	(1.37)
	Flexituff SA Enterprises LLP	200.89	-
	Nanofil Technologies Private Limited	254.57	172.76
	Flexituff Shailendra Kalita LLP	-	21.15
	Budheswar Das Flexituff International Limited JV	22.91	7.47
	Sanyug Enterprises Flexituff International Limited JV	0.83	0.81
	Vishnu Const Flexituff International Limited JV	1.08	2.27
	Shailendra Kalita JV	35.20	-
	Mayur Kartick Barooah Flexituff International Limited JV	6.79	1.80
	Total	**542.20**	**204.89**
(ii)	**Purchase of goods**		
	Nanofil Technologies Pvt. Ltd.	195.42	213.50
(iii)	**Purchase of capital goods**		
	Flexiglobal (UK) Limited, U.K.	-	36.61
(iv)	**Recovery of expenses**		
	Nanofil Technologies Pvt. Ltd (Rent and Power)	10.75	17.03
(v)	**Reimbursement of rent and maintainence expenses**		
	Mr. Manish Kalani	0.22	0.50
	Mrs. Padma Kalani	0.24	0.17
(vi)	**Rent**		
	M/S Kalani Industries Pvt Ltd.	0.85	0.85
(vii)	**Job work expenses**		
	Nanofil Technologies Pvt. Ltd	-	2.47
(viii)	**Commission paid**		
	Indore Treasure Town Private Limited	-	19.63
(ix)	**Salaries, wages, bonus and other allowances**		
	Mr. Kartikeya Kalani	5.35	2.39
	Mrs. Monica Sharma	-	0.24
	Mr. Ajay Mundra	3.45	3.13
	Mrs. Manju Mundra	1.06	0.95
	Mr. Mahesh Sharma (Upto 15.09.16)	-	4.57
	Mr. Rishabh Jain	-	0.24
	Ms. Madhuri Jethani	0.21	0.25
	Mrs. Devakshi Kalani	2.45	0.43
	Mrs. Khushbu kothari	0.08	-
		12.60	**12.20**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

		31 March 2018	31 March 2017
(x)	**Managerial remuneration**		
	Mr. Saurabh Kalani	2.58	10.69
	Mr. Dinesh Kumar Sharma (Upto 09.08.16)	-	0.80
	Mr. Mahesh Sharma (from 16.09.16)	11.28	5.27
	Mr. Akhilesh Agnihotri (upto 30.05.17)	0.35	0.72
	Mr. Anand Khandelwal (from 24.07.2017)	0.67	-
		14.88	**17.48**
	The aforesaid amount does not include amount in respect of gratuity and leave encashment as the same is not determinable		
(xi)	**Sitting Fees**		
	Ms. Alka Sagar	0.05	0.02
	Mr. Anirudh Sonpal	0.05	0.02
	Mr. Sharat Anand	-	0.02
	Mr. Bhuwan Modi	0.04	-
	Mr. Parag Gupta	0.03	-
		0.17	**0.06**
(xii)	**Interest income**		
	Flexiglobal Holdings Limited	-	0.92
	Flexituff Javed LLP	10.79	5.66
	Flexituff Hi-Tech LLP	1.73	0.32
	Flexituff S.A. Enterprises LLP	7.32	5.41
	Flexituff Shailendra Kalita LLP	0.87	0.41
	Flexituff Ujjivan Luit LLP	1.49	0.48
	Total	**22.20**	**13.20**
(xiii)	**Loans and advances given**		
	Flexituff Javed LLP	66.61	27.49
	Flexituff Hi-Tech LLP	16.89	2.96
	Flexituff S.A. Enterprises LLP	10.53	15.10
	Flexituff Shailendra Kalita LLP	1.13	4.73
	Flexituff Ujjivan Luit LLP	0.59	10.09
	Budheswar Das Flexituff International Limited JV	-	12.17
	Sanyug Enterprises Flexituff International Limited JV	-	2.72
	Vishnu Construction Flexituff International Limited JV	-	2.54
	Mayur Kartick Barooah Flexituff International Limited JV	-	3.24
	Total	**95.75**	**81.04**

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(C) **Amount due to/from related party as on:**

		31 March 2018	31 March 2017	1 April 2016
(i)	**Non current investments**			
	Flexiglobal Holding Ltd., Cyprus	12.52	12.52	12.52
	Nanofil Technologies Private Limited	0.10	0.10	0.10
	Flexituff S.A. Enterprises LLP	0.08	0.08	0.08
	Flexituff Javed Ahmed LLP	0.08	0.08	0.08
	Flexituff Hi Tech LLP	0.08	0.08	0.08
	Flexituff Sailendra Kalita LLP	0.08	0.08	-
	Ujjivan LUIT LLP	0.05	0.05	-
	Flexituff FIBC Limited	0.10	-	-
		13.09	**12.99**	**12.86**
(ii)	**Trade payables**			
	Mr. Manish Kalani	0.17	-	0.02
	Mrs. Padma Kalani	0.22		-
	Flexiglobal (UK) Limited	-	12.29	20.24
	Flexituff Javed LLP	-	0.86	-
	Total	**0.39**	**13.15**	**20.26**
(iii)	**Other current liabilities**			
	Mr. Dinesh Kumar Sharma	-	-	0.15
	Mr. Kartikeya Kalani	-	-	0.08
	Mrs. Monica Sharma	-	-	0.05
	Mr. Ajay Mundra	-	0.35	0.17
	Mrs. Manju Mundra	-	0.12	0.06
	Mr. Mahesh Sharma	-	0.38	0.09
	Mr. Rishabh Jain	-	-	0.04
	Mrs. Devakshi Kalani	-	0.07	-
	Kalani Industries Limited	**-**	**0.92**	**0.64**
	Total			
(iv)	**Loans and advances**			
	Flexituff Javed LLP	136.01	59.47	31.98
	Flexituff Hi-Tech LLP	23.00	4.38	1.41
	Flexituff S.A. Enterprises LLP	70.46	52.61	37.51
	Flexiglobal Holding Limited	19.03	17.91	20.01
	Nanofil Technologies Private Limited	-	34.93	-
	Flexituff Shailendra Kalita LLP	7.23	5.16	-
	Flexituff Ujjivan Luit LLP	12.16	10.04	-
	Budheswar Das Fil JV	18.40	12.17	-
	Sanyug Enterprises Fil JV	0.01	2.72	-
	Vishnu Const Fil JV	2.87	2.54	-
	Mayur Kartick Barooah Fil JV	-	3.24	4.22
	Flexituff Pulin Borgohain JV	0.59	-	-
	Mayur Kartick Barooah Fil JV	4.34	-	-
	Shailendra Kalita JV	6.58	-	-
	Mr. Saurabh Kalani	0.04	0.90	4.45

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

		31 March 2018	31 March 2017	1 April 2016
	Mr. Kartikeya Kalani	-	0.77	-
	Mr. Mahesh Sharma	-	0.12	-
	Ecstasy Heights LLP*	-	-	0.00
	Venetian Realty LLP*	-	-	0.00
	Ambika Commercial LLP*	-	-	0.00
	Rising Sun Properties LLP*	-	-	0.00
	Chitrakoot Mercantiles LLP*	-	-	0.00
	Mr. Dinesh Kumar Sharma	-	-	0.23
	Mrs. Monica Sharma	-	-	0.08
	Total	**300.72**	**206.96**	**99.89**
	*Balances are below Rs. 2,500			
(v)	**Other receivables**			
	Flexituff Javed LLP	-	5.66	-
	Flexituff Hi-Tech LLP	-	0.32	-
	Flexituff S.A. Enterprises LLP	-	5.41	-
	Flexituff Shailendra Kalita LLP	-	0.41	-
	Flexituff Ujjivan Luit LLP	-	0.48	-
	Flexiglobal Holding Limited	-	2.83	-
	Total	**-**	**15.11**	**-**
(vi)	**Trade receivables**			
	Flexituff Javed LLP	20.92	-	0.50
	Flexituff Shailendra Kalita LLP	21.15	21.15	-
	Flexituff S.A. Enterprises LLP	222.14	16.38	16.38
	Budheshwar Das Flexituff International Ltd JV,Assam	31.16	8.59	-
	Mayur Kartick Barooah Flexituff International Ltd. JV,Assam	9.34	2.07	-
	Sanyug Enterprises Flexituff International Ltd. JV,Assam	1.76	0.93	-
	Vishnu Construction Flexituff International Ltd. JV,Assam	3.69	2.61	-
	Shailendra Kalita JV	39.42	-	-
	Total	**349.58**	**51.73**	**16.88**
(vii)	**Corporate Guarantee Given**			
	Nanofil Technologies Private Limited	0.20	0.20	0.20

(D) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free except for borrowings and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: Nil, 1 April 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

44 Segment reporting

The Company's operations predominantly relate to manufacturing of technical textile. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence no separate segment information has been furnished herewith.

The Company does not receive 10% or more of its revenue from transactions with any single external customer.

The amount of its revenue from external customers, broken down by location of its customers is shown in the table below:

Revenue from external customers	31 March 2018	31 March 2017
India	3,977.26	6,671.64
USA	2,718.22	2,276.65
Singapore	1,378.54	1,766.91
Other countries	3,474.45	2,614.55
	11,548.47	**13,329.75**

The amount of non-current assets other than financial instruments, broken down by location of the asset is shown in the table below:

Non current assets	31 March 2018	31 March 2017
Within India	6,426.87	6,747.87
Outside India	-	-

45 Fair values of financial assets and financial liabilities

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The amortized cost using effective interest rate (EIR) of non-current financial assets/liabilities are not significantly different from the carrying amount and therefore the impact of fair value is not considered for above disclosure.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The carrying value and fair value of financial instruments by categories as at 31st March 2018 were as follows

Particulars	Note	Amortised Cost	Financial assets/liabilities at fair value through		Total carrying value	Total fair value
			Profit or loss	OCI		
Assets						
Non current Fixed deposits	10	155.95	-	-	155.95	155.95
Security deposit	10	97.11	-	-	97.11	97.11
Trade receivable	14	3,627.42	-	-	3,627.42	3,627.42
Non current loans	17	308.63	-	-	308.63	308.63
Other financial assets	18	63.53	-	-	63.53	63.53
Cash and cash equivalents	15	70.21	-	-	70.21	70.21
Bank balances other than cash and cash equivalent	16	72.39	-	-	72.39	72.39
Liabilities						
Long term Borrowings	22	2,188.69	-	-	2,188.69	2,188.69
Short term borrowings	24	2,636.88	-	-	2,636.88	2,636.88
Trade payables	25	1,893.25	-	-	1,893.25	1,893.25
Other financial liabilities	26	2,675.67	0.73	-	2,676.40	2,676.40

Notes forming part of Financial Statements for the year ended March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Note	Amortised Cost	Financial assets/liabilities at fair value through		Total carrying value	Total fair value
			Profit or loss	OCI		
The carrying value and fair value of financial instruments by categories as at 31st March 2017 were as follows						
Particulars	**Note**	**Amortised Cost**	**Financial assets/liabilities at fair value through**		**Total carrying value**	**Total fair value**
			Profit or loss	**OCI**		
Assets						
Non current Fixed deposit	10	100.17	-	-	100.17	100.17
Security deposit	10	87.46	-	-	87.46	87.46
Trade receivable	14	3,945.30	-	-	3,945.30	3,945.30
Non current loans	17	176.23	-	-	176.23	176.23
Other financial assets	18	58.35	-	-	58.35	58.35
Cash and cash equivalents	15	129.03	-	-	129.03	129.03
Bank balances other than cash and cash equivalent	16	109.47	-	-	109.47	109.47
Liabilities						
Long term Borrowings	22	4,433.32	-	-	4,433.32	4,433.32
Short term borrowings	24	2,723.07	-	-	2,723.07	2,723.07
Trade payables	25	1,542.01	-	-	1,542.01	1,542.01
Other financial liabilities	26	787.02	-	-	787.02	787.02
The carrying value and fair value of financial instruments by categories as at 1st April 2016 were as follows						
Particulars	Note	**Amortised Cost**	**Financial assets/liabilities at fair value through**		**Total carrying value**	**Total fair value**
			Profit or loss	**OCI**		
Assets						
Loans and advances to related parties	9	20.02	-	-	20.02	20.02
Non current Fixed deposit	10	18.61	-	-	18.61	18.61
Security deposit	10	39.89	-	-	39.89	39.89
Trade receivable	14	3,322.57	-	-	3,322.57	3,322.57
Non current loans	17	84.68	-	-	84.68	84.68
Other financial assets	18	44.49	-	-	44.49	44.49
Cash and cash equivalents	15	171.69	-	-	171.69	171.69
Bank balances other than cash and cash equivalent	16	90.41	-	-	90.41	90.41
Liabilities						
Long term Borrowings	22	2,826.91	-	-	2,826.91	2,826.91
Short term borrowings	24	2,835.36	-	-	2,835.36	2,835.36
Trade payables	25	1,574.43	-	-	1,574.43	1,574.43
Other financial liabilities	26	922.11	-	-	922.11	922.11

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

46 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

	31 March 2018	31 March 2017	1 April 2016
Level 2			
Financial liabilities measured at fair value through profit or loss			
Derivative financial instruments	0.73	-	-
Level 3			
Financial assets measured at amortized cost			
Loans and advances to related parties	-	-	20.02
Non current Fixed deposit	155.95	100.17	18.61
Trade receivable	3,627.42	3,945.30	3,322.57
Security deposit	97.11	87.46	39.89
Loans	308.63	176.23	84.68
Other financial assets	63.53	58.35	44.49
Cash and cash equivalents	70.21	129.03	171.69
Bank balances other than cash and cash equivalent	72.39	109.47	90.41
Financial liabilities measured at amortized cost			
Long term Borrowings	2,188.69	4,433.32	2,826.91
Short term borrowings	2,636.88	2,723.07	2,835.36
Trade payables	1,893.25	1,542.01	1,574.43
Other financial liabilities	2,675.67	787.02	922.11

47 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
2018		
INR	+50	(12.14)
INR	-50	12.14
2017		
INR	+50	(18.65)
INR	-50	18.65

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Derivative outstanding as at the reporting date

(Foreign currency in millions)

Particulars	31 March, 2018		31 March 2017	
Forward contract to sell USD	USD	5.00	-	-
Forward contract to sell EURO	EURO	1.50	-	-
Forward contract to sell GBP	GBP	3.00	-	-

The following table shows foreign currency exposures receivable and payable at the end of the reporting period

Particulars		31 March, 2018		31 March, 2017	
		Foreign currency in million	Rs. in million	Foreign currency in million	Rs. in million
Assets					
Trade Recievables	USD	15.68	1,020.03	14.33	927.63
	GBP	6.84	631.11	8.89	719.34
	EURO	0.86	69.22	0.51	35.36
	CAD	0.07	3.32	-	-
Loans & advances to subsidiaries	USD	-	-	0.20	12.97
	GBP	-	-	0.06	4.69
Other receivables	USD	-	-	0.04	2.83
Capital Advance	USD	0.39	31.23	-	-
Liabilities					
Foreign Currency Convertible Bonds	USD	34.00	2,211.50	34.00	2,204.51
Trade Payables	USD	0.89	58.15	0.73	47.31
	EURO	0.04	3.21		0.29
	GBP			0.15	12.29
Payable For Capital Goods	USD			0.40	26.12
Advance From Customers	USD	0.23	14.95	0.06	3.70
	EURO	-	-	0.05	3.69
Finance Lease Obligations	CHF	0.13	8.81	0.26	16.82
Deferred Payment Liabilities	EURO	0.02	1.61	0.14	9.69
Other payables	USD	-	-	0.75	48.43

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Effect on profit- total gain / (loss)			
	5% increase in exchange rate		5% decrease in exchange rate	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Assets				
Trade Recievables	86.18	84.12	(86.18)	(84.12)
Capital Advance	1.56	-	(1.56)	-
Liabilities				
Foreign Currency Convertible Bonds	(110.57)	(110.23)	110.57	110.23
Trade Payables	(3.07)	(2.38)	3.07	2.38
Payable For Capital Goods		(1.31)		1.31
Advance From Customers	(0.75)	(0.37)	0.75	0.37
Finance Lease Obligations	(0.44)	(0.84)	0.44	0.84
Deferred Payment Liabilities	(0.08)	(0.48)	0.08	0.48
Other Current Liability	-	(0.00)		0.00
Outstanding Expenses	-	(0.15)		0.15

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is primarily attributable to the Company's trade and other receivables. The amounts presented in this standalone statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The ageing analysis for accounts receivables has been considered from the date the invoice falls due:

	31 March 2018	31 March 2017	1 April 2016
Not due	615.68	3,136.69	2,899.69
0-3 months	1,466.03	283.21	326.95
3-6 months	396.92	199.50	68.10
6 months to 12 months	556.09	186.40	12.69
beyond 12 months	592.70	139.50	15.14
	3,627.42	**3,945.30**	**3,322.57**

The following table summarizes the change in the loss allowances estimated using life time expected credit loss method

	31 March 2018	31 March 2017
Opening provision	25.30	22.81
Add: additional provision made	-	2.49
Less: Provision written back	(6.48)	-
Closing provisions	**18.82**	**25.30**

(C) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Processes and policies related to such risks are overseen by senior management who monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

The table below summarizes the maturity profile of the Company's financial liabilities:

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31 March 2018						
Long-term borrowings	-	-	-	2,188.69	-	2,188.69
Short term borrowings	2,636.88	-	-	-	-	2,636.88
Trade payables	-	1,893.25	-	-	-	1,893.25
Other financial liability	-	1,911.31	765.09	-	-	2,676.40
	2,636.88	**3,804.56**	**765.09**	**2,188.69**	**-**	**9,395.22**
31 March 2017						
Long-term borrowings	-	-	-	4,433.32	-	4,433.32
Short term borrowings	2,723.07	-	-	-	-	2,723.07
Trade payables	-	1,542.01	-	-	-	1,542.01
Other financial liability	-	320.98	466.04	-	-	787.02
	2,723.07	**1,862.99**	**466.04**	**4,433.32**	**-**	**9,485.42**
1 April 2016						
Long-term borrowings	-	-	-	2,826.91	-	2,826.91
Short term borrowings	2,835.36	-	-	-	-	
Trade payables	-	1,574.43	-	-	-	1,574.43
Other financial liability	-	221.02	701.09	-	-	922.11
	2,835.36	**1,795.45**	**701.09**	**2,826.91**	**-**	**5,323.45**

48 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing (including current maturrities from long term debts) and current borrowing of the Company. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		31 March 2018	31 March 2017	1 April 2016
Total equity	(i)	3,842.87	3,861.85	3,785.36
Total debt	(ii)	7,216.47	7,622.43	6,363.37
Overall financing	(iii) = (i) + (ii)	11,059.34	11,484.28	10,148.73
Gearing ratio	(ii)/ (iii)	0.65	0.66	0.63

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018, 31 March 2017 and 1 April 2016.

Notes forming part of Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

49 Corporate social responsibility

	31 March 2018	31 March 2017
Gross amount required to be spent :	1.53	2.59

Amount spent during the year	31 March 2018		31 March 2017	
	Yet to be paid in cash	Total	Yet to be paid in cash	Total
i. construction/acquisition of any asset				
- under control of the Company for future use	-	-	-	-
- not under control of the Company for future use	-	-	-	-
ii. On purpose other than (i) above	-	0.45	-	1.56
	-	**0.45**	-	**1.56**
Less: Amount capitalized as CSR assets		-		-
		0.45		**1.56**

50 Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act.

As per our report of even date

For **MSKA & Associates (formerly known as MZSK & Associates)**
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739

For **Kailash Chand Jain & Co.**
Chartered Accountants
Firm Registration No.: 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

Place: Pithampur
Date: May 30, 2018

For and on behalf of the Board of Directors
Flexituff International Limited
CIN: L25202MP1993PLC034616

Saurabh Kalani
Whole time director
DIN: 00699380

Anand Khandelwal
Whole time director
DIN: 07889346

Ajay Mundra
Chief Finance Officer

Khushboo Kothari
Company Secretary
Membership No: A33720

Place: Pithampur
Date: May 30, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Flexituff International Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Flexituff International Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint ventures in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraphs below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group and joint ventures as at March 31, 2018, and its consolidated financial performance including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other matters

a. We did not audit the Ind AS financial statements of 4 subsidiary companies (including a step-down subsidiary) and 11 joint ventures, whose Ind AS financial statements reflect total assets of Rs. 1,515.96 million and net assets of Rs.31.28 million as at March 31, 2018, total revenues of Rs. 1,827.04 million and net cash outflows amounting to Rs. 16.29 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 19.85 million for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of 4 subsidiaries and 11 joint ventures, whose Ind AS financial statements have not been audited by us. These Ind AS financial statements have been audited by the other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, and joint ventures, is based solely on the report of other auditors.

b. Two subsidiaries (including a step-down subsidiary) are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Ind AS financial statements certified by the Management.

c. The comparative financial information of the Group and joint ventures for the year March 31, 2017 and the transition date opening consolidated balance sheet as at April 01, 2016 included in these consolidated Ind AS financial statements are based on the previously issued statutory consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 for the year ended March 31, 2016 and March 31, 2017 on which we issued an unmodified audit opinion vide our reports dated May 30, 2017 and May 20, 2016 respectively on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group and joint ventures on transition to the Ind AS, which have also been audited by us.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of subsidiaries, associates and jointly controlled entities/joint ventures and joint operations, as noted in the 'Other matters' paragraph above, we report, to the extent applicable that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   (d) In our opinion the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director of that Company in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group, and joint ventures and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and joint ventures– Refer note 38 to the consolidated Ind AS financial statements.

   ii. The Group and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2018.

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and joint ventures incorporated in India during the year ended March 31, 2018.

For MSKA & Associates (formerly known as MZSK & Associates)	**For Kailash Chand Jain & Co**
Chartered Accountants	Chartered Accountants
Firm Registration No.105047W	Firm Registration No. 112318W
Amrish Anup Vaidya	**Rajeev Kumar Dubey**
Partner	Partner
Membership number: 101739	Membership number: 407139
Date: May 30, 2018	Date: May 30, 2018
Place: Pithampur	Place: Pithampur

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FLEXITUFF INTERNATIONAL LIMITED

[Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Flexituff International Limited on the Financial Statements for the year ended March 31, 2018]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Flexituff International Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company, its subsidiary companies and joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding company, its subsidiary companies and joint ventures, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies and joint ventures which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 2 subsidiary companies, and 11 joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **MSKA & Associates (formerly known as MZSK & Associates)**	For **Kailash Chand Jain & Co**
Chartered Accountants	Chartered Accountants
Firm Registration No.105047W	Firm Registration No. 112318W
Amrish Anup Vaidya	**Rajeev Kumar Dubey**
Partner	Partner
Membership number: 101739	Membership number: 407139
Date: May 30, 2018	Date: May 30, 2018
Place: Pithampur	Place: Pithampur

CONSOLIDATED BALANCE SHEET as at March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	6	5,874.98	6,390.29	6,753.14
Other intangible assets	7	537.91	448.11	334.60
Financial assets				
Loans	8	1.00	-	-
Other non-current financial assets	9	253.06	190.26	61.13
Non current tax assets (net)	10	36.52	33.49	34.17
Other non-current assets	11	20.93	17.24	4.78
Total non-current assets		**6,724.40**	**7,079.39**	**7,187.82**
Current assets				
Inventories	12	2,391.40	2,236.06	1,743.77
Financial assets				
Trade receivables	13	3,751.79	4,364.07	3,873.48
Cash and cash equivalents	14	89.75	164.86	184.55
Bank balances other than cash and cash equivalent	15	72.39	109.47	90.41
Loans	16	22.67	40.24	27.23
Other current financial assets	17	117.58	97.38	46.77
Other current assets	18	1,233.81	774.45	443.33
Total current assets		**7,679.39**	**7,786.53**	**6,409.54**
Total assets		**14,403.79**	**14,865.92**	**13,597.36**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	19	248.83	248.83	248.83
Other equity	20	3,621.24	3,663.86	3,586.23
Total equity attributable to owners of the Company		**3,870.07**	**3,912.69**	**3,835.06**
Non controlling interests		(9.21)	(1.70)	1.62
Total equity		**3,860.86**	**3,910.99**	**3,836.68**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	21	2,191.60	4,470.30	2,878.77
Provisions	22	64.53	75.94	63.89
Deferred tax liabilities (net)	36	100.76	70.87	87.38
Total non-current liabilities		**2,356.89**	**4,617.10**	**3,030.04**
Current liabilities				
Financial liabilities				
Borrowings	23	2,695.39	2,902.39	3,019.11
Trade payables	24	2,573.59	2,513.40	2,614.38
Other current financial liabilities	25	2,681.24	777.42	934.62
Other current liabilities	26	230.40	120.12	151.49
Provisions	22	2.42	24.50	11.04
Current tax liabilities (net)	27	3.00	-	-
Total current liabilities		**8,186.04**	**6,337.83**	**6,730.64**
Total liabilities		**10,542.93**	**10,954.93**	**9,760.68**
Total equity and liabilities		**14,403.79**	**14,865.92**	**13,597.36**
Summary of significant accounting policies	2			
The accompanying notes are an integral part of the financial statements.				

As per our report of even date
For MSKA & Associates (formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739

For Kailash Chand Jain & Co.
Chartered Accountants
Firm Registration No.: 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

Place: Pithampur
Date: May 30, 2018

For and on behalf of the Board of Directors
Flexituff International Limited
CIN: L25202MP1993PLC034616

Saurabh Kalani
Whole time director
DIN: 00699380

Anand Khandelwal
Whole time director
DIN: 07889346

Ajay Mundra
Chief Finance Officer

Khushboo Kothari
Company Secretary
Membership No: A33720

Place: Pithampur
Date: May 30, 2018

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	28	12,622.82	14,679.13
Other income	29	306.40	76.74
Total income		**12,929.22**	**14,755.87**
Expenses			
Cost of material consumed	30	5,172.38	5,574.38
Purchase of Stock-in-trade		2,439.25	4,193.61
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(198.87)	(465.24)
Excise duty paid		14.34	112.18
Employee benefits expense	32	2,032.94	1,875.08
Finance costs	33	1,116.72	1,096.25
Depreciation and amortization expense	34	756.78	696.03
Other expenses	35	1,609.75	1,623.75
Total expenses		**12,943.29**	**14,706.04**
Profit /(Loss) before exceptional items and tax		(14.07)	49.83
Income tax expense			
Current tax	36	3.86	24.24
MAT Credit	36	(1.33)	(19.51)
Deferred tax charge (excluding MAT credit entitlement)	36	31.17	3.18
Tax for earlier years		(4.45)	0.28
Total income tax expense		**29.25**	**8.19**
Profit/(Loss) for the year		**(43.32)**	**41.64**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		4.93	3.33
Income tax effect		(0.47)	(0.82)
Other comprehensive income for the year		**4.46**	**2.51**
Total comprehensive income for the year net of tax		**(38.86)**	**44.15**
Profit/ (loss) for the year attributable to:			
Equity holders of the parent		(35.81)	45.03
Non controlling interest		(7.51)	(3.39)
Other comprehensive income for the year attributable to:			
Equity holders of the parent		4.46	2.51
Non controlling interest		-	-
Total comprehensive income for the year attributable to:			
Equity holders of the parent		(31.35)	47.54
Non controlling interest		(7.51)	(3.39)
Earnings / (Loss) per share attributable to the owners of the Company			
Basic earnings /(loss) per share (INR)	37	(1.44)	1.81
Diluted earnings /(loss) per share (INR)	37	(1.44)	1.81
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

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Chartered Accountants
Firm Registration No.: 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

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CIN: L25202MP1993PLC034616

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DIN: 00699380

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Whole time director
DIN: 07889346

Ajay Mundra
Chief Finance Officer

Khushboo Kothari
Company Secretary
Membership No: A33720

Place: Pithampur
Date: May 30, 2018

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from operating activities		
Profit / (Loss) before tax	(14.07)	49.83
Adjustments for:		
Depreciation and amortization expenses	756.78	696.03
Finance cost	1,116.72	1,096.25
Interest income	(33.86)	(30.35)
Re-measurement gains/ (losses) on defined benefit plans	4.46	2.51
Provision written back	(6.49)	-
Provision for bad & doubtful debts	-	2.49
(Gain)/ loss on sale of fixed assets	(6.27)	-
Unrealised foreign exchange gain/ (loss)	(83.39)	54.33
Foreign currency translation reserve	-	(0.00)
Operating loss before working capital changes	**1,733.88**	**1,871.09**
Changes in working capital		
Increase/ (Decrease) in trade payables	60.20	(97.24)
Increase/ (Decrease) in other financial liabilities	(21.39)	87.48
Increase/ (Decrease) in other current liabilities	110.27	(30.94)
Increase/ (Decrease) in provisions	(33.48)	25.50
Decrease/ (increase) in inventories	(155.34)	(492.30)
Decrease/ (increase) in trade receivables	702.14	(551.41)
Decrease/ (increase) in other bank balances	37.08	(19.06)
Decrease/ (increase) in current loans and other financial assets	(2.64)	(63.62)
Decrease/ (increase) in other current assets	(459.36)	(331.17)
Decrease/ (increase) in non current financial assets	(63.79)	(129.09)
Decrease/ (increase) in other non current assets	(3.69)	(12.50)
Cash generated used in operations	**1,903.87**	**256.73**
Income tax paid	0.61	(24.03)
Net cash flows used in operating activities (A)	**1,904.48**	**232.70**
Cash flow from Investing activities		
Purchase of property, plant and equipment (net)	(273.14)	(226.14)
Purchase in Intangible asset	(89.80)	(113.51)
Interest received	33.86	30.35
Net cash flow from investing activities (B)	**(329.07)**	**(309.30)**
Cash flow from Financing activities		
Net proceeds/ (repayment) from Long term borrowings	(315.54)	1,239.80
Net proceeds/ (repayment) from short-term borrowings	(206.99)	(116.73)
Interest paid	(1,116.72)	(1,096.25)
Net cash flow from financing activities (C)	**(1,639.25)**	**26.82**

(All amounts in ₹ millions, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Net increase in cash and cash equivalents (A+B+C)	(63.84)	(49.78)
Cash and cash equivalents at the beginning of the year	164.86	184.55
Cash and cash equivalents at the end of the year	**101.01**	**134.78**
Cash and cash equivalents comprise (refer note 14)		
Balances with banks		
On current accounts	52.13	92.57
Fixed deposits with maturity of less than 3 months	34.01	70.52
Cash on hand	3.61	1.77
Total cash and bank balances at end of the year	**89.75**	**164.86**
Amendment to Ind AS 7		

The amendments to Ind AS 7 Cash flow statements required entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of reconciliation between opening and closing balances of Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1 April 2017 and the required disclosure is made below.

	As at 31 March 2017	Cash flow	Non cash adjustment Forex movements	As at 31 March 2018
Long term borrowings (including current maturities of long term Debt)	4,899.36	(281.84)	(37.94)	**4,579.58**
Short term borrowings	2,723.07	(86.19)	-	**2,636.88**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

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Partner
Membership No: 101739

For Kailash Chand Jain & Co.
Chartered Accountants
Firm Registration No.: 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

Place: Pithampur
Date: May 30, 2018

For and on behalf of the Board of Directors
Flexituff International Limited
CIN: L25202MP1993PLC034616

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Whole time director
DIN: 00699380

Anand Khandelwal
Whole time director
DIN: 07889346

Ajay Mundra
Chief Finance Officer

Khushboo Kothari
Company Secretary
Membership No: A33720

Place: Pithampur
Date: May 30, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ millions, unless otherwise stated)

(A) Equity share capital

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs.10 each issued, subscribed and fully paid				
Opening	24.88	248.83	24.88	248.83
Add: issue during the year	-	-	-	-
Closing balance	**24.88**	**248.83**	**24.88**	**248.83**

(B) Other equity

	Reserve and surplus				Total attributable to the owners of the Company	Non controlling interests	Total
	Securities premium reserve	General reserve	Foreign currency translation reserve	Retained earnings			
Balance as at 1 April 2016	2,055.07	114.24	-	1,416.92	3,586.23	1.62	3,587.85
Profit or loss for the year	-	-	-	45.04	45.04	(3.39)	41.65
Other comprehensive income for the year	-	-		2.51	2.51	-	2.51
Total comprehensive income for the year	**-**	**-**	**-**	**47.54**	**47.54**	**(3.39)**	**44.16**
Exchange difference on translation of foreign operation			30.08		30.08		30.08
Non controlling interest on acquisition of subsidiary						0.07	0.07
Balance as at 31 March 2017	**2,055.07**	**114.24**	**30.08**	**1,464.47**	**3,633.77**	**(1.70)**	**3,662.16**
Balance as at 1 April 2017	2,055.07	114.24	30.08	1,464.47	3,663.86	(1.70)	3,662.16
Profit for the year	-	-	-	(35.81)	(35.81)	(7.51)	(43.32)
Other comprehensive income for the year	-	-		4.46	4.46	-	4.46
Total comprehensive income for the year	**-**	**-**	**-**	**(31.35)**	**(31.35)**	**(7.51)**	**(38.86)**
Exchange difference on translation of foreign operation			(11.27)		(11.27)		(11.27)
Balance as at 31 March 2018	**2,055.07**	**114.24**	**18.81**	**1,433.12**	**3,621.24**	**(9.21)**	**3,612.03**

The accompanying notes are an integral part of the financial statements.

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Company Secretary
Membership No: A33720

Place: Pithampur
Date: May 30, 2018

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

SIGNIFICANT ACCOUNTING POLICIES

1 General Information

The consolidated financial statements comprise financial statements of Flexituff International Limited (the Parent) and its subsidiaries (collectively, the Group) for the year ended 31st March, 2018.

Flexituff International Limited ("the parent") is engaged in the business of technical textile. Manufacturing units of the Company are located at Pithampur in Madhya Pradesh and at Kashipur in Uttarakhand. The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act. The Company is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office of the Company is located at C-41 50, SEZ, Sector - 3, Pithampur, Madhya Pradesh- 454 775.

These financial statements were authorised for issue by the Board of Directors on 30 May 2018.

2 Significant accounting policies

Significant accounting policies adopted by the group are as under:

2.1 Basis of Preparation of Financial Statements

(a) **Statement of Compliance with Ind AS**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2018 are the first set of financial statements prepared in accordance with Ind AS. Refer note 5 for an explanation of how the Group has adopted Ind AS.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) **Basis of measurement**

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following:

i) certain financial assets and liabilities (including derivative instruments) that is measured at fair value.

ii) defined benefit plans -plan assets measured at fair value

(c) **Current / non current classification**

The Group has ascertained its operating cycle as twelve months for the purpose of Current/ Non-Current classification of its Assets and Liabilities. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

(d) **Use of estimates**

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

(e) **Rounding off of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

2.2 Principals of consolidation

The consolidated financial statements relate to the Holding Company and its subsidiary companies (collectively referred herein under as the 'Group'). The consolidated financial statements have been prepared on the following basis:

(a) **Subsidiaries**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(b) **Change in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests or reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity. When the Group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit and loss. The fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are reclassified to profit or loss as if the Group had directly disposed of the related assets and liabilities.

(c) The financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's separate financial statements in preparing the financial statements to ensure conformity with the Group's accounting policies, wherever necessary and practicable.

2.3 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Spare parts are recognised when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Depreciation methods, estimated useful lives

the Group depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Estimated useful life (in years)
Factory building	30
Leasehold land	over the period of lease term
Office equipment	5
Plant and machinery	15
Electrical installations	10
Furniture and fittings	10
Motor vehicles	8
Computers	3

In case of Flexiglobal (UK) Limited, a foreign subsidiary, depreciation on fixed assets is calculated as follows:

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

Property, plant and equipment	Depreciation method	Estimated useful life (in years)
Freehold property	Straight line	50
Plant and machinery	Written down	10
Furniture and fittings	Written down	10

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

2.4 Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "Intangible assets under development".

Amortisation method and periods

The Group amortizes intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Estimated useful life (in years)
Development assets	5 to 7
Computer software	3
Patents	5

The estimated useful lives and amortization method are reviewed at the end of each financial year end, with the effect of any changes in the estimate being accounted for on a prospective basis.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its all intangible assets recognised as at 1 April 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

2.5 Research and development expenditure

Research Costs are charged as an expense in the year in which they are incurred and are reflected under the appropriate heads of account.

Development costs that are directly attributable to the design and testing of identifiable and unique assets controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset to use it or sell it
- there is an ability to use or sell the asset
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available and
- the expenditure attributable to the asset during its development can be reliably measured

Directly attributable costs that are capitalised as part of the asset include employee cost and appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for future use.

Development expenditure that do not meet the above criteria are recognised as expense as incurred. Development costs previously recognised as expense are not recognised as an asset in the subsequent period.

2.6 Impairment of non financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

For non financial assets, an assessment is made at each reporting period end or whenever triggering event occurs as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimation of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimations used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, or had no impairment loss been recognised for the asset in prior years.

2.7 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. All exchange differences arising on reporting on foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalized as cost of assets.

In respect of foreign exchange differences arising on restatement or settlement of long term foreign currency monetary items attributable to depreciable assets, the Group has availed the option available in Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding as on March 31, 2017, wherein foreign exchange differences on account of depreciable asset, are adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.

Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

(c) Translation of foreign operation

The results and financial positions of foreign operations (none of which has the currency of a hyper inflationary economy) that have functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates
- all resulting exchange differences are recognised in other comprehensive income

When a foreign operation is sold, the associated exchange differences are reclassified to profit and loss, as a part of gain or loss on sale.

2.8 Fair value measurement

the Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Group.

the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. the Group's management determines the policies and procedures for fair value measurement such as derivative instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.9 Revenue recognition

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of indirect taxes, trade allowances, rebates and amounts collected on behalf of third parties and is not recognised in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognised on reasonable certainty of collection.

In respect of above, the amounts received in advance are reflected in the Balance sheet under "Other Current Liabilities" as "Advance from customer".

Revenue from sale of goods

Revenue from sale of goods is recognized when all the following conditions have been satisfied:

a) the Group has transferred to the buyer the significant risks and rewards of the ownership of the goods;

b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of services

Income from services are recognized as and when the services are rendered. the Group collects goods and service tax/ service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

Export benefits

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Focus Market Scheme, Merchandise Exports from India Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes are accounted in the year of export and included under the head `Other operating revenue'.

Interest income

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

2.10 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred income tax is provided, using the balance sheet approach, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the group is able

2.11 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.12 Inventories

Raw materials, stores, consumables, work in progress, traded goods and finished goods are valued at the lower of cost and net realisable value.

Cost of raw materials, stores, consumables and traded goods includes purchase price, (excluding those subsequently recoverable by the Group from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realizable value is made on item by item basis.

2.13 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.14 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

2.15 Corporate social responsibility (CSR)

Provisions are recognised for all CSR activity undertaken by the Group for which an obligation has arisen during the year and are recognized in Statement of profit on loss on accrual basis. No provision is made against unspent amount, if any.

2.16 Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy related to revenue, it is netted off from respective expenditure on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant is related to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

2.17 Borrowing Costs

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to Statement of Profit and Loss.

2.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments:

All equity investments are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value (currently no such choice is made). the Group makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

(iii) Impairment of financial assets

the Group assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The impairment methodology for each class of financial assets stated above is as follows:

Trade receivables from customers: the Group applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which requires the use of the lifetime expected loss provision for all trade receivables.

Debt investments measured at amortised cost and FVOCI: Debt investments at amortised cost and those at FVOCI where there has been a significant increase in credit risk, lifetime expected credit loss provision method is used and in all other cases, the impairment provision is determined as 12 months expected credit losses.

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For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

(iv) Derecognition of financial assets

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Compound financial instruments

Compound financial instruments issued by the Group which can be converted into fixed number of equity shares for fixed price at the option of the holders irrespective of changes in the fair value of the instrument are accounted by separately recognising the liability and the equity components. The liability component is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The directly attributable transaction costs are allocated to the liability and the equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

(iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.19 Derivative financial Instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks. Such derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognized in the statement of profit and loss, in the period when they arise.

2.20 Employee benefits

(a) **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) **Other long-term employee benefit obligations**

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

(c) Post employment obligations

(i) **Defined contribution plan**

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) **Defined benefit plans**

Gratuity: the Group provides for gratuity, a defined benefit plan (the 'Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

2.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Group's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have

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changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Group as one segment of manufacturing of technical textile. Thus, as defined in Ind AS 108 "Operating Segments", the Group's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

2.23 Contributed equity

Equity Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.24 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Defined benefit plans and other long term benefits (gratuity benefits and leave encashment)

The cost of the defined benefit plans and other long term benefits such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

(c) Intangible asset under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

(d) Foreign currency convertible bonds (FCCB)

FCCB issued by the Group are converted into fixed number of equity shares for fixed price at the option of the holders at fixed rate of exchange. Hence, FCCB issued by the Group is Compound financial instrument and is accounted separately, recognising the liability and the equity components. Based on management estimate, the coupon rate at the time of issue of FCCB is same as coupon rate applicable to comparable liability that does not have an equity conversion option. On initial recognition, the fair value of liability component of FCCB is same as consideration received, resulting in nil equity component. Hence, entire FCCB is recognised as liability.

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4 Standards (including amendments) issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

(a) **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. the Group is currently evaluating the requirements of amendments. the Group believe that the adoption of this amendment will not have a material effect on its financial statements.

(b) **Ind AS 115- Revenue from Contract with Customers**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

(ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

5 First-time adoption of Ind-AS

These financial statements are the first set of Ind AS financial statements prepared by the Group. Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for year ending on 31 March 2018, together with the comparative year data as at and for the year ended 31 March 2017, as described in the significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2016, being the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

5.1 Exemptions availed on first time adoption of Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has accordingly applied the following exemptions.

(a) Deemed Cost

The Group has opted para D7 AA and accordingly considered the carrying value of property, plant and equipment's and Intangible assets as deemed cost as at transition date.

(b) Long term foreign currency monetary item

Ind AS 101 permits a first-time adopter to continue the accounting policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the year ending March 31, 2017. the Group has opted to follow this exemption.

(c) Cumulative translation differences

IND AS 101 permit cumultaive translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with IND AS 21 from the date a subsidiary was formed or acquired. The group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

5.2 Mandatory Exemption on first-time adoption of Ind AS

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 and 31 March, 2017 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

- Impairment of financial assets based on expected credit loss model.

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(b) Derecognition of financial assets and financial liabilities the Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date).

(c) Classification and measurement of financial assets Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

5.3 Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS required under Ind AS 101:

(a) Reconciliation of Balance sheet as at 1 April 2016 (Transition Date)

(b) Reconciliation of Balance sheet as at 31 March 2017

(c) Reconciliation of statement of profit and loss for the year ended 31 March 2017

(d) Reconciliation of Equity as at 1 April 2016 and as at 31 March 2017

(e) Reconciliation of total comprehensive income for the year ended 31 March 2017

(f) Notes to first-time adoption

The presentation requirements under previous GAAP differs from Ind AS, and hence, previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped previous GAAP/ Indian GAAP information is derived from the Financial Statements of the Company prepared in accordance with previous GAAP.

(a) **Reconciliation of balance sheet as at date of transition 1 April 2016**

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	f(i), (ii)	6,770.94	(17.81)	6,753.14
Intangible asset under development		-	-	-
Intangible assets		334.60	-	334.60
Financial assets		-		
Loans		-	-	-
Other financial assets		61.13	-	61.13
Current tax assets (net)	f(i)	33.22	0.94	34.17
Other non-current assets		4.78	-	4.78
Total non-current assets		**7,204.68**	**(16.87)**	**7,187.82**
Current assets				
Inventories	f(i)	1,668.93	74.83	1,743.77
Financial assets				
Trade receivables	f(i), (iii)	3,704.06	169.42	3,873.48
Cash and cash equivalents	f(i)	184.24	0.32	184.55
Bank balances other than above		90.41	-	90.41
Loans	f(i), (iv)	301.79	(274.57)	27.23
Other financial assets	f(i)	46.45	0.32	46.77
Other current assets	f(i)	434.45	8.89	443.33
Total current assets		6,430.33	**(20.79)**	**6,409.54**
Total assets		**13,635.01**	**(37.65)**	**13,597.36**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		248.83	-	248.83
Other equity	(d)	3,581.84	4.39	3,586.23
Total equity attributable to owners of the Company		**3,830.67**	**4.39**	**3,835.06**
Non controlling interests	f(i)	-	1.62	1.62
Total equity		**3,830.67**	**6.01**	**3,836.68**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	f(ii)	2,901.60	(22.83)	2,878.77
Provisions		63.89	0.00	63.89
Deferred tax liabilities (net)	f(v)	344.10	(256.71)	87.38
Total non-current liabilities		**3,309.59**	**(279.54)**	**3,030.04**
Current liabilities				
Financial liabilities				
Borrowings	f(iii)	2,893.82	125.29	3,019.11
Trade payables	f(i)	2,503.34	111.03	2,614.38
Other financial liabilities	f(i), (ii)	935.97	(1.35)	934.62
Other current liabilities	f(i)	151.41	0.08	151.49
Provisions		10.21	0.82	11.04
Total current liabilities		**6,494.76**	**235.88**	**6,730.64**
Total liabilities		**9,804.34**	**(43.66)**	**9,760.68**
Total equity and liabilities		**13,635.01**	**(37.65)**	**13,597.36**

(b) **Reconciliation of balance sheet as at 31 March 2017**

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	f(i), (ii)	6,406.90	(16.61)	6,390.29
Intangible assets		448.11	-	448.11
Intangible asset under development			-	-
Financial assets			-	-
Loans	f(iv)	-	-	-
Other financial assets		220.51	(30.25)	190.26
Current tax assets (net)	f(i)	32.83	0.66	33.49
Other non-current assets	f(iv), f(v)	314.62	(297.38)	17.24
Total non-current assets		**7,422.97**	**(343.58)**	**7,079.39**
Current assets				
Inventories	f(i)	2,143.92	92.14	2,236.06
Financial assets				
Trade receivables	f(i), (iii)	4,230.91	133.17	4,364.07
Cash and cash equivalents	f(i)	164.79	0.07	164.86
Bank balances other than above		109.47	-	109.47
Loans	f(i)	74.43	(34.19)	40.24
Other financial assets	f(i), (v)	89.17	8.20	97.38
Other current assets	f(i)	764.86	9.59	774.45
Total current assets		**7,577.55**	**208.98**	**7,786.53**
Total assets		**15,000.53**	**(134.61)**	**14,865.92**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		248.83	-	248.83
Other equity	(d)	3,669.26	(5.40)	3,663.86
Total equity attributable to owners of the Company		**3,918.09**	**(5.40)**	**3,912.69**
Non controlling interests	f(i)	-	(1.70)	(1.70)
Total equity		**3,918.09**	**(7.10)**	**3,910.99**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	f(ii)	4,531.53	(61.23)	4,470.30
Provisions		75.94	-	75.94
Deferred tax liabilities (net)	f(v)	351.51	(280.64)	70.87
Total non-current liabilities		**4,958.98**	**(341.87)**	**4,617.10**
Current liabilities				
Financial liabilities				
Borrowings	f(iii)	2,783.04	119.35	2,902.39
Trade payables	f(i)	2,418.74	94.66	2,513.40
Other financial liabilities	f(i)	777.36	0.05	777.42
Other current liabilities		120.12	-	120.12
Provisions		24.19	0.31	24.50
Total current liabilities		**6,123.46**	**214.36**	**6,337.83**
Total liabilities		**11,082.43**	**(127.51)**	**10,954.93**
Total equity and liabilities		**15,000.52**	**(134.61)**	**14,865.92**

(c) **Reconciliation of profit or loss for the year ended 31 March 2017**

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
Income				
Revenue from operations	f(i), (vi)	14,560.62	118.51	14,679.13
Other income	f(i), (iv)	78.52	(1.78)	76.74
Total income		**14,639.14**	**116.73**	**14,755.87**
Expenses				
Cost of material consumed	f(i)	5,573.76	0.61	5,574.38
Purchase of Stock-in-trade	f(i)	4,180.58	13.03	4,193.61
Changes in inventories of finished goods, stock-in-trade and work-in-progress	f(i)	(447.92)	(17.32)	(465.24)
Excise duty paid	f(vi)		112.18	112.18
Employee benefit expense	f(i), (vii)	1,866.17	8.90	1,875.08
Finance costs	f(i), (iv)	1,079.75	16.51	1,096.25
Depreciation and amortization expense	f(i), (ii)	697.23	(1.20)	696.03
Other expenses	f(i), (iv)	1,618.83	4.93	1,623.76
Total expenses		**14,568.40**	**137.65**	**14,706.05**
Profit /(Loss) before exceptional items and tax		70.74	(20.92)	49.82
Exceptional items		-	-	-
Profit /(Loss) before tax		**70.74**	**(20.92)**	**49.82**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

	Notes to first-time adoption	Regrouped Indian GAAP	Adjustments	Ind AS
Income tax expense				
Current tax	f(vii)	25.26	(1.01)	24.24
MAT Credit		(19.51)	-	(19.51)
Deferred tax	f(v)	7.38	(4.21)	3.18
Tax for earlier years		0.28	-	0.28
Total income tax expense		**13.41**	**(5.22)**	**8.19**
Loss for the year		**57.34**	**(15.70)**	**41.63**
Other comprehensive income				
Items that will not to be reclassified to profit or loss				
Re-measurement gains/ (losses) on defined benefit plans	f(vii)	-	3.33	3.33
Income tax effect	f(vii)	-	(0.82)	(0.82)
Other comprehensive income for the year		**-**	**2.51**	**2.51**
Total other comprehensive income for the year		**57.34**	**(13.19)**	**44.14**

(d) **Reconciliation of total equity as at 31 March 2017 and 1 April 2016**

	Notes to first-time adoption	As at 31 March 2017	As at 1 April 2016
Shareholder's equity as per Indian GAAP audited financial statements		3,918.09	3,830.67
Adjustments:			
Non controlling interest	h(i)	(1.70)	1.62
EIR Impact of transaction cost/processing fees on borrowings	h(ii)	9.19	24.22
Reversal of processing cost capitalised (net of accumulated depreciation)	h(ii)	(16.69)	(17.87)
Fair valuation of security deposits	h(iv)	(0.36)	-
Tax on the above adjustments	h(v)	2.46	(1.96)
Total Adjustment		**(7.10)**	**6.01**
Total equity as per Ind AS		**3,910.99**	**3,836.68**

(e) **Reconciliation of total comprehensive income for the year ended 31 March 2017**

	Notes to first-time adoption	As at 31 March 2017
Total Net Profit after tax as per previous GAAP (A)		**57.34**
Adjustments:		
Increase in profit on consolidation of limited liability partnership	f(i)	(3.39)
Increase in borrowing cost pursuant to application of effective interest rate (EIR)	f(ii)	(15.02)
Decrease in depreciation due to reversal of processing cost capitalised	f(ii)	1.18
Increase in finance cost due to amortisation of prepaid guarantee commission	f(iv)	(1.40)
Increase in interest income pursuant application of EIR on interest free security deposit	f(iv)	1.09
Increase in rent expenses due to amortisation of prepaid rent	f(iv)	(0.05)
Increase in employee benefit expenses due to re-measurement gains on defined benefit plans reclassified to OCI	f(vii)	(3.33)
Tax on the above adjustments	f(v), f(vii)	5.22
Total Ind AS adjustment (B)		**(15.70)**
Profit after tax as per Ind AS (C = A+ B)		**41.64**
Other Comprehensive Income (OCI)		
Re-measurement gains/ (losses) on defined benefit plans	f(vii)	3.33
Tax on above adjustment	f(vii)	(0.82)
Total (D)		**2.51**
Total Comprehensive income under Ind AS (C+D)		**44.15**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(f) **Notes to first-time adoption**

(i) Consolidation of subsidiary

Under Indian GAAP one entity controls another entity when it has ownership of more than one half of the voting power of the other entity or control of the composition of the board of directors, so as to obtain economic benefits from its activities. Investments made by the Group in limited liability partnership were considered as Joint Ventures; and the assets and liabilities of these limited liability partnership are consolidated line by line proportionately to the extent of Group interests.

Based on the control assessment carried out by the Group under Ind AS 110, these limited liability partnerships have been assessed as subsidiaries of the Group. Accordingly entire assets, liabilities, income and expenses (net of inter company eliminations) have been consolidated within the Group on a line by line basis. The Group has recognised non controlling interests in these limited liability partnerships.

Impact on balance sheet on consolidation of subsidiaries

	31 March 2017	1 April 2016
ASSETS		
Non-current assets		
Property, plant and equipment	0.08	0.05
Current tax assets (net)	0.66	0.94
Current assets		
Inventories	92.14	74.83
Financial assets		
Trade receivables	13.82	44.17
Cash and cash equivalents	0.07	0.32
Loans	(34.19)	(15.89)
Other assets	11.16	0.32
Other current assets	9.59	8.89
	93.32	**113.63**
Equity & Liabilities		
Non controlling interest	(1.70)	1.62
Current liabilities		
Financial liabilities		
Borrowings	-	0.04
Trade payables	94.66	111.03
Other financial liabilities	0.05	0.07
Provisions	-	0.04
Other current liabilities / provision for income tax	0.31	0.82
	93.32	**113.63**

Impact on statement of profit and loss for year ended 31 March 2017

	Increase in gross income & expense	Increase in elimination	Net increase
Income			
Revenue from operations	11.40	(5.08)	6.32
Other income	-	(2.87)	(2.87)
	11.40	**(7.95)**	**3.45**
Expenses			
Cost of material consumed	0.62	-	0.62
Purchase of Stock-in-trade	18.11	(5.1)	13.03
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(17.31)	-	(17.31)
Employee benefits expense	5.57	-	5.57
Finance costs	2.93	(2.9)	0.06
Depreciation and amortization expense	0.02	-	0.02
Other expenses	4.85	-	4.85
Total expenses	**14.79**	**(7.95)**	**6.84**
Profit /(Loss) before tax	**(3.39)**	**-**	**(3.39)**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(ii) Processing cost incurred on Borrowings

Under the previous GAAP, processing cost incurred for borrowings related to qualifying assets are capitalised fully. Remaining processing cost are charged to profit and loss.

Under IND AS 109 transactions costs incurred towards origination of borrowings have been deducted from the carrying amount of borrowings on initial recognition. These costs are amortised over the tenure of the borrowing as interest expense, computed using the effective interest rate method corresponding effect being in Long term borrowings and to the extent attributable to Current maturity of long term debts. Transaction cost amortised are accounted as follows:

1) capitalised to the extent amortised till date assets is capitalised, in case it is related to qualifying assets

2) charged to profit and loss as interest expenses in all other case except for (1) above.

On transition to Ind AS, all processing cost incurred are amortised over the period of borrowings and the unamortised amount of processing cost (including unamortised processing cost under Indian GAAP reclassified from prepaid expenses) as at the date of the transition is adjusted from the carrying amount of borrowings. Under Ind AS, processing cost incurred for borrowing related to qualifying assets, amortised till the date of capitalisation are capitalised. The Company has already capitalised the processing cost, incurred for borrowing related to qualifying assets, as a part of the cost of the property, plant & equipment. As a consequence, to restate the carrying amount of loan in accordance with paragraph 10 of Ind AS 101, the carrying amount of the property, plant & equipment as at the date of the transition is reduced by the amount of unamortised processing cost till the date of capitalisation (net of cumulative depreciation impact). The difference between the adjustments to the carrying amount of loan and to property, plant & equipment, respectively is recognised in the retained earnings as at the date of the transition.

Consequent to the above, impact on transition to Ind AS is summarised below:

Balance Sheet impact:		
Decrease in borrowings (due to unamortised transaction cost)	**31 March 2017**	**1 April 2016**
Decrease in prepaid expenses (due to reclassification of unamortised transaction cost to borrowings)	(61.23)	24.22
Decrease in property, plant and equipment's (Due to difference in processing cost capitalised under Indian GAAP and Ind AS)	52.05	-
Decrease in property, plant and equipment's (Due to difference in processing cost capitalised under Indian GAAP and Ind AS)	16.69	17.87
Increase / (Decrease) in retained earnings (Corresponding adjustment of all of the above Ind AS adjustments)	**7.51**	**6.35**
Statement of Profit and Loss impact:		
Increase in finance cost (Due to amortisation of transaction cost)	15.04	Not applicable
Decrease in depreciation (Due to decrease in PPE under Ind AS)	1.18	Not applicable
Decrease in net profit	**(13.86)**	

(iii) **Derecognition of financial instruments**

Under Indian GAAP, trade receivables derecognised by way of bills of exchange have been shown as contingent liability since there is recourse clause. Under Ind AS, the trade receivables have been restated with corresponding recognition of short term borrowings.

Consequent to the above, impact on transition to Ind AS is summarised below:

Balance Sheet impact:	**31 March 2017**	**1 April 2016**
Increase in Trade receivables	119.35	125.25
Increase in Short term borrowings	119.35	125.25
Increase / (Decrease) in retained earnings	**-**	**-**

(iv) **Security Deposits**

Under Indian GAAP, interest-free security deposit are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value on initial recognition. Subsequently, these financial assets are carried at amortised cost using effective interest rate.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

Consequent to the above, impact on transition to Ind AS is summarised below:

Balance Sheet impact:	**31 March 2017**	**1 April 2016**
Increase in prepaid expenses	29.90	-
Decrease in security deposits	30.25	-
Increase / (Decrease) in retained earnings	**(0.35)**	-
Statement of Profit and Loss impact:		
Increase in Other income (Due to interest income recognised on interest free security deposits)	1.09	Not applicable
Increase in Other expenses (Due to amortisation of prepaid rent on fair valuation of interest free security deposits given for leases)	0.04	Not applicable
Increase in Finance cost (Due to amortisation of prepaid guarantee commission on fair valuation of interest free security deposits given to guarantor for borrowings taken by the Company)	1.40	Not applicable
Decrease in net profit	**(0.35)**	

(v) **Deferred tax**

Under previous GAAP, Minimum alternative tax (MAT) credit entitlement is disclosed under other non current/current assets as applicable. Under Ind AS, MAT credit entitlement is reclassified to Deferred tax. Further, Deferred tax is accounted on all Ind AS adjustments.

Consequent to the above, impact on transition to Ind AS is summarised below:

Balance Sheet impact:	**31 March 2017**	**1 April 2016**
MAT Credit entitlement reclassified from other non current/current assets to deferred tax assets (No impact on retained earnings)	**278.18**	**258.67**
Income tax impact on Ind AS adjustments (net)	2.46	(1.96)
Increase / (Decrease) in retained earnings	**2.46**	**(1.96)**
Statement of Profit and Loss impact:		
Income tax impact on Ind AS adjustments (net)	(4.42)	
Increase in net profit	**(4.42)**	

(vi) Excise Duty

Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of the Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

Consequent to the above, impact on transition to Ind AS is summarised below:

Statement of Profit and Loss impact:	**31 March 2017**
Increase in Revenue from operations	112.19
Increase in Excise duty	112.19
Increase/(Decrease) in net profit	**-**

(vii) Defined benefit liabilities

Under Ind AS, remeasurements on defined benefit plans i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year.

Consequent to the above, impact on transition to Ind AS is summarised below:

Statement of Profit and Loss impact:	**31 March 2017**
Increase in employee benefit expenses (Due to re-measurement gains/ (losses) on defined benefit plans reclassified to OCI)	(3.33)
Tax on above adjustment	0.82
(Decrease) in net profit	**(2.51)**
Other Comprehensive income (OCI) impact:	
Re-measurement gains/ (losses) on defined benefit plans	3.33
Tax on above adjustment	(0.82)
Increase in other comprehensive income	**2.51**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(viii) Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS adjustments

(ix) Statement of cash flows

No material impact on transition from Indian GAAP to Ind AS on the statement of cash flows.

6 Property, plant and equipment

	Gross block					Depreciation					Net block	
	As at 1 April 2017	Additions/ Adjustments	Deductions/ Adjustments	Foreign exchange adjustment	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ Adjustments	Foreign exchange adjustment	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Owned assets												
Freehold Property	115.59	-	115.59		0.00	2.76	2.49	5.41	(0.16)	(0.00)	0.00	**112.83**
Freehold Land	161.73	-	-		161.73	-	-	-	-	-	161.73	**161.73**
Land lease hold	21.50	-	-	-	21.50	0.26	0.26	-	-	0.52	20.98	**21.24**
Buildings	1,123.44	27.74	-		1,151.18	44.72	44.54	-	-	89.26	1,061.91	**1,078.72**
Plant and Machinery	5,350.63	228.65	0.38	(1.82)	5,580.72	518.84	587.47	0.08	(0.02)	1,106.25	4,474.47	**4,831.79**
Electrical installations	170.01	11.55	-		181.56	45.02	35.96	-	-	80.98	100.58	**124.99**
Furniture and Fixtures	25.24	4.09	-	-	29.33	7.32	5.70	-	(0.04)	13.06	16.28	**17.92**
Office Equipment	21.57	1.94	-	-	23.51	3.99	4.76	-	-	8.75	14.76	**17.58**
Vehicles	21.11	6.63	5.30	-	22.44	2.43	2.85	4.01	-	1.27	21.16	**18.67**
Computers	7.80	1.58	-	-	9.38	2.97	3.30	-	-	6.27	3.11	**4.82**
Total	**7,018.62**	**282.18**	**121.27**	**(1.82)**	**7,181.35**	**628.32**	**687.33**	**9.50**	**(0.22)**	**1,306.36**	**5,874.98**	**6,390.29**

	Gross block					Depreciation					Net block	
	As at 1 April 2016 (Deemed cost)	Additions/ Adjustments	Deductions/ Adjustments	Foreign exchange adjustment	As at 31 March 2017	As at 1 April 2016 (Deemed cost)	For the year	Deductions/ Adjustments	Foreign exchange adjustment	As at 31 March 2017	As at 31 March 2017	As at 1 April 2016
Owned assets												
Freehold Property	135.64	-	-	20.05	115.59	-	2.76	-	-	2.76	112.83	135.64
Freehold Land	161.73	-	-	-	161.73	-	-	-		-	161.73	161.73
Land lease hold	21.50	-	-	-	21.50	-	0.26	-		0.26	21.24	21.50
Buildings	1,099.33	24.11	-	-	1,123.44	-	44.72	-		44.72	1,078.72	1,099.33
Plant and Machinery	5,122.05	228.76	-	0.18	5,350.63	-	518.84	-	-	518.84	4,831.79	5,122.05
Electrical installations	151.36	18.65	-	-	170.01	-	45.02	-		45.02	124.99	151.36
Furniture and Fixtures	22.57	2.98	-	0.30	25.24	-	7.32	-	-	7.32	17.92	22.57
Office Equipment	17.82	3.75	-	-	21.57	-	3.99	-	-	3.99	17.58	17.82
Vehicles	16.15	5.58	0.62	-	21.11	-	3.04	0.61	-	2.43	18.67	16.15
Computers	4.99	2.80	-	-	7.80	-	2.98	-	-	2.98	4.82	4.99
Total	**6,753.14**	**286.63**	**0.62**	**20.53**	**7,018.62**	**-**	**628.93**	**0.61**	**-**	**628.32**	**6,390.29**	**6,753.14**

Note:

(a) The above fixed assets have been hypothecated against the Company's borrowings. Refer note 21 and 23 for further details

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

7 Intangible assets

	Gross block						Depreciation					Net block	
	As at 1 April 2017	Additions – being internally developed	Additions/ Adjustments	Deductions/ Adjustments	Assets classified as held for sale	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ Adjustments	Assets classified as held for sale	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Other intangible assets													
Patents	0.35	-	-	-	-	0.35	0.10	0.10	-	-	0.20	0.15	0.25
Computer Software	3.86		0.18	-	-	4.04	0.98	1.35	-	-	2.33	1.71	2.88
Development assets	207.98		178.64	-	-	386.62	66.02	68.00	-	-	134.02	252.60	141.96
Intangible asset under development	303.02	-	159.07	178.64	-	283.45	-	-	-	-	-	283.45	303.02
Total	**515.21**	**-**	**337.89**	**178.64**	**-**	**674.46**	**67.10**	**69.45**	**-**	**-**	**136.55**	**537.91**	**448.11**

	Gross block						Depreciation					Net block	
	As at 1 April 2016	Additions – being internally developed	Additions/ Adjustments	Deductions/ Adjustments	Assets classified as held for sale	As at 31 March 2017	As at 1 April 2016	For the year	Deductions/ Adjustments	Assets classified as held for sale	As at 31 March 2017	As at 31 March 2017	As at 1 April 2016
Other intangible assets													
Patents	0.35	-	-	-	-	0.35	-	0.10	-	-	0.10	0.25	0.35
Computer Software	2.37	-	1.49	-	-	3.86	-	0.98	-	-	0.98	2.88	2.37
Development assets	207.98	-	-	-	-	207.98	-	66.02	-	-	66.02	141.96	207.98
Intangible asset under development	123.90	-	179.12	-	-	303.02	-	-	-	-	-	303.02	123.90
Total	**334.60**	**-**	**180.61**	**-**	**-**	**515.21**	**-**	**67.10**	**-**	**-**	**67.10**	**448.11**	**334.60**

8 Non-current financial assets - Loans

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Loans and advances to related parties	1.00	-	-
Total non-current financial assets - Loans	**1.00**	**-**	**-**

9 Non-current financial assets - Others

	31 March 2018	31 March 2017	1 April 2016
In fixed deposit accounts with maturity for more than 12 months from balance sheet date	155.95	102.79	21.23
Security deposits	97.11	87.47	39.90
Total non-current financial assets - Others	**253.06**	**190.26**	**61.13**

10 Non-current tax assets

	31 March 2018	31 March 2017	1 April 2016
Advance income tax	36.52	33.49	34.17
Total non-current tax assets	**36.52**	**33.49**	**34.17**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

11 Other non-current assets

	31 March 2018	31 March 2017	1 April 2016
Capital advance	-	-	4.57
Prepaid expenses	-	16.98	-
Deposit with government authorities	0.36	0.26	0.21
Other assets	20.58	-	-
Total other non-current other assets	**20.93**	**17.24**	**4.78**

12 Inventories*

	31 March 2018	31 March 2017	1 April 2016
Raw material in stock	167.56	212.78	191.02
Consumables	-	76.17	40.96
Work in progress in stock	274.88	467.71	524.24
Finished goods in stock	1,799.97	1,191.17	626.19
Stock in trade	-	217.09	294.52
Store and spares parts including packing material (Valued at cost)	148.99	71.14	66.84
Total inventories	**2,391.40**	**2,236.06**	**1,743.77**

*Valued at lower of cost and net realisable value

*Hypothecated as charge against short term-borrowings. Refer note 21 and 23

13 Trade receivable

	31 March 2018	31 March 2017	1 April 2016
Unsecured			
-Considered good	3,751.79	4,364.07	3,873.48
-Considered doubtful	18.82	25.30	22.81
Less : Allowance for bad and doubtful debts	(18.82)	(25.30)	(22.81)
	3,751.79	**4,364.07**	**3,873.48**
Further classified as:			
Receivable from related parties	-	-	-
Receivable from others	3,751.79	4,364.07	3,873.48
Total trade receivables	**3,751.79**	**4,364.07**	**3,873.48**

14 Cash and cash equivalents

	31 March 2018	31 March 2017	1 April 2016
Balances with banks			
On current accounts	52.13	92.57	50.80
Fixed deposits with maturity of less than 3 months	34.01	70.52	130.50
Cash on hand	3.61	1.77	3.25
Total cash and cash equivalents	**89.75**	**164.86**	**184.55**

15 Bank balances other than Cash and cash equivalent

	31 March 2018	31 March 2017	1 April 2016
In fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date	72.38	109.46	90.40
Unpaid dividend	0.01	0.01	0.01
Total bank balances other than cash and cash equivalent	**72.39**	**109.47**	**90.41**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

16 Current financial assets - Loans

	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Loans to related parties	8.75	26.68	6.54
Intercorporate deposit	13.92	13.56	20.69
Total current financial assets - Loans	**22.67**	**40.24**	**27.23**

17 Current financial assets - Others

	31 March 2018	31 March 2017	1 April 2016
Interest accrued on fixed deposits	9.14	4.80	4.75
Advance to staff	9.70	7.61	8.25
Other advances	6.50	0.93	2.96
Unbilled revenue	53.28	52.38	1.47
Security deposit	38.96	31.66	29.34
Total current financial assets - Others	**117.58**	**97.38**	**46.77**

18 Other current assets

	31 March 2018	31 March 2017	1 April 2016
Advance to suppliers	300.75	217.45	132.21
Advance to employees	2.67	1.28	1.77
Advance recoverable in kind	5.18	0.00	0.00
Capital advance	31.23	61.25	-
Balance with government authorities	855.29	465.26	290.37
Deposits with government authorities	1.41	1.50	1.50
Prepaid expenses	37.11	27.71	17.48
Other receivables	0.17	-	-
Total other current assets	**1,233.81**	**774.45**	**443.33**

19 Equity share capital

The Company has only one class of equity share capital having a par value of INR 10 per share, referred to herein as equity shares.

	31 March 2018	31 March 2017	1 April 2016
Authorized			
4,00,00,000 (31 March 2017: 4,00,00,000, 1 April 2016: 4,00,00,000) Equity Shares of Rs.10 each	400.00	400.00	400.00
	400.00	**400.00**	**400.00**
Issued, subscribed and paid up			
2,48,82,806 (31 March 2016: 2,48,82,806, 1 April 2016: 2,48,82,806) equity shares of Rs.10 each fully paid	248.83	248.83	248.83
Total	**248.83**	**248.83**	**248.83**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	31 March 2018		31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	24.88	248.83	24.88	248.83
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**24.88**	**248.83**	**24.88**	**248.83**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

During the year ended March 31, 2018, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2017: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	31 March 2018		31 March 2017		1 April 2016	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class	Number of shares	% of holding in the class
1.Kalani Industries Pvt Ltd	3.62	14.55%	3.62	14.55%	3.62	14.55%
2.International Finance Corporation	1.90	7.64%	1.90	7.64%	1.90	7.64%
3.Clearwater Capital Partners(Cyprus) Ltd	1.88	7.56%	1.88	7.56%	1.88	7.56%
4.Saurabh Properties Pvt Ltd	1.64	6.59%	1.64	6.59%	1.64	6.59%
5.Miscellani Global Pvt Ltd	1.36	5.47%	1.36	5.47%	1.36	5.47%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

(e) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

20 Other equity

	31 March 2018	31 March 2017	1 April 2016
Securities premium reserve	2,055.07	2,055.07	2,055.07
General reserve	114.24	114.24	114.24
Foreign currency translation reserve	18.81	30.08	-
Profit in the Statement of Profit and Loss	1,433.12	1,464.47	1,416.92
Total other equity	**3,621.24**	**3,663.86**	**3,586.23**

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Companies Act.

General reserve

The General Reserve is used from time to time to record transfer of profit from retained earnings, for appropriation purposes. As general reserve is created by transfer from one component of equity to another and it is not an item of other comprehensive income, item included in the General Reserve will not be reclassified subsequently to Profit or Loss.

Foreign currency translation reserve

Exchange difference arising on translation of foreign operations are recognised in other comprehensive income and accumulated in separate reserve within equity. The cumulative amount is reclassified to profit and loss when the investment is disposed off.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

Profit/(loss) in the Statement of Profit and Loss

All other net gains, losses and transactions with owners (e.g.: dividends) not recognised elsewhere.

		31 March 2018	31 March 2017
(A)	**Securities premium reserve**		
	Opening balance	2,055.07	2,055.07
	Add : Securities premium credited on share issue		
	Closing balance	**2,055.07**	**2,055.07**
(B)	**General reserve**		
	Opening balance	114.24	114.24
	Addition /(Transfer) during the year	-	-
	Closing balance	**114.24**	**114.24**
(C)	**Foreign currency translation reserve**		
	Opening balance	30.08	-
	Add: Exchange difference on translation of foreign operation	(11.27)	30.08
	Closing balance	**18.81**	**30.08**

(D) Profit in the Statement of Profit and Loss

	31 March 2018	31 March 2017
Opening balance	1,464.47	1,416.92
Add: Net profit / (loss) for the current year	(35.81)	45.04
Less: Re-measurement (gain)/loss on post employment benefit obligation (net of tax)	4.46	2.51
Closing balance	**1,433.12**	**1,464.47**
Total other equity attributable to owners of the Company	**3,621.24**	**3,663.86**

21 Non-current borrowings

	31 March 2018	31 March 2017	1 April 2016
Secured			
Term Loan from Banks Bonds (refer note (a) and (c) below)	55.21	144.53	324.67
Term Loan from Others (refer note (a) and (c) below)	1,304.07	1,805.59	285.86
Unsecured			
Foreign Currency Convertible Bonds (refer note (b) below)	584.12	2,197.40	2,242.66
Finance lease obligations (refer note (b) below)	65.82	8.46	16.47
From other parties (refer note (b) below)	182.38	313.36	-
Deferred payment liabilities	-	0.96	9.11
	2,191.60	**4,470.30**	**2,878.77**

a. **Terms of secured borrowing are as under**

	Rate of interest	Loan outstanding as at 31st March, 2017	Loan outstanding as at 31st March, 2016	Loan outstanding as at 1 April, 2016	Repayment schedule
Term loans from Banks					
Central bank of India	12.55% (31 March 2017: 14.20%; 1 April 2016: 13.90%)	11.60	27.61	43.57	Payable in Quarterly Installments Last Installment Date-30th December, 2018
Central Bank of India	12.55% (31 March, 2017: 14.20%; 1 April, 2016: 13.90%)	111.70	149.30	211.80	Payable in quarterly installments
Vehicle loan from Banks	8% to 11% (31 March , 2017: 8% to 10%; 1 April 2016: 8% to 10%)	9.80	8.10	7.07	Repayable in equated monthly instalments.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

	Rate of interest	Loan outstanding as at 31st March, 2017	Loan outstanding as at 31st March, 2016	Loan outstanding as at 1 April, 2016	Repayment schedule
UCO Bank, Indore	Nil (1 April 2016: 7.75%)	-	-	56.88	Fully repaid as at 31 March 2018
Kotak Mahindra Bank (erstwhile ING Vysya Bank)	Nil (1 April 2016: 11.85%)	-	-	31.91	Fully repaid as at 31 March 2018
Punjab National Bank, Indore	Nil (1 April 2016: 10.85%)	-	-	12.11	Fully repaid as at 31 March 2018
State Bank Of India	Nil (1 April 2016: 13.70%)	-	-	4.37	Fully repaid as at 31 March 2018
State Bank Of Patiala	Nil (1 April 2016: 14.05%)	-	-	20.91	Fully repaid as at 31 March 2018
State Bank Of Patiala	Nil (1 April 2016: 14.05%)	-	-	7.40	Fully repaid as at 31 March 2018
Bank of Baroda	Nil (1 April 2016: Nil)	-	-	209.18	Fully repaid as at 31 March 2018
National Westminster Bank PLC, UK	Nil (31 March 2017 and 1 April 2016: Libor+2.95%)		33.65	49.75	Fully repaid as at 31 March 2018
Others	-	-	-	30.27	Fully repaid as at 31 March 2018
Term loan from other parties					
KKR India Financial Services Private Limited, Mumbai	15.25% (31 March 2017: 15.25%, 1 April 2016: Nil)	1,380.10	1,500.00	-	Repayable in equated quarterly installments of Rs. 99.90 million Date Of Last Installment- 30 December 2020
Clix Capital Services Private Limited (Formerly known as GE Money Financial Services Private Limited)	14.65% (31 March 2017: 15.30%, 1 April 2016: 15.30%)	15.16	131.58	189.17	Payable in monthly Installment Last Installment Date- 30 September 2019
IREP Credit Capital Private Limited	Nil (31 March 2017: 14.75%, 1 April 2016: 14.75%)	-	100.00	200.00	Fully repaid as at 31 March 2018
Daimler Financial Services Private Limited	Nil (31 March 2017: 9.25%, 1 April 2016: 9.25%)	-	0.45	1.33	Fully repaid as at 31 March 2018
IFCI Limited	13.15% (31 March 2017: 13.15%, 1 April 2016: Nil)	500.00	500.00	-	Repayable in 14 instalments from December, 2018 of Rs. 30.00 million
Total		**2,028.36**	**2,450.69**	**1,075.72**	
Less: Unamortized processing cost		(37.46)	(50.52)	(8.62)	
Less: Classified under current liabilities		(631.62)	(450.05)	(456.57)	
		1,359.28	**1,950.12**	**610.53**	

b. **Terms of unsecured borrowing are as under**

i **<u>Foreign Currency Convertible Bonds</u>**

As at March 31, 2018, the Company has two foreign currency convertible bonds aggregating USD 34 millions :

i) The Company has issued 9,000, 5.34% foreign currency convertible bond of USD 1,000 each aggregating to USD 9 millions on 24 December 2013. The bonds are convertible at the option of bondholders into equity shares of Rs. 10 each fully paid at the conversion price of Rs. 230 per share, subject to terms of issue, with fixed rate of exchange of Rs. 61.86 equal to USD 1 on 30 January 2019.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018

(All amounts in ₹ millions, unless otherwise stated)

ii) The Company has issued 25,000, 5.44% foreign currency convertible bond of USD 1,000 each aggregating to USD 25 millions on 26 April 2013. The bonds are convertible at the option of bondholders into equity shares of Rs. 10 each fully paid at the conversion price of Rs. 218 per share, subject to terms of issue, with fixed rate of exchange of Rs. 54.16 equal to USD 1 on 26 April 2018

ii **Finance Lease obligation**

The Company has obtained finance lease from TATA capital and Netsal Mashinen, AG Switzerland for purchase of plant and machinery at fixed rate of interest 13% and floating rate of Libor+2.5% respectively.

The balance of TATA lease as on 31 March 2018 amounts to Rs. 82.65 (including current maturities of Rs.16.84) repayable in monthly installments up to September 2022 and of Netstal amounts to Rs.8.81 (classified entirely to current maturities).

iii **Loan from others**

Loan from other parties is repayable over a period ranging between 12 to 36 months and has rate of interest ranging from 14% to 17.5%.

c. **Nature of security :**

(i) Term Loans from banks amounting to Rs. 48.27 (31 March 2017: Rs. 176.90; 1 April 2016: Rs. 628.40) and term loan from other parties amounting to Rs. 1,304.07 (31 March 2017: Rs. 2,131.58; 1 April 2016: Rs. 189.17) are secured by equitable mortgage on all immovable fixed assets of the Company, hypothecation of the entire moveable machinery and other fixed assets and a second charge on all current assets of the company. Above Term loans are further secured by Personal Guarantee of Mr. Manish Kalani and corporate guarantee of M/s Kalani Industries Private Limited

(ii) Term Loan from other parties amounting to Nil (31 March 2017: 100.00; 1 April 2016: 200.00) is secured by pari passu first charge on all current assets and pari passu second charge on entire fixed assets and further secured by personal guarantee of Mr. Saurabh Kalani and corporate guarantee of Kalani Industries Private Limited.

(iii) Term loan from banks amounting to Rs. 4.03 (31 March 2017: Rs. 4.09; 1 April 2016: Rs. 4.53) and term loans from others amounting to Nil (31 March 2017: Rs. 0.45; 1 April 2016: Rs. 1.33) is secured by hypothecation of vehicles.

(iv) Term loan from banks amounting to Rs. 3.67 (31 March 2017: Rs. 4; 1 April 2016: Rs. 2.53) have been secured by hypothecation of vehicles

d. **Period and amount of default:**

The Company has made no defaults in the payment of principal or interest in the current period

22 Provisions

	Non current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
Provision for employee benefits (Refer note 39)						
Provision for gratuity	42.34	56.24	46.25		-	3.48
Provision for leave encashment	22.19	19.70	17.64	2.42	2.11	1.92
Other Provisions						
Provision for Income tax					22.39	5.64
Total Provisions	**64.53**	**75.94**	**63.89**	**2.42**	**24.50**	**11.04**

23. Short -term borrowings

	31 March 2018	31 March 2017	1 April 2016
Secured			
On cash credit, packing credit and working capital demand loan accounts from banks (refer note (a) and (b) below)	2,427.01	2,552.38	2,699.11
Bills discounted with banks	161.38	227.93	308.82
Unsecured, Loans from related parties (Refer note a below)			
From other parties (refer note (a) below)	30.00	50.11	11.18
Bills discounted with others	77.00	71.97	
Total short-term borrowings	**2,695.39**	**2,902.39**	**3,019.11**

a. **Terms and conditions of loans:**

i. Outstanding loans from banks carry interest from 5% to 14% p.a., repayable on demand

ii. Outstanding loans other parties carry interest rate of 15% to 16% p.a., repayable within 30 to 91 days

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

b. **Nature of security :**

i. Outstanding loans 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

ii. Outstanding loans are further secured by personal guarantee of Mr. Manish Kalani and corporate guarantee of M/s Kalani Industries Private Limited.

iii. Outstanding loans are further secured by personal guarantee of Mr. Saurabh Kalani, director of the Company

c. **Period and amount of default:**

The Company has made no defaults in the payment of principal or interest in the current period

24 Trade payables

	31 March 2018	31 March 2017	1 April 2016
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	2,573.59	2,513.40	2,614.38
Total trade payables	**2,573.59**	**2,513.40**	**2,614.38**

Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

25 Other financial liabilities

	31 March 2018	31 March 2017	1 April 2016
Interest accrued but not due on loan	56.14	51.32	59.73
Current maturities of long term borrowings	2,391.66	466.44	711.13
Unpaid dividend	0.01	0.01	0.01
Employee related payable	224.12	210.94	145.86
Capital creditor	-	42.18	13.66
Forward contracts	0.73	-	-
Earnest money deposit	0.77	-	-
Other payables	7.81	6.53	4.23
Total other financial liabilities	**2,681.24**	**777.42**	**934.62**

26 Other current liabilities

	31 March 2018	31 March 2017	1 April 2016
Statutory due payable	97.89	59.20	66.82
Advance from customer	132.51	60.92	84.67
Total other current liabilities	**230.40**	**120.12**	**151.49**

27 Current tax liabilities (net)

	31 March 2018	31 March 2017	1 April 2016
Current tax payable	3.00	-	-
Total other current liabilities	**3.00**	**-**	**-**

28 Revenue from operations

	31 March 2018	31 March 2017
Finished goods	10,968.38	10,115.71
Traded goods	1,442.08	4,357.98
Sale of services	6.20	8.08
Other operating revenue	206.16	197.36
Total revenue from operations	**12,622.82**	**14,679.13**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

29 Other income

	31 March 2018	31 March 2017
Interest income	33.86	30.35
Provision for doubtful debts written back	6.49	-
Exchange difference	198.57	-
Gain on sale of asset	6.27	-
Miscellaneous income	61.21	46.39
Total other income	**306.40**	**76.74**

30 Cost of material consumed

		31 March 2018	31 March 2017
(a)	**Raw materials consumed**		
	Inventory at the beginning of the year	212.78	191.02
	Add: Purchases	4,100.41	4,636.13
	Less: Inventory at the end of the year	(167.56)	(212.78)
	Cost of raw material consumed	**4,145.63**	**4,614.37**
	Consumption of stores and spare parts (including secondary packing material)		
(b)	**Consumables consumed**		
	Inventory at the beginning of the year	79.82	69.96
	Add : Purchases during the year	1,095.92	969.87
	Less: Inventory at the end of the year	(148.99)	(79.82)
	Cost of consumables consumed	**1,026.75**	**960.01**
		5,172.38	**5,574.38**

31 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	31 March 2018	31 March 2017
Inventories at the beginning of the year		
-Stock in trade	597.40	573.25
-Work-in-progress	467.71	524.24
-Finished goods	810.86	313.24
	1,875.97	**1,410.73**
Less: Inventories at the end of the year		
-Stock in trade	-	597.40
-Work-in-progress	274.88	467.71
-Finished goods	1,799.97	810.86
	2,074.84	**1,875.97**
Net decrease/ (increase)	**(198.87)**	**(465.24)**

32 Employee benefits expense

	31 March 2018	31 March 2017
Salaries, wages, bonus and other allowances	1,818.48	1,673.12
Contribution to Provident Fund and ESI	135.19	116.99
Gratuity expenses (refer note 38)	26.79	24.20
Staff welfare expenses	52.48	60.77
Total employee benefits expense	**2,032.94**	**1,875.08**

33 Finance costs

	31 March 2018	31 March 2017
Interest on borrowing	971.25	973.17
Interest on FCCB	143.45	111.35
Bank charges	2.02	11.41
Exchange loss	-	0.32
Total finance costs	**1,116.72**	**1,096.25**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

34 Depreciation and amortization expense

	31 March 2018	31 March 2017
Depreciation (refer note 6)	687.33	628.93
Amortization (refer note 7)	69.45	67.10
Total depreciation and amortization expense	**756.78**	**696.03**

35 Other expenses

	31 March 2018	31 March 2017
Power, fuel & electricity	403.49	385.32
Job work charges	147.01	126.43
Repairs and maintenance	34.93	25.09
Rates and taxes	9.77	21.34
Postage, telephone and fax	17.59	22.00
Insurance	24.87	22.24
Legal, professional and consultancy charges	73.32	125.82
Printing and stationery	6.21	7.85
Carriage and freight	459.50	411.04
Brokerage & commission	18.38	39.99
Travelling	63.34	64.00
Advertising and sales promotion	31.55	22.15
Rent	45.66	29.00
Plant & machinery hire charges	-	1.04
Provision for doubtful debts/ advances	-	2.49
Research and development expenses	-	3.84
Audit fees	5.99	4.69
Loss on sale of asset	0.05	-
Consumption of stores and spares	148.55	154.85
Loss on foreign exchange fluctuations	-	76.63
Bad Debts Write off	35.39	-
Corporate Social Responsibility (CSR)	0.45	1.56
Miscellaneous expenses	83.71	76.38
Total other expenses	**1,609.75**	**1,623.75**
*Note : The following is the break-up of Auditors remuneration (exclusive of service tax)		

	31 March 2018	31 March 2017
As auditor:		
Statutory audit	3.77	2.43
Limited review fees	0.60	1.43
Tax audit	0.30	0.03
Certification fees	0.03	0.33
Other services	1.27	0.40
Reimbursement of expenses	0.02	0.07
Total	**5.99**	**4.69**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

36 Income tax

(A) Deferred tax relates to the following:

	31 March 2018	31 March 2017	1 April 2016
Deferred tax liabilities			
On property, plant and equipment	676.84	705.03	696.36
On unamortised transaction cost on borrowings	3.27	2.73	7.48
On others	4.05	-	-
	684.16	**707.76**	**703.84**
Deferred tax assets			
On provision for employee benefits	(25.84)	(26.48)	(7.64)
On provision for doubtful debts and deferred taxes	(5.81)	(7.82)	(7.05)
On unabsorbed depreciation and carry forward business losses	(251.42)	(303.39)	(322.09)
On capital losses	(21.01)	(21.01)	(21.01)
On others	0.20		-
	(303.88)	**(358.70)**	**(357.79)**
Deferred tax liabilities net	380.28	349.06	346.05
Minimum Alternative Tax (MAT) entitlements	(279.51)	(278.18)	(258.67)
Total Deferred tax liabilities net	**100.77**	**70.88**	**87.38**

(B) Deferred tax charge to be recognized in Statement of Profit and Loss	31 March 2018	31 March 2017
Deferred tax liabilities net	380.28	349.06
Less: Opening Deferred tax liabilities	(349.06)	(346.05)
Add: adjustment on account of exchange difference	(0.05)	0.18
Deferred Tax expense for the year (A)	**31.17**	**3.19**
Minimum Alternative Tax (MAT) entitlements:		
Closing balances	(279.51)	(278.18)
Less: Opening balances	278.18	258.67
MAT credit for the year (B)	**(1.33)**	**(19.51)**
Net impact on Statement of profit & loss (A+B)	**29.84**	**(16.32)**

(C) **Income tax expense**	31 March 2018	31 March 2017
Current tax (MAT)	3.86	24.24
MAT credit entitlement	(1.33)	(19.51)
Deferred tax charge /(benefit) (excluding MAT credit entitlement)	31.17	3.18
Tax for earlier years	(4.45)	0.28
Total	**29.25**	**8.19**

(B) **Reconciliation of effective tax rate**	31 March 2018	31 March 2017
Profit/(Loss) before tax	(14.07)	49.83
Enacted income tax rate in India applicable to the Company	30.90%	30.90%
Current tax expenses/(Credit) on Profit/(loss) before tax expenses at the enacted income tax rate in India	**(4.35)**	**15.40**
Tax effects of:		
- Permanent disallowance	(0.08)	(0.84)
- Adjustment to deferred tax recognised in previous year	27.77	(16.20)
- Others	5.91	9.83
Income tax expense/(credit)	**29.25**	**8.19**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
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37 Earnings/ Loss per share

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2018	31 March 2017
Profit / (Loss) attributable to the owners of the Company	(35.81)	45.03
Add: Interest on foreign currency convertible bonds *	-	-
Loss attributable to equity holders adjusted for the effect of dilution	**(35.81)**	**45.03**
Weighted average number of equity shares for basic EPS	24.88	24.88
Effect of dilution:		
Foreign currency convertible bonds *		
Weighted average number of equity shares adjusted for the effect of dilution	**24.88**	**24.88**
Basic loss per share (INR)	(1.44)	1.81
Diluted loss per share (INR)	(1.44)	1.81

*The Company has Foreign currency convertible bonds as potential equity shares, which have been ignored in calculating diluted earning per share since conversion of above mentioned potential equity shares would decrease loss per share from continuing ordinary activities as these are anti-dilutive in nature.

38 Contingent liabilities in respect of

	31 March 2018	31 March 2017	1 April 2016
Disputed tax demands			
-Income Tax	91.02	104.24	95.69
-Sales tax/ VAT	60.38	73.69	69.98
-Entry tax	13.89	13.89	13.89
	165.29	**191.82**	**179.56**

39 Employee benefits

		31 March 2018	31 March 2017
	During the year, the Company has recognized the following amounts in the Statement of Profit and Loss –		
(A)	**Defined Contribution Plans**		
	Employers' Contribution to Provident Fund and Employee State Insurance	135.19	116.99
(B)	Defined benefit plans (Gratuity expenses)	26.79	24.20
i)	**Actuarial assumptions**	**31 March 2018**	**31 March 2017**
	Discount rate (per annum)	7.71%	7.50%
	Rate of increase in Salary	4.00%	4.00%
	Expected average remaining working lives of employees (years)	27.41	28.41
	Attrition rate		
	-upto 30 years	3%	3%
	-31 to 44 years	2%	2%
	-above 44	1%	1%

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
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ii)	**Changes in the present value of defined benefit obligation**		
		Employee's gratuity fund	
		31 March 2018	**31 March 2017**
	Present value of obligation at the beginning of the year	**83.70**	**69.30**
	Current service cost	21.37	20.22
	Past service cost	1.20	-
	Interest cost	6.28	5.54
	Curtailments	-	-
	Settlements	-	-
	Benefits paid	(8.06)	(8.33)
	Actuarial (gain)/ loss on obligations	(6.04)	(3.03)
	Present value of obligation at the end of the year*	**98.45**	**83.70**
	*Included in provision for employee benefits (Refer note 17)		
iii)	**Change in the fair value of plan assets:**		
	Opening fair value of plan assets	27.47	19.57
	Expected return on plan assets	2.06	1.57
	Contributions by employer	35.75	14.36
	Benefits paid	(8.06)	(8.33)
	Actuarial [losses]/ gains	(1.12)	0.30
	Closing fair value of plan assets	**56.10**	**27.47**
iv)	**Assets and liabilities recognized in the Balance Sheet:**	**Employee's gratuity fund**	
		31 March 2018	**31 March 2017**
	Liabilities at the end of the year	98.45	83.70
	Fair value of plan assets at the end of the year	(56.10)	(27.47)
	Difference	42.35	56.23
	Unrecognised past service cost	-	-
	Liabilities recognised in the Balance Sheet*	**42.35**	**56.23**
	*Included in provision for employee benefits (Refer note 23 and 28)		
v)	**Actual return on plan assets:**		
	Expected return on plan assets	2.06	1.57
	Actuarial [losses]/ gains on plan assets	(1.12)	0.30
	Actual return on plan assets	0.94	1.87
v)	**Expense recognized in the Statement of Profit and Loss**	**Employee's gratuity fund**	
	Employee benefits expense	**31 March 2018**	**31 March 2017**
	Current service cost	21.37	20.22
	Past service cost	1.20	-
	Interest cost	4.22	3.98
	Total expenses**	**26.79**	**24.20**
	**Included in employee benefit expenses (Refer note 34)		
	Other comprehensive income		
	Actuarial gain / (loss) for the year on PBO	6.04	3.03
	Actuarial gain /(loss) for the year on Asset	(1.12)	0.30
	Total actuarial [losses]/ gains to be recognised	**4.92**	**3.33**

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	Total expenses recognised in Statement of profit and loss	**21.87**	**20.87**
vi)	**Expected contribution to the fund in the next year**	**31 March 2018**	**31 March 2017**
	Gratuity	29.51	30.59
vii)	**A quantitative sensitivity analysis for significant is as shown below:**		
		Employee's gratuity fund	
	Impact on defined benefit obligation	**31 March 2018**	**31 March 2017**
	Discount rate		
	0.5% increase	(5.87)	(5.15)
	0.5% decrease	6.46	5.68
	Rate of increase in salary		
	0.5% increase	(6.62)	(5.86)
	0.5% decrease	6.05	5.34
x)	**Maturity profile of defined benefit obligation**	**Employee's gratuity fund**	
	Year	**31 March 2018**	**31 March 2017**
	Apr 2017- Mar 2018	-	3.84
	Apr 2018- Mar 2019	4.67	1.86
	Apr 2019- Mar 2020	1.70	2.15
	Apr 2020- Mar 2021	2.42	2.69
	Apr 2021- Mar 2022	3.57	1.88
	Apr 2022 onwards	86.08	71.28

40 Leases

Operating leases where Company is a lessee:

The Company has entered into lease transactions mainly for leasing of office premise for a period between 1 to 6 years. The terms of lease include terms of renewal, increase in rents in future periods, which are in line with general inflation, and terms of cancellation. The operating lease payments recognized in the Statement of Profit and Loss amount to Rs. 45.66 (31 March 2017: Rs. 29) included in Note 35.

Future minimum rentals payable under non-cancellable operating leases are, as follows:

	31 March 2018	31 March 2017	1 April 2016
Within one year	13.53	11.54	6.96
After one year but not more than five years	12.79	18.53	19.13
More than five years	42.40	42.94	44.00

Finance leases where Company is a lessee:

The Company has finance leases and hire purchase contracts for various items of plant and machinery. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments (MLP) are, as follows:

	31 March 2018	
	Minimum Lease payments	Present value of MLP
Within one year	29.67	26.88
After one year but not more than five years	77.50	55.77
More than five years	-	-
Total minimum lease payments	107.17	82.65
Less: amounts representing finance charge	(24.52)	-
Present value of mimum lease payments	**82.65**	**82.65**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
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41	**Related Party Disclosures:**	
(A)	Names of related parties and description of relationship as identified and certified by the Company:	
	Entities over which Key Management Personnel and their relatives have significant influence	
	i.	Kalani Industries Pvt Ltd.
	ii.	Ecstasy Heights LLP
	iii.	Venetian Realty LLP
	iv.	Ambika Commercial LLP
	v.	Rising Sun Properties LLP
	vi.	Chitrakoot Mercantiles LLP
	Key Management Personnel (KMP)	
	i.	Mr. Saurabh Kalani, (Whole Time Director)
	ii.	Mr. Mahesh Sharma (Chief Executive Officer & Whole Time Director wef 16.09.2016)
	iii.	Mr. Ajay Mundra (Chief Financial officer)
	iv.	Mr. Dinesh Kumar Sharma (Executive Director) (Resigned wef 09.08.2016)
	v.	Mr. Akhilesh Agnihotri (Whole Time Director) (Resigned wef 30.05.2017)
	vi.	Mr. Rishabh Jain (Company Secretary) (Resigned wef 09.08.2016)
	vii.	Ms. Madhuri Jethani (Company Secretary) (Resigned wef 13.2.2018)
	viii.	Mr. Anand Khandelwal (Whole-Time Director) (Joined wef 24.7.2017)
	ix.	Ms. Khushboo Kothari (Company Secretary) (Joined wef 13.2.2018)
	x.	Mr. Kevan John Upperdine (Independent Director) (Resigned wef 13.6.2017)
	xi.	Mr. Bhuwan Modi (Independent Director w.e.f. 30.05.2017)
	xii.	Mr. Anirudh Sonpal (Chairman)
	xiii.	Ms. Alka Sagar (Non Executive Woman Director)
	Relatives of Key Management Personnel	
	i.	Mrs. Padma Kalani (Mother of Mr. Saurabh Kalani)
	ii.	Mr. Manish Kalani (Brother of Mr. Saurabh Kalani)
	iii.	Mr. Kartikeya Kalani (Son of Mr. Saurabh Kalani)
	iv.	Mrs. Devakshi Kalani (Daughter in Law of Mr. Saurabh Kalani)
	v.	Mr. Vinayak Kalani (Son of Mr. Saurabh Kalani)
	vi.	Mrs. Monica Sharma (Wife of Mr. Dinesh Kumar Sharma)
	vii.	Mrs. Manju Mundra (Wife of Mr. Ajay Mundra)

(B) **Details of transactions with related party in the ordinary course of business for the year ended:**

		31 March 2018	31 March 2017
(i)	**Reimbursement of rent and maintainence expenses**		
	Mr. Manish Kalani	0.22	0.50
	Mrs. Padma Kalani	0.24	0.17
(ii)	**Rent**		
	M/S Kalani Industries Pvt Ltd.	0.85	0.85
(iii)	**Commission paid**		
	Indore Treasure Town Private Limited	-	19.63
(iv)	**Salaries, wages, bonus and other allowances**		
	Mr. Kartikeya Kalani	5.35	2.39
	Mrs. Monica Sharma	-	0.24
	Mr. Ajay Mundra	3.45	3.13
	Mrs. Manju Mundra	1.06	0.95
	Mr. Mahesh Sharma (Upto 15.09.16)	-	4.57
	Mr. Rishabh Jain	-	0.24
	Ms. Madhuri Jethani	0.21	0.25
	Mrs. Devakshi Kalani	2.45	0.43
	Mrs. Khushboo kothari	0.08	-
		12.60	**12.20**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
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		31 March 2018	31 March 2017
(v)	**Managerial remuneration**		
	Mr. Saurabh Kalani	2.58	10.69
	Mr. Dinesh Kumar Sharma (Upto 09.08.16)	-	0.80
	Mr. Mahesh Sharma (from 16.09.16)	11.28	5.27
	Mr. Akhilesh Agnihotri (upto 30.05.17)	0.35	0.72
	Mr. Anand Khandelwal (from 24.07.2017)	0.67	-
		14.88	**17.48**
	The aforesaid amount does not include amount in respect of gratuity and leave encashment as the same is not determinable		
(vi)	**Sitting Fees**		
	Ms. Alka Sagar	0.05	0.02
	Mr. Anirudh Sonpal	0.05	0.02
	Mr. Sharat Anand	-	0.02
	Mr. Bhuwan Modi	0.04	-
	Mr. Parag Gupta	0.03	-
		0.17	**0.06**

(C)	**Amount due to/from related party as on:**	31 March 2018	31 March 2017	1 April 2016
(i)	**Trade payables**			
	Mr. Manish Kalani	0.17	-	0.02
	Mrs. Padma Kalani	0.22		-
	Flexiglobal (UK) Limited	-	12.29	20.24
	Flexituff Javed LLP	-	0.86	-
	Total	**0.39**	**13.15**	**20.26**
(ii)	**Other current liabilities**			
	Mr. Dinesh Kumar Sharma	-	-	0.15
	Mr. Kartikeya Kalani	-	-	0.08
	Mrs. Monica Sharma	-	-	0.05
	Mr. Ajay Mundra	-	0.35	0.17
	Mrs. Manju Mundra	-	0.12	0.06
	Mr. Mahesh Sharma	-	0.38	0.09
	Mr. Rishabh Jain	-	-	0.04
	Mrs. Devakshi Kalani	-	0.07	-
	Kalani Industries Pvt. Limited	**-**	**0.92**	**0.64**
	Total			
(iii)	**Loans and advances**			
	Mr. Saurabh Kalani	0.04	0.90	4.45
	Mr. Kartikeya Kalani	-	0.77	-
	Mr. Mahesh Sharma	-	0.12	-
	Ecstasy Heights LLP*	-	-	0.00
	Venetian Realty LLP*	-	-	0.00
	Ambika Commercial LLP*	-	-	0.00
	Rising Sun Properties LLP*	-	-	0.00
	Chitrakoot Mercantiles LLP*	-	-	0.00
	Mr. Dinesh Kumar Sharma	-	-	0.23
	Mrs. Monica Sharma	-	-	0.08
	Total	**0.04**	**1.79**	**4.76**

(D) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free except for borrowings and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: Nil, 1 April 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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42 Segment reporting

The Company's operations predominantly relate to manufacturing of technical textile. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence no separate segment information has been furnished herewith.

The Company does not receive 10% or more of its revenue from transactions with any single external customer.

The amount of its revenue from external customers, broken down by location of its customers is shown in the table below:

	31 March 2018	31 March 2017
Within India	3,880.22	6,804.68
Outside India	8,742.59	7,874.45
	12,622.81	**14,679.13**

The amount of non-current assets other than financial instruments, broken down by location of the asset is shown in the table below:

Non-current asset	31 March 2018	31 March 2017
India	6,467.14	6,773.56
UK	3.21	115.58
	6,470.35	**6,889.14**

43(a) Interest in other entities

Subsidiaries

The group's subsidiaries as at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares (except for LLP where partner's capital are held) that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Place of business/ country of incorporation	Ownership interest held by the group			Interest held by non controlling interest			Principal activities
		31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016	
Nanofil Technologies Private Limited	India	100%	100%	100%	-	-	-	Manufacturing
Flexiglobal Holding Ltd.	Cyprus	100%	100%	100%	-	-	-	Investment Company
Flexiglobal (UK) Limited #	UK	100%	100%	100%	-	-	-	Trading Company
Flexituff FIBC Ltd	India	100%	NA	NA	-	-	-	Manufacture of FIBC
Flexituff SA Enterprises LLP*	India	75%	75%	75%	25%	25%	25%	Construction contracts involving geosynthetic solutions
Flexituff Javed LLP*	India	80%	80%	80%	20%	20%	20%	
Flexituff Hi Tech LLP*	India	80%	80%	80%	20%	20%	20%	
Ujjivan Luit LLP*	India	51%	51%	NA	49%	49%	NA	
Flexituff Sailendra Kalita LLP *	India	80%	80%	NA	20%	20%	NA	
Budheswar Das Flexituff International Limited JV **	India	45%	45%	NA	55%	55%	NA	
Sanyug Enterprise Flexituff International Limited JV **	India	80%	80%	NA	20%	20%	NA	
Vishnu Construction Flexituff International Limited JV **	India	75%	75%	NA	25%	25%	NA	
Mayur Kartick Barooah Flexituff International Limited JV **	India	50%	50%	NA	50%	50%	NA	
Sailendra Kalita JV **	India	75%	NA	NA	25%	NA	NA	
Pulin Borgohain JV **	India	75%	NA	NA	25%	NA	NA	

indirect subsidiary through Flexiglobal holdings ltd

* Limited liability partnership - ownership through partners capital

** Association of person - ownership through control over all activities of the entity

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Significant estimates and judgements: The directors have concluded that the group controls Budheswar Das Flexituff International Limited JV and Mayur Kartick Barooah Flexituff International Limited JV since the group directs all the relevant activities of these entities.

For disclosure mandated by Schedule III of Companies Act 2013, by way of additional information refer below:

Statement of Net assets and profit and loss attributable to owners of the Company and non controlling interests:

Name of the entity in the group	Net assets (total assets less total liabilities)		Share in Profit or loss		Share in Other comprehensive income		Share in total comprehensive income	
	As a % of consolidated assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated OCI	Amount	As a % of consolidated total comprehensive income	Amount
Parent								
Flexituff International Limited								
31 March 2018	99.19%	3,829.58	54.12%	(23.45)	100.00%	4.46	48.86%	(18.99)
31 March 2017	98.33%	3,845.53	177.19%	73.79	100.00%	2.51	172.81%	76.30
Subsidiaries								
Indian								
Nanofil Technologies Private Limited								
31 March 2018	0.45%	17.38	-2.06%	0.89	0.00%	-	-2.30%	0.89
31 March 2017	0.42%	16.29	2.78%	1.16	0.00%	-	2.62%	1.16
Flexituff FIBC Ltd								
31 March 2018	0.00%	0.02	-0.27%	0.12	0.00%	-	-0.30%	0.12
31 March 2017	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Flexituff SA Enterprises LLP	-0.44%	(17.13)						
31 March 2018	-0.09%	-3.46	28.89%	(12.52)	0.00%	-	32.21%	(12.52)
31 March 2017			-16.18%	(6.74)	0.00%	-	-15.26%	(6.74)
Flexituff Javed LLP								
31 March 2018	-0.50%	(19.14)	34.65%	(15.01)	0.00%	-	38.63%	(15.01)
31 March 2017	-0.08%	(3.29)	-12.93%	(5.38)	0.00%	-	-12.19%	(5.38)
Flexituff Hi Tech LLP								
31 March 2018	0.05%	1.77	4.58%	(1.98)	0.00%	-	5.10%	(1.98)
31 March 2017	0.08%	3.00	-0.97%	(0.40)	0.00%	-	-0.92%	(0.40)
Ujjivan Luit LLP								
31 March 2018	-0.06%	(2.15)	3.71%	(1.61)	0.00%	-	4.13%	(1.61)
31 March 2017	-0.01%	(0.28)	-1.56%	(0.65)	0.00%	-	-1.47%	(0.65)

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Name of the entity in the group	Net assets (total assets less total liabilities)		Share in Profit or loss		Share in Other comprehensive income		Share in total comprehensive income	
	As a % of consolidated assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated OCI	Amount	As a % of consolidated total comprehensive income	Amount
Flexituff Sailendra Kalita LLP								
31 March 2018	-0.05%	(2.01)	2.29%	(0.99)	0.00%	-	2.56%	(0.99)
31 March 2017	-0.02%	(0.81)	-2.68%	(1.12)	0.00%	-	-2.53%	(1.12)
Budheswar Das Flexituff International Limited JV								
31 March 2018	0.07%	2.58	-5.95%	2.58	0.00%	-	-6.63%	2.58
31 March 2017	NA	NA	NA	NA	NA	NA	NA	NA
Sanyug Enterprise Flexituff International Limited JV								
31 March 2018	0.02%	0.90	-2.07%	0.90	0.00%	-	-2.31%	0.90
31 March 2017	NA	NA	NA	NA	NA	NA	NA	NA
Vishnu Construction Flexituff International Limited JV								
31 March 2018	0.02%	0.81	-1.86%	0.81	0.00%	-	-2.08%	0.81
31 March 2017	NA	NA	NA	NA	NA	NA	NA	NA
Mayur Kartick Barooah Flexituff International Limited JV								
31 March 2018	0.04%	1.37	-3.16%	1.37	0.00%	-	-3.52%	1.37
31 March 2017	NA	NA	NA	NA	NA	NA	NA	NA
Sailendra Kalita JV								
31 March 2018	0.00%	(0.13)	0.31%	(0.13)	0.00%	-	0.34%	(0.13)
31 March 2017	NA	NA	NA	NA	NA	NA	NA	NA
Pulin Borgohain JV								
31 March 2018	0.00%	(0.03)	0.08%	(0.03)	0.00%	-	0.09%	(0.03)
31 March 2017	NA	NA	NA	NA	NA	NA	NA	NA
Foreign subsidiaries								
Flexiglobal Holding Ltd.								
31 March 2018	-0.09%	(3.51)	2.56%	(1.11)	0.00%	-	2.86%	(1.11)
31 March 2017	-0.07%	(2.88)	-3.57%	(1.49)	0.00%	-	-3.37%	(1.49)
Flexi Global UK Limited (indirect subsidiary)								
31 March 2018	1.29%	50.55	-15.86%	6.87	0.00%	-	-17.69%	6.87
31 March 2017	1.45%	56.88	-42.10%	(17.53)	0.00%	-	-39.71%	(17.53)
31 March 2018	**100.00%**	**3,860.86**	**100.00%**	**(43.32)**	**100.00%**	**4.46**	**100.00%**	**(38.86)**
31 March 2017	**100.00%**	**3,910.99**	**100.00%**	**41.64**	**100.00%**	**2.51**	**100.00%**	**44.15**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
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43b Non controlling interests

The following table summarises the financial information relating to subsidiaries that have non controlling interests

	31 March 2018	31 March 2017	1 April 2016
Non current assets	6.22	0.08	0.05
Current assets	239.73	136.19	129.63
Non current liabilities	-	-	-
Current liabilities	(255.16)	(137.97)	(128.07)
Net assets attributable to non controlling interests	**(9.21)**	**(1.70)**	**1.61**
	31 March 2018	31 March 2017	
Profit and loss for the year attributable to non controlling interests	(7.51)	(3.39)	
Othe comprehensive income	-	-	
Total commprehensive income	(7.51)	(3.39)	

44 Fair values of financial assets and financial liabilities

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The amortized cost using effective interest rate (EIR) of non-current financial assets/liabilities are not significantly different from the carrying amount and therefore the impact of fair value is not considered for above disclosure.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows

Particulars	Notes	Amortised Cost	Financial assets/liabilities at fair value through		Total carrying value	Total fair value
			Profit or loss	OCI		
Assets						
Non current Fixed deposits	9	155.95	-	-	155.95	155.95
Security deposit	9	97.11	-	-	97.11	97.11
Trade receivable	13	3,751.79	-	-	3,751.79	3,751.79
Non current Loans	16	22.67	-	-	22.67	22.67
Other financial assets	17	117.58	-	-	117.58	117.58
Cash and cash equivalents	14	89.75	-	-	89.75	89.75
Bank balances other than cash and cash equivalent	15	72.39	-	-	72.39	72.39
Liabilities						
Long term Borrowings	21	2,191.60	-	-	2,191.60	2,191.60
Short term borrowings	23	2,695.39	-	-	2,695.39	2,695.39
Trade payables	24	2,573.59	-	-	2,573.59	2,573.59
Other financial liabilities	25	2,680.51	0.73	-	2,681.24	2,681.24

The carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows

Particulars	Notes	Amortised Cost	Financial assets/liabilities at fair value through		Total carrying value	Total fair value
			Profit or loss	OCI		
Assets						
Non current Fixed deposits	9	102.79	-	-	102.79	102.79
Security deposit	9	87.47	-	-	87.47	87.47
Trade receivable	13	4,364.07	-	-	4,364.07	4,364.07
Non current Loans	16	40.24	-	-	40.24	40.24
Other financial assets	17	97.38	-	-	97.38	97.38
Cash and cash equivalents	14	164.86	-	-	164.86	164.86
Bank balances other than cash and cash equivalent	15	109.47	-	-	109.47	109.47
Liabilities						
Long term Borrowings	21	4,470.30	-	-	4,470.30	4,470.30
Short term borrowings	23	2,902.39	-	-	2,902.39	2,902.39
Trade payables	24	2,513.40	-	-	2,513.40	2,513.40
Other financial liabilities	25	777.42	-	-	777.42	777.42

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as at 1 April 2016 were as follows

Particulars	Notes	Amortised Cost	Financial assets/liabilities at fair value through		Total carrying value	Total fair value
			Profit or loss	OCI		
Assets						
Non current Fixed deposits	9	21.23	-	-	21.23	21.23
Security deposit	9	39.90	-	-	39.90	39.90
Trade receivable	13	3,873.48	-	-	3,873.48	3,873.48
Non current Loans	16	184.55	-	-	184.55	184.55
Other financial assets	17	46.77	-	-	46.77	46.77
Cash and cash equivalents	14	90.41	-	-	90.41	90.41
Bank balances other than cash and cash equivalent	15	27.23	-	-	27.23	27.23
Liabilities						
Long term Borrowings	21	2,878.77	-	-	2,878.77	2,878.77
Short term borrowings	23	3,019.11	-	-	3,019.11	3,019.11
Trade payables	24	2,614.38	-	-	2,614.38	2,614.38
Other financial liabilities	25	934.62	-	-	934.62	934.62

45 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets/liabilities have been valued using level 1 fair value measurements.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

	31 March 2018	31 March 2017	1 April 2016
Level 2			
Financial liabilities measured at fair value through profit or loss			
Forward contracts	0.73	-	-
Level 3			
Financial assets measured at amortized cost			
Non current Fixed deposit	155.95	102.79	21.23
Security deposit	97.11	87.47	39.90
Trade receivable	3,751.79	4,364.07	3,873.48
Loans	22.67	40.24	184.55
Other financial assets	117.58	97.38	46.77
Cash and cash equivalents	89.75	164.86	90.41
Other Bank balances	72.39	109.47	27.23
Financial liabilities measured at amortized cost			
Long term Borrowings	2,191.60	4,470.30	2,878.77
Short term borrowings	2,695.39	2,902.39	3,019.11
Trade payables	2,573.59	2,513.40	2,614.38
Other financial liabilities	2,680.51	777.42	934.62

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

46 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax
2018		
INR	+50	(16.64)
INR	-50	16.64
2017		
INR	+50	(18.84)
INR	-50	18.84

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Derivative outstanding as at the reporting date (Foreign currency in millions)

Particulars	**31 March 2018**		**31 March, 2017**	
Forward contract to sell USD	USD	5.00	-	-
Forward contract to sell EURO	EURO	1.50	-	-
Forward contract to sell GBP	GBP	3.00	-	-

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

The following table shows foreign currency exposures receivable and payable at the end of the reporting period

Particulars		31 March 2018		31 March, 2017	
		Foreign currency in million	Rs. in million	Foreign currency in million	Rs. in million
Assets					
Cash & cash equivalents	GBP	0.06	5.60	0.40	32.52
Trade Recievables	USD	15.68	1,020.03	14.33	927.63
	GBP	9.22	851.02	12.51	1,012.53
	EURO	0.86	69.22	0.51	35.36
	CAD	0.07	3.32	-	-
Loans & advances to subsidiaries	USD	-	-	0.20	12.97
	GBP	-	-	0.06	4.69
Other receivables	USD	-	-	0.04	2.83
Capital Advance	USD	0.39	31.23	-	-
Liabilities					
Long term borrowings	GBP	-	-	0.42	33.65
Short term borrowings	GBP	0.63	58.51	2.23	180.55
Other current financial liabilities	GBP	0.18	16.18	0.19	15.40
Foreign Currency Convertible Bonds	USD	34.00	2,211.50	34.00	2,204.51
Trade Payables	USD	0.89	58.15	0.73	47.31
	EURO	0.04	3.21	-	0.29
	GBP	1.34	123.81	4.69	379.73
Payable For Capital Goods	USD	-	-	0.40	26.12
Advance From Customers	USD	0.23	14.95	0.06	3.70
	EURO	-	-	0.05	3.69
Finance Lease Obligations	CHF	0.13	8.81	0.26	16.82
Deferred Payment Liabilities	EURO	0.02	1.61	0.14	9.69
Other payables	USD	-	-	0.75	48.43
	GBP	0.00	0.15	-	-

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	5% increase in exchange rate		5% decrease in exchange rate	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Assets				
Cash & cash equivalents	0.28	1.63	(0.28)	(1.63)
Trade Recievables	97.18	98.78	(97.18)	(98.78)
Capital Advance	1.56	-	(1.56)	
Liabilities				
Long term borrowings	-	(1.68)	-	1.68
Other financial liabilities	(0.81)	(0.77)	0.81	0.77
Short term borrowings	(2.93)	(9.03)	2.93	9.03
Foreign Currency Convertible Bonds	(110.57)	(110.23)	110.57	110.23
Trade Payables	(9.26)	(20.75)	9.26	20.75
Payable For Capital Goods	-	(1.31)	-	1.31
Advance From Customers	(0.75)	(0.37)	0.75	0.37
Finance Lease Obligations	(0.44)	(0.84)	0.44	0.84
Deferred Payment Liabilities	(0.08)	(0.48)	0.08	0.48
Other Current Liability	-	(0.00)	-	0.00
Other payables	(0.01)	(0.15)	0.01	0.15

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is primarily attributable to the Company's trade and other receivables. The amounts presented in this standalone statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The ageing analysis for accounts receivables has been considered from the date the invoice falls due:

	31 March, 2018	31 March 2017
Not due	385.49	3,156.75
0-3 months	1,743.53	565.15
3-6 months	373.61	192.42
6 months to 12 months	534.95	288.46
beyond 12 months	714.21	161.30
	3,751.79	**4,364.08**

The following table summarizes the change in the loss allowances estimated using life time expected credit loss method:

	31 March, 2018	31 March 2017
Opening provision	25.30	22.81
Add: additional provision made	-	2.49
Less: provision written back	(6.48)	-
Closing provisions	**18.82**	**25.30**

(C) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Processes and policies related to such risks are overseen by senior management who monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities:

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31 March 2018						
Long-term borrowings	-	-	-	2,191.60	-	2,191.60
Short term borrowings	2,695.39	-	-	-	-	2,695.39
Trade payables	-	181.93	2,391.66	-	-	2,573.59
Other financial liability	-	-	2,681.24	-	-	2,681.24
	2,695.39	181.93	5,072.90	2,191.60	-	10,141.82
31 March 2017						
Long-term borrowings	-	-	-	4,470.30	-	4,470.30
Short term borrowings	2,902.39	-	-	-	-	2,902.40
Trade payables	-	2,046.96	466.44	-	-	2,513.40
Other financial liability	-	-	777.42	-	-	777.42
	2,902.39	2,046.96	1,243.86	4,470.30	-	10,663.51
1 April 2016						
Long-term borrowings	-	-	-	2,878.77		2,878.77
Short term borrowings	3,019.11	-	-	-	-	3,019.11
Trade payables	-	1,903.25	711.13	-	-	2,614.38
Other financial liability	-	-	934.62	-	-	934.62
	3,019.11	1,903.25	1,645.75	2,878.77	-	9,446.88

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

47 Disclosure in accordance with IND AS 11 " Construction Contracts"-Amount due from/to customers on Construction Contracts

	31 March, 2018	31 March 2017
Contract revenue recognised during the period	135.05	50.90
Aggregate costs incurred	150.01	46.48
Recognized profits (less recognised losses) to date for contracts in progress	(14.96)	4.42
Advances received for contracts in progress	-	-
Retention Money for contracts in progress	-	-
Progress billings	130.73	-
Gross amount due from customers for contract work (unbilled revenue)	4.32	50.90
Gross amount due to customers for contract work	-	-

48 Corporate social responsibility

	31 March, 2018	31 March 2017
Gross amount required to be spent :	1.53	2.59

Amount spent during the year	31 March, 2018		31 March, 2017	
	Yet to be paid in cash	Total	Yet to be paid in cash	Total
i. construction/acquisition of any asset				
-under control of the Company for future use	-	-	-	-
-not under control of the Company for future use	-	-	-	-
ii. On purpose other than (i) above	-	0.45	-	1.56
	-	0.45	-	1.56
Less: Amount capitalized as CSR assets		-		-
		0.45		1.56

49 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents liability component of Convertible Preference Shares and current borrowing from ultimate holding company of the Company. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		31 March, 2018	31 March 2017	1 April 2016
Total equity	(i)	3,870.07	3,912.69	3,835.06
Total debt	(ii)	7,278.65	7,839.13	6,609.01
Overall financing	(iii) = (i) + (ii)	11,148.72	11,751.82	10,444.07
Gearing ratio	(ii)/ (iii)	0.65	0.67	0.63

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018, 31 March 2017 and 1 April 2016.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018
(All amounts in ₹ millions, unless otherwise stated)

50 Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act.

As per our report of even date

For MSKA & Associates (formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739

For Kailash Chand Jain & Co.
Chartered Accountants
Firm Registration No.: 112318W

Rajeev Kumar Dubey
Partner
Membership No.: 407139

Place: Pithampur
Date: May 30, 2018

For and on behalf of the Board of Directors
Flexituff International Limited
CIN: L25202MP1993PLC034616

Saurabh Kalani
Whole time director
DIN: 00699380

Anand Khandelwal
Whole time director
DIN: 07889346

Ajay Mundra
Chief Finance Officer

Khushboo Kothari
Company Secretary
Membership No: A33720

Place: Pithampur
Date: May 30, 2018

Dear Member,

We are pleased to invite you to attend the 25th Annual General Meeting of the Company to be held on Wednesday, 19th September, 2018 at 12:00 Noon at C 41-50, SEZ, Sector -3, Pithampur, Dist. Dhar (M.P.) – 454775.

The Notice convening the Annual General Meeting is enclosed herewith.

As per Section 108 of the Companies Act, 2013, read with the related Rules along with applicable Secretarial Standards and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all the resolutions set forth in the Notice. The instructions for e-voting are enclosed herewith.

By Order of the Board of Directors
Flexituff International Limited

Sd/-

Khushboo Kothari
Company Secretary

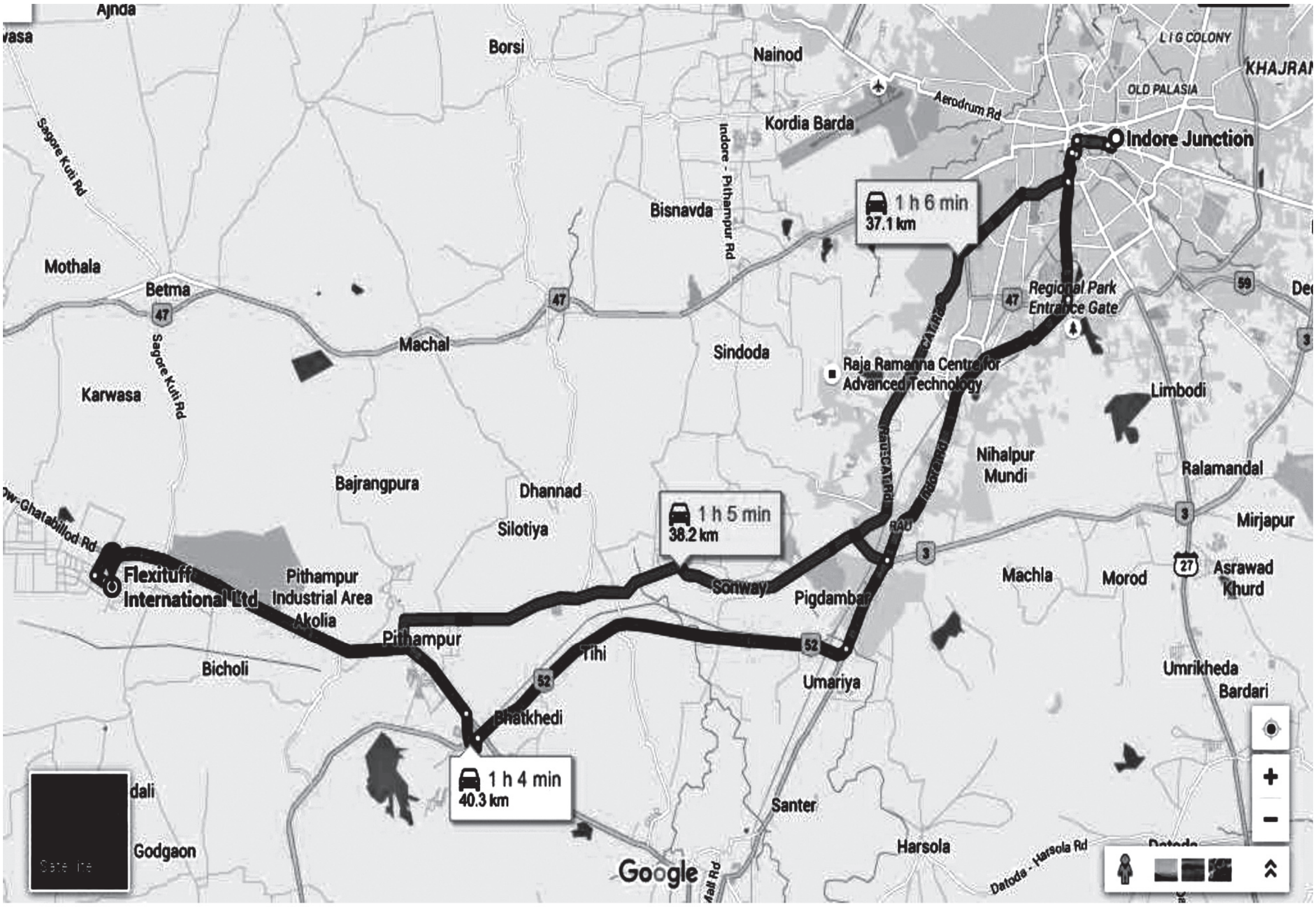
Date: 14.08.2018
Place: Pithampur

Enclosures:

1. Route Map
2. Notice to the 25th Annual General Meeting
3. Proxy form
4. Attendance slip

Route Map to the venue of the AGM

Indore Junction to Flexituff International Limited Drive 40.3 Km, 1h 4 min



NOTICE

NOTICE IS HEREBY GIVEN THAT THE 25TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON WEDNESDAY, 19TH SEPTEMBER, 2018, AT 12:00 NOON AT THE REGISTERED OFFICE OF THE COMPANY AT C41-50, SEZ, SECTOR -3, PITHAMPUR, DIST. DHAR (M.P.) - 454775, TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS

1. To receive, consider and adopt:-

(a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2018 and the reports of the Board of Directors and Auditors thereon; and

(b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2018 and the report of Auditors thereon.

2. To appoint a director in place of Mr. Saurabh Kalani (DIN: 00699380), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160, 161 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashish Jamidar (DIN: 08196328) who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member signifying his candidature for the office of Director, be and is hereby appointed as Director of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution"

4. To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to Section 13(2) of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Incorporation) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to approval of the Central Government (power delegated to Registrar of Companies) and any other Regulatory Authorities as may be necessary, consent of the members be and is hereby accorded to change the name of the Company from "**Flexituff International Limited**" to "**Flexituff Ventures International Limited**";

RESOLVED FURTHER THAT the Name Clause being Clause I in the Memorandum of Association of the Company be altered accordingly and substituted by the following clause:

1. The Name of the Company is **Flexituff Ventures International Limited**.

RESOLVED FURTHER THAT in terms of Section 14 of the Companies Act, 2013 the Articles of Association of the Company be altered by deleting the existing name of the Company wherever appearing and substituting it with the new name of the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board (including its Committee(s) thereof and/or any Director or any individual delegated with powers necessary for the purpose) be and are hereby authorized to do all such acts, deeds, matters and things, as may be necessary, proper or expedient without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have been given all necessary approval thereto expressly by the authority of this resolution."

5. To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 152, 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and subject to such other approvals, as may be necessary, consent of the Members be and is hereby accorded for the appointment of Mr. Ashish Jamidar (DIN: 08196328) as Whole-Time Director of the Company for a period of 3 (Three) years w.e.f 14th August, 2018 on the terms & conditions as detailed in the explanatory statement attached thereto;

RESOLVED FURTHER THAT in the absence of profits or inadequacy of profits in any financial year during the currency of tenure of Mr. Ashish Jamidar (DIN: 08196328), the payment of Salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT Mr. Ashish Jamidar (DIN: 08196328) shall be liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary for obtaining necessary approvals, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and to do all such acts, deeds, matters and things as may be deemed necessary, proper, expedient or incidental for giving effect to this resolution."

6. To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** further to the special resolution passed by the members of the Company at their 24th Annual General Meeting held on 22nd August, 2017 for the appointment and remuneration of Mr. Mahesh Sharma (DIN: 07610685) as Whole-Time Director for 5 years with effect from November 11, 2016 in accordance with the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 ("the Act") read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications, amendments, enactment or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby accorded to approve the payment of the remuneration as detailed in the Explanatory Statement attached thereto, to Mr. Mahesh Sharma (DIN: 07610685), Whole-Time Director and Chief Executive Officer, as minimum remuneration in case the Company has no profits or the profits of the Company are inadequate for the period commencing 1st April, 2018 to 30th May, 2018.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary for obtaining necessary approvals, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and to do all such acts, deeds, matters and things as may be deemed necessary, proper, expedient or incidental for giving effect to this resolution."

7. To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** further to the special resolution passed by the members of the Company at their 24th Annual General Meeting held on 22nd August, 2017 for the appointment and remuneration of Mr. Saurabh Kalani (DIN: 00699380) as Whole-Time Director for 5 years with effect from 30th May, 2017 in accordance with the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 ("the Act") read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications, amendments, enactment or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby accorded for payment of such remuneration to Mr. Saurabh Kalani (DIN: 00699380) ,Whole-Time Director, as approved in the said resolution (detailed in the Explanatory Statement), as minimum remuneration in case the Company has no profits or the profits of the Company are inadequate for the period commencing from 1st April, 2018 to 31st March, 2021;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary for obtaining necessary approvals, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and to do all such acts, deeds, matters and things as may be deemed necessary, proper, expedient or incidental for giving effect to this resolution."

8. To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** further to the special resolution passed by the members of the Company at their 24th Annual General Meeting held on 22nd August, 2017 for the appointment and remuneration of Mr. Anand Khandelwal (DIN: 07889346) as Whole-Time Director for 5 years with effect from 24th July, 2017 in accordance with the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 ("the Act") read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications, amendments, enactment or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby accorded for payment of such remuneration to Mr. Anand Khandelwal (DIN: 07889346) ,Whole-Time Director, as approved in the said resolution (detailed in the Explanatory Statement), as minimum remuneration in case the Company has no profits or the profits of the Company are inadequate for the period commencing from 1st April, 2018 to 31st March, 2021.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary for obtaining necessary approvals, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and to do all such acts, deeds, matters and things as may be deemed necessary, proper, expedient or incidental for giving effect to this resolution."

9. To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to section 20 and other applicable provisions, of the Companies Act, 2013 and relevant rules prescribed thereunder, if any, the consent of the members be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode if any request has been made by such member for delivery of such document to him through such mode of service provided that such request alongwith the requisite fees has been duly received by the Compnay atleast 10 days in advance of dispatch of the documents by the Company to the member;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, things and steps as may be necessary, proper or expedient to give effect to this resolution"

By Order of the Board of Directors
Flexituff International Limited

Place: Pithampur | **Khushboo Kothari**
Date: 14/08/2018 | **Company Secretary**

Note:

Change in Registered Office of the Company has been approved by Regional Director, Kolkata and same has been taken on record by Registrar of Companies, Gwalior on 28th August, 2015.

NOTES:

1. **MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AGM. A BLANK PROXY FORM (MGT-11) IS ENCLOSED.**

2. A person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.

3. Corporate members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board resolution to the Company or upload it on the e-voting portal, authorizing their representative to attend and vote on their behalf at the meeting.

4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the AGM is annexed hereto.

5. Members/Proxy/Authorised Representative attending the AGM are requested to bring with them the Attendance Slip attached to the Notice duly filled in and signed and handover the same at the entrance of place of the AGM. Proxy/representative of a member should mark on the Attendance Slip as "Proxy" or "Representative" as the case may be.

6. Members who hold shares in dematerialized mode are requested to intimate any changes pertaining with their bank account details, ECS mandates, nominations, power of attorney, change of address/name etc. to their Depository Participant only and not to the Company's Registrar & Share Transfer Agent. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar & Share Transfer Agent to provide efficient and better service to the members.

7. SEBI vide its Circular dated 20th April, 2018 on "Strengthening the Guidelines and raising Industry Standards for RTAs" has mandated that the Issuer Companies through RTAs shall take special efforts to collect copy of PAN and Bank Account details of all the security holders holding securities in physical form with an objective to streamline and strengthen the procedures and processes with regard to handling and maintenance of records, transfer of securities and payment of dividend/interest/redemption by the RTAs, Issuer Companies and Bankers to issue. Hence, all the members holding securities in physical form are requested to provide the PAN and bank account details to our RTA i.e. Link Intime India Private Limited.

8. SEBI has amended Regulation 40 of the Listing Regulations which deals with transfer or transmission or transposition of securities. Accordingly, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in the dematerialized form with a depository. Therefore, for effecting any transfer, the securities shall mandatorily be required to be in demat form w.e.f 5th December, 2018. Hence, all the members holding securities in physical form are advised to note the above and take all the necessary steps. The process for dematerialization can be accessed at Company's website at the link (http://flexituff.com/wp-content/uploads/2018/07/Notice-to-shareholders-for-dematerialization-of-shares.pdf)

9. Members holding shares in physical form are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to the Company's Registrar & Share Transfer Agent quoting their registered folio number.

10. Members desirous of having any information regarding accounts are requested to send their queries at the registered office of the Company at least seven days before the date of the AGM so that the requisite information is made available at the venue of the AGM.

11. Members may also note that the Notice of the AGM will be available on the Company's website www.flexituff.com

12. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, and Circulars etc. from the Company electronically.

13. Relevant Documents referred to in the accompanying notice and the explanatory statement are open for inspection by the members at the registered office of the Company during the office hours on all working days upto the date of AGM.

14. Voting through electronic means:

    In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide e-voting facility to its Members to enable them to cast their votes on the resolution electronically. For this purpose, the Company has appointed CDSL for facilitating remote e- voting.

    Kindly note that the Members can opt for only one mode of voting, i.e. either by physical or by e-voting. If you are opting for e-voting, then do not vote by physical and vice versa. In case Members cast their vote by both physical and e-voting, it may be noted that vote cast by them by e-voting shall prevail and votes cast through physical will be treated as invalid. Link Intime India Private Limited, Registrar and Transfer Agents of the Company will be facilitating e-voting to enable the Members to cast their votes electronically.

Instructions and other information relating to remote e-voting are as under:

(i) The voting period begins on 16th September, 2018 at 10.00 A.M. IST and ends on 18th September, 2018 at 5.00 P.M. IST. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 7th September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the AGM venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com

(iv) Click on Shareholders.

(v) Now Enter your User ID:

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viiii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for **Flexituff International Limited** on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) Any Person who has acquired shares and become member of the Company after the dispatch of the Notice of the AGM but before the cut-off date of 7th September, 2018, may follow the same instructions as mentioned above for e-voting.

(xxii) Persons whose names are recorded in the register of members maintained by registrar as on cut-off date i.e., 7th September, 2018 shall only avail the facility of remote e-voting or voting through ballot paper/polling paper at the venue of the AGM.

(xxiii) The Board of directors in their meeting held on 14th August, 2018 has appointed M/s. Ritesh Gutpa & Co., Practicing Company Secretary, Indore as Scrutinizer to scrutinize the e-voting and ballot process in fair and transparent manner.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Question ("FAQ") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or members are requested to contact:

Ms. Khushboo Kothari (Company Secretary)
Email: cs@flexituff.com;
Contact No. : 07292-420200.

By Order of the Board of Directors
Flexituff International Limited

Place: Pithampur **Khushboo Kothari**
Date: 14/08/2018 **Company Secretary**

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013

ITEM No. 4.

The Management Committee of Board of Directors of the Company in its meeting held on 26th June, 2018 decided to change the name of the Company from "**Flexituff International Limited**" to "**Flexituff Ventures International Limited**".

This change is being done in view of the proposed slump sale of FIBC division to a 100% subsidiary.

Presently, Flexituff is doing multiple businesses of:-

- FIBC
- Technical Textile
- Industrial Textile
- Compounding
- Injection-moulding etc.

Now with the proposed slump sale of FIBC division to wholly-owned Subsidiary Company, remaining businesses will continue to be carried in the Holding Company.

It is proposed to align names of both the Companies with their objectives/business carried on by them.

The big growth segment of the business is out of various new businesses being developed under the technical textile division, the latest being water cleaning through its de-watering tubes and a unique process technology of flocculation of contamination. It is also proposed to venture into design and solution for various infrastructure problems.

As the Company is doing multiple business activities in different areas, it is proposed to name Holding Company as Flexituff Ventures International Limited.

Subsidiary Company which will be carrying on pre-dominantly FIBC business is to be named as Flexituff Technology International Limited.

The name "**Flexituff Ventures International Limited**" has been duly approved and made available by the Registrar of Companies, Central Registration Centre vide its name approval letter dated 31st July, 2018 which is valid for 60 days. There is no change in business activity of the Company. The proposed change of name will not affect any of the rights of the Company or of the shareholders/stakeholders of the Company. All existing share certificates bearing the current name of the Company will, after the change of name, continue to be valid for all purposes.

As per the provisions of Sections 13 of the Companies Act, 2013, approval of the shareholders is required to be accorded for changing the name of the Company & consequent alteration in the Memorandum of Association and Articles of Association by way of passing a Special Resolution.

The Directors commend the Special Resolution set forth in Item No. 4 of the accompanying notice, for the approval of members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the said resolution.

ITEM No. 3 & 5

The Company has received notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Ashish Jamidar (DIN: 08196328) for the office of Director of the Company.

The Board of Directors as per recommendation of the Nomination and Remuneration Committee, appointed Mr. Ashish Jamidar (DIN: 08196328) as an Additional and the Whole Time Director w.e.f 14th August, 2018.

The Board has decided to seek approval of the members at the ensuing AGM of the Company for his appointment as Director and thereon as Whole Time Director of the Company.

The remuneration as set out below was approved by the Nomination & Remuneration Committee and the Board at their respective meetings:-

- Gross Salary Rs. 1,71,875/- (Rupees One Lakh Seventy One Thousand Eight Hundred & Seventy Five 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.

Relevant Documents related to appointment of Mr. Ashish Jamidar is available for inspection without any fee by the members at the Company's registered office during office hours on all working days up to the date of the AGM.

A brief resume of Mr. Ashish Jamidar as required under Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is set out as Annexure to the Notice.

Disclosure as required under Schedule V of the Companies Act, 2013 is set out as Annexure to the Notice.

The Directors commend the Ordinary/Special Resolution set forth in Item No. 3 & 5 of the accompanying notice, for the approval of members of the Company.

Except Mr. Ashish Jamidar, being the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the said resolutions.

ITEM No. 6

The members of the Company in the 24th Annual General held on 22nd August, 2017 approved appointment of Mr. Mahesh Sharma as Whole-Time Director & payment of remuneration of Rs. 9, 39, 340/- (Rupees Nine Lakhs Thirty Nine Thousand Three Hundred & Forty 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. 18 Lakhs per month.

Further to the resolution passed by the members of the Company, approval of members is sought for remuneration of Rs. 15,86,129/- (Rupees Fifteen Lakhs Eighty Six Thousand One Hundred and Twenty Nine) paid to Mr. Mahesh Sharma for the period from 1st April, 2018 to 30th May, 2018, as minimum remuneration in absence of profits or inadequate profits.

The Directors commend the Special Resolution set forth in Item No. 6 of the accompanying notice, for the approval of members of the Company.

Except Mr. Mahesh Sharma, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the said resolution.

ITEM No. 7

The members of the Company at the 24th Annual General held on 22nd August, 2017 approved appointment of Mr. Saurabh Kalani as Whole-Time Director & payment of remuneration as set out below:-

- Gross Salary Rs. 1,00,000/- (Rupees One Lakh Only) per month with an authority to Board/ Committee to decide from time to time to increase the remuneration upto Rs. 2,00,000/- (Rupees Two Lakhs Only) per month based on increment policy of the company in force;
- Perquisites and benefits:

1) Housing: - Furnished suitable accommodation for him and his family.
2) Gas, Electricity, water etc: - Reimbursement of expenses actually incurred for Gas, Electricity, Water and furnishing (including Air conditioners, refrigerators Geysers etc.) and the maintenance expenses of the society if applicable.
3) Provision for Company's car for use on Company's business and for personal use. If the company's car is provided, he shall reimburse Rs. 5000/- (plus Rs. 1000/-, if chauffeur is also provided to run the car) per month to the company for using the car for his personal use, which shall be deducted from his salary.
4) Provision of Telephone facilities at the cost of the Company at residence, and the mobile phone with all expenses met, subject however to the condition that all charges incurred by Mr. Saurabh Kalani in respect of personal long distance calls shall be billed to him.
5) Club fees: Club fees including entrance charges, deposit, if applicable, subject to a maximum of three clubs.
6) Medical Reimbursement: Reimbursement of actual expenses incurred for self and his family.
7) Medical/Accidental Insurance: Medical health insurance premium for self and his family including personal accident insurance, subject to maximum of Rs. 10,00,000/- (Rupees Ten Lakhs Only) per year

8) Credit Cards: Payment of dues of credit cards used by him for the purpose of expenses of the Company.

9) Life Insurance Policy premium subject to maximum of Rs. 2,00,000/- (Rupees Two Lakhs Only) per year

10) Leave Travel Concession for self and his family anywhere in India subject to a maximum of three months' salary plus actual fare. He shall also be reimbursed for his any foreign travel on a holiday for himself or for his family subject to a maximum of Rs. 10 Lakhs (Rupees Ten Lakhs Only) in a year plus actual business class air fare.

11) Contribution up to Rs. 1, 00,000/- (Rupees One Lakh Only) per month towards National Pension Scheme.

12) Company's Contribution towards provident fund shall be subject to a ceiling of 12% (twelve percent) of salary

13) Gratuity: As per Rules of the Company

14) All other expenses incurred for the purpose of Company's work to be reimbursed on actual basis.

The Company has incurred a net loss for the year ended 31st March, 2018 due to shortage of working capital, increase in interest cost due to availment of temporary high cost borrowings & increase in depreciation due to implication of IND-AS, etc. The Company is taking all possible steps, but it may take some time for the situation to improve. Consequently, out of abundant caution and in view of the relevant extant provisions of law relating to managerial remuneration, the Company is complying with the provisions of Section II of Part II of Schedule V of the Companies Act, 2013 which prescribes that in absence of profits or inadequate profits, the remuneration can be paid within the limits arrived at in accordance with the requirements of the said Section II.

Hence approval of members is sought for approval of remuneration paid/payable to Mr. Saurabh Kalani, Whole-Time Director for the period from 1st April, 2018 to 31st March, 2021, as minimum remuneration in absence of profits or inadequate profits.

Disclosure as required under Schedule V of the Companies Act, 2013 is set out as Annexure to the Notice.

The Directors commend the Special Resolution set forth in Item No. 7 of the accompanying notice, for the approval of members of the Company.

Except Mr. Saurabh Kalani, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the said resolution.

ITEM No. 8

The members of the Company in the 24th Annual General held on 22nd August, 2017 approved appointment of Mr. Anand Khandelwal as Whole-Time Director & payment of remuneration as set out below:-

- Gross Salary Rs. 81,095/- (Rupees Eighty One Thousand Ninety Five Only) per month with an authority to Board/ Committee to decide from time to time to increase the remuneration upto Rs. 2,00,000/- (Rupees Two Lakhs Only) per month based on increment policy of the company in force;

The Company has incurred a net loss for the year ended 31st March, 2018 due to shortage of working capital, increase in interest cost due to availment of temporary high cost borrowings & increase in depreciation due to implication of IND-AS, etc. The Company is taking all possible steps, but it may take some time for the situation to improve. Consequently, out of abundant caution and in view of the relevant extant provisions of law relating to managerial remuneration, the Company is complying with the provisions of Section II of Part II of Schedule V of the Companies Act, 2013 which prescribes that in absence of profits or inadequate profits, the remuneration can be paid within the limits arrived at in accordance with the requirements of the said Section II.

Hence approval of members is sought for approval of remuneration paid/payable to Mr. Anand Khandelwal, Whole-Time Director for the period from 1st April, 2018 to 31st March, 2021, as minimum remuneration in case Company has no profits or inadequate profits.

Disclosure as required under Schedule V of the Companies Act, 2013 is set out as Annexure to the Notice.

The Directors commend the Special Resolution set forth in Item No. 8 of the accompanying notice, for the approval of members of the Company.

Except Mr. Anand Khandelwal, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the said resolution.

ITEM No. 9

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office or residence address or by such electronic or other mode as may be prescribed. Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the company in its Annual General Meeting.

Accordingly, it is proposed that a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any request has been made by any member for delivery of such documents to him through such mode of service, be taken to cover the cost of such delivery, provided that such request alongwith the fees must be received by the Company atleast 10 days in advance from the dispatch of the documents.

The Directors commend the Special Resolution set forth in Item No. 9 of the accompanying notice, for the approval of members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the said resolution.

The specified information while seeking approval/consent of the shareholders as required under Part II Section II (B) of second proviso of Schedule V of the Companies Act, 2013

I.	**General Information**	
1.	Nature of Industry	The Company is engaged in the business of Technical Textile operations and manufacturing of FIBC products.
2.	Date of Commencement of Commercial Production	Not Applicable
3.	In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus	Not Applicable
4.	Financial performance based on given indicators	

(Rs. In Millions)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Total income	11,866.09	13,418.48	11,751.10
Profit / (Loss) before tax	9.07	75.64	13.63
Profit / (Loss) after tax	(23.44)	73.98	40.13

5.	Foreign Investments or collaborations, if any	The Company does not have any foreign collaboration. As per the shareholding pattern of the Company as on 31st March, 2018, the composite foreign investment in the Company stands at 29.21% comprising of: i. 8.94% by foreign portfolio investors; ii. 20.21% by foreign bodies corporate; and iii. 0.06% by non-resident Indians.

II.	**Information about the Appointees**
1.	Background details

Mr. Ashish Jamidar

Mr. Ashish Jamidar, aged 39 years, is an MBA in International Business. He has 17 years of experience in PP Woven/FIBC Industry including 2 years of experience in the UK & Canada. International Marketing & Sales are his main focus areas. He has been involved in market-development and travelled to over 40 countries in the world. He has good experience of export-sales-administration and managing overseas distribution company. He is also trained for TOC (Theory of Constraints) practices in PP Woven Industry.

Mr. Anand Khandelwal

Mr. Anand Khandelwal, aged 50 years, is a commerce graduate from DAVV University. He is associated with the Company for more than 2 decades. He has versatile experience in Raw Material management.

Mr. Saurabh Kalani

Mr. Saurabh Kalani, aged 56 years, is a commerce graduate from Sydenham College, Mumbai. He joined family business at age of 23. After taking in a few years of hands on experience he diversified group's activity into the field of Poly-Woven packaging which today is flagship manufacturing company of the group under the name Flexituff International Limited. He helped the Company grow into a multi-dimensional company of present structure leading a host of business and a team of 7000 strong people in India and abroad. 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.

2.	Past Remuneration

Mr. Ashish Jamidar

Not applicable as this is his first appointment as the Whole-time Director.

Mr. Saurabh Kalani

(Rs. In Millions)

Particulars	**2017-18**	**2016-17**	**2015-16**
Salary and Allowances	2.58	10.69	6.41
Value of Perquisites (other than Stock Options)	-	-	-
Perquisite Value of Stock Options	-	-	-
Retiral Benefits	-	-	-
Total	2.58	10.69	6.41

Mr. Anand Khandelwal

(Rs. In Millions)

Particulars	**2017-18 (From 24th July, 2018 to 31st March, 2018)**	**2016-17**	**2015-16**
Salary and Allowances	0.67	-	-
Value of Perquisites (other than Stock Options)	-	-	-
Perquisite Value of Stock Options	-	-	-
Retiral Benefits	-	-	-
Total	0.67	-	-

3.	Recognition or Awards	-
4.	Job Profile & Suitability	

Mr. Ashish Jamidar

He has 17 years of experience in PP Woven/FIBC Industry including 2 years of experience in the UK & Canada. International Marketing & Sales are his main focus areas. He has been involved in market-development and travelled to over 40 countries in the world. He has good experience of export-sales-administration and managing overseas distribution company. He is also trained for TOC (Theory of Constraints) practices in PP Woven Industry.

Mr. Saurabh Kalani

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. He was the founder President of the Indian Flexible Intermediate Bulk Container Association (IFIBCA) and was the Vice President of All India Flat Tape Manufacturers' Association.

Mr. Anand Khandelwal

He is associated with the Company for more than 2 decades. He has versatile experience in Raw Material management.

5.	Remuneration proposed	The remuneration paid / proposed to be paid is detailed hereinabove in the explanatory statement.
6.	Comparative remuneration with respect to industry, size of the company, profile of the position and person	The proposed remuneration is comparable and commensurate with the size and nature of the business of the Company and the responsibility of the appointees.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any	None of the director have pecuniary relationship directly or indirectly with the Company or its managerial personnel

III.	**Other Information**
1.	Reasons for loss or inadequate profits
	During the year under review, the Company faced challenges of shortage of working capital due to most of the consortium bankers having PCA issues. The Company also had to repay two of the foreign banks as they stopped their lending activity in India. This resulted in shortage of working capital. Further the precious working capital got additionally blocked due to implementation of GST and non-receipt of textile subsidy. Thus, the production had to be curtailed in spite of the Company's having adequate orders. This in turn resulted in lower revenue and consequently lowers EBIDTA. The implementation of IndAS also impact EBIDTA to the tune of Rs. 61.2 Millions.
2.	Steps taken or proposed to be taken for improvement
	The Company is taking various steps to correct the working capital issue by raising additional funds from the NBFCs. At the same time, the Company has approached its consortium and has apprised them of the issue. The consortium-bankers are working out for a solution to release the working capital to the Company to normalize its working. The products of the Company are doing extremely well and the demand for FIBC and its geo-textile products have picked up. The margins of the Company have also gone up. As a long term measure, the Company is trying to raise equity in its FIBC business. The money so raised by equity would be used to repay a part of the debt to deleverage the Company.
3.	Expected increase in productivity and profits in measurable terms
	The Company worked at a lower capacity utilization level due to working capital shortage in Q4 of FY2018 and Q1 of FY2019; however, the Company has taken steps to correct the same. In Q3 and Q4, the Company is expecting to achieve its full productivity levels thereby optimizing the profits. As explained, the Company worked on an overall EBIDTA margin of 15% in FY2017 which was increased to 16% in FY2018 and is further expected to increase by 1% point in FY2019. The Company is increasing its productivity efficiency and margins through the efforts of TOC (Theory Of Constraints) measures which has worked extremely well for the Company. Going forward as well, the demand and its products are expected to grow by 10% to 15% year on year, and, at the same time, through its TOC efforts, we are expecting to grow the margins continuously. The company has received the Country's Highest Exporter Award for FIBC through PLEXCONCIL, Ministry of Commerce, for 13 years in a row. The Company has also achieved recognition from all its foreign buyers for its delivery and services. In geo-textile sector, the Company has received appreciation for its unique products and new technologies being introduced to solve the problems of the country especially related to flood protection and water cleaning.

Details of Directors seeking Appointment/Re-appointment at the 25th Annual General Meeting

Particulars	Mr. Ashish Jamidar	Mr. Saurabh Kalani
DIN	08196328	00699380
Date of Birth	6th May, 1979	23rd September, 1962
Age	39 Yrs	56 Yrs
Appointment/Re-appointment	Appointment	Re-appointment
Qualifications	MBA (International Marketing)	B.Com
Expertise in specific functional area	Mr. Ashish Jamidar has 17 years of experience in PP Woven/FIBC Industry including 2 years of experience in the UK & Canada. International Marketing & Sales are his main focus areas. He has been involved in market-development and travelled to over 40 countries in the world. He has good experience of export-sales-administration and managing overseas distribution company. He is also trained for TOC practices in PP Woven Industry.	Mr. Saurabh Kalani has more than three decades of experience in the field of manufacturing, import, export, market development, strategic planning, production planning, financial planning etc. relating to Raffia Industry. He helped the Company grow into a multi-dimensional company of present structure leading a host of business and a team of 7000 strong people in India and abroad.

Particulars	Mr. Ashish Jamidar	Mr. Saurabh Kalani
Directorships held in other Public Companies (excluding foreign, private & Section 8 Companies)	Nil	1) Flexituff FIBC Limited 2) Herbal Dream Ayurveda Creations Private Limited
Memberships/Chairmanships of Committees in other Public Companies (includes only Audit Committee & Stakeholders' Relationship Committee Meeting)	Nil	Nil

Form MGT-11 (Proxy Form)

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Flexituff

FLEXITUFF INTERNATIONAL LIMITED
CIN: L25202MP1993PLC034616
Regd. Office: C41-50 SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) 454775

Name of Member(s):	
Registered address:	
Email Id:	
Folio No./Client Id:	
DP Id:	

I/We, being the member (s) of ………………………………………………………………………………shares of the above named Company, hereby appoint:

1. Name:………
Address:………
Email Id: ………………………………………………………….. Signature: ………………………………………, or failing him/her

2. Name:………
Address:………
Email Id: ………………………………………………………….. Signature: ………………………………………, or failing him/her

3. Name:………
Address:………
Email Id: ………………………………………………………….. Signature: ………………………………………

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Wednesday, 19th September, 2018 at 12:00 Noon at C 41-50, SEZ, Sector-3, Pithampur, Dist. Dhar, Madhya Pradesh - 454775 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Please mention number of Shares)		
		For	Against	Abstain
Ordinary Business				
1. (a)	Adoption of Audited Standalone Financial Statements for the year ended 31st March, 2018			
1. (b)	Adoption of Audited Consolidated Financial Statements for the year ended 31st March, 2018			
2.	Appointment of Mr. Saurabh Kalani (DIN: 00699380) as Director, who retires by rotation & being eligible offers himself for re-appointment			
Special Business				
3.	Appointment of Mr. Ashish Jamidar (08196328) as Additional Director			
4.	Approval for change of name of the Company from "Flexituff International Limited" to "Flexituff Ventures International Limited"			
5.	Appointment of Mr. Ashish Jamidar (08196328) as Whole-Time Director			
6.	Approval of payment of remuneration to Mr. Mahesh Sharma (DIN: 07610685), CEO & Whole-Time Director			
7.	Approval of payment of remuneration to Mr. Saurabh Kalani (00699380), Whole-Time Director			
8.	Approval of payment of remuneration to Mr. Anand Khandelwal (07889346), Whole-Time Director			
9.	Delivery of documents by the Company through a particular mode			

Signed this…………….… day of…………………. 2018

Affix Revenue Stamp of Rs. 1/-

……………………………………..... ……………………………………
Signature of Proxy holder Signature of Shareholder(s)

Note: *This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than FORTY EIGHT (48) hours before the commencement of the Meeting.*

ATTENDANCE SLIP

FLEXITUFF INTERNATIONAL LIMITED
CIN: L25202MP1993PLC034616
Regd. Office: C41-50 SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) 454775

25th Annual General Meeting – 19th September, 2018

Regd. Folio No./ DP ID*, Client ID*	
No. of Share (s) held	

I certify that I am a member / proxy / authorized representative for the member of the Company.

I/ We hereby record my/our presence at the 25th Annual General Meeting of the Company at C 41-50, SEZ, Sector-3, Pithampur, Dist. Dhar (M.P.) 454775, held on Wednesday, 19th September, 2018 at 12:00 Noon.

....
Name of the member/proxy
(in Block Letters)

....
Signature of the member / proxy

Note: *Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual report to the AGM.*

Flexituff International Limited
C 41-50, S.E.Z., Sector 3, Pithampur- 454 775
Dist. Dhar, Madhya Pradesh, INDIA
(T): +91-7292-401681, 82, 83, (F): +91-7292-401684
(E): mail@flexituff.com, (W): www.flexituff.com