

22nd Annual Report 2011-2012



FLEX FOODS LIMITED



FLEX FOODS LIMITED

**TWENTY SECOND ANNUAL REPORT
2011-2012**

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

AUDITORS

JAIN SINGHAL & ASSOCIATES
New Delhi
Statutory Auditors

VIJAY SEHGAL & CO.
Delhi
Internal Auditors

BANKERS

CANARA BANK

REGISTERED OFFICE

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

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 22nd Annual General Meeting of the members of Flex Foods Limited will be held on Saturday, the 25th day of August, 2012 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 Audited Balance Sheet of the Company as at 31st March, 2012 and the Statement of Profit & Loss for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. To declare dividend for the Financial Year ended 2011-2012 on the Equity Shares of the Company.
3. To appoint a Director in place of Shri S.K. Kaushik, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri G.N. Gupta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors. M/s Jain Singhal & Associates, Chartered Accountant, New Delhi retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

By Order of the Board
RAJESH DHEER
 Company Secretary

Place : NOIDA
 Dated : 9th July, 2012

Regd. Office:

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED, DULY COMPLETED, TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 20th August, 2012 to 25th August, 2012 (both days inclusive).
3. The Members holding shares in physical form are requested to notify change in address, if any, to the Company's Registrar & Share

Transfer Agent (RTA), Beetal Financial & Computer Services Pvt. Ltd., BEETAL House, 3rd Floor, 99, Madangir, Near Dada Harsukh Dass Mandir, Behind Local Shopping Centre, New Delhi – 110062 quoting correct Folio Number(s) and in case of shares held in dematerialized form to the concerned Depository Participant.

4. The Company has paid the Annual Listing fees for the year 2012-2013 to the BSE Limited at which the Company's Securities are presently listed.
5. Members seeking further information on the accounts are requested to write to the Company **at least one week before the date of the Annual General Meeting** giving details of the information required.
6. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
7. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents 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.
8. 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/Registrars and Transfer Agents, Beetal Financial & Computer Services Pvt. Ltd.
9. Members who hold shares in physical folios in identical names or joint holding in the same order of names are requested to send the share certificates to Beetal Financial & Computer Services Pvt. Ltd, for consolidation into a single folio.
10. Investors holding share in physical form should provide the Natural Electronic Clearing Service (NECS) mandate to the company and investors holding shares in demat form should ensure that correct any updated particulars are available with the Depository Participant.
11. In accordance with the newly inserted clause 5A of the Listing Agreement, the Company has identified 182 folios comprising of 19200 equity shares of face value of Rs. 10/- each which are unclaimed as on 31st March 2012. The Company had already sent three reminders to the concerned share holders in accordance with the said clause. The Company is in process of opening Unclaimed Suspense Account.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Shri S.K. Kaushik	Shri G. N. Gupta
Date of Birth	20.11.1939	23.07.1931
Date of Appointment	11.08.2000	28.07.1999
Experience in specific functional area	A professional having more than 47 Years of experience particularly in the field of Finance, Marketing and Production Planning	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 carrier with the Central Government
Qualification	FCA	M.Sc. (Maths), LL.M.
Directorship in other Public Limited Companies	UFLEX Limited. Utech Developers Limited AKC Retailers Limited	Yash Papers Limited Asian Fertilizers Limited
Members/Chairman of Committee of the Board of the Public Limited Companies on which he is Director	Audit Committee Nil Remuneration Committee Nil Shareholders'/Investors' Grievances Committee Flex Foods Ltd. UFLEX Limited	Audit Committee Flex Foods Limited Yash Papers Limited (Chairman) Remuneration Committee Flex Foods Ltd. (Chairman) Yash Papers Limited (Chairman) Shareholders'/Investors' Grievances Committee Nil

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 22nd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2012 and for the previous year ended 31st March, 2011 are as follows:

(Rs. in lacs)

	Year Ended 31.03.2012	Year Ended 31.03.2011
Income from Operation	5047	4606
Other Income	277	235
Profit before Finance Cost, Depreciation And Taxes	1152	957
Finance Cost	144	143
Depreciation	336	339
Profit before Tax	672	475
Provision for Taxation	(186)	(161)
Provision for Deferred Tax (Charges)/ Credit	(55)	31
(Short)/Excess Provision of earlier year for Income Tax	(13)	(1)
Profit for the Year	418	344
Earning per Share	3.36	2.76

Your Company achieved total revenue of Rs.5324 lacs including other income of Rs.277 lacs in comparison to total revenue of Rs.4841 lacs including other income of Rs.235 lacs in the previous year ended 31st March, 2011. During the year the Company made export of manufactured/traded goods on FOB basis to the tune of Rs 3210 lacs, which is approximately 63.60% of the total income from operations. Your Company ended the year with a net profit of Rs.418 lacs compared to profit of Rs.344 lacs for the previous year ended 31st March, 2011. The earning per share is Rs.3.36 in comparison to Rs.2.76 per share in 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/- (20%) per share for the financial year ended March, 2012. 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 20.08.2012. 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 20th August, 2012.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri S.K. Kaushik and Shri G.N. Gupta, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

Brief resume of the Directors seeking 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.

Fixed Deposits

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

Auditors

The Auditors of the Company, M/s Jain Singhal & Associates, Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

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

Corporate Governance

The Securities and Exchange Board of India (SEBI) stipulate 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, 2012, 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 remain 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	R.K. Jain	S.K. Kaushik
Dated	: 09.07.2012	Director	Director

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.

Efficient generation of steam was achieved by proper selection of fuel, improved boiler efficiency by proper heat distribution & technology up gradation.

System Modification in each production line has resulted in reduction of steam/ unit/water consumption and increase in the plant efficiency.

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.

Additional investments and proposals being implemented for reduction of energy consumption

New cold storage of capacity 1200 MT is in operation which will give advantage to process the herbs, fruits & vegetables in the season when the raw material cost is low and sell the products over the year.

Freeze Drying Unit: Dehumidification system has been modified to improve the humidity of process room.

Air Drying Unit: Cold store has been made for storage of finished goods to enhance the shelf life of the products. Spiral sorter was installed for further improvement in the quality of product.

Impact of the above measures

System modification in each product line has resulted in increased raw material handling capacity & process efficiency thereby resulting in significant cost savings. Modification in dehumidification system in Freeze Drying Unit has resulted in significant fuel savings.

Finished goods cold storage for air dried products will enhance the shelf life and will retain the color of the products.

B) 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 vegetables and organic herbs and other conventional herbs like Pimpernelle, Garden Cress and Lemon Balm.

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

- Process certification of facility for organic production has been obtained from Uttarakhand Organic Board, Dehradun.
- IQF Pimpernelle, Garden Cress and Lemon Balm were developed and manufactured in addition to other herbs.
- IQF Organic Thyme, Parsley, Basil, Pimpernelle and Dill was manufactured in addition to other conventional IQF herbs.

iii) Future Plan of Action

- Steps are continuously being taken for innovation and renovation of products including new product development like Air dried Stevia, Sugar beat and Potato, IQF Stevia and Canned products like Fruit cocktails, Spinach and Pineapple.



b) Automation and process line modifications are being planned to substantially reduce labour costs and to improve productivity and quality.

iv) Expenditure on R&D

During the year, company spent Rs.0.18 Lacs. This is very negligible to the percentage of the turnover of the company.

C) 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.3210.32 lacs. The expenditure incurred in Foreign Exchange (including value of imports) during the year amounted to Rs.214.37 lacs.

For and on behalf of the Board

Place : NOIDA **R.K. Jain** **S.K. Kaushik**
 Dated : 09.07.2012 Director Director

MANAGEMENT DISCUSSION AND ANALYSIS

Forward Looking Statements

In spite of the best care and improved business practices the forward looking statements of the Company reflect the current expectations regarding future results of operations, forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could cause industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements.

Industry Scenario and Developments

Food processing sector is critical to India's development. With India being one of the world's largest producers of food the sector plays an important role in contributing to the development of the economy. With the strong growth over the past few years and the growth in the incomes of middle class population, there has been a positive impact on consumer spending and consumption in both rural as well as urban sectors. Growth and growing incomes of middle class coupled with changing life styles especially in urban areas, changing consumers taste, improved technology and better quality standards has led to increasing demand for processed/ready to eat food.

The total food production in India is expected to double in the next ten years and there is ample opportunity for huge investments in food and food processing technologies, skills and equipments which thereby increases the scope of food processing industry in India. The food processing industry in India stands at US\$ 135 billion and is projected to grow with a compound annual growth rate (CAGR) of 10 per cent to reach US\$ 200 billion by 2015.

Mushroom industry in India is developing fast especially cultivation of white button mushrooms. The mushroom industry in India is largely an export-oriented one as the domestic demand for mushroom is quite small. A major part of the production is exported.

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.

Product-wise performance

Sale of Finished Goods

Description	Current Year		Previous Year	
	Quantity (in KGs)	Value (Rupees)	Quantity (in KGs)	Value (Rupees)
Freeze dried Mushroom, Herbs, Vegetables & Fruits	1,63,946	22,46,07,851	1,92,571	22,64,33,941
Processed Food Viz. Mushroom Fresh & Processed (including Canned)	12,13,096	9,75,69,121	13,44,228	9,83,34,308
Frozen/Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	11,09,009	10,73,10,749	10,68,486	9,03,43,250
AirDried Fruits, Vegetables, Mushroom & Herbs	1,84,597	5,61,16,002	92,947	2,48,21,659
Total	26,70,648	48,56,03,723	26,98,232	43,99,33,158

Opportunities and Threats

Indian food processing industry has seen significant growth and changes over the past few years, driven by changing trends in markets, consumer segments and regulations. These trends, such as changing demographics, growing population and



rapid urbanization are expected to continue in the future and, therefore, will change the demand for value added products and thus for food processing industry in India.

The production base is being enlarged, modern methods of cultivation are being adopted thus improving the productivity and cutting the per unit cost. To some extent cold chain is being provided, which will help in retaining quality, freshness and reduce post-harvest losses. With the new hybrid varieties being added the production season is also being extended.

These developments shall result in the greater availability of quality raw materials to the Company thus resulting in better capacity utilization and producing a wider range of products and of international quality. The quality is now the watchword for success.

Threats

Certain major business 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 at a lower cost. 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 product line both horizontally as well as vertically by establishing two new facilities of IQF and Air-drying.

The Company has been accredited with global standard for food safety (formerly BRC) in its revised standard at grade "A" for its manufacturing facilities. The Company mushroom farm is also accredited with ISO 22000:2005. Organic herbs grown by the Company are certified by Uttarakhand State Organic Certification Agency.

Future Outlook

Keeping in view the growth potential of food processing industry, the Company is exploring markets of retail pack of air dried herbs in India and abroad. Further, global economy seems to be recovering after the recent economic shock and the Company expects high growth in export sales during the current financial year. Management is consistently keeping a close watch on the changing market scenario and review its business strategy regularly for achieving a consistent growth by meeting the tough international competition successfully. The Company will also be exploring some new areas for operation.

Risks & Concerns

Every business has inherent risks involved in its operations, which may be either external or internal. The external factors are coming into field more suppliers, fierce competition, availability of cheaper substitute products, Government policies regarding power tariffs and on-going political and economic changes in the importing countries. The Company may not have much control over such factors. However it is important to address these risks & concerns to mitigate their impact on the Company's business. Formal 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 properly 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 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 2012, the total number of permanent employees in the Company were 500.

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	2009	2010	2011	2012
Gross Block (Rs. in Lacs)	6987	7005	7200	7953

The composition and growth of assets was as under:

Particulars	[Rs. in lacs]		
	March 31, 2012	March 31, 2011	Growth %
Land	99.70	99.70	-
Buildings	1437.66	1236.68	16.25
Plant & Equipments	6061.11	5537.41	9.46
Electrical Fittings & Installation	141.59	141.59	-
Office Equipments	72.85	69.21	5.26
ERP Software	30.01	16.94	77.15
Furniture & Fixtures	11.33	10.87	4.23
Vehicles	98.84	87.44	13.04
Total	7953.09	7199.84	10.46
Less: Acc. Depreciation	3793.42	3466.07	9.44
Add: CWIP	3.58	10.66	-
Net Fixed Assets	4163.25	3744.43	-

CURRENT ASSETS LOANS & ADVANCES**Inventories**

Inventories include stock of raw material, consumables, work-in-progress, finished goods and packing material. Total inventories were Rs.1038.33 lacs, representing 13.06% of the fixed assets.

Sundry Debtors

Sundry debtors were Rs.830.41 lacs as at 31st March, 2012 as against Rs.871.92 lacs as at 31st March, 2011. Debtors as a percentage of total operating revenue were 16.45 % for the current year as against 18.93 % for the previous year.

Cash and Bank Balances

Cash and bank balances were 6.03 % of total assets as on 31st March, 2012 as against 5.20 % as on 31st March, 2011.

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 represents deposit for electricity.

Net Deferred Tax Assets

Deferred tax liabilities of Rs.481.33 lacs represent closing balance of net deferred tax liabilities after adjusting total deferred tax assets and deferred tax liabilities as on 31.03.2012. It has been calculated in accordance with Accounting Standard-22 "Accounting for Taxes on Income" issued by the Companies Accounting Standards (Rules), 2006.

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, 2012		Year ended March 31, 2011	
	Amount	%	Amount	%
INCOME				
Income from operations	5047.02	94.81	4605.93	95.14
Other income	276.45	5.19	235.24	4.86
Total Income	5323.47	100.00	4841.17	100.00
EXPENDITURE				
Raw Material Consumed	1091.07	20.49	795.26	16.42
(Increase)/Decrease in stock	(284.49)	(5.34)	279.12	5.77
Manufacturing Expenses	1619.30	30.42	1289.14	26.63
Payment & Benefit to Employees	840.15	15.78	717.01	14.81
Administrative, Selling & Other Expenses	906.04	17.02	803.93	16.61
Operating Expenses	4172.07	78.37	3884.46	80.24
EBDIT	1151.40	21.63	956.71	19.76

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with the Stock Exchange 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 considerable 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, 2012)

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 Committees in which they are directors and/or members.

The composition and category of Directors as on 31.03.2012 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 revised Clause No. 49, all the Independent Directors on the Company's Board are Non-Executive and:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management and associates, which may affect independence of the 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 declarations 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 revised 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

Four Board Meetings were held during the financial year 2011-2012. The dates on which the meetings were held are, 28th April, 20th July, 1st November in the year 2011 and 9th February in the year 2012. 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	3	1
Mr. T.N. Pandey	4	No	1	1 (As Chairman)
Mr. G.N. Gupta	4	Yes	2	1 (As Chairman)
Mr. R.K. Jain	4	No	Nil	Nil
Mr. M.G. Gupta	4	Yes	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 independents. 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 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.



- 5A Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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.
6. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
7. 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.
8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. 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.
10. 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.
11. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
14. To review the following information:
 - The Management Discussion and Analysis of financial condition and results of operation;
 - Statement of significant related party transaction (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.
15. Approval of appointment of CFO after assessing the qualifications, experience and backgrounds 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 consider necessary.

Details of Meetings and Attendance

During the year, the Audit Committee had met four times on 28.04.2011, 20.07.2011, 01.11.2011, & 09.02.2012. The attendance of each Committee members is as under:

Name of Director	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 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. Remuneration Committee

The Remuneration Committee constituted by the Board of Directors presently consists of four members. All the members of the 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 Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/ Whole-time Directors/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.



Details of Remuneration paid to Managing/Whole-time Directors/Manager for the year ended 31.03.2012 is given below:

Name	Salary (Rs.)	Perquisites & Allowances (Rs.)	Commission (Rs.)	Total (Rs.)	Service Contract
Mr. M.M. Varshney	1274000	2034600	nil	3308600	3 Years

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:

(in Rs.)

Name of Directors	Board Meetings	Committee Meetings	Total
Mr. Ashok Chaturvedi	40000	10000	50000
Mr. T.N. Pandey	40000	70000	110000
Mr. G.N. Gupta	40000	50000	90000
Mr. M.G. Gupta	40000	50000	90000
Mr. R.K. Jain	40000	80000	120000
Mr. S.K. Kaushik	40000	30000	70000

5. Shareholders'/Investors' Grievance Committee

The Board of Directors of the Company has constituted a Shareholders'/Investors' Grievance Committee comprising 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 Shareholders'/Investors' Grievance Committee of Directors. During the year, the Shareholders'/Investors' Grievance Committee had met on 30th September, 2011 and 19th March, 2012. 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 5, outstanding complaints as on 31.03.2012 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. Subsidiary Companies

The Company does not have any Subsidiary Company.

7. 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.

8. Compliance Certificate

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

9. 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
19 th	Saturday September, 30 2009 at 03.00 PM	Registered Office at: Lal Tappar Indl. Area P.O. Rasham Majri Haridwar Road Dehradun, Uttarakhand	Appointment of Mr. Madan Mohan Varshney as Manager under the Companies Act, 1956.
20 th	Saturday August 28, 2010 at 03.00 P.M.	Same as above	Nil
21 st	Saturday September 03, 2011 at 3.00 P.M.	Same as above	Reappointment of Mr. Madan Mohan Varshney as Manager under the Companies Act, 1956.



(b) Whether Special Resolutions were put through Postal Ballot last year?
No

(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.

10. 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 as notified by the Companies Accounting Standards (Rules) 2006 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 Preferential Issue of Equity Shares/Warrants/FCCBs

During the year the Company has not issued any Equity Shares/ Warrants/FCCBs.

e. Particulars of Directors to be appointed/reappointed

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, 2012 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

11. CEO/CFO Certifications

Mr. M.M. Varshney, who is carrying on the responsibility of CEO and Mr. Naval Duseja, Asst. 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 9th July, 2012.

12. 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. No maximum tenure for the Independent Directors has been specifically determined by the Board.



(ii) **Remuneration Committee**

The Company has set up a Remuneration Committee. The composition, terms of reference and other details of the same are provided in this report under the section "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 Audit Qualifications in 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 Company does not have Whistle Blower Policy for the time being.

13. Means of Communication

The quarterly un-audited financial results duly approved by the Board of Directors are sent to 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.corpfilng.co.in, which is the common filing and dissemination portal for all companies listed on the BSE.

14. 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 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).

15. General Shareholders Information

(a) **Annual General Meeting to be held**

Date : 25th August, 2012
Day : Saturday
Time : 3:00 P.M.
Venue : Lal Tappar Industrial Area, P.O. Resham Majri,
Haridwar Road, Dehradun, Uttarakhand

(b) **Financial Calendar**

Results	When Declared
- Results for quarter ending 30.06.2012	: Last week of July, 2012
- Results for quarter ending 30.09.2012	: Second week of November, 2012
- Results for quarter ending 31.12.2012	: Second week of February, 2013
- Results for quarter ending 31.03.2013	: Second week of May, 2013

(c) **Book Closure date**

20.08.2012 to 25.08.2012 (both days inclusive)

(d) **Dividend**

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

(e) **Listing of Equity Shares on Stock Exchanges**

The equity shares are listed with the BSE Limited

Note : Annual Listing fee for the year 2012-2013 have 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 2011-2012:

Share prices on BSE Limited are as under:

(In Rs.)

Month	High	Low
April, 2011	29.50	25.75
May, 2011	29.00	25.00
June, 2011	31.00	24.00
July, 2011	37.80	27.40
August, 2011	35.50	28.90
September, 2011	31.60	28.00
October, 2011	37.50	28.50
November, 2011	38.45	26.90
December, 2011	31.95	22.50
January, 2012	33.55	24.55
February, 2012	33.45	29.00
March, 2012	30.50	26.00

(i) Performance in comparison to broad base in indices such as BSE Senex, 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 31.03.2012

Range	No. of Shareholders	No. of shares	% of total equity
1 - 500	13085	1703021	13.68
501 -1000	425	368138	2.96
1001 – 2000	199	324203	2.60
2001 – 3000	65	167563	1.35
3001 – 4000	53	192697	1.55
4001 – 5000	34	163676	1.31
5001 – 10000	47	351627	2.82
10001 and above	60	9148042	73.48
Transit shares *		31033	0.25
Total	13968	12450000	100.00

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

(m) Categories of Shareholders as on 31.03.2012

Category	No. of shares held	% of share holding
Promoters & Associates	7340550	58.96
Financial Institutions & Mutual Funds	--	--
Foreign Institutional Investors	--	--
NRIs	56869	0.46
Banks	--	--
GDRs	--	--
Other Corporate Bodies	483655	3.88
Others (General Public)	4537893	36.45
Shares in transit (Demat) *	31033	0.25
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 91.46% of total equity share capital is held in dematerialized form upto 31.03.2012 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 Chhiderwala, 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
3rd 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

The above report has been placed before the Board at its meeting held on 9th July, 2012 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, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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 : 09.07.2012

Bhawna Khanna
Partner
Membership No. 502428

DECLARATION

To the Members of
FLEX FOODS LIMITED

I, M M Varshney, Vice-President (Operations) 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, 2012 pursuant to the requirements of Clause 49 of the Listing Agreement.

For **Flex Foods Limited**

Place : NOIDA
Dated : 09.07.2012

M. M. Varshney
Vice-President (Operations)



AUDITOR'S REPORT

The Members of

FLEX FOODS LIMITED

1. We have audited the attached Balance Sheet of FLEX FOODS LIMITED as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and (amendment) Order 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:-
 - a. 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.
 - b. 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.
 - c. 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;
 - d. 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.
 - e. On the basis of written representations received from Directors, as at 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Notes to the Financial Statements thereon, gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

- b. In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date, and
- c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Bhawna Khanna
Partner

Place : NOIDA
Dated : 9th July, 2012

Membership No.502428

ANNEXURE TO THE AUDITOR'S REPORT OF FLEX FOODS LIMITED FOR THE YEAR ENDED 31ST MARCH 2012 (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

- i) In respect of Fixed Assets of the Company:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) 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.
 - c) No substantial fixed assets had been disposed off during the year.
- ii) In respect of Inventories of the Company:
 - a) According to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the Management.
 - b) 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) 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 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 / Excise 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 disputed Income Tax dues: Aggregate Income Tax of Rs.65.78 lacs, pending before a) Delhi High Court (Rs.32.96 lacs) and b) CIT (Appeals) (Rs.32.82 lacs)
- 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 : 9th July, 2012



BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	Amount (In Rupees)	
		As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
a) Share Capital	3	124,421,200	124,400,500
b) Reserves and Surplus	4	360,406,239	347,467,388
		484,827,439	471,867,888
2. Deferred Government Grants	5	8,915,294	9,590,910
3. Non-Current Liabilities			
a) Long Term Borrowings	6	18,928,214	-
b) Deferred Tax Liabilities(Net)	7	48,133,002	42,603,211
c) Other Long Term Liabilities	8	1,524,595	1,524,595
d) Long Term Provisions	9	17,020,919	11,730,056
		85,606,730	55,857,862
4. Current Liabilities			
a) Short-Term Borrowings	10	119,527,355	109,309,566
b) Trade Payables		34,322,165	35,838,245
c) Other Current Liabilities	11	36,097,743	22,793,329
d) Short Term Provisions	12	33,501,986	32,377,386
		223,449,249	200,318,526
		802,798,712	737,635,186
II. ASSETS			
1. Non-Current Assets			
a) Fixed Assets			
(i) Tangible Assets	13	413,453,181	371,684,111
(ii) Intangible Assets	13	2,513,834	1,693,454
(iii) Capital Work-in-Progress	13	357,900	1,066,016
b) Long Term Loans and Advances	14	18,001,444	15,726,731
		434,326,359	390,170,312
2. Current Assets			
a) Inventories	15	103,832,891	78,913,585
b) Trade Receivables	16	83,041,306	87,191,672
c) Cash and Bank Balances	17	47,950,158	37,436,670
d) Short-Term Loans and Advances	18	132,637,639	134,114,358
e) Other Current Assets	19	1,010,359	9,808,589
		368,472,353	347,464,874
		802,798,712	737,635,186
III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-37			

For and on behalf of the Board of Directors

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

R.K. Jain
DirectorS.K. Kaushik
DirectorM.M. Varshney
Vice PresidentFor Jain Singhal & Associates
Chartered Accountants
Firm Registration No.005839NRajesh Dheer
Company SecretaryNaval Duseja
Asst. General Manager (F&A)Bhawna Khanna
Partner
Membership No.502428Place: NOIDA
Dated: 9th July, 2012



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	Amount (In Rupees)	
		For the year ended 31.03.2012	For the year ended 31.03.2011
I Income			
Revenue from operations	20	504,701,827	460,592,911
Other Income	21	27,645,327	23,524,037
Total Revenue (I)		532,347,154	484,116,948
II Expenses			
Cost of Materials Consumed	22	109,107,195	79,526,496
(Increase)/Decrease in Finished Goods & Work-In-Progress	23	(28,449,763)	27,912,642
Employee Benefits Expenses	24	84,014,860	71,701,144
Finance Costs	25	14,351,698	14,320,251
Depreciation and Amortization Expenses	13	33,606,867	33,882,564
Manufacturing Expenses	26	161,930,303	128,913,558
Administration and Selling Expenses	27	90,604,249	80,393,186
Total Expenses (II)		465,165,409	436,649,841
III Profit before tax (I-II)		67,181,745	47,467,107
IV Tax Expenses:			
(1) Current tax		18,601,290	16,081,316
(2) Deferred tax		5,529,791	(3,097,202)
(3) Wealth tax		23,780	15,500
Less/(Add): Short/(Excess) Provision of Income Tax for earlier year		1,267,935	90,605
Total Tax Expenses (IV)		25,422,796	13,090,219
V Profit for the year (III-IV)		41,758,949	34,376,888
VI Earnings per equity share:			
(1) Basic	28	3.36	2.76
(2) Diluted	28	3.36	2.76
VII NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-37			

For and on behalf of the Board of Directors

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

R.K. Jain
DirectorS.K. Kaushik
DirectorM.M. Varshney
Vice PresidentFor Jain Singhal & Associates
Chartered Accountants
Firm Registration No.005839NRajesh Dheer
Company SecretaryNaval Duseja
Asst. General Manager (F&A)Bhawna Khanna
Partner
Membership No.502428Place: NOIDA
Dated: 9th July, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	Note No.	Amount (In Rupees)	
		For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
I CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		67,181,745	47,467,107
Adjustments for :			
Depreciation and Amortization		33,606,867	33,882,564
Deferred Income on Capital Subsidy		(675,616)	(675,616)
Exchange Rate Fluctuations		(7,011,609)	(5,166,017)
Interest Expenses		14,351,698	14,320,251
Bad Debts		3,903,789	-
Sundry Balances Written Off		623,885	116,705
Sundry Balances Written Back		(365,442)	(6,547)
Loss/(Profit) on Sale of Fixed Assets		(30,691)	(255,507)
Loss due to Theft of Fixed Assets		-	23,491
Provision for Doubtful Debt Written-back		(4,047,232)	-
Interest Income		(16,190,353)	(18,095,966)
Operating Profit before Working Capital Changes		91,347,041	71,610,465
Adjustments for :			
(Increase)/Decrease in Inventories		(24,919,306)	20,781,349
(Increase)/Decrease in Trade Receivable & Other Receivable		13,944,873	445,706
(Increase)/Decrease in Long Term Loans and Advances		(2,274,713)	(207,170)
Increase/(Decrease) in Trade Payables, Other Payables & Short Term Provisions		11,061,895	9,329,647
Increase in Long Term Provisions(Net)		5,290,863	2,944,462
		94,450,653	104,904,459
Cash Generated from Operating activities			
Income & Wealth Tax paid		(18,757,132)	(13,191,035)
Exchange Rate Fluctuations		7,011,609	5,166,017
Net Cash From Operating Activities		82,705,130	96,879,441
II CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Tangible Assets/Capital Work-In -Progress		(74,265,272)	(20,692,915)
Purchase of Intangible Assets		(1,307,110)	-
Proceeds from Sale of Fixed Assets		114,872	839,507
Interest Received		16,190,353	18,095,966
Fixed Deposit placed with banks having original maturity over three months		(26,695,000)	(28,838,266)
Fixed Deposit with Bank matured having original maturity over three months		27,528,338	5,000,000
Net cash used in Investing Activities		(58,433,819)	(25,595,708)
III CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds From Unpaid Share allotment money		800	-
Proceeds/(Repayment) of Long Term Borrowings (Net)		18,928,214	(56,132,999)
Proceeds from Short Term Borrowings(Net)		10,217,789	24,557,450
Dividend Paid, including Dividend Tax #		(28,896,374)	(29,035,579)
Interest & Finance charges		(14,351,698)	(14,320,251)
Net cash used in Financing Activities		(14,101,269)	(74,931,379)
Net increase/(decrease) in Cash & Cash Equivalents	(I+II+III)	10,170,042	(3,647,646)
Cash & Cash Equivalents at beginning of the year		9,420,944	13,068,590
Cash & Cash Equivalents at end of the year	17	19,590,986	9,420,944
Bank deposits with maturity after 3 months but before 12 months		23,000,000	22,500,000
Earmarked Balances		4,933,976	3,757,192
Margin Money/Guarantees		425,196	1,758,534
Cash and Bank Balances at the end of the year	17	47,950,158	37,436,670
Note:			
# Unpaid Share allotment money amounting to Rs. 19,900/- on 19,900 shares have been adjusted against the dividend payable on these shares			
IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-37			

For and on behalf of the Board of Directors

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

R.K. Jain
DirectorS.K. Kaushik
DirectorM.M. Varshney
Vice PresidentFor Jain Singhal & Associates
Chartered Accountants
Firm Registration No.005839NRajesh Dheer
Company SecretaryNaval Duseja
Asst. General Manager (F&A)Bhawna Khanna
Partner
Membership No.502428Place: NOIDA
Dated: 9th July, 2012

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012****1. COMPANY PROFILE**

Flex Foods Ltd. was incorporated on 5th February, 1990 with the Registrar of Companies under the Indian Companies Act. 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. 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 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 Materials & Packing Materials.

Raw material and packing material are valued at lower of cost, based on First in First Out (FIFO) method 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 & Consumables are valued at lower of cost based on First in First Out (FIFO) method or net realizable value

2.3 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.

2.4 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

2.5 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.

2.6 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.

2.7 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.

2.8 PURCHASES

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

2.9 EMPLOYEES BENEFITS

- (i) Defined long term benefit (other than leave encashment) 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 long term benefits in respect of leave encashment is charged to profit & loss account based on the leave entitlement of employees remaining unutilised at the end of the year, at the undiscounted amount.
- (iii) Defined Contribution Plans are charged to Statement of Profit & Loss based on the contribution made to the specified fund.
- (iv) 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.

2.10 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 recognised only to the extent, there is a reasonable certainty that sufficient future taxable income will be available.

2.11 CLAIMS BY/AGAINST THE COMPANY

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

2.12 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.

2.13 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.

2.14 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.

2.15 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 2012

3. SHARE CAPITAL

(i) Share Capital	(Amount in Rupees)			
	As at 31.03.2012		As at 31.03.2011	
	Number	Amount	Number	Amount
Authorised Capital				
Equity Shares of Rs.10 each	15,000,000	150,000,000	15,000,000	150,000,000
Redeemable Preference Shares of Rs.100/- each	500,000	50,000,000	500,000	50,000,000
		<u>200,000,000</u>		<u>200,000,000</u>
Issued, Subscribed & Paid up				
Equity Shares of Rs.10 each	12,450,000	124,500,000	12,450,000	124,500,000
Less :-Allotment Money Unpaid		78,800		99,500
Total	<u>12,450,000</u>	<u>124,421,200</u>	<u>12,450,000</u>	<u>124,400,500</u>

(ii) Reconciliation of Number of Equity Shares

Particulars	Current Year		Previous Year	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	12,450,000	124,500,000	12,450,000	124,500,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<u>12,450,000</u>	<u>124,500,000</u>	<u>12,450,000</u>	<u>124,500,000</u>

(iii) Rights, preferences and restrictions attached to shares

Equity Shares

The Company has one class of equity share 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.

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
	Uflex Ltd	5,870,000	47.15	5,870,000
Anshika Investments Pvt Ltd	1,252,630	10.06	1,252,630	10.06
Total	<u>7,122,630</u>	<u>57.21</u>	<u>7,122,630</u>	<u>57.21</u>

(Amount in Rupees)

Particulars	As at 31.03.2012	As at 31.03.2011
	4. RESERVES AND SURPLUS	
A) General Reserves		
Opening Balance	69,711,191	66,115,015
(+) Current Year Transfer	3,500,000	3,596,176
Closing Balance	<u>73,211,191</u>	<u>69,711,191</u>
B) Surplus		
Opening Balance	277,756,197	275,914,888
(+) Net Profit/(Net Loss) For the current year	41,758,949	34,376,888
(+) Excess Corporate Dividend Tax Appropriation written back	119,305	-
Less: Appropriation		
(-) Proposed Dividend	(24,900,000)	(24,900,000)
(-) Proposed Dividend Tax	(4,039,403)	(4,135,579)
(-) Transfer to Reserves	(3,500,000)	(3,500,000)
Closing Balance	<u>287,195,048</u>	<u>277,756,197</u>
Total (A+B)	<u>360,406,239</u>	<u>347,467,388</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

(Amount in Rupees)

Particulars	As at 31.03.2012	As at 31.03.2011
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5. DEFERRED GOVERNMENT GRANTS

(To the extent pending apportionment to Statement of Profit & Loss)

Capital Subsidy on.

a) Cold Storage	1,539,618		1,671,421	
b) Individually Quick Frozen and Air Dried Plant	7,628,896		8,155,808	
c) Plastic Crates	422,396	9,590,910	439,297	10,266,526
Less: Deferred Income Apportioned to Statement of Profit & Loss				
a) Cold Storage	131,803		131,803	
b) Individually Quick Frozen and Air Dried Plant	526,912		526,912	
c) Plastic Crates	16,901	675,616	16,901	675,616
Total		8,915,294		9,590,910

6. LONG TERM BORROWINGS**SECURED**

Term Loan From Canara Bank	22,142,714		-	-
Less :-Current Maturities of Long-Term Debt [Refer Note No.11(a)]	3,214,500	18,928,214	-	-
Total		18,928,214		

Notes:

- Term loan from Canara Bank is 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). This loan is 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.
- Term Loan is bearing Interest at Base Rate+3.25%; and repayable in twenty eight equal quarterly installments commencing from 15th July 2012.

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	Deferred Tax Assets/ Liabilities as at 31.03.2012	Current Year (Charge) /Credit	Deferred Tax Assets/ Liabilities as at 31.03.2011
A. Deferred Tax Assets (Net)			
Others	6,773,979	3,171,034	3,602,945
Total (A)	6,773,979	3,171,034	3,602,945
B. Deferred Tax Liabilities (Net)			
Excess of Book WDV of Fixed Assets over Tax WDV of Fixed Assets	54,906,981	8,700,825	46,206,156
Total (B)	54,906,981	8,700,825	46,206,156
Net Deferred Tax Assets/(Liabilities) (A-B)	(48,133,002)	(5,529,791)	(42,603,211)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

Particulars	(Amount in Rupees)	
	As at 31.03.2012	As at 31.03.2011
8. OTHER LONG TERM LIABILITIES		
OTHER LIABILITIES		
Capital Creditors	247,945	247,945
Performance Guarantee	1,276,650	1,276,650
Total	1,524,595	1,524,595
9. LONG TERM PROVISIONS		
Provision for Employee Benefits		
a) Gratuity	11,748,689	7,177,141
b) Leave Encashment	5,272,230	4,552,915
Total	17,020,919	11,730,056
10. SHORT TERM BORROWINGS		
SECURED		
Loan repayable on demand		
From - Canara Bank	119,527,355	109,309,566
Total	119,527,355	109,309,566
Notes:		
Working Capital facilities from Canara Bank are secured on first charge basis (a) by way of hypothecation of stock and book debts of 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.		
11. OTHER CURRENT LIABILITIES		
a) Current Maturities of Long-Term Debt (Refer Note No.6)	3,214,500	-
b) Interest Accrued but not due on borrowings	118,563	-
c) Unclaimed Dividend Payable #	4,687,788	3,511,004
d) Unclaimed Interest on Debentures #	2,950,843	2,950,843
e) Security Deposit from Customers	200,000	200,000
f) Advance received from Customers	360,798	49,666
g) Statutory Liabilities	9,404,210	8,854,924
h) Other liabilities	7,175,625	7,226,892
i) Capital Creditors	7,985,416	-
Total	36,097,743	22,793,329
#These do not include any amount due and payable to Investor Education and Protection Fund Account.		
12. SHORT TERM PROVISIONS		
a) Provision for Employee Benefits		
Gratuity	84,437	46,218
Leave Encashment	299,887	253,203
b) Others		
Provision for Taxation	4,154,479	3,026,886
Provision for Wealth Tax	23,780	15,500
Proposed Dividend	24,900,000	24,900,000
Proposed Dividend Tax	4,039,403	4,135,579
Total	33,501,986	32,377,386

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

13. FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				Cost As At 31-03-2012	DEPRECIATION/AMORTISATION				NET BLOCK	
		Cost As At 01-04-2011	Additions During the Year	Deductions During the Year	Other Adjustment		As At 01-04-2011	Provided During the Year	Written Back During the Year	Upto 31-03-2012	As At 31-03-2012	As At 31-03-2011
A	TANGIBLE ASSETS											
1	Freehold Land	9,969,742	-	-	-	9,969,742	-	-	-	-	9,969,742	9,969,742
2	Building											
	-Factory*	119,582,626	18,704,741	-	736,704	139,024,071	47,527,820	3,985,405	-	51,513,225	87,510,846	72,054,806
	-Administration	4,084,976	656,780	-	-	4,741,756	1,565,176	343,469	-	1,908,645	2,833,111	2,519,800
3	Plant & Equipment**	553,740,510	50,851,078	-	1,518,403	606,109,991	277,359,798	26,725,774	-	304,085,572	302,024,419	276,380,712
4	Furnitures & Fixtures	1,087,314	45,868	-	-	1,133,182	684,322	40,262	-	724,584	408,598	402,992
5	Vehicles	8,743,694	1,756,354	615,793	-	9,884,255	3,575,568	903,569	562,742	3,916,395	5,967,860	5,168,126
6	Office Equipments	6,921,583	703,460	339,678	-	7,285,365	4,201,544	546,037	308,548	4,439,033	2,846,332	2,720,039
7	Electrical Installation	14,159,476	-	-	-	14,159,476	11,691,582	575,621	-	12,267,203	1,892,273	2,467,894
	SUB TOTAL (A)	718,289,921	72,718,281	955,471	2,255,107	792,307,838	346,605,810	33,120,137	871,290	378,854,657	413,453,181	371,684,111
B	INTANGIBLE ASSETS											
	Software	1,694,383	1,307,110	-	-	3,001,493	929	486,730	-	487,659	2,513,834	1,693,454
	SUB TOTAL (B)	1,694,383	1,307,110	-	-	3,001,493	929	486,730	-	487,659	2,513,834	1,693,454
C	CAPITAL WORK-IN-PROGRESS										357,900	1,066,016
	SUB TOTAL (C)										357,900	1,066,016
	TOTAL (A+B+C)	719,984,304	74,025,391	955,471	2,255,107	795,309,331	346,606,739	33,606,867	871,290	379,342,316	416,324,915	374,443,581
	PREVIOUS YEAR	700,511,312	20,950,678	1,477,686		719,984,304	313,594,370	33,882,564	870,195	346,606,739	373,377,565	36,916,942

Notes

* Other Adjustments includes Rs.736,704/- Capitalized as per Accounting Standard-16 (Borrowing Cost)

** Other Adjustments includes Rs.1,077,402/- Capitalized as per Accounting Standard -16 (Borrowing Cost) and Rs.441,001/- towards Foreign Exchange Fluctuations as per Accounting Standard-11 on Capital Transactions.

(Amount in Rupees)

Particulars	As at 31.03.2012	As at 31.03.2011
14. LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
a) Capital Advances	1,899,773	2,626,636
b) Security Deposits	8,614,824	5,759,891
c) Advance Income Tax	6,837,984	6,790,741
d) Loans/Advances to Employees	447,000	282,800
e) Loans to Officers of the Company	201,863	266,663
Total	18,001,444	15,726,731
15. INVENTORIES		
a) Raw Material	1,610,497	6,271,812
b) Work-in-progress	20,251,050	16,373,195
c) Finished Goods	71,922,631	47,350,723
d) Stores & Spares	7,959,736	6,604,290
e) Packing Material	2,088,977	2,313,565
Total	103,832,891	78,913,585

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

(Amount in Rupees)

Particulars	As at 31.03.2012	As at 31.03.2012
16. TRADE RECEIVABLES		
a) Outstanding for Less than Six Months		
Unsecured, Considered Good	82,941,386	86,544,515
b) Outstanding for More than Six Months		
Unsecured, Considered Good	99,920	647,157
Unsecured, Considered Doubtful	-	4,047,232
	83,041,306	91,238,904
Less: Provision for Doubtful Receivables	-	4,047,232
Total	83,041,306	87,191,672
17. CASH & BANK BALANCES		
a) Cash and Cash Equivalents		
i) Balances with Banks (Current account Balance)	18,173,434	8,654,760
ii) Cash on Hand	1,417,552	19,590,986
		766,184
9,420,944		
b) Other Bank Balances		
i) Bank deposits with maturity after 3 months but before 12 months	23,000,000	22,500,000
ii) Earmarked Balances		
- Dividend Account	4,687,788	3,511,004
- Debenture Interest Warrant Accounts	246,188	246,188
iii) Margin Money/Guarantees	425,196	28,359,172
		1,758,534
28,015,726		
Total	47,950,158	37,436,670
18. SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
a) Security Deposits	5,000,000	-
b) Loans/Advances to Employees	1,049,013	875,267
c) MAT Credit Entitlement	-	3,413,772
d) Advances Recoverable in Cash or In kind or for Value to be Received	10,763,438	12,166,186
e) Balances with Excise Authorities	5,760,388	7,519,211
f) Loan to Companies	110,000,000	110,000,000
g) Loans to Officers of the Company	64,800	139,922
Total	132,637,639	134,114,358
19. OTHER CURRENT ASSETS		
a) Interest Recoverable		
i) On Loans	-	9,293,835
ii) On Fixed Deposits with Banks	585,176	89,570
iii) Others	425,183	425,184
9,808,589		
Total	1,010,359	9,808,589

(Amount in Rupees)

Particulars	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
20. REVENUE FROM OPERATION		
a) Sale of Products	485,603,723	439,933,158
b) Other Operating Revenues		
i) Export Incentive	15,365,199	17,284,706
ii) Transport Assistance Scheme	1,469,624	1,132,915
iii) Deferred Income on Capital Grant	675,616	675,616
iv) Miscellaneous Income	1,587,665	1,566,516
20,659,753		
Total	504,701,827	460,592,911

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

(Amount in Rupees)

Particulars	For the Year Ended 31.03.2012		For the Year Ended 31.03.2011	
21. OTHER INCOME				
a) Interest Income				
From Banks	1,756,533		347,631	
[T.D.S. Rs. 1,75,656 (Previous Year Rs.34,769)]				
From Others	14,433,820	16,190,353	17,748,335	18,095,966
[T.D.S. Rs. 14,63,296 (Previous Year Rs.18,95,688)]				
b) Profit on Sale of Fixed Assets (Net)		30,691		255,507
c) Exchange Rate Fluctuation (Net)		7,011,609		5,166,017
d) Sundry Balance Written Back		365,442		6,547
e) Provision For Doubtful Debt Written Back		4,047,232		-
Total		<u>27,645,327</u>		<u>23,524,037</u>
22. COST OF MATERIAL CONSUMED				
Opening Stock		6,271,812		1,157,201
Add: Purchases		104,445,880		84,641,107
		110,717,692		85,798,308
Less: Closing Stock		1,610,497		6,271,812
Raw Material consumed		<u>109,107,195</u>		<u>79,526,496</u>
23. (INCREASE)/DECREASE IN FINISHED GOODS & WORK-IN-PROGRESS				
Closing Stock				
Finished Stock	71,922,631		47,350,723	
Work-In-Progress	20,251,050	92,173,681	16,373,195	63,723,918
Less: Opening Stock				
Finished Stock	47,350,723		74,248,026	
Work-In-Progress	16,373,195	63,723,918	17,388,534	91,636,560
Total		<u>(28,449,763)</u>		<u>27,912,642</u>
24. EMPLOYEES BENEFIT EXPENSES				
a) Salaries, Wages, Benefits & Amenities		71,660,262		63,722,456
b) Contribution to Provident Fund		4,358,321		3,978,025
c) Gratuity Fund Contribution (Refer Note No.29)		5,793,611		2,798,245
d) Employees Welfare Expenses		2,202,666		1,202,418
Total		<u>84,014,860</u>		<u>71,701,144</u>
25. FINANCE COST				
Interest Expense				
i) On Secured Loans		25,479		3,105,610
ii) On Working Capital		4,800,454		4,017,128
iii) Discounting & Bank Charges		9,525,765		7,197,513
Total		<u>14,351,698</u>		<u>14,320,251</u>
26. MANUFACTURING EXPENSES				
Power & Fuel Consumed		113,314,255		88,908,814
Repairs & Maintenance - Machineries		10,262,239		11,338,218
Stores, Spares, Tools, Jigs & Dies Consumed		11,538,140		7,142,386
Labour Charges		4,914,942		4,480,313
Sorting & Picking Charges		10,170,239		6,025,209
Tractor Hire & Shifting Charges		9,910,630		8,999,934
Others Manufacturing Expenses		1,819,858		2,018,684
Total		<u>161,930,303</u>		<u>128,913,558</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

(Amount in Rupees)

Particulars	For the Year Ended	
	31.03.2012	31.03.2011
27. ADMINISTRATION & SELLING EXPENSES		
Rent	556,489	17,733
Insurance Charges	4,097,197	3,345,274
Postage, Telegram & Telephone Expenses	1,896,171	1,651,210
Vehicle Hire, Running & Maintenance Expenses	2,182,166	2,101,922
Conveyance & Traveling Expenses	4,453,712	7,264,587
Repair & Maintenance - Building	2,374,291	693,109
Repair & Maintenance - Others	1,970,648	1,221,783
Legal & Professional Charges	3,638,747	3,962,522
General Expenses	6,386,528	5,773,214
Charity & Donation	11,951	8,652
Rates & Taxes	319,720	268,629
Bad Debts	3,903,789	-
Loss due to theft of Fixed Assets	-	23,491
Sundry Balance written-off	623,885	116,705
Commission on Sale	2,382,142	1,936,147
Rebate & Discount	1,510,473	765,990
Sample Testing Charges	1,464,616	1,273,650
Packing & Forwarding Charges	17,834,223	18,326,814
Freight Outward	34,997,501	31,641,754
Total	90,604,249	80,393,186

28. EARNINGS PER SHARE (EPS)

a) Profit for the Year (Rs.)	41,758,949	34,376,888
b) Weighted Basic and Diluted Equity shares for the purpose of EPS (In Numbers)	12,442,120	12,440,050
c) Nominal Value Per Share (Rs.)	10	10
d) Basic & Diluted Earning Per Shares (Rs.)	3.36	2.76

29. GRATUITY

The Employees' Group Gratuity Scheme is managed by Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Amount in Rupees)

Particulars	Current Year		Previous Year	
	Percentage	Amount	Percentage	Amount
a) Actuarial assumptions				
Discount Rate Per Annum	8%		8%	
Salary Escalation	5%		5%	
b) Reconciliation of opening and closing balances of obligation				
Obligation at beginning of the year		17,186,794		13,902,844
Current Service Cost		1,183,844		1,015,930
Interest Cost		1,374,944		1,112,227
Actuarial (gain) /loss		4,239,855		1,520,652
Less: Benefits paid		(502,555)		(364,859)
Obligation at the end of the year		23,482,882		17,186,794

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

Particulars	(Amount in Rupees)			
	Current Year		Previous Year	
	Percentage	Amount	Percentage	Amount
c) Reconciliation of opening and closing balances of fair value assets				
Fair value of plan assets at beginning of the year		9,963,435		8,461,800
Employer contribution		1,183,844		1,015,930
Less: Benefits Paid		(502,555)		(364,859)
Add: Expected return on plan assets		1,005,032		850,564
Fair value of plan assets at the end of the year		11,649,756		9,963,435
d) Amount Recognized in Balance Sheet				
Present value of obligation		23,482,882		17,186,794
Less: Fair value of plan assets		11,649,756		9,963,435
Amount recognized in Balance Sheet		11,833,126		7,223,359
e) Gratuity cost for the period				
Current Service Cost		1,183,844		1,015,930
Interest Cost		1,374,944		1,112,227
Expected return on plan assets		(1,005,032)		(850,564)
Actuarial (gain) /loss		4,239,855		1,520,652
f) Net Gratuity cost		5,793,611		2,798,245

30. PAYMENT TO AUDITORS

Particulars	(Amount in Rupees)	
	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
a) Statutory Audit	425,000	380,000
b) Tax Audit	150,000	125,000
c) Certification & other services	235,000	200,000
d) For Reimbursement of Expenses	40,250	17,250
Total	850,250	722,250

31. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	(Amount in Rupees)			
	As at 31.03.2012		As at 31.03.2011	
a) Contingent Liabilities				
i) Claims against the company not acknowledged as debt :-				
Legal case pending with Doon Ghati Special Area Development Authority.	2,086,422		2,086,422	
Outstanding demand under appeal before Income Tax Authorities	6,578,241	8,664,663	4,321,341	6,407,763
ii) Bank Guarantee Outstanding (Net of Margin)		1,244,804		1,161,466
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		13,737,499		16,958,943
Total (a)		23,646,966		24,528,172
b) Commitments				
Estimated amount of contracts remaining to be executed on capital account (Net of Advances) and not provided for		2,437,670		31,953,568
Total (b)		2,437,670		31,953,568



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

32. 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)

iii) Key Management Personnel:

Shri Madan Mohan Varshney ("Manager" under The Companies Act 1956)

Shri Prabir Ghatak (Chief Executive Officer) till 31.01.2012

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

1 Ultimate Flexipack Ltd.	12 Anant Overseas Pvt. Ltd.	23 AKC Retailers Ltd.
2 Club One Airways Pvt. Ltd.	13 Apoorva Extrusion Pvt. Ltd.	24 Flex Middle East FZE
3 Flex Industries Pvt. Ltd.	14 Anshika Consultants Pvt. Ltd.	25 Uflex Europe Ltd.
4 AC Infratech Pvt. Ltd.	15 A.R. Leasing Private Ltd.	26 Flex Americas S.A de C.V., Mexico
5 RC Properties Pvt. Ltd.	16 Ultimate Enterprises Pvt. Ltd.	27 Flex P. Films Egypt S.A.E
6 A to Z Infratech Pvt. Ltd.	17 Kaya Kalpa Medical Services Pvt. Ltd.	28 Flex Films Europa Sp. Z.o.o.
7 AKC Investments Pvt. Ltd.	18 Utech Developers Ltd.	29 Flex Films (USA) Inc.
8 Ganadhipati Investments Pvt. Ltd.	19 AR Aerotech Pvt. Ltd.	30 Flex P. Films (Brasil) LTDA
9 Ultimate Infratech Pvt. Ltd.	20 AR Infrastructure & Projects P. Ltd.	31 Ultimate Prepress LLP
10 Flex International Pvt. Ltd.	21 AC Infrastructures Pvt. Ltd.	
11 Anshika Investments Private Ltd.	22 Cinflex Infotech Pvt. Ltd.	

(B) Transaction with Related Parties

(Amount in Rupees)

Nature of Transaction	Enterprise for which Reporting Enterprise is an Associate	Key Management Personnel
i) Purchase of Packing Material	1,570,670	-
	(1,235,920)	-
ii) Loan given	-	-
	(10,000,000)	-
iii) Interest Received on Loan	-	-
	(446,027)	-
iv) Amount Received for Loan Given	-	-
	(10,000,000)	-
v) Remuneration	-	7,205,737
	-	(6,634,687)
Balance Outstanding at the end of the year (Credit)	36,680	-
	(36,680)	-

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

33. ADDITIONAL INFORMATION

a) Production of Finished Goods

Particulars	Current Year Qty. (in kgs.)	Previous Year Qty. (in kgs.)
i) Freeze Dried Mushroom, Herbs, Vegetables & Fruits	163,825	162,924
ii) Processed Food viz Mushroom, Fresh & Processed (Including Canned)	1,207,134	1,352,200
iii) Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	1,233,221	900,037
iv) Air Dried Fruits, Vegetables, Mushroom & Herbs	208,205	102,932
Total	2,812,385	2,518,093

Note: Above figures are net of goods manufactured for captive use and rejections.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

b) Sales of Finished Goods

Particulars	(Amount in Rupees)			
	For the Year Ended 31.03.2012		For the Year Ended 31.03.2011	
	Qty. (in kgs.)	Amount	Qty. (in kgs.)	Amount
i) Freeze Dried Mushroom Herbs, Vegetables & Fruits	163,946	224,607,851	192,571	226,433,941
ii) Processed Food Viz Mushroom Fresh & Processed (Including Canned)	1,213,096	97,569,121	1,344,228	98,334,308
iii) Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	1,109,009	107,310,749	1,068,486	90,343,250
iv) Air Dried Fruits, Vegetables, Mushroom & Herbs	184,597	56,116,002	92,947	24,821,659
Total	2,670,648	485,603,723	2,698,232	439,933,158

c) Opening & Closing Stock of Finished Goods

Particulars	(Amount in Rupees)			
	Opening Stock		Closing Stock	
	Qty. (in kgs.)	(Amount)	Qty. (in kgs.)	(Amount)
i) Freeze Dried Mushroom Herbs, Vegetables & Fruits	15,725	14,105,642	15,604	11,885,591
ii) Processed Food Viz Mushroom Fresh & Processed (Including Canned)	47,239	4,556,630	41,277	5,659,789
iii) Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	334,831	18,486,460	459,043	25,925,285
iv) Air Dried Fruits, Vegetables, Mushroom & Herbs	71,787	10,201,991	95,395	28,451,966
Total	469,582	47,350,723	611,319	71,922,631

d) Opening & Closing Stock of Work-In-Progress

Particulars	(Amount in Rupees)	
	Opening Stock	Closing Stock
i) Freeze Dried Mushroom Herbs, Vegetables & Fruits	347,145	291,562
ii) Processed Food Viz Mushroom Fresh & Processed (Including Canned)	9,723,294	10,439,566
iii) Frozen Herbs & Others	6,302,756	9,519,922
Total	16,373,195	20,251,050

e) Information in respect of raw material consumed

Particulars	Units	(Amount in Rupees)			
		Current Year		Previous Year	
		Qty.	Amount	Qty.	Amount
Straw	MT	3,753.30	16,775,427	3,084.49	15,608,589
Paddy Straw	MT	498.10	1,271,010	1,377.27	3,807,553
Chicken Manure	MT	3,185.10	4,741,126	3,127.54	4,507,023
Green Pepper	MT	36.18	5,235,561	47.18	6,423,893
Herbs	MT	5,776.00	54,020,089	3,786.61	35,200,007
Vegetables	MT	1,408.94	18,168,239	509.04	7,850,917
Other Raw Material		-	8,895,744	-	6,128,514
Total		14,657.62	109,107,196	11,932.13	79,526,496

f) Value of imports calculated on CIF basis by the Company during the financial Year

Particulars	(Amount in Rupees)	
	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
	i) Raw Materials	3,106,937
ii) Components & Spare Parts	1,359,994	3,462,973
iii) Capital Goods	12,877,932	542,882
Total	17,344,863	6,950,254



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

g) Expenditure in Foreign Currency During the year

Particulars	(Amount in Rupees)	
	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
i) Traveling	-	1,606,100
ii) Sample Testing Charges	1,457,612	1,501,660
iii) Commission on sale	2,379,359	1,936,147
iv) Business Promotion	-	157,180
v) Legal & Professional	94,541	56,450
vi) Lab Expenses	160,558	-
Total	4,092,070	5,257,537

h) Information in respect of consumption of imported and indigenous material and percentage thereof:

Particulars	(Amount in Rupees)			
	Current Year		Previous Year	
	Amount	%	Amount	%
i) Raw Material Consumed				
Imported	3,702,476	3.39	2,674,367	3.36
Indigenous	105,404,720	96.61	76,852,129	96.64
Total	109,107,196	100.00	79,526,496	100.00
ii) Stores, spares, Tools, Jigs and Dies consumed				
Imported	1,627,909	7.47	431,482	2.33
Indigenous	20,172,469	92.53	18,049,122	97.67
Total	21,800,378	100.00	18,480,604	100.00

i) Earnings in Foreign Exchange

Particulars	(Amount in Rupees)	
	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
Exports of Manufactured Goods Calculated on FOB basis	321,032,483	297,899,535
Total	321,032,483	297,899,535

34. 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.
35. Figures have been rounded off to the nearest rupee.
36. 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.
37. There is no separate reportable segment as required under "Accounting Standard -17" as notified by the Companies Accounting Standard (Rules) 2006.

For and on behalf of the Board of Directors

These are the notes to the Financial statements referred to in our report of even date

R.K. Jain
Director

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
Asst. General Manager (F&A)

Bhawna Khanna
Partner
Membership No.502428

Place: NOIDA
Dated: 9th July, 2012



FLEX FOODS LIMITED

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

DP ID*	
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Client ID*	
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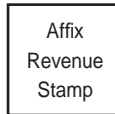
PROXY FORM

Proxy No. :

Regd. Folio No. No. of shares held I/We
..... of in the district
of being a Member/Members of the above named
Company hereby appoint
..... of in the district of
..... or failing him/her of in
the district of as my/our proxy to vote for me/us on my/our behalf at the 22nd Annual General
Meeting of the Company to be held on **Saturday, 25th August 2012 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.

Signed this day of 2012.

Signature



.....

*** Applicable for investors holding shares in electronic form.**

Note : This form in order to be effective should be duly completed, stamped & signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the scheduled time of the Meeting. The Proxy need not be a Member of the Company.



FLEX FOODS LIMITED

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

DP ID*	
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Client ID*	
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Name of attending Member (In Block Letters)	Regd. Folio No.
Name of Proxy (in Block Letters) (To be filled in if the Proxy attends instead of the Member)	Number of Shares held

I hereby record my presence at the 22nd Annual General Meeting of the Company being held at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun (Uttarakhand) on **Saturday, 25th August 2012 at 3.00 P.M**

.....
Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

- Notes :**
- i) Members/Proxy holders are requested to bring the Attendance Slip with them duly filled in when they come to the Meeting and hand over at the entrance. No attendance slip will be issued at the time of the Meeting.
 - ii) Members/Proxy holders desiring to attend the Meeting should bring their copy of the Annual Report for reference at the Meeting.

***Applicable for investors holding shares in electronic form**

BOOK-POST
PRINTED MATTER

If undelivered, please return to:



FLEX FOODS LIMITED

305, Third Floor, Bhanot Corner, Pamposh Enclave
Greater Kailash-I, New Delhi-110 048