

TWENTY FOURTH ANNUAL REPORT 2013-2014



FLEX FOODS LIMITED



FLEX FOODS LIMITED

(CIN L15133UR1990PLC023970)

TWENTY FOURTH ANNUAL REPORT 2013-2014

BOARD OF DIRECTORS

ASHOK CHATURVEDI
Chairman
T. N. PANDEY
G. N. GUPTA
M. G. GUPTA
R. K. JAIN
S. K. KAUSHIK

COMPANY SECRETARY

RAJESH DHEER

MANAGER

B.P. SHARMA

AUDITORS

Statutory Auditor

JAIN SINGHAL & ASSOCIATES
IInd Floor, M-6, M Block Market, Greater Kailash-II
New Delhi-110 048

Internal Auditor

VIJAY SEHGAL & CO.
100, New Rajdhani Enclave
Delhi-110 092

Secretarial Auditor

MAHESH GUPTA & CO.
Wadhwa Complex, Chamber No. 110,
Ground Floor, D-288-299/10, Laxmi Nagar,
Delhi-110 092

BANKERS

CANARA BANK

REGISTERED OFFICE

Lal Tappar Industrial Area,
P.O. Resham Majri,
Haridwar Road,
Dehradun (Uttarakhand)
Phone: 2499234, 2499262
Fax: 2499235

SHARE DEPARTMENT

305, Third Floor, Bhanot Corner,
Pamposh Enclave,
Greater Kailash - I
New Delhi - 110048
Phone Nos. : 26440917, 26440925
Fax No. : 26216922
E-mail : flexsec@vsnl.net

WORKS

Lal Tappar Industrial Area,
P.O. Resham Majri,
Haridwar Road,
Dehradun
(Uttarakhand)

Chidderwala
Dehradun
(Uttarakhand)

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Members of Flex Foods Limited will be held on Saturday, the 23rd day of August, 2014 at 3:00 P.M. at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, Uttarakhand to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the year 2013-2014 on the equity shares of the company.
3. To appoint a Director in place of Mr. R.K. Jain (holding DIN 00024692), who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s. Jain Singhal & Associates, Chartered Accountants (Firm Registration No.005839N) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of the fourth consecutive AGM and to fix their remuneration and to pass the following resolution thereof:

“Resolved that, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Jain Singhal & Associates, Chartered Accountants (Firm Registration No.005839N), be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of this AGM to the conclusion of the fourth consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors, be and are hereby authorized to fix such remuneration as may be agreed upon by the Board of Directors and Auditors, in addition to reimbursement of service tax and actual out of pocket expenses incurred in connection with the audit of the accounts of the Company.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions 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) read with Schedule IV to the Companies Act, 2013, Mr. M.G. Gupta (holding DIN 00023524), Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term up to 31st March, 2019.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions 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) read with Schedule IV to the Companies Act, 2013, Mr. T.N. Pandey (holding DIN 00023557), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term up to 31st March, 2019.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions 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) read with Schedule IV to the Companies Act, 2013, Mr. G.N. Gupta (holding DIN 00027502), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term up to 31st March, 2019.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 3rd Annual General Meeting held on 25th January, 1993 and pursuant to Section 180(1)(c) and any other applicable provisions 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), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.150 Crores (Rupees One Hundred Fifty Crores) over and above the aggregate of the paid up share capital and free reserves of the Company.”

By Order of the Board

Place : NOIDA
Dated : 22nd May, 2014

RAJESH DHEER
Company Secretary
FCS No. 3060

**IMPORTANT NOTES:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from 19.08.2014 to 23.08.2014 (both days inclusive).
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
7. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode.
8. The Company has paid the Annual Listing Fee for the year 2014-2015 to the BSE Limited on which the Company's Securities are presently listed.
9. Unclaimed/Undelivered Share Certificates

As per the provisions of Clause 5A of the Listing Agreement, the unclaimed shares lying in the possession of the

Company are required to be dematerialized and transferred into a special demat account held by the Company. Accordingly unclaimed shares lying with the Company have been transferred and dematerialized in an 'Unclaimed Suspense Account' of the Company. This Account is being held by the Company purely on behalf of the shareholders entitled for these shares.

It may also be noted that all the corporate benefits accruing on these shares like bonus, split etc., if any, shall also be credited to the said 'Unclaimed Suspense Account' and the voting rights on these shares shall remain frozen until the rightful owner has claimed the shares.

Shareholders, who have not yet claimed their shares are requested to immediately approach the Registrar & Transfer Agents of the Company by forwarding a request letter duly signed by all the shareholders furnishing their complete postal address along with PIN code, a copy of PAN card & proof of address, and for delivery in demat form, a copy of Demat Account – Client Master Report duly certified by the Depository Participant (DP) and a recent Demat Account Statement, to enable the Company to release the said shares to the rightful owner.

The status of equity shares lying in the Suspense Account is given below :

Sl. No.	Particulars	No. of Share-holders	No. of equity shares held
1.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed suspense Account	143	14500
2	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account	Nil	Nil
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account	Nil	Nil
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on date	143	14500

10. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 24th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- i) Log on to the e-voting website www.evotingindia.com
- ii) Click on "Shareholders" tab.
- iii) Now, select "FLEX FOODS LIMITED" from the drop down menu and click on "SUBMIT"

- iv) 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.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) 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.
- vii) If you are a first time user follow the steps given below:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares you hold on record date i.e. 18th July, 2014 in the Dividend Bank details field.

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then reach directly 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.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on "**FLEX FOODS LIMITED**"
- 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.

- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) 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.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
 - (B) The voting period begins on **18th August, 2014 (9:00 AM)** and ends on **19th August, 2014 (6:00 PM)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **18th July, 2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on Resolution is cast by the shareholders, the shareholders shall not be allowed to change it subsequently.
 - (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
 - (D) The shareholders can opt for only one mode of voting, i.e. either physically by attending AGM or e-voting. If any shareholders opt for e-voting, he/she will not be eligible to vote physically in AGM.
11. Mr. Mahesh Gupta, Practicing Company Secretary (Membership No. 2870) has been appointed as the



Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Results of e-voting shall be declared on or after the AGM of the Company and the Results declared with Scrutinizer Report shall be placed on the Website of the Company i.e. www.flexfoodsltd.com and also on the website of CDSL viz. www.cdslindia.com within two days of passing of the Resolution of the AGM of the Company.

12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Mr. M.G. Gupta is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2003. Mr. M.G. Gupta is a member of the Nomination and Remuneration Committee and a member of the Audit Committee and Chairman of Corporate Social Responsibility Committee of the Company.

Mr. M.G. Gupta retired IAAS (Indian Audit & Accounts Services) and during his illustrious carrier with the Central Government, held several important positions in various Ministries / Departments. He retired in 1992 as Vice Chairman & Member, Finance, Delhi Development Authority.

Mr. M.G. Gupta retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. M.G. Gupta being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for 5 consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. M.G. Gupta as a candidate for the office of Director of the Company.

Mr. M.G. Gupta has given a declaration to the Board that he meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, Mr. M.G. Gupta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. M.G. Gupta as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. M.G. Gupta as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. M.G. Gupta, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Item No. 6

Mr. T.N. Pandey is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in November, 2001. Mr. T.N. Pandey is Chairman of the Audit Committee and Stakeholders' Relationship Committee and a

member of the Nomination and Remuneration Committee of the Company.

Mr. T.N. Pandey retired from the Government service as Chairman of the Central Board of Direct Taxes. He has vast and varied experience and has held several important positions during his illustrious carrier with the Central Government.

Mr. T.N. Pandey is a Director, whose period of office is liable to determination by retirement of Director by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. T.N. Pandey being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for 5 consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. T.N. Pandey as a candidate for the office of Director of the Company.

Mr. T.N. Pandey has given a declaration to the Board that he meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, Mr. T.N. Pandey fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. T.N. Pandey as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. T.N. Pandey as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. T.N. Pandey, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7

Mr. G.N. Gupta is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in July, 1999. Mr. G.N. Gupta is Chairman of the Nomination and Remuneration Committee and a member of Audit Committee of the Company.

Mr. G.N. Gupta retired as Chairman of the Central Board of Direct Taxes. He has vast and varied experience and has held several important positions during his illustrious carrier with the Central Government.

Mr. G.N. Gupta is a Director, whose period of office is liable to determination by retirement of Director by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. G.N. Gupta being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for 5 consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. G.N. Gupta as a candidate for the office of Director of the Company.

Mr. G.N. Gupta has given a declaration to the Board that he meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, Mr. G.N. Gupta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management.

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The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. G.N. Gupta as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. G.N. Gupta as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. G.N. Gupta, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Item No.8

The members of the Company at their 3rd Annual General Meeting held on 25th January, 1993 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.50 Crores (Rupees Fifty Crores). Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors

shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a Special Resolution. It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No.8 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs.150 Crores (Rupees One Hundred Fifty Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.8.

By Order of the Board

Place : NOIDA
Dated : 22nd May, 2014

RAJESH DHEER
Company Secretary
FCS No. 3060

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (In Pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Shri R.K. Jain DIN 00024692	Shri G. N. Gupta DIN 00027502	Shri T.N. Pandey DIN 00023557	Shri M.G. Gupta DIN 00023524
Date of Birth	24.09.1954	23.07.1931	20.08.1932	02.03.1934
Date of Appointment	11.08.2000	28.07.1999	01.11.2001	28.01.2003
Experience in specific functional area	A Chartered Accountant having more than 34 years of experience particularly in the field of Finance, Taxation and Corporate Matters. Associated with Uflex group almost since inception and as such is quite familiar with the Company's activities.	He is tax consultant and retired as Chairman of the Central Board of Direct Taxes. He has vast and varied experience and has held several important positions during his illustrious career with the Central Government	Retired from the Government service as Chairman of the Central Board of Direct Taxes. He has vast and varied experience and has held several important positions during his illustrious career with the Central Government	He is retired IAAS (Indian Audit & Accounts Services) and during his illustrious career with the Central Government, held several important positions in various Ministries / Departments. He retired in 1992 as Vice Chairman & member, Finance, Delhi Development Authority.
Qualification	FCA.	M.Sc. (Maths), LL.M.	M.Com. LL.B, LL.M.	B.Sc., Retd. IAAS
Directorship in other Public Limited Companies	NIL	- Yash Papers Ltd. - Asian Fertilizers Ltd.	- Kailash Health Care Ltd.	- UFLEX Limited. - Taurus Assets Management Co. Ltd.
Members/Chairman of Committee of the Board of the Public Limited Companies on which he is Director	Audit Committee - Flex Foods Ltd. Nomination and Remuneration Committee - Flex Foods Ltd. Stakeholders' Relationship Committee - Flex Foods Ltd.	Audit Committee - Flex Foods Ltd. - Yash Papers Ltd. (Chairman) Nomination and Remuneration Committee - Flex Foods Ltd. (Chairman) - Yash Papers Ltd. (Chairman) Stakeholders' Relationship Committee - Nil	Audit Committee - Flex Foods Ltd. (Chairman) - Kailash Health Care Ltd. (Chairman) Nomination and Remuneration Committee - Flex Foods Ltd. - Kailash Health Care Ltd. (Chairman) Stakeholders' Relationship Committee - Flex Foods Ltd. (Chairman)	Audit Committee - Flex Foods Ltd. - UFLEX Limited) - Taurus Assets Management Co. Ltd. (Chairman) Nomination and Remuneration Committee - Flex Foods Ltd. - UFLEX Limited (Chairman) - Taurus Assets Management Co. Ltd. Stakeholders' Relationship Committee - UFLEX Limited

Note:- None of the Non-Executive Directors of the Company hold any shares/convertible instrument in the Company except Shri Ashok Chaturvedi (Non-executive Chairman) who holds 7610 equity shares of the Company.

**DIRECTORS' REPORT**

To the Members,

Your Directors are pleased to present the 24th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2014

Financial Results

The financial results for the year ended 31st March, 2014 and for the previous year ended 31st March, 2013 are as follows:

	(Rs. in lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
Income from Operation	6617.34	5282.80
Other Income	313.74	293.40
Profit before Finance Cost, Depreciation and Taxes	1916.61	1244.58
Finance Cost	202.96	164.89
Depreciation & Amortisation Expenses	356.77	340.49
Profit before Tax	1356.88	739.20
Provision for Taxation	319.27	192.34
Deferred Tax (Assets)/Liability	2.47	(11.24)
Short/(Excess) Provision of earlier year	0.21	(0.09)
Profit for the Year	1034.93	558.19
Earning per Share	8.31	4.49

Your Company during the year achieved total revenue of Rs.6931.08 lacs including other income of Rs.313.74 lacs in comparison to total revenue of Rs.5576.20 lacs including other income of Rs.293.40 lacs in the previous year ended 31st March, 2013. During the year the Company made export of manufactured/traded goods on FOB basis to the tune of Rs 4847.47 lacs, which is approximately 73.70% of the total sales. Your Company ended the year with a net profit of Rs.1034.93 lacs compared to profit of Rs.558.19 lacs for the previous year ended 31st March, 2013. The earning per share is Rs.8.31 in comparison to Rs.4.49 per share in the previous year. From these figures, it could be seen that the company's working for the year ended 31st March, 2014 has improved substantially compared to the previous year.

The operational aspects of the Company's working have been covered in detail in the Management Discussion and Analysis Report and the same is deemed to be part of this Directors' Report.

Dividend

Your Directors are pleased to recommend a dividend @ Rs.2.25 (22.50%) per fully paid share for the financial year ended March, 2014. The dividend if approved at the forthcoming Annual General Meeting will be paid to Members whose name appear in the Register of Members as on 18th August 2014. In respect of shares held in dematerialized form, it will be paid to those members whose name are furnished by National Securities Depository Limited and Central Depository Service (India) Limited as beneficial owner as on 18th August 2014.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri R.K. Jain, (DIN 00024692), Director of the Company retires by rotation and being eligible offers himself for re-appointment.

Mr. M.G. Gupta, Mr. T.N. Pandey and Mr. G.N. Gupta Directors of the Company, are being appointed as independent Directors for five consecutive years for a term upto March 31, 2019 as per the provision of Section 149 and other applicable provisions of the Companies Act, 2013

Brief resume of the Directors seeking appointment/re-appointment, nature of their expertise in specific functional areas and the name of the Public Companies in which they hold Directorship and Chairman/Membership of the Committees of the Board, are given as Annexure to the Notice convening the Annual General Meeting.

None of the Directors of the Company is disqualified as per provisions of Section 274(1)(g) of the Companies Act, 1956. The Directors have made necessary disclosures as required under various provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Your Directors recommend their appointment/reappointment.

Fixed Deposits

During the year under review, your Company did not accept any Fixed Deposits from the Public.

Auditors & Audit

The Statutory Auditors of the Company, M/s. Jain Singhal & Associates, Chartered Accountants (Firm Registration No.005839N), retire at the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept office, if re-appointed. The Audit Committee and the Board of Directors recommends the re-appointment of M/s. Jain Singhal & Associates, Chartered Accountants (Firm Registration No. 005839N) as the Auditors of the Company for a period of three years.

The observations of the Auditors and the relevant notes on the accounts are self-explanatory and therefore do not call for any further comments.

Internal Auditors

The Board of Directors of your Company has appointed M/s. Vijay Singhal & Co., Chartered Accountants, Delhi (Firm Registration No.000374N) as Internal Auditors pursuant to the provisions of Section 138 of the Companies Act, 2013 for the financial year 2014-2015.

Secretarial Auditors

The Board of Directors of your Company has appointed Ms. Mahesh Gupta & Company, Practicing Company Secretary, Delhi as Secretarial Auditor pursuant to the provisions of Section 204 of the Companies Act, 2013 for the financial year 2014-2015.

Corporate Governance

The Securities and Exchange Board of India (SEBI) stipulates Corporate Governance standards for listed companies through Clause 49 of the Listing Agreement of the Stock Exchanges. Accordingly, a separate report on Corporate Governance along with the Auditors' Certificate on its compliance by the Company is included as a part of the Annual Report.

Directors' Responsibility Statement

On the basis of compliance certificates received from the Internal Auditors and Executives of the Company, subject to the disclosures in the Annual Accounts and also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state as under:

- 1) that in the preparation of the Annual Account for the financial year ended 31st March, 2014, the applicable accounting standards have been followed and there has been no material departure.
- 2) that the Directors have selected such Accounting Policies and applied them consistently and made judgment and estimates that were 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 profits of the Company for the year under review.
- 3) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) that the Directors have prepared the Annual Accounts on a going concern basis.

The Company's Internal Auditors have conducted periodic audit to provide reasonable assurance that the Company's established policies and procedures have been followed. The Audit Committee constituted by the Board reviews the internal control and financial reporting issues with the Internal Auditors.

Particulars of Employees

There has been no employee during the year whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

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

Information under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'A' forming part of this Report.

Personnel

Relations with the Employees remained cordial and harmonious throughout the year, thereby strengthening the commitment of the Employees at all level to the growth of the Company.

Acknowledgement

The Directors acknowledge with gratitude the co-operation extended by various agencies of the Central Government, Government of Uttarakhand, Banks and all Business Associates during the year under review. The Board also takes this opportunity to express its deep gratitude for the continuous support received from the Shareholders and wholehearted cooperation given by the employees of the Company working at various levels.

For and on behalf of the Board

Place : NOIDA
Dated : 22.05.2014

Ashok Chaturvedi
Chairman

ANNEXURE 'A' TO DIRECTORS REPORT

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo pursuant to Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, forming part of Directors Report.

A) Energy Conservation Measures Taken

Keeping in mind social accountability, efforts were undertaken to reduce energy consumption & emission of pollutants. Steam generation & consumption, electricity & water consumption patterns were studied & optimized for various processes.

Knowledge of energy consumption for each product & process, measuring & analyzing data on steam generation, distribution & consumption, measuring & analyzing data on electricity / water distribution & consumption, process analysis & improvement, proper selection of motors, identifying & eliminating distribution system losses, condition monitoring, frequent inspection & cleaning programmes, VFD installation & maintaining unity power factor have resulted in significant cost savings & increased level of awareness amongst the employees.

Achieved SEDEX 4 pillar compliance from 2 pillar resulting in increased level of awareness amongst employees for

occupational health and safety, environmental and social accountability,

Installation of VFD's at mushroom farm in composting process has resulted in substantial energy savings.

B) Additional investments and proposals being implemented for reduction of energy consumption

HPU Unit: Refrigeration unit was modified to improve handling capacity by installing new compressor, PHE, cooling tower & evaporator. The cooling capacity of existing Blast freezer was enhanced.

Installation of new freeze drying cabinet with highly upgraded and efficient technology has resulted in significant energy savings.

IQF Unit: New reciprocating compressor of higher capacity was installed to improve cold room temperature.

C) Impact of the above measures

HPU refrigeration unit modification has resulted in increased raw material handling capacity & process efficiency thereby resulting in significant cost savings

Installation of VFD at mushroom farm in composting process resulted in improved quality of compost due to achievement of uniform and high temperature throughout the whole compost.



New freezing plant successful commercial production resulted in greater per batch output and improved product quality.

TECHNOLOGY ABSORPTION**Research & Development (R&D)****i) Specific areas in which R&D carried out by the Company**

The company prioritized and carried out R&D work in process and product development of Conventional herbs like Rucola, Organic herbs like Coriander & Marjoram & vegetables like Chilly & Carrot.

ii) Benefits derived as a result of above R&D

- a. IQF Rucola & IQF Organic Coriander & Marjoram were developed and manufactured in addition to other herbs.
- b. Air dried Carrot & Chilly were developed and manufactured in addition to other products.

iii) Future Plan of Action

- a) Steps are continuously being taken for innovation and renovation of products including new product development like Air dried Stevia, Capsicum and Frozen Jalapeño, Pepper.
- b) Automation and process line modifications are being planned to substantially reduce labour costs and to improve productivity and quality.

- c) Training programme has been initiated for farmers for growing of herbs for Good Agricultural Practices (GAP) to grow herbs as per US and EU norms.
- d) Backward integration for growing of herbs with increased area of cultivation for sustained and quality supply of fresh herbs.

iv) Expenditure on Design & Development:-

During the year, company spent Rs.0.09 Lacs. This is very negligible to the percentage of the turnover of the company.

FOREIGN EXCHANGE EARNING AND OUTGO

- a. Activities related to Exports: Initiatives were taken to increase exports, development of new export markets for products and services. The Company is at present exporting its products to North America and Europe. The Company is continuously exploring possibilities of exporting new and enhanced quantities of existing product mix to existing and new prospective markets.
- b. During the year company has exported manufactured goods of on FOB basis amounting to Rs. 4847.47 lacs. The expenditure incurred in Foreign Exchange (including value of imports) during the year amounted to Rs 866.59. lacs

For and on behalf of the Board

Place : NOIDA
Dated : 22.05.2014

Ashok Chaturvedi
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Forward Looking Statement

Forward-looking statement reflects the current expectations regarding future results of operations. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

Industry Scenario and Developments

The Indian Food Processing industry accounts for 32% of the country's total food market. Estimated to be worth USD 121 billion, it is one of the largest industries in India, and is ranked fifth in terms of production, consumption and exports. The Industry employs 13 million people directly and 35 million people indirectly. It accounts for 14% of manufacturing GDP, nearly 13% of India's exports and 6% of total Industrial Investment. Currently growing at more than 10% per annum, it is expected to touch USD 194 billion by 2015 (Source : www.investindia.gov.in).

Mushrooms are processed, produced and consumed in many countries on a large scale. The Global Mushroom market is primarily driven by the increasing demand for the organic-products. Mushrooms are highly popular in Asian Countries such as China, India and Japan. Asia holds the majority of the market share of the global mushroom consumption and is closely followed by North America and Europe. Europe is the leader in mushroom production and processing. The global mushroom market has shown remarkable growth in the recent years and is also showing attractive market potential for the future.

The global mushroom market is segmented into three major categories, on the basis of types into button, oyster, shiitake and on the basis for category into canned, chilled, fresh, processed and frozen. The market is also segmented by applications into recipes, F&B processing and direct consumption. It is further segmented by geography into North America, Asia-pacific, Europe and the rest of the World regions.

The global mushroom market is driven by factors such as increasing development of high yield systems, rising saturation in demand and consumer shift towards value-added products. The increasing demand for organic products, rising health awareness and the increasing power of supermarkets will also act as drivers for the global mushroom market. Some of the factors inhibiting the growth of the market are short shelf life of mushrooms and the use of harmful ingredients. Increasing competition and the rising power of supermarkets will serve as an opportunity, fuelling the growth of the global mushroom market.

Business Overview

Flex Foods offers a wide range of Vacuum Freeze Dried, Air-Dried, Frozen and IQF (Individually Quick Frozen) product range of mushrooms, herbs, spices and fruits / vegetables, meeting strict quality & hygiene standards. Canned button mushroom in various shapes and sizes is also available as per the customer requirement. Flex Foods Limited is a single point source of supplier of Frozen / IQF (Individually Quick Frozen), Air Dried, Canned as well as Freeze Dried products to the customers as per their requirements. A tempting food i.e. retail packs of Culinary Herbs for Indian customers are also available in four varieties in Flex Foods.

Product-wise performance

Sale of Finished Goods

Description	Current Year		Previous Year	
	Quantity (in KGs)	Value (Rupees in Lacs)	Quantity (in KGs)	Value (Rupees In Lacs)
Freeze dried Mushroom, Herbs, Vegetables & Fruit	1,85,286	3,392.47	1,71,750	2,613.23
Processed Food Viz. Mushroom Fresh & Processed (including Canned)	12,67,808	1194.15	10,43,305	893.59
Frozen/Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	13,20,926	1,648.60	10,75,441	1,225.58
AirDried Fruits, Vegetables, Mushroom & Herbs	1,11,973	339.24	1,40,078	463.32
Others	-	2.53	-	-
Total	28,85,993	6,576.99	24,30,574	5,195.72

The Company has developed following new products, both for domestic and international markets:

- Air Dried & IOF – Stevia
- Air Dried – Sugar Beat
- Freeze Dried – Jalepeno Pepper – Red
- Freeze Dried – Jalepeno Pepper – Green
- Freeze Dried – Banana
- Freeze Dried – Green Capsicum



Further, Stevia & sugar beat has been cultivated and samples in Air Dried & IOF form have been sent to overseas buyers for their approvals. Customers have asked for improvement in the texture of the product, which will be developed soon.

OPPORTUNITIES AND THREATS

Opportunities

The food processing industry in India has taken off substantially and will continue to grow rapidly considering the untapped potential in the sector. The growth in this segment not only indicates the changing development patterns of the country, similar to the developed nations, but also the promise it holds in driving growth of a certain section of society that has remained marginalised for a long time. More than just demand and supply dynamics, stakeholders in the food processing sector of India have a social responsibility to fulfill.

The food processing industry in India is witnessing rapid growth. In addition to the expansion of demand, changes are also taking place on the supply side with the growth in organized retail, increasing FDI in food processing and introduction of new products. The opportunities of expansion in the food processing industry are vast.

The Ministry of Food Processing Industries (MoFPI) has formulated a Vision 2015 Action Plan that includes trebling the size of the food processing industry, raising the level of processing of perishables from 6% to 20%, increasing value addition from 20% to 35%, and enhancing India's share in global food trade from 1.5% to 3%. (Source : www.mofpi.nic.in)

Threats

Food manufacturers might be exposed to increasingly volatile prices within the next decade due to scarcity of natural resources. India's agricultural base is quite strong but wastage to is very high and processing of food products is very low. While processing of food to consumable standards are at levels of up to 80% in some developed countries, the overall processing level in India has recently reached 10%. (Source : <http://ageconsearch.umn.edu/>)

Some more threats are as under:

- Increase in the prices of raw materials, packing material and fuel
- Food inflation in general
- Non-availability of raw materials
- Exchange rate fluctuations
- Changes in fiscal benefits/laws
- Competitive environment with diverse players.

To address these risks, the Company has a single point source supplier of Frozen/IQF (Individually Quick Frozen), Air Dried as well as Freeze Dried products to the customers as per their requirements with high quality mushrooms and herbs. Though the competition is fierce, the goodwill and the quality of the products offered by the Company are great plus factors and the Company expects to overcome the competition. The Company had expanded its freeze drying capacity by adding print of art freeze dried cabinets.

Future Outlook

Indian food processing industry is poised for explosive growth driven by changing demographics, growing population and rapid urbanization. These factors will increase the demand for value added products and thus improve the prospects of food processing industry in India.

The spending on food and food products amounts to nearly 21 per cent of the gross domestic product.

India has tremendous potential for mushroom production and all commercial edible and medicinal mushrooms can be successfully grown. There is increasing demand for quality products at competitive rates both in domestic and export markets. Though growth of mushroom will depend on increasing and widening domestic market in coming years, export market will be equally attractive. To be successful in both domestic and export market, your company is producing quality fresh mushrooms and processed products at competitive rates. The company is exploring new markets including domestic market. Further negotiations are in progress with new customers in Europe/US which will improve the company's sales volume in the coming years.

The company is continuously looking for new innovative ways to increase its sales and market share and for the same purpose, it is adding new products in markets. New techniques and methods are introduced to increase the quality of products. The response from new markets is encouraging.

Risks & Concerns

Every business faces risks involved in its operations, which could be internal as well as external. The external factors affecting any company's business are market competition, availability of cheaper substitute products, Government policies regarding power tariffs and on-going political and economic changes in the importing country. The Company has a control over its internal factors but may not have much control over such external factors; however it is important to address these risks & concerns to mitigate their overall impact on the business. Realistic risk assessment and Management approach along with the regular monitoring mechanism in the Company ensures that these risks are duly addressed and well managed. High focus on safety of plant, its premises and people continuity and proactive Management of related business environment are essential for the risk management in the overall supply chain and business in general.

Internal Control System & Their Adequacy

The Company has adequate system of internal controls to ensure that all activities are monitored and controlled as well as transactions are authorized, recorded and reported correctly. The Company has effective budgetary control system and the actual performance is reviewed with reference to the budget periodically by the Management. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines, which are supplemented by internal audit regularly. The Audit Committee of the Board meets on quarterly basis and reviews the internal control systems as well as financial statements.

Human Resources/Industrial Relations

The company lays due emphasis on sound Human Resource Management practices and appraisal systems with focus on cordial employer-employee relations to ensure higher level of productivity and operational efficiency. Adequate efforts have been made to strengthen and develop its human resources as a key strength through continuous training inputs and focused development plan. As on 31st March 2014, the total number of permanent employee in the Company were 516.

ANALYSIS OF FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE

The accompanying financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles and Accounting Standards prevailing in India.

A. FINANCIAL CONDITIONS
Fixed Assets

At the end of the year, Company's investment in fixed assets was as under:

Year ended March 31 st	2011	2012	2013	2014
Gross Block (Rs. in Lacs)	7200	7953	8082	9573

The composition and growth of assets was as under:

[Rs. in lacs]

Particulars	March 31, 2014	March 31, 2013	Growth %
Land	99.70	99.70	-
Buildings	1547.72	1460.51	5.97
Plant & Equipments	7477.74	6175.19	21.09
Electrical Fittings & Installations	250.86	141.59	77.17
Office Equipments	45.63	54.45	(16.20)
ERP Software	30.01	30.01	
Furniture & Fixtures	10.85	10.03	8.18
Vehicles	110.68	110.10	0.53
Total	9573.19	8081.58	
Less: Acc. Depreciation	4407.38	4070.23	8.28
Add: CWIP	67.21	52.79	-
Net Fixed Assets	5233.02	4064.14	-

CURRENT ASSETS LOANS & ADVANCES
Inventories

Inventories include stock of raw material, consumables, work-in-progress, finished goods and packing material. Total inventories were Rs 1069.16 lacs, representing 11.17% of the fixed assets.

Sundry Debtors

Sundry debtors were Rs.1683.60 lacs as at 31st March, 2014 as against Rs.952.39 lacs as at 31st March, 2013. Debtors as a percentage of total operating revenue were 25.44 % for the current year as against 18.03 % for the previous year.

Cash and Bank Balances

Cash and bank balances were 9.67 % of total assets as on 31st March, 2014 as against 6.32 % as on 31st March, 2013

Loans & Advances

Loans & Advances mainly comprise of loans to staff, advances recoverable in cash or kind, advance taxes and security deposits. Advances recoverable in cash or kind or for value to be received are mainly towards amount paid in advance for value and services to be received in future. Security deposits mainly represent deposit for electricity.

Net Deferred Tax Assets

Deferred tax liabilities of Rs.472.56 lacs represent closing balance of net deferred tax liabilities after adjusting total deferred tax assets and deferred tax liabilities as on 31.03.2014. It has been calculated in accordance with Accounting Standard -22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.



CURRENT LIABILITIES & PROVISIONS

Current Liabilities

Sundry Creditors include amount payable to vendors for supply of goods and services. Advances from customers represent amount for which material has not yet been delivered. Other liabilities include amounts payables to staff/workers for earned leave, bonus, salary and overtime besides taxes.

B. RESULTS OF OPERATIONS

The summary of operating performance for the year is given below:

(Rs.in lacs)

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Amount	%	Amount	%
INCOME				
Income from operations	6617.34	95.47	5282.80	94.74
Other income	313.74	4.53	293.40	5.26
Total Income	6931.08	100.00	5576.20	100.00
EXPENDITURE				
Raw Material Consumed	1095.17	15.80	971.69	17.43
Purchase of Stock in Trade	2.19	0.03		
(Increase)/Decrease in stock	(28.41)	(0.41)	49.66	0.89
Manufacturing Exp.	1543.53	22.27	1378.35	24.72
Payment & Benefit to Emp.	1090.12	15.73	907.97	16.28
Administrative, Selling & Other Expenses	1311.87	18.93	1023.95	18.36
OPERATING EXPENSES	5014.47	72.35	4331.62	77.68
EBDIT	1916.61	27.65	1244.58	22.32

REPORT ON CORPORATE GOVERNANCE

Corporate Governance

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges the Company submits the Report on the matters mentioned in the said clause and practice followed by the Company.

1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to ensure the best possible Management team with adequate numbers of professional experienced people. The Company firmly believes that sound practices adopted in the governance of its affairs based on openness, transparency, capability and accountability is *sine-que-non* for long term success, building the confidence of its stakeholders, its functioning and conduct of business.

2. Board of Directors

(a) Composition of the Board (As on March 31, 2014)

The Board of Directors of the Company comprises of six Directors. All Directors including Chairman of the Company are Non-executive Directors with three Directors being independent Directors. The Board consists of eminent persons with considerable professional experience in business, industry, finance and law. None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all the Companies in which they are Directors. All the Directors have made disclosures regarding their directorship and memberships on various Committees across all Companies in which they are directors and/or members.

The composition and category of Directors as on 31.03.2014 is as follows:

Name of Director	Designation	Category
Mr. Ashok Chaturvedi	Chairman	Non-executive
Mr. G.N. Gupta	Director	Independent, Non-executive
Mr. T.N. Pandey	Director	Independent, Non-executive
Mr. M.G. Gupta	Director	Independent, Non-executive
Mr. R.K. Jain	Director	Non-executive
Mr. S.K. Kaushik	Director	Non-executive

None of the Director of the Company has any pecuniary relationship with the Company except to the extent of receipt of sitting fees for meetings of the Board/Committee(s) of Directors attended by them.

No director is related to any other director on the Board in term of definition of 'relative' given under Companies Act, 1956

As mandated by the Clause No.49, all the Independent Directors on the Company's Board are Non-Executive and:

- Apart from receiving remuneration by way sitting fee for attending Boards and Committee meetings, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management and associates, which may affect their independence as Directors.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years of the Company.
- Are not partner or executive or were not partner or executive of the Statutory Audit Firm or the Internal Audit Firm and Legal Firms, Consulting Firms, which have material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Directors.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.
- Have furnished declaration at the time of their appointment and also annually and satisfy the conditions of their being independent as laid down under Clause No. 49 of the Listing Agreement. All such declarations are placed before the Board.

Thus the requirements prescribed by clause 49 are fully complied with.

Information supplied to the Board

The Board has complete access to all information with the Company, *inter-alia*, the information as required under the Clause 49 of the Listing Agreement is regularly provided to the Board as a part of the agenda.

Compliance reports of all applicable laws to the Company

The periodical reports submitted by the Internal Auditors and by the concerned executives of the Company with regard to compliance of all laws applicable to the Company including steps taken by the Company to rectify instances of non-compliances, if any, are being reviewed by the Board.

(b) Board Meetings and attendance record of each Director

Five Board Meetings were held during the financial year 2013-2014. The dates on which the meetings were held are, 13th May, 2013, 5th July, 2013, 5th August, 2013, 6th November, 2013 and 10th February, 2014. The gap between two meetings was not more than four months.

Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorship and Chairmanship/Membership of Committees of each Director in various Companies is as follows:

Name of the Directors	Attendance Particulars		No. of other Directorship and Committee Member/ Chairmanship	
	Board Meetings	Last AGM	Other Directorships (in Public Co.) #	No. of Membership(s)/ Chairmanship of Board Committee in other companies @
Mr. Ashok Chaturvedi	4	No	3	1 (As Chairman)
Mr. S.K. Kaushik	4	Yes	2	2
Mr. T.N. Pandey	5	Yes	1	1 (As Chairman)
Mr. G.N. Gupta	5	Yes	2	1 (As Chairman)
Mr. R.K. Jain	5	No	Nil	Nil
Mr. M.G. Gupta	5	No	2	3 (Including 1 as Chairman)

The Directorship held by the Directors as mentioned above do not include Directorship in Foreign Companies

@ In accordance with Clause 49 of the Listing Agreement, Membership / Chairmanship of only the Audit Committee and Shareholders' / Investors' grievance Committee in all public companies (excluding Flex Foods Limited) have been considered.

3. Audit Committee

Presently, the Audit Committee comprises of four Member Directors viz. Mr. T.N. Pandey, Mr. G.N. Gupta, Mr. M.G. Gupta and Mr. R.K. Jain. Mr. T.N. Pandey is the Chairman of the Audit Committee All the members of the Audit Committee are Non-executive Directors out of which three are independent. All the members of the Audit Committee have accounting and financial management expertise.

The terms of reference and role of the Audit Committee as revised and stipulated by the Board of Directors from time to time are in conformity with and in line with the statutory and regulatory requirements as prescribed under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, which include the following:

1. Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.



2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause No. (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in Accounting Policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by Management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), when made, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with Internal Auditors any significant findings made and take follow up action thereon.
10. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
15. To review the following information:
 - The Management Discussion and Analysis of financial condition and results of operation;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
 - Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal Audit Reports relating to internal control weaknesses and
 - The appointment, removal and terms of remuneration of Internal Auditors.
16. Approval of appointment of CFO after assessing the qualifications, experience and background etc. of the candidate

Power of the Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Details of Meetings and Attendance

During the year, the Audit Committee had met four times on 13.05.2013, 05.08.2013, 06.11.2013 & 10.02.2014. The attendance of each Committee members is as under:

Name of Members	No. of Meeting held	Meeting attended
Mr. T.N. Pandey	4	4
Mr. G.N. Gupta	4	4
Mr. R.K. Jain	4	4
Mr. M.G. Gupta	4	4

The Manager of the Company, head of Finance, Internal Auditors and Statutory Auditors are permanent invitees to the Audit Committee Meetings. Further, representatives from various departments of the Company also attend the meetings as and when desired by the members of the Committee to answer and clarify questions raised at the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

4. Nomination and Remuneration Committee [Erstwhile Remuneration Committee]

The Board of Directors of the Company at their meeting held on 22nd May, 2014 renamed the 'Remuneration Committee' to 'Nomination and Remuneration Committee'.

Presently the Nomination and Remuneration Committee consists four members. All the members of the Nomination and Remuneration Committee are Non-Executive Directors out of which three are Independent. Mr. G.N. Gupta is the Chairman and Mr. T.N. Pandey, Mr. M.G. Gupta and Mr. R.K. Jain are the other Members. The Company Secretary acts as the Secretary to the Committee.

The Nomination and Remuneration Committee has been constituted to recommend/review the remuneration package of the Manager based on performance and defined criteria.

Further, the remuneration policy of the Company is to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

During the year, the Nomination and Remuneration Committee had met on 5th July, 2013.

Details of Remuneration paid to Manager for the year ended 31.03.2014 is given below:

Name	Salary (Rs.)	Perquisites & Allowances (Rs.)	Commission (paid) (Rs.)	Total (Rs.)	Service Contract
Mr. M.M. Varshney (*)	3,98,070	6,29,491	nil	10,27,561	3 years
Mr. B.P. Sharma (#)	5,35,157	5,36,021	nil	10,71,178	3 Years

(*) Mr. M.M. Varshney resigned during the year as Manager of the company w.e.f. 05.07.2013

(#) Mr. B.P. Sharma appointed as Manager of the Company with effect from 05.07.2013.

For any termination of contract, the Company or the Manager is required to give notice of three months to the other party.

Details of Sitting Fees paid to the Directors during the financial year are as follows:

Name of Directors	Board Meetings (in Rs.)	Committee Meetings (in Rs.)	Total (in Rs.)
Mr. Ashok Chaturvedi	40,000.00	--	40,000.00
Mr. T.N. Pandey	50,000.00	70,000.00	1,20,000.00
Mr. G.N. Gupta	50,000.00	50,000.00	1,00,000.00
Mr. M.G. Gupta	50,000.00	50,000.00	1,00,000.00
Mr. R.K. Jain	50,000.00	70,000.00	1,20,000.00
Mr. S.K. Kaushik	40,000.00	20,000.00	60,000.00

5. Stakeholders' Relationship Committee [Erstwhile Shareholders'/Investors' Grievance Committee]

The Board of Directors of the Company at their meeting held on 22nd May, 2014 renamed the 'Shareholders'/Investors' Grievance Committee' to 'Stakeholders' Relationship Committee'.

Presently the Stakeholders' Relationship Committee consists of Mr. T.N. Pandey (Chairman), Mr. R.K. Jain and Mr. S.K. Kaushik. The Committee, *inter-alia*, approves issue of duplicate certificates and oversees & reviews all matters connected with the securities transfers. The Committee also looks into redressal of shareholders'/investors' grievances. The Committee oversees the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services. The Company Secretary acts as the Secretary to the Committee.

In order to expedite the process of share transfers, the Board of Directors have nominated a Committee of two officers, who normally attend to the transfer and other related matters within a period of 10 – 12 days. The Committee of Officers operates subject to overall supervisions and directions of Stakeholders' Relationship Committee.

During the year, the Shareholders'/Relationship Committee had met on 30th September, 2013 and 12th December, 2013.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved the "Code of Conduct for Prevention of Insider Trading" and authorized the Committee to implement and monitor the various requirements as set out in the Code.

The total numbers of complaints received and resolved during the year under review were 7, outstanding complaints as on 31.03.2014 were nil. There was no valid share transfer pending for registration for more than 30 days as on the said date.



Mr. Rajesh Dheer, Company Secretary has been designated as Compliance Officer to monitor the share transfer process and liaison with the regulatory authorities.

6. Corporate Social Responsibility Committee of Board

The Corporate Social Responsibility Committee of the Board (CSR) has constituted on 22nd May, 2014 pursuant to the requirement of the Companies Act, 2013. The members of CSR are Mr. M. G. Gupta (Chairman), Mr. R. K. Jain and Mr. S.K. Kaushik. The terms of reference of the committee include formation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on CSR activities.

7. Subsidiary Companies

The Company does not have any Subsidiary Company.

8. Board Procedure

The Board meetings of the Company are convened by the Company Secretary on the direction of the Chairman. Sufficient notice in writing is given to all Directors for the Board Meeting(s) and/or other Committee Meeting(s). All-important matters concerning the working of the Company along with requisite details are placed before the Board.

9. Compliance Certificate

Compliance Certificates for Corporate Governance from Auditors of the Company is annexed herewith.

10. General Body Meetings

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

AGM	Day, Date & time	Venue	Special Resolution Passed
21 st	Saturday September 03, 2011 at 3:00 P.M.	Registered Office at: Lal Tappar Indl. Area P.O. Rasham Majri, Haridwar Road Dehradun, Uttarakhand	Reappointment of Mr. Madan Mohan Varshney as Manager under the Companies Act, 1956
22 nd	Saturday August 25, 2012 at 3:00 P.M.	Same as above	Nil
23 rd	Saturday June 29, 2013 at 3:00 P.M.	Same as above	Nil

(b) Whether Special Resolutions were put through Postal Ballot last year?

Yes

Postal Ballot for (1) creation of mortgage and/or creation of charge in favour of lenders & (2) appointment of Mr. B.P. Sharma as Manager under the Companies Act, 1956.

(c) Are Special Resolutions proposed to be put through Postal Ballot this year?

At present, no Special Resolution is proposed to be passed through Postal Ballot. However, the Company will consider as and when it is required.

11. Disclosures

a. Related Party Transactions

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

b. Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards to the extent applicable.

c. Disclosures of Risk Management

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimization procedures. A Risk Management Committee consisting of Senior Executives of the Company periodically reviews these procedures to ensure that executive management controls risk through properly defined framework. The Company has framed the risk assessment and minimization procedure, which is periodically reviewed by the Audit Committee and the Board.

d. Proceeds from the Public issue, Right issue, Preferential Issue FCCB issue etc.

During the year the Company has not raised any funds from Public issue, Right issue, Preferential Issue and FCCB issue.



e. **Particulars of Directors to be appointed/re-appointed**

Information pertaining to particulars of Directors to be appointed and reappointed at the forth coming Annual General Meeting is being included in the Notice convening the Annual General Meeting.

f. **Management Discussion and Analysis**

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

g. **Penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority**

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

h. **Code of conduct**

The Company has adopted the code of conduct and ethics for Directors and Senior Management and this is strictly adhered to. The code has been circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website www.flexfoodsltd.com. The Board Members and Senior Management have affirmed their compliance with the code and a declaration signed by the CEO is annexed to this report.

i. **Review of Directors' Responsibility Statement**

The Board in its Report to the Members of the Company have confirmed that the Annual Accounts for the year ended March 31, 2014 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

12. CEO/CFO Certifications

Mr. B. P. Shurma, who is carrying on the responsibility of CEO and Mr. Naval Duseja, Dy. General Manager (Finance & Account) CFO have given CEO/CFO certificate as per format prescribed under Clause No. 49(V) of the Listing Agreement to the Board at its meeting held on 22nd May, 2014.

13. Non-Mandatory Requirements under Clause 49 of the Listing Agreement

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

(i) **The Board**

The Chairman of the Company is the Non-Executive Chairman and no expenses are incurred by the Company for the maintenance of the Chairman's office.

All the Directors including Independent Directors are appointed/re-appointed by the Board from time to time. The Board of Directors of the Company appointed the Independent Directors for 5 consecutive years for a term upto 31st March, 2019.

(ii) **Nomination and Remuneration Committee**

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

(iii) **Shareholders Rights**

The quarterly, half-yearly and annual financial results of the Company are published in the newspapers. The complete Annual Report is sent to each and every shareholder of the Company.

(iv) **Audit Qualifications**

There are no Qualifications from the Auditors on the Company's financial statements for the year under reference.

(v) **Training of Board Members**

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

(vi) **Mechanism for evaluation of Non-Executive Directors**

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

(vii) **Whistle Blower Policy**

The Board of Directors of the Company at their meeting held on 22nd May, 2014 approved the Whistle Blower Policy for Directors and Employees.



14. Means of Communication

The quarterly un-audited financial results duly approved by the Board of Directors are sent to the Stock Exchange where the Company's shares are listed immediately after the Board Meeting. The same are also published in 'English' and 'Hindi' newspapers in terms of the Listing Agreement within the stipulated period and in the format as prescribed by the Stock Exchanges and the Company posts its financial results for all quarters on website i.e. www.bselt.com

15. SEBI Complaints Redress System (SCORES)

The Company processes the investors' complaints received by it through a computerized complaints redress system. The salient features of this system are computerized database of all the inward receipts and action taken on them, online submission of Action Taken Reports (ATRs) along with supporting documents electronically in SCORES. The investors' can view online the current status of their complaints submitted through SEBI Complaints Redress System (SCORES).

16. General Shareholders Information

(a) Annual General Meeting to be held

Date : 23rd August, 2014
Day : Saturday
Time : 3:00 P.M.
Venue : Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, Uttarakhand

(b) Financial Calendar

- Results for quarter ending 30.06.2014 : Second week of August, 2014
- Results for quarter ending 30.09.2014: Second week of November, 2014
- Results for quarter ending 31.12.2014: Second week of February, 2015
- Results for quarter ending 31.03.2015: Last week of May, 2015

(c) Book Closure date

19.08.2014 to 23.08.2014 (both days inclusive)

(d) Dividend

Dividend for the financial year 2013-2014, if declared will be paid/credited to the account of the shareholders on or after 23rd August, 2014.

(e) Listing of Equity Shares on Stock Exchanges

The equity shares are listed with the BSE Limited

Note : Annual Listing fee for the year 2014-2015 has been duly paid to BSE Limited.

(f) Stock Code - Trading symbol – BSE Limited : 523672

(Equity shares)

(g) Demat ISIN Number : INE 954B01018

in NSDL & CDSL

(h) Stock Market Price for the year 2013-2014:-

Share prices on BSE Limited are as under:

(in Rs.)

Month	High	Low
April, 2013	26.55	24.00
May, 2013	28.40	24.90
June, 2013	28.40	21.80
July, 2013	24.45	21.30
August, 2013	26.95	21.00
September, 2013	25.70	22.00
October, 2013	24.90	23.00
November, 2013	27.00	21.85
December, 2013	32.40	25.00
January, 2014	32.00	27.30
February, 2014	31.00	27.30
March, 2014	30.95	27.00

(i) Performance in comparison to broad base in indices such as BSE Sensex, Crisil Index etc.

The shares of the Company are not considered by the Stock Exchanges in their index fluctuations.

(j) Address for correspondence for Shares transfer and related matters:
For shares held in physical form:

The Company's Registrar & Share Transfer Agent (RTA), address at:

Beetal Financial & Computer Services Pvt. Ltd.

(Unit : Flex Foods Ltd.)

Beetal House

3rd Floor, 99, Madangir, Behind Local Shopping Centre,

Near Dada Harsukh Dass Mandir

New Delhi – 110062

Tel. No. 011-29961281, Fax No. 011 - 29961284

For shares held in Demat form:

To the Depository Participants (DP)

(k) Share Transfer System.

Presently the shares, which are received in physical form, are transferred within a period of 10-12 days from the date of receipt, subject to the documents being valid and complete in all respects.

(l) Distribution of Share holding as on 31.03.2014

Range	No. of Shareholders	No. of shares	% of total equity
1 - 500	13120	1753136	14.08
501 -1000	496	424904	3.41
1001 – 2000	249	400823	3.22
2001 – 3000	90	236679	1.90
3001 – 4000	62	224683	1.80
4001 – 5000	46	220046	1.77
5001 – 10000	50	375218	3.01
10001 and above	60	8774924	70.49
Transit shares *		39587	0.32
TOTAL	14173	12450000	100.00

* These shares lying in pool account of NSDL/CDSL since buyers identity are not established

(m) Categories of Shareholders as on 31.03.2014

Category	No. of shares held	% of shareholding
Promoters & Associates	7340550	58.96
Financial Institutions & Mutual Funds	--	--
Foreign Institutional Investors	--	--
NRIs	43411	0.35
Banks	--	--
GDRs	--	--
Other Corporate Bodies	364720	2.93
Others (General Public)	4661732	37.44
Shares in transit (Demat) *	39587	0.32
Total	12450000	100.00

* These shares lying in pool account of NSDL/CDSL since buyers' identity are not established.

(n) Dematerialization of Shares and liquidity

Nearly 91.79% of total equity share capital is held in dematerialized form upto 31.03.2014 with NSDL/CDSL. The shares of the Company are listed on BSE Limited, which provide sufficient liquidity to the investors.

**(o) Plant Locations**

- (i) Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, Uttarakhand.
(ii) Village Chhilderwala, Haridwar Road, Dehradun, Uttarakhand.

(p) Address for Correspondence

The shareholders may address their communication/grievances/queries/ suggestions to:

Beetal Financial & Computer Services Pvt. Ltd. (Unit Flex Foods Ltd.) BEETAL House 3 rd Floor, 99, Madangir Behind Local Shopping Centre Near Dada Harsukh Dass Mandir New Delhi – 110062 Tel. No.011- 29961281 Fax No.011- 29961284	Flex Foods Limited 305, Third Floor Bhanot Corner Pamposh Enclave Greater Kailash - I New Delhi - 110048 Tel. No.011-26440925 Fax No.011-26216922 e-mail : flexsec@vsnl.net
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The above report has been placed before the Board at its meeting held on 22.05.2014 and the same was approved.

AUDITORS' CERTIFICATE

To the Members of
FLEX FOODS LIMITED

We have examined the compliance of conditions of Corporate Governance by Flex Foods Limited for the year ended 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Jain Singhal & Associates
Chartered Accountants
Firm Registration No. 005839N

Place : NOIDA
Dated : 22.05.2014

Bhawna Khanna
Partner
Membership No. 502428

DECLARATION

To the Members of
FLEX FOODS LIMITED

I, B.P. Sharma, Dy. General Manager (Sales & Marketing) of the Company, hereby certify that the Board Members and Senior Management personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended 31st March, 2014 pursuant to the requirements of Clause 49 of the Listing Agreement.

For Flex Foods Limited

Place : NOIDA
Dated : 22.05.2014

B.P. Sharma
Dy. General Manager
(Sales & Marketing)

INDEPENDENT AUDITOR'S REPORT

The Members of
FLEX FOODS LIMITED

1) Report on the Financial Statements

We have audited the accompanying financial statements of FLEX FOODS LIMITED ("The Company") which comprise the Balance Sheet as at 31st March 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956 ("The Act") read with the General Circular 15/2013 dated 13th September of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date, and
- In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

5) Report on other legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956; we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
- As required by section 227(3) of the Companies Act 1956, we report that:-
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those Books of Account.
 - The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - On the basis of written representations received from Directors, as at 31st March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;

For **JAIN SINGHAL & ASSOCIATES**
Chartered Accountants
Firm Registration No.005839N

Place : NOIDA
Dated : 22nd May, 2014

Bhawna Khanna
Partner
Membership No. 502428

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF FLEX FOODS LIMITED FOR THE YEAR ENDED 31ST MARCH 2014 (REFERRED TO IN PARAGRAPH 5(i) OF OUR REPORT OF EVEN DATE)

- In respect of Fixed Assets of the Company:
 - The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - According to the information and explanations given to us, the fixed assets of the Company have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification as compared to books of account.
 - Substantial part of fixed assets have not been disposed off during the year.
- In respect of Inventories of the Company:
 - According to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the Management.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are



reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) The Company is maintaining proper records of inventory and according to information and explanation given to us, no material discrepancies were noticed on physical verification conducted by the Management.
- (iii) The Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause (iii) of Para 4 of the Companies (Auditor's Report) Order, 2003 and (amendment) Order 2004 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weaknesses in internal control system; hence no comment has been given on the continuing failure to correct them.
- (v) (a) According to information and explanations given to us, we are of the opinion that there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956.
- (b) As the company has not entered any transaction, no comments have been given in respect of Clause (v) of Para 4 of the Companies (Auditor's Report) order 2003 and (amendment) Order 2004.
- (vi) The company has not accepted any deposits from the public. Hence the compliance of the directives issued by the Reserve Bank of India and provisions of Section 58A, 58AA, or other relevant provisions of the Companies Act 1956 and rules framed there under are not applicable.
- (vii) The internal audit of the Company has been conducted by an independent firm of Chartered Accountants and in our opinion; the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of the cost records pursuant to the companies (Cost Accounting Records) Rules, 2011 are prescribed by the Central Government Under clause (d) of sub-section (1) of Section 209 of the Companies Act 1956, for the products dealt / manufactured by the Company and we are of the opinion that prima facie, the prescribed records have been maintained.
- (ix) (a) According to the records of the company, it is generally regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other applicable statutory dues with the appropriate authorities. However the provisions of Employees' State Insurance Act'1948 do not apply to the Company at this stage and therefore deposit of Employees State Insurance dues with the appropriate authorities in time are not applicable to the Company.
- According to the information and explanations given to us there are no undisputed amount payable in respect of Provident Fund, Income Tax/ Sales tax/ Wealth tax / Service tax / Custom duty / Excise duty / Cess and other applicable statutory dues as at the year end for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no pending dues in respect of Sales tax/ Wealth tax / Service tax / Custom duty / Cess which has not been deposited on account of any dispute.

However following amounts are involved (Gross of Amount deposited under protest) with under mentioned forum in respect of the following:

- i) Disputed Income Tax dues: Aggregate Income Tax of Rs.21.57 lakhs, pending before a) ITAT (Rs.16.63 lakhs) and b) CIT (Appeals) Bangalore (Rs.4.94 Lakhs).
- (x) The Company does not have any accumulated losses at the end of financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year; accordingly no comment has been made in respect of matter specified under Clause (x) of Para 4 of the Companies (Auditors Report) Order, 2003 and (amendment) Order 2004.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions or Banks. The Company has not issued any debentures.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence the maintenance of adequate documents and records is not applicable.
- (xiii) The Company is not a Chit Fund, or a Nidhi / Mutual Benefit Fund/ Society. Therefore the provision of Clause (xiii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments, hence the provision of Clause (xiv) of Para 4 of the Companies (Auditor's Report) Order ,2003 and (amendment) Order 2004 is not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others, from Bank or Financial institutions.
- (xvi) According to the information and explanations given to us, the Company has taken term loan during the year and same has been applied for the purpose for which it has been obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long-term investment by the company.
- (xviii) The Company has not made any preferential allotment of shares during the financial year to parties and Companies covered in register maintained Under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures, hence the provision of clause (xix) of Para 4 of the Companies (Auditor's Report) Order 2003 and (amendment) Order 2004 is not applicable to the Company.
- (xx) During the Financial Year, Company has not raised any money by public issues, hence the provision of Clause (xx) of Para 4 of the Companies (Auditor's Report) Order 2003 and (amendment) Order 2004 is not applicable to the Company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For JAIN SINGHAL & ASSOCIATES

Chartered Accountants

Firm Registration No. 005839N

Bhawna Khanna

Partner

Membership No. 502428

Place : NOIDA

Dated : 22nd May, 2014



BALANCE SHEET AS AT 31st MARCH 2014

(Rs. in Lacs)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
1 Shareholder's Funds			
a) Share Capital	3	1,244.73	1,244.45
b) Reserves and surplus	4	4,578.44	3,873.04
		<u>5,823.17</u>	<u>5,117.49</u>
2 Deferred Government Grants	5	176.21	82.39
3 Non-current Liabilities			
a) Long Term Borrowings	6	801.90	215.40
b) Deferred Tax Liabilities(Net)	7	472.56	470.09
c) Long Term Provisions	8	64.22	50.10
		<u>1,338.68</u>	<u>735.59</u>
4 Current Liabilities			
a) Short-Term Borrowings	9	1,565.59	1,144.87
b) Trade Payables		481.69	419.80
c) Other Current Liabilities	10	525.28	311.39
d) Short-term Provisions	11	691.23	479.01
		<u>3,263.79</u>	<u>2,355.07</u>
Total		<u><u>10,601.85</u></u>	<u><u>8,290.54</u></u>
II. ASSETS			
1 Non-Current Assets			
a) Fixed Assets	12		
(i) Tangible Assets		5,152.67	3,992.21
(ii) Intangible Assets		13.14	19.14
(iii) Capital work-in-progress		67.21	52.79
b) Long Term Loans and advances	13	187.53	378.16
c) Other Non-Current Assets	14	103.77	-
		<u>5,524.32</u>	<u>4,442.30</u>
2 Current Assets			
a) Inventories	15	1,069.15	1,030.07
b) Trade Receivables	16	1,683.60	952.39
c) Cash and Bank Balances	17	925.56	510.92
d) Short-Term Loans and Advances	18	1,373.36	1,338.13
e) Other Current Assets	19	25.86	16.73
		<u>5,077.53</u>	<u>3,848.24</u>
Total		<u><u>10,601.85</u></u>	<u><u>8,290.54</u></u>

III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-42

For and on behalf of the Board of Directors

This is the Balance Sheet referred to in our report of even date

Ashok Chaturvedi
ChairmanS.K. Kaushik
DirectorM.M. Varshney
Vice PresidentFor Jain Singhal & Associates
Chartered Accountants
Firm Registration No.005839NRajesh Dheer
Company SecretaryNaval Duseja
Dy. General Manager (F&A)Bhawna Khanna
Partner
Membership No.502428Place : NOIDA
Dated : 22nd May, 2014



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2014

(Rs. in Lacs)

Particulars	Note No.	For the year ended 31.03.2014	For the year ended 31.03.2013
I Income			
Revenue from operations	20	6,617.34	5,282.80
Other Income	21	313.74	293.40
Total Revenue		6,931.08	5,576.20
II Expenses			
Cost of Materials Consumed	22	1,095.17	971.69
Purchase of Stock-in-Trade	23	2.19	-
(Increase)/Decrease in Finished Goods & Work-In-Progress	24	(28.41)	49.66
Employee Benefits Expenses	25	1,090.12	907.97
Finance Cost	26	202.96	164.89
Depreciation and Amortization Expenses	12	356.77	340.49
Manufacturing Expenses	27	1,543.53	1,378.35
Administration and Selling Expenses	28	1,311.87	1,023.95
Total Expenses		5,574.20	4,837.00
III Profit Before Tax (I-II)		1,356.88	739.20
IV Tax Expense:			
(1) Current Tax		319.27	192.34
(2) Deferred Tax (Assets) / Liability		2.47	(11.24)
Less/(Add): Short/(Excess) Provision of Income Tax for earlier year		0.21	(0.09)
Total Tax Expenses (IV)		321.95	181.01
V Profit/(Loss) for the year (III-IV)		1,034.93	558.19
VI Earnings per equity share:			
(1) Basic	29	8.31	4.49
(2) Diluted	29	8.31	4.49
VII NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-42			

For and on behalf of the Board of Directors

This is the Statement of Profit & Loss referred to in our report of even date

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

For **Jain Singhal & Associates**
Chartered Accountants
Firm Registration No.005839N

Rajesh Dheer
Company Secretary

Naval Duseja
Dy. General Manager (F&A)

Bhawna Khanna
Partner
Membership No.502428

Place : NOIDA
Dated : 22nd May, 2014



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

(Rs. in Lacs)

Particulars	Note No.	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
I CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax		1,356.88	739.20
Adjustments for :			
Depreciation and Amortization		356.77	340.49
Deferred Income on Capital Subsidy		(9.95)	(6.76)
Exchange Rate Fluctuations (Net)		(124.98)	(74.33)
Interest Expenses		202.96	164.89
Provision for Doubtful Debts		-	4.43
Sundry Balances Written Off		6.97	2.73
Sundry Balances Written Back		(1.33)	(45.87)
Loss/(Profit) on Sale of Fixed Assets (Net)		2.84	2.42
Interest Income		(187.43)	(173.20)
Operating Profit before Working Capital Changes		<u>1,602.73</u>	<u>954.00</u>
Adjustments for :			
(Increase)/Decrease in Inventories		(39.08)	8.26
(Increase)/Decrease in Trade-Receivable & Other Receivable		(782.54)	(147.51)
(Increase)/Decrease in Long-Term Loans and Advances		190.63	(198.14)
Increase/(Decrease) in Trade-Payables, Other Payables & Short-Term Provisions		280.53	59.68
Increase in Long-Term Provisions(Net)		14.12	28.25
Cash Generated from Operating activities		<u>1,266.39</u>	<u>704.54</u>
Income Tax paid		(149.02)	(198.71)
Exchange Rate Fluctuations (Net)		124.98	74.33
Net Cash From Operating Activities		<u>1,242.35</u>	<u>580.16</u>
II CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Tangible Assets/Capital Work-In -Progress		(1,531.22)	(248.11)
Proceeds from Sale of Fixed Assets		2.72	4.31
Interest Received		187.43	173.20
Net Cash used in Investing Activities		<u>(1,341.07)</u>	<u>(70.60)</u>
III CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/(Repayment) of Long Term Borrowings (Net)		586.50	26.12
Proceeds from Short Term Borrowings(Net)		420.72	(50.40)
Dividend Paid, including Dividend Tax #		(290.90)	(288.97)
Interest & Finance Charges		(202.96)	(164.89)
Net Cash used in Financing Activities		<u>513.36</u>	<u>(478.14)</u>
Net increase/(decrease) in Cash & Cash Equivalents	(I+II+III)	414.64	31.42
Cash & Cash Equivalents at beginning of the Year		510.92	479.50
Cash & Cash Equivalents at end of the Year ##	17	<u>925.56</u>	<u>510.92</u>

Note:

Unpaid Share Allotment Money amounting to Rs.0.28 Lacs (Previous year Rs.0.24 Lacs) on 19,700 (Previous year 19,700) shares have been adjusted against the dividend paid on these shares.

Includes Rs.696.69 lacs(Previous Year Rs.315.16 lacs) in respect of amount lying in unclaimed dividend account, margin money for bank guarantee and fixed deposit with maturity of more than three months.

IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-42

For and on behalf of the Board of Directors

This is the Cash Flow Statement referred to in our report of even date

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

For Jain Singhal & Associates
Chartered Accountants
Firm Registration No.005839N

Rajesh Dheer
Company Secretary

Naval Duseja
Dy. General Manager (F&A)

Bhawna Khanna
Partner
Membership No.502428

Place : NOIDA
Dated : 22nd May, 2014



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

1 COMPANY PROFILE

Flex Foods Ltd. was incorporated on 5th February, 1990 with the Registrar of Companies under the provisions of Companies Act 1956, having Corporate Identification Number (CIN) L15133UR1990PLC023970. The Registered office of Company is situated at Lal Tappar Industrial Area, P. O. Resham Majri, Haridwar Road, Dehradun (Uttarakhand).

Flex Foods Ltd., a 100% Export Oriented Unit, is engaged mainly in the business of cultivation and processing of Mushrooms, Herbs, Fruits & Vegetables in Freeze Dried, Air Dried and Individually Quick Frozen form. The world class state-of-the-art facilities are located at Dehradun in the state of Uttarakhand. Flex Foods Ltd. has been selling its products mainly to the European and US markets, and has gained respectable status in the international market.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 CLASSIFICATION OF EXPENDITURE/INCOME

Except Otherwise Indicated:-

- (i) All expenditure and income are accounted for under the natural heads of account.
- (ii) All expenditure and income are accounted for on accrual basis.

2.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements is in conformity with Indian Accounting Standards and requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a going basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, in the period of the revision and future periods if the revision affects both current and future period.

2.3 VALUATION

(i) Fixed Assets

a) Tangible

Fixed Assets are stated at cost and other incidental expenses, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost such as duties (net of CENVAT), freight, borrowing cost, adjustment on account of foreign exchange fluctuations, erection and commissioning expenses incurred in bringing the asset to its working condition for its intended use.

b) Intangible

Fixed Assets are stated at cost and other incidental expenses, less accumulated depreciation and impairment losses. Cost comprises license fees and costs of implementation / system integration services.

(ii) Raw Material & Packing Material

Raw material and packing material are valued at lower of cost, based on First in First Out (FIFO) method arrived at after including freight inward directly attributable to acquisition or net realizable value.

(iii) Finished Goods

Finished Goods are valued at lower of cost, based on First in First Out (FIFO) method, arrived after including depreciation on Plant & Machinery, Electrical Installation and Factory Building, Repair & Maintenance on Factory Building, specific Manufacturing Expenses including Excise Duty and specific Payments and Benefits to Employees or net realizable value.

(iv) Work-in-Progress

Work-in-Progress is valued at lower of cost based on First in First Out (FIFO) method, arrived after including depreciation on Plant & Machinery, Electrical Installation and Factory Building, Repair & Maintenance on Factory Building, specific Manufacturing expenses and specific Payments and Benefits to Employees or net realizable value.

(v) Cost of Consumable Stores & Spares

Spares & Consumables are valued at lower of cost based on First in First Out (FIFO) method or net realizable value.

2.4 FOREIGN CURRENCY TRANSACTIONS

- (i) Foreign Currency monetary items remaining unsettled at the year-end, are translated at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (ii) Exchange differences on settled/translated monetary items are adjusted as income/expense through the Exchange Fluctuation Account in the year they arise.
- (iii) Difference between the forward and exchange rate on the date of transactions are adjusted over the period of the contract as an income / expense through the Exchange Fluctuation Account.
- (iv) Profit or loss on cancellation of forward contracts for transactions is adjusted as income / expense through Exchange Fluctuation Account in the year they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

2.5 DEPRECIATION

- (i) Normal depreciation on all Fixed Assets except Land & Software are provided on Straight Line Method at the rates prescribed in Schedule-XIV of the Companies Act, 1956.
- (ii) Intangible Assets are written-off over a period of five years from the date of put to use.
- (iii) Depreciation/Amortization on addition /deletions to Fixed Assets is provided on *pro-rata* basis from/to the date of addition / deletions.
- (iv) Depreciation/Amortization on additions/deletions to the fixed assets due to exchange fluctuation rate is provided on *pro-rata* basis since inception.

2.6 IMPAIRMENTS

The carrying amount of assets are periodically assessed by the Management, using internal & external sources, to determine whether there is any indication that assets of concerned cash generating unit may be impaired. Impairment loss, if any is provided to the extent the carrying amount of assets of concerned cash generating unit exceeds their recoverable amount. The recoverable amount is higher of net selling price of assets of concerned cash generating unit and their present value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of assets of concerned cash generating unit and from their disposal at the end of their useful life.

2.7 GOVERNMENT GRANTS

- (i) Capital Subsidy received from Government as contribution towards Capital Outlay for setting up the fixed assets is treated as Capital Grants which is recognized as Income in the Statement of Profit & Loss over the period and in the proportion in which depreciation is charged.
- (ii) Revenue Grants are recognized in Statement of Profit & Loss.

2.8 SALES

- (i) Export Sales are accounted for on C & F / F.O.B basis.
- (ii) Sales Returns are adjusted from the sales of the year in which the returns take place.

2.9 PURCHASES

- (i) Purchases are accounted for "Net of VAT Credit availed on eligible inputs"
- (ii) Purchase returns are adjusted from the purchases of the year in which the returns take place.

2.10 EMPLOYEES BENEFITS

- (i) Defined long term benefit is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Statement of Profit & Loss.
- (ii) Defined Contribution Plans are charged to Statement of Profit & Loss based on the contribution made to the specified fund.
- (iii) Short term employee benefits are charged to Statement of Profit & Loss at the undiscounted amount in the year in which the related service is rendered.

2.11 PROVISION FOR INCOME TAX

Income tax expenses are accrued in accordance with Accounting Standard-22 "Accounting for Taxes on Income" as notified by the Companies Accounting Standard (Rules) 2006, which include Current Tax and Deferred Tax. Provision for current tax is made after taking into considerations benefits admissible under the provision of the Income - Tax Act 1961. Deferred income tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognized only to the extent, there is a reasonable certainty that sufficient future taxable income will be available.

2.12 CLAIMS BY/AGAINST THE COMPANY

Claims by/ against the Company arising on any account is provided in the accounts on receipts/acceptances.

2.13 RESEARCH & DEVELOPMENT EXPENSES

- (i) All revenue expenditures on Research & Development activities are accounted for under the separate accounting head.
- (ii) All capital expenditures on Research & Development activities are accounted for under the natural heads of Fixed Assets Account.

2.14 BORROWING COST

Borrowing cost attributable to the acquisition or construction of qualifying / eligible assets are capitalized as part of the cost of such assets. A qualifying / eligible asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense and are charged to revenue in the year in which they are incurred.

2.15 EARNING PER SHARE

In accordance with the Accounting Standard-20 (AS-20) "Earning Per Share" as notified by the Companies Accounting Standard (Rules) 2006, Basic & Diluted Earning Per Share is computed using the weighted average number of Shares outstanding during the period.

2.16 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with the Accounting Standard-29 (AS-29) as notified by the Companies Accounting Standard (Rules) 2006

- a) Provisions are made for the present obligations where amount can be estimated reliably, and
- b) Contingent liabilities are disclosed for possible obligations arising out of uncertain events not wholly in control of the company. Contingent assets are neither recognized nor disclosed in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

3 SHARE CAPITAL (Rs. in Lacs)

(i) Share Capital	As at 31.03.2014		As at 31.03.2013	
	Number	Amount	Number	Amount
Authorised Capital				
Equity Shares of Rs.10 each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Redeemable Preference Shares of Rs.100/- each	5,00,000	500.00	5,00,000	500.00
		<u>2,000.00</u>		<u>2,000.00</u>
Issued, Subscribed & Paid up				
Equity Shares of Rs.10 each	1,24,50,000	1,245.00	1,24,50,000	1,245.00
Less :-Allotment Money Unpaid		0.27		0.55
Total	<u>1,24,50,000</u>	<u>1,244.73</u>	<u>1,24,50,000</u>	<u>1,244.45</u>

(ii) Reconciliation of Number of Equity Shares (Rs. in Lacs)

Particulars	Current Year		Previous Year	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,24,50,000	1,245.00	1,24,50,000	1,245.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<u>1,24,50,000</u>	<u>1,245.00</u>	<u>1,24,50,000</u>	<u>1,245.00</u>

(iii) Rights, Preferences and Restrictions attached to Shares
Equity Shares

The Company has one class of equity shares having a par value of Rs.10/- each. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iv) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

Name of the Shareholders	As at 31.03.2014		As at 31.03.2013	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Uflex Ltd	58,70,000	47.15	58,70,000	47.15
Anshika Investments Pvt Ltd	12,52,630	10.06	12,52,630	10.06
Total	<u>71,22,630</u>	<u>57.21</u>	<u>71,22,630</u>	<u>57.21</u>

(Rs. in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
	4 RESERVES AND SURPLUS	
A) General Reserves		
Opening Balance	777.11	732.11
(+) Current Year Transfer	105.00	45.00
Closing Balance	<u>882.11</u>	<u>777.11</u>
B) Surplus		
Opening Balance	3,095.93	2,871.95
(+) Profit/(Loss) for the year	1,034.93	558.19
(+) (Short)/Excess Dividend & Corporate Dividend Tax	(1.79)	0.18
Appropriation of previous year		
Appropriations		
(-) Proposed Dividend	(280.13)	(249.00)
(-) Proposed Dividend Tax	(47.61)	(40.39)
(-) Transfer to Reserves	(105.00)	(45.00)
Closing Balance	<u>3,696.33</u>	<u>3,095.93</u>
Total (A+B)	<u>4,578.44</u>	<u>3,873.04</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

Particulars	(Rs. in Lacs)	
	As at 31.03.2014	As at 31.03.2013
5 DEFERRED GOVERNMENT GRANTS		
(To the extent pending apportionment to Statement of Profit & Loss)		
Capital Subsidy on		
a) Cold Storage	12.76	14.08
b) Individually Quick Frozen and Air Dried Plant	65.75	71.02
c) Plastic Crates	3.88	4.05
d) Cold Storage (New)	<u>103.77</u>	<u>89.15</u>
Less: Deferred Income Apportioned to Statement of Profit & Loss		
a) Cold Storage	1.32	1.32
b) Individually Quick Frozen and Air Dried Plant	5.27	5.27
c) Plastic Crates	0.17	0.17
d) Cold Storage (New)	<u>3.19</u>	<u>6.76</u>
Total	<u><u>176.21</u></u>	<u><u>82.39</u></u>

6 LONG TERM BORROWINGS SECURED

Term Loans From Canara Bank	1,024.76	258.26	
Less: Current Maturities of Long-Term Debts [Refer Note No.10(a)]	<u>222.86</u>	<u>42.86</u>	215.40
Total	<u><u>801.90</u></u>		<u><u>215.40</u></u>

The company is availing the Secured Term Loans facilities from Canara Bank. Their repayment terms & other details are given as under:

(Rs. in Lacs)					
Name of the Bank	Sanctioned Amount	O/S as at 31.03.2014	Current Portion	Long Term	Repayment Terms
Canara Bank	300.00	214.81 (258.26)	42.86 (42.86)	171.95 (215.40)	Repayable in 28 Quarterly installments of Rs.10.71 Lacs each starting from July 2012.
Canara Bank	900.00	809.95 (-)	180.00 (-)	629.95 (-)	Repayable in 60 monthly installments of Rs.15 Lacs each starting from April 2014
Total	<u>1,200.00</u>	<u>1,024.76</u>	<u>222.86</u>	<u>801.90</u>	
Previous Year		(258.26)	(42.86)	(215.40)	

Previous year figures have been given in brackets.

Notes:

Term loans from Canara Bank are secured on first charge basis (a) by way of hypothecation of movable fixed assets of the company and (b) by mortgage of immovable properties of the Company; situated at Lal Tappar Industrial Area and Chak Jogiwala (Chidderwala), Dehradun (Uttarakhand). These loans are collaterally secured (a) by way of first charge on stocks & book debts of company and (b) by personal guarantee of one of the Director of the company.

7 DEFERRED TAX LIABILITIES (NET)

In accordance with Accounting Standard-22(AS-22) "Accounting for Taxes on Income" as notified by the Companies Accounting Standard (Rules) 2006, the Cumulative Tax effects of significant timing differences, that resulted in Deferred Tax Asset and Liabilities and description of item thereof that creates these differences are as follows:

Particulars	(Rs. in Lacs)		
	Deferred Tax Assets/ (Liabilities) as at 31.03.2014	Current Year (Charge) / Credit	Deferred Tax Assets/(Liabilities) as at 31.03.2013
A. Deferred Tax Assets (Net)			
Others	96.79	(17.27)	79.52
Total (A)	<u>96.79</u>	<u>(17.27)</u>	<u>79.52</u>
B. Deferred Tax Liabilities (Net)			
Excess of Book WDV of Fixed Assets over Tax WDV of Fixed Assets	(569.35)	19.74	(549.61)
Total (B)	<u>(569.35)</u>	<u>19.74</u>	<u>(549.61)</u>
Net Deferred Tax Assets/(Liabilities) (A-B)	<u>(472.56)</u>	<u>2.47</u>	<u>(470.09)</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

(Rs. in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
8 LONG TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	64.22	50.10
Total	64.22	50.10
9 SHORT TERM BORROWINGS		
SECURED		
Loan repayable on demand		
From -Canara Bank	1,565.59	1,144.87
Total	1,565.59	1,144.87
Notes:		
Working Capital facilities from Canara Bank are secured on first charge basis (a) by way of hypothecation of stock and book debts of the company; and collaterally secured on first charge basis; (a) by way of hypothecation of fixed assets; (b) by mortgage of immovable properties of the company situated at Lal Tappar Industrial Area and Chak Jogiwala (Chidderwala), Dehradun (Uttarakhand) and (c) by personal guarantee of one of the Director of the Company.		
10 OTHER CURRENT LIABILITIES		
a) Current Maturities of Long-Term Debt (Refer Note No.6)	222.86	42.86
b) Interest Accrued but not due on borrowings	1.27	1.53
c) Unclaimed Dividend #	71.26	58.63
d) Advance received from Customers	3.71	3.92
e) Statutory Liabilities	114.76	106.45
f) Other liabilities	73.35	58.73
g) Capital Creditors	38.07	39.27
Total	525.28	311.39
# These do not include any amount due and payable to Investor Education and Protection Fund Account.		
11 SHORT TERM PROVISIONS		
a) Provision for Employee Benefits		
Gratuity	150.93	148.36
Leave Encashment	6.75	5.87
b) Others		
Provision for Taxation	205.54	35.09
Provision for Wealth Tax	0.27	0.30
Proposed Dividend	280.13	249.00
Proposed Dividend Distribution Tax	47.61	40.39
Total	691.23	479.01


FLEX FOODS LIMITED

(CIN L15133UR1990PLC023970)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014
12 FIXED ASSETS

(Rs. in Lacs)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK		
		Cost As At 01.04.2013	Additions During the Year	Deductions During the Year	Other Adjustment	Cost As At 31.03.2014	As At 01.04.2013	Provided During the Year	Deduction/ Adjustment During the Year	Upto 31.03.2014	As At 31.03.2014	As At 31-03-2013
A	TANGIBLE ASSETS											
1	Freehold Land	99.70	-	-	-	99.70	-	-	-	99.70	99.70	
2	Building											
	- Factory *	1,413.09	86.75	0.21	0.99	1,500.62	565.12	52.19	0.14	617.17	883.45	847.97
	- Administration	47.42	-	0.32	-	47.10	22.47	0.59	0.10	22.96	24.14	24.95
3	Plant & Equipment **	6,175.19	1,306.43	4.21	0.33	7,477.74	3,261.70	275.99	3.79	3,533.90	3,943.84	2,913.49
4	Furnitures & Fixtures	10.03	1.49	0.67	-	10.85	6.16	0.62	0.57	6.21	4.64	3.87
5	Vehicles	110.10	6.94	6.36	-	110.68	47.14	9.70	3.26	53.58	57.10	62.96
6	Office Equipments	54.45	4.60	13.42	-	45.63	28.75	5.67	11.76	22.66	22.97	25.70
7	Electrical Installation ***	141.59	107.48	-	1.79	250.86	128.02	6.01	-	134.03	116.83	13.57
	SUB TOTAL (A)	8,051.57	1,513.69	25.19	3.11	9,543.18	4,059.36	350.77	19.62	4,390.51	5,152.67	3,992.21
B	INTANGIBLE ASSETS											
	Software	30.01	-	-	-	30.01	10.87	6.00	-	16.87	13.14	19.14
	SUB TOTAL (B)	30.01	-	-	-	30.01	10.87	6.00	-	16.87	13.14	19.14
C	CAPITAL WORK-IN-PROGRESS										67.21	52.79
	SUB TOTAL (C)										67.21	52.79
	TOTAL (A+B+C)	8,081.58	1,513.69	25.19	3.11	9,573.19	4,070.23	356.77	19.62	4,407.38	5,233.02	4,064.14
	PREVIOUS YEAR	7,953.09	198.90	70.41	-	8,081.58	3,793.42	340.49	63.68	4,070.23	4,064.14	4,163.25

Notes

* Other Adjustments includes Interest of Rs.0.99 Lacs Capitalized as per Accounting Standard-16 (Borrowing Cost)

** Other Adjustments includes Interest of Rs.34.46 Lacs Capitalized as per Accounting Standard -16 (Borrowing Cost) and Rs.(34.13 Lacs) towards Foreign Exchange Fluctuations Gain as per Accounting Standard-11 on Capital Transactions.

*** Other Adjustments includes Interest of Rs.1.79 Lacs Capitalized as per Accounting Standard-16 (Borrowing Cost)

(Rs. in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
13 LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
a) Capital Advances	12.83	213.77
b) Security Deposits	103.72	91.83
c) Advance Income Tax	68.38	68.38
d) Loans/Advances to Employees	1.72	2.90
e) Loans to Officers of the company	0.88	1.28
Total	187.53	378.16
14 OTHER NON-CURRENT ASSETS		
Unsecured, Considered Good		
a) DEBT Service Reserve Account	103.77	-
Total	103.77	-
15 INVENTORIES		
a) Raw Material	26.14	32.61
b) Work-in-progress	350.84	271.76
c) Finished Goods	549.65	600.32
d) Stores & Spares	101.76	95.75
e) Packing Material	40.76	29.63
Total	1,069.15	1,030.07

Inventories are carried at the lower of cost and net realisable value.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

		(Rs. in Lacs)	
Particulars	As at 31.03.2014	As at 31.03.2013	As at 31.03.2013
16 TRADE RECEIVABLES			
a) Outstanding for Less than Six Months Unsecured, Considered Good	1,683.60		951.32
b) Outstanding for More than Six Months Unsecured, Considered Good	-		1.07
Unsecured, Considered Doubtful	4.43		4.43
	<u>1,688.03</u>		<u>956.82</u>
Less: Provision for Doubtful Receivables	4.43		4.43
Total	<u><u>1,683.60</u></u>		<u><u>952.39</u></u>
17 CASH & BANK BALANCES			
a) Cash and Cash Equivalents			
i) Balances with Banks (in Current accounts)	215.53	174.44	
ii) Cash on Hand	13.34	21.32	195.76
b) Other Bank Balances			
i) Bank deposits with maturity after 3 months but before 12 months	620.00	252.03	
ii) Earmarked Balances - Dividend Account	71.26	58.63	
iii) Margin Money/Guarantees	5.43	4.50	315.16
Total	<u><u>925.56</u></u>		<u><u>510.92</u></u>
18 SHORT TERM LOANS AND ADVANCES			
Unsecured, Considered Good			
a) Security Deposits	51.23		50.40
b) Advances Recoverable in Cash or In kind or for Value to be Received	93.73		106.15
c) Balances with Excise Authorities	114.28		70.48
d) Loan to Company	1,100.00		1,100.00
e) Loans/Advances to Employees	12.62		10.39
f) Loans to Officers of the company	1.50		0.71
Total	<u><u>1,373.36</u></u>		<u><u>1,338.13</u></u>
19 OTHER CURRENT ASSETS			
a) Interest Recoverable			
i) On Fixed Deposits with Banks	16.86	4.76	
ii) Others	9.00	8.44	13.20
b) Other Receivable	-		3.53
Total	<u><u>25.86</u></u>		<u><u>16.73</u></u>
		(Rs. in Lacs)	
Particulars	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013	For the Year Ended 31.03.2013
20 REVENUE FROM OPERATION			
a) Sale of Products	6,576.99		5,195.72
b) Other Operating Revenues			
i) Export Incentive	4.04	62.11	
ii) Transport Assistance Scheme	7.07	-	
iii) Deferred Income on Capital Grant	9.95	6.76	
iv) Miscellaneous Income	19.29	18.21	87.08
Total	<u><u>6,617.34</u></u>		<u><u>5,282.80</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

(Rs. in Lacs)

Particulars	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
Product-wise Details of Revenue from sale of Manufactured Products		
i) Freeze Dried Mushroom, Herbs, Vegetables & Fruits	3,392.47	2,613.23
ii) Processed Food Viz Mushroom Fresh & Processed (Including Canned)	1,194.15	893.59
iii) Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	1,648.60	1,225.58
iv) Air Dried Fruits, Vegetables, Mushroom & Herbs	339.24	463.32
Total	6,574.46	5,195.72
Product-wise Details of Revenue from sale of Stock in Trade		
Karonda	2.53	-
Total	2.53	-
Total Revenue from Sale of Products	6,576.99	5,195.72
21 OTHER INCOME		
a) Interest Income		
From Banks	34.87	22.81
From Others	152.56	150.39
b) Exchange Rate Fluctuation (Net)	124.98	74.33
c) Sundry Balances Written Back	1.33	45.87
Total	313.74	293.40
22 COST OF MATERIAL CONSUMED		
Opening Stock	32.61	16.10
Add: Purchases	1,088.70	988.20
	1,121.31	1,004.30
Less: Closing Stock	26.14	32.61
Raw Material consumed	1,095.17	971.69
Product wise Details of Cost of Material consumed		
Straw	247.61	175.17
Chopped Paddy Straw	14.59	-
Soyabean Meal	46.68	17.65
Chicken Manure	58.73	50.62
Herbs	605.13	566.33
Vegetables	2.56	81.24
Other Raw Material	119.87	80.68
Total	1,095.17	971.69
23 PURCHASE OF STOCK IN TRADE		
Purchase of Karonda	2.19	-
Total	2.19	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

Particulars	(Rs. in Lacs)	
	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
24 (INCREASE)/DECREASE IN FINISHED GOODS & WORK-IN-PROGRESS		
Closing Stock		
Finished Stock	549.65	600.32
Work-In-Progress	<u>350.84</u>	<u>271.76</u>
Opening Stock		
Finished Stock	600.32	719.23
Work-In-Progress	<u>271.76</u>	<u>202.51</u>
Total	<u><u>(28.41)</u></u>	<u><u>49.66</u></u>

Particulars	(Rs. in Lacs)	
	Closing Stock	Opening Stock
(a) Product wise Details of Opening & Closing Finished Goods		
i) Freeze Dried Mushroom Herbs, Vegetables & Fruits	152.54	43.93
ii) Processed Food Viz Mushroom Fresh & Processed (Including Canned)	83.77	58.42
iii) Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	167.46	245.07
iv) Air Dried Fruits, Vegetables, Mushroom & Herbs	145.88	252.90
Total	<u><u>549.65</u></u>	<u><u>600.32</u></u>

(b) Product wise Details of Opening & Closing Work-in-Progress		
i) Freeze Dried Mushroom Herbs, Vegetables & Fruits	3.91	2.34
ii) Processed Food Viz Mushroom Fresh & Processed (Including Canned)	134.92	111.92
iii) Frozen & Fresh Herbs	212.01	157.50
Total	<u><u>350.84</u></u>	<u><u>271.76</u></u>

Particulars	(Rs. in Lacs)	
	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
25 EMPLOYEES BENEFIT EXPENSES		
a) Salaries, Wages, Benefits & Amenities	950.78	784.80
b) Contribution to Provident Fund	57.54	50.46
c) Gratuity Fund Contribution (Refer Note No.30)	47.27	43.62
d) Employees Welfare Expenses	34.53	29.09
Total	<u><u>1,090.12</u></u>	<u><u>907.97</u></u>

26 FINANCE COST		
Interest Expense		
i) On Secured Loans	53.72	36.22
ii) On Working Capital	34.63	35.03
iii) Discounting & Bank Charges	103.01	86.52
iv) On Shortfall in payment of Advance Tax	11.60	7.12
Total	<u><u>202.96</u></u>	<u><u>164.89</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

(Rs. in Lacs)

Particulars	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
27 MANUFACTURING EXPENSES		
Power & Fuel Consumed	927.60	842.36
Repairs & Maintenance - Machineries	117.32	122.41
Stores, Spares, Tools, Jigs & Dies Consumed	96.83	105.41
Labour Charges	36.56	46.89
Sorting & Picking Charges	205.90	122.10
Tractor Hire & Shifting Charges	128.65	106.38
Other Manufacturing Expenses	30.67	32.80
Total	1,543.53	1,378.35
28 ADMINISTRATION & SELLING EXPENSES		
Power & Fuel (Cold Storage)	106.57	91.18
Insurance Charges	40.20	40.25
Postage & Telephone Expenses	20.85	16.69
Vehicle Hire, Running & Maintenance Expenses	27.79	25.10
Conveyance & Traveling Expenses	91.49	57.71
Repair & Maintenance - Building	21.64	20.28
Repair & Maintenance - Others	25.52	20.85
Legal & Professional Charges	45.95	48.31
General Expenses	89.82	63.99
Charity & Donation	0.06	0.12
Rates & Taxes	5.83	1.00
Provision for Doubtful Debts	-	4.43
Loss on Sale of Fixed Assets (Net)	2.84	2.42
Sundry Balance written off	6.97	2.73
Commission on Sale	23.41	25.84
Rebate & Discount	0.79	2.42
Sample Testing Charges	10.60	10.26
Packing & Forwarding Charges	252.83	184.31
Freight Outward	538.71	406.06
Total	1,311.87	1,023.95
Particulars	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
29 EARNINGS PER SHARE (EPS)		
a) Profit for the year (Rs. In Lacs)	1,034.93	558.19
b) Weighted Average number of Equity Shares for computation of Basic and Diluted Earning Per Share (In Numbers)	1,24,47,321	1,24,44,484
c) Nominal value per share (Rs.)	10	10
d) Basic & Diluted Earning Per Share (Rs.)	8.31	4.49



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

30 GRATUITY

The Employees' Group Gratuity Scheme is managed by Life Insurance Corporation of India. The present value of obligation for Gratuity & other Post Employment benefit (i.e. Leave encashment) are determined based on actuarial valuation using the Projected Unit Credit Method. The additional disclosure in terms of Accounting Standards-15 (AS-15) "Employees Benefits" issued by The Institute of Chartered Accountants of India and as notified by Companies (Accounting Standards) Rules, 2006 is as under:

Particulars	(Rs. in Lacs)			
	Gratuity (Funded)		Post Employment Benefit - Leave Encashment(Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
a) Reconciliation of opening and closing balances of obligation				
Obligation at beginning of the year	281.98	234.83	55.97	55.72
Current Service Cost	21.33	17.87	21.34	16.46
Interest Cost	24.95	19.04	4.47	4.11
Actuarial (gain) /loss	14.77	18.23	2.84	(8.43)
Less: Benefits paid	(15.52)	(7.99)	(13.65)	(11.89)
Obligation at the end of the year	327.51	281.98	70.97	55.97
b) Reconciliation of opening and closing balances of fair value assets				
Fair value of plan assets at beginning of the year	133.61	116.50	-	-
Employer contribution	44.71	13.59	-	-
Less: Benefits Paid	(15.52)	(7.99)	-	-
Add: Expected return on plan assets	13.71	10.95	-	-
Add: Actuarial Gain /(Loss) on plan assets	0.07	0.57	-	-
Fair value of plan assets at the end of the year	176.58	133.62	-	-
c) Amount Recognized in Balance Sheet				
Present value of obligation	327.51	281.98	70.97	55.97
Fair value of plan assets	176.58	133.62	-	-
Amount recognized in Balance Sheet	150.93	148.36	70.97	55.97
d) Gratuity cost for the period				
Current Service Cost	21.33	17.87	21.34	16.46
Interest Cost	24.95	19.04	4.47	4.11
Expected return on plan assets	(13.71)	(10.95)	-	-
Actuarial (gain) /loss	14.70	17.66	2.84	(8.43)
Net amount recognized in Statement of Profit & Loss	47.27	43.62	28.65	12.14
e) Principal actuarial assumption at the Balance Sheet date:				
Interest Rate	9.10%	8.25%	9.10%	8.25%
Salary Escalation	7.00%	6.00%	7.00%	6.00%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

(Rs. in Lacs)

Particulars	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
31 SEGMENT DISCLOSURE		
Based on Business risk & synergies there is only one reportable segment hence segment reporting is not given, however geographical distribution of revenue is as under:-		
Domestic Revenue #	1,517.11	1,402.94
Export Revenue:		
USA	588.61	718.07
Europe	4,406.45	3,123.21
Asia	59.33	30.58
Others	27.96	0.18
Total	6,599.46	5,274.98

Includes Scrap sales amounting to Rs.18.43 Lacs (previous year Rs.17.15 Lacs) shown under "Miscellaneous Income" - Note No. -20 (b)(iv)

32 PAYMENT TO AUDITORS

a) Statutory Audit	6.00	5.00
b) Tax Audit	2.10	1.75
c) Certification & other services	3.21	2.81
d) For Reimbursement of Expenses	0.62	0.45
Total	11.93	10.01

(Rs. in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
-------------	------------------	------------------

33 CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities

i) Claims against the company not acknowledged as debt :-

• Legal case pending with Doon Ghati Special Area Development Authority.	20.86	20.86
• Demands raised by the Income Tax department, which are under appeal	21.57	187.75
• Show Cause notice received for the differential excise duty & service tax from Customs & Central Excise Department not accepted by the company and are contested /replied (If liability arises it would be paid along with Interest & penalty.)	379.19	-
• Demand raised by Customs & Central Excise Department which are contested by the company.	-	421.62
		23.91
		232.52

ii) Bank Guarantee Outstanding (Net of Margin)

11.79 12.00

iii) Amount of Custom Duty (including CVD) payable in respect of import of capital goods by the company against bond in case of non-fulfillment of conditions imposed on 100% Export Oriented Unit

311.86 121.81

Total (a) **745.27** **366.33**

b) Commitments

Estimated amount of contracts remaining to be executed on capital account (Net of Advances) and not provided for

25.37 563.96

Total (b) **25.37** **563.96**



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

34 RELATED PARTY TRANSACTION

Following disclosures are made, as per Accounting Standard-18 (As-18), regarding, "Related Party Disclosures" as notified by the Companies Accounting Standard (Rules) 2006:

(A) List of Related Parties

i) Enterprise for which Reporting Enterprise is an Associate:

Uflex Limited

ii) Individual owning indirect interest in voting power of the company:

Shri.Ashok Chaturvedi, Chairman (and his relatives)

iii) Key Management Personnel:

1. Shri Madan Mohan Varshney (and his relative) - "Manager" under The Companies Act 1956 - Upto 05.07.2013

2. Shri Bhagwati Prashad Sharma (and his relative) ("Manager" under The Companies Act 1956) - From 05.07.2013

iv) Enterprises in which person referred in clause A(ii) along with their relatives exercise significant influence:

1) Ultimate Flexipack Ltd., 2) Club One Airways Pvt. Ltd., 3) Flex Industries Pvt. Ltd., 4) AC Infratech Pvt. Ltd., 5) RC Properties Pvt. Ltd., 6) A to Z Infratech Pvt. Ltd., 7) AKC Investments Pvt. Ltd., 8) Ganadhipati Investments Pvt. Ltd., 9) Ultimate Prepress LLP., 10) Utech Developers Ltd., 11) AKC Retailers Ltd., 12) Ultimate Enterprises Pvt. Ltd., 13) Flex International Pvt. Ltd., 14) Anshika Investments Private Ltd., 15) Anant Overseas Pvt. Ltd., 16) Apoorva Extrusion Pvt. Ltd., 17) Anshika Consultants Pvt. Ltd., 18) A.R.Leasing Private Ltd., 19) Cinflex Infotech Pvt. Ltd., 20) AR Aerotech Pvt. Ltd., 21) AR Infrastructure & Projects P Ltd., 22) AC Infrastructures Pvt. Ltd., 23) Ultimate Infratech Pvt. Ltd., 24) Flex Middle East FZE , 25) Uflex Europe Ltd., 26) Flex Americas S.A de C.V.Mexico , 27) Flex P. Films Egypt S.A.E, 28) Flex Films Europa Sp. Z.o.o., 29) Flex Films (USA) Inc., 30) Flex P. Films (Brasil) Comercio De Films Plasticos LTDA, 31) Flex America Inc. (USA) , 32) Uflex Packaging Inc. (USA) , 33) UPET Holding Ltd.,Mauritius, 34) UPET (singapore) pte.Ltd.,35) SD Buildwell Pvt Ltd., 36) USC Holograms Pvt.Ltd. , 37) Kaya Kalpa Medical Services Pvt. Ltd.38) Niksar Finvest Pvt. Ltd., 39) Refex Energy (Rajasthan) Pvt. Ltd., 40) A-One Infratech Pvt.Ltd.,41) Ganadhipati Infraproject Pvt. Ltd., 42) Nirman Overseas Pvt. Ltd., 43) Holofix Urban Infrastructures Pvt. Ltd., 44) Laurel Real Estates Pvt. Ltd., 45) Sungrace Products (India) Pvt. Ltd., 46) AR Airways Pvt.Ltd., 47) Virgin Infrastructures Pvt. Ltd., 48) Vendee Builders Pvt. Ltd., 49) Ultimate Energy Ltd., 50) Modern Info Technology Pvt.Ltd., 51) Liberal Advisory Pvt.Ltd., 52) Saga Realtors Pvt.Ltd. , 53) Genius Infratech Pvt Ltd., 54) Naveli Collections Pvt.Ltd..

(B) Transactions with Related Parties

Nature of Transaction	Enterprise for which Reporting Enterprise is an Associate	Individual owning indirect interest in voting power of the company and his relatives	Key Management Personnel & their relatives	(Rs. in Lacs)
				Enterprises as referred to in A (iv)
i) Purchase of Packing Material	30.05 (18.13)	-	-	-
ii) Purchase of Fixed Assets	6.26 (-)	-	-	-
iii) Loan Given	500.00 (-)	-	-	-
iv) Loan Received Back	500.00 (-)	-	-	-
v) Interest Received during the year	1.96 (-)	-	-	-
vi) Dividend Paid	117.40 (117.40)	1.09 (1.09)	0.04 (0.04)	28.36 (28.36)
vii) Reimbursement of Expenses	1.25 (1.30)	-	-	-
viii) Remuneration	-	-	20.99 (37.20)	-
Balance Outstanding at the end of the year (Credit)	7.50 (0.37)	-	-	-
Outstanding Guarantee against Term Loans and working capital facilities				2,590.35

(1,403.13)

Note: Figures in brackets represent previous year's amount.

(Rs. in Lacs)

Particularsh	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
35 Value of imports calculated on CIF basis by the company during the financial Year		
i) Raw Material	54.23	57.05
ii) Components & Spare Parts	23.05	29.45
iii) Capital Goods	741.72	-
Total	819.00	86.50
36 Expenditure in Foreign Currency During the year		
i) Conveyance & Travelling	16.23	6.89
ii) Sample Testing Charges	7.95	10.27
iii) Commission on sale	23.41	25.84
iv) Legal & Professional	-	4.01
v) Lab Expenses	-	0.97
Total	47.59	47.98

(Rs. in Lacs)

Particulars	Current Year		Previous Year	
	Amount	%	Amount	%
37 Information in respect of consumption of imported and indigenous material and percentage thereof:				
i) Raw Material Consumed				
Imported	62.53	5.71	30.22	3.11
Indigenous	1,032.64	94.29	941.47	96.89
Total	1,095.17	100.00	971.69	100.00
ii) Stores, spares, Tools, Jigs and Dies consumed #				
Imported	18.18	8.49	27.01	11.86
Indigenous	195.97	91.51	200.81	88.14
Total	214.15	100.00	227.82	100.00

Includes Spares of Rs.117.32 Lacs (previous year Rs. 122.41 Lacs) charged to Repair & Maintenance -Machineries.

(Rs. in Lacs)

Particulars	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
38 Earnings in Foreign Exchange		
Exports of Manufactured Goods Calculated on FOB basis	4,847.47	3,712.55
Total	4,847.47	3,712.55

39 In the opinion of the board and to the best of their knowledge, value of realisation of assets, other than fixed assets in the ordinary course of the business, would not be less than the amount at which they are stated in the balance sheet.

- 40** Necessary disclosures under Micro, Small and Medium Enterprises Development Act 2006, can only be considered once the relevant information to identify the suppliers who are covered under the said Act are received from such parties.
- 41** Figures have been rounded off to the nearest thousand.
- 42** These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act 1956. Previous Year figures have been recasted/ restated to confirm to the classification of the Current Period.

Note : Signatories to Notes 1 to 42

For and on behalf of the Board of Directors

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

For Jain Singhal & Associates
Chartered Accountants
Firm Registration No.005839N

Rajesh Dheer
Company Secretary

Naval Duseja
Dy. General Manager (F&A)

Bhawna Khanna
Partner
Membership No.502428

Place : NOIDA
Dated : 22nd May, 2014



FLEX FOODS LIMITED
(CIN L15133UR1990PLC023970)

Regd. Office : Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun (Uttarakhand)

ATTENDANCE SLIP
24th Annual General Meeting

Reg. Folio/DP & Client No:..... No. of Shares Held:.....

I certify that I am a Registered Shareholder/Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 24th Annual General Meeting of the Company to be held on **Saturday, 23rd August, 2014 at 3.00 P.M.** at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, (Uttarakhand) and at any adjournment thereof.

Member's Name :
Proxy's Name : Member's/ Proxy's Signature

- Note : 1. Please fill this attendance slip and hand it over at the entrance of the Hall.
2. Members/Proxy Holders/Authorised Representatives are requested to show their Photo ID Proof for attending the Meeting .
3. Authorized Representatives of Corporate Member(s) shall produce proper authorization issued in their favour.

Form No. MGT-11



FLEX FOODS LIMITED
(CIN L15133UR1990PLC023970)

Regd. Office : Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun (Uttarakhand)

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rules 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member (s) :

Registered Address :

E.Mail Id : Folio No./Client Id : DP ID:.....

I/We, being the member(s) holding shares of the above named Company, hereby appoint

1. Name : Address:.....
.....E.mail ID:.....Signature:..... or failing him
2. Name : Address:.....
.....E.mail ID:.....Signature:..... or failing him
3. Name : Address:.....
.....E.mail ID:.....Signature:..... as

my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on **Saturday, 23rd August, 2014 at 3.00 P.M.** at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, (Uttarakhand) and at any adjournment thereof in respect of such Resolutions as are indicated below:

Sl. No.	Resolutions Ordinary Business	Optional*	
		For	Against
1	To adopt the Audited Financial Results for the year ended 31st March, 2014		
2	To declare the dividend		
3	To appoint a Director in place of Shri R.K. Jain who retires by rotation and being eligible offers himself for re-appointment		
4	To re-appoint M/s. Jain Singhal & Associates, Chartered Accountants as Statutory Auditors of the Company and fixing their Remuneration		
	Special Business		
5	Appointment of Shri M.G. Gupta as an independent Director of the Company for five consecutive years for a term up to 31st March, 2019		
6	Appointment of Shri T.N. Pandey as an independent Director of the Company for five consecutive years for a term up to 31st March, 2019		
7	Appointment of Shri G.N. Gupta as an independent Director of the Company for five consecutive years for a term up to 31st March, 2019		
8	To pass a Special Resolution for exercising the borrowing power of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013		

Signed this.....day of.....2014

Signature of Proxy holder(s)

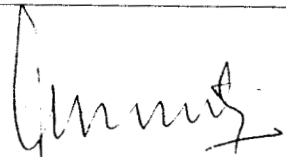
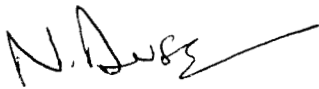

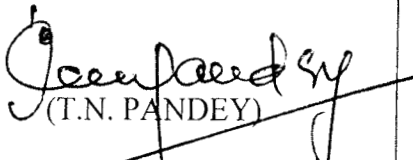
Affix
Revenue
stamp

Signature of the Shareholder


- Note:** 1. 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 48 hours before the commencement of the Meeting.
2. For Resolutions, Explanatory Statements and Notes, please refer to the Notice of 24th Annual General Meeting of the Company.
3. It is Optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the, 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of Member(s) in above box before submission.

FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange

1.	Name of the Company	FLEX FOODS LIMITED
2.	Annual Financial Statements for the year ended	31 st March, 2014
3.	Type of Audit Observation	Unqualified
4.	Frequency of Observation	NIL
5.	To be signed by:	
	• CEO/Managing Director	 B.P. SHARMA
	• CFO	 NAVAL DUSEJA
	• Auditor of the Company	 (BHAWNA KHANNA) Jain Singhal & Associates
	• Audit Committee Chairman	 (T.N. PANDEY)

For FLEX FOODS LIMITED


RAJESH DHEER
Company Secretary