

TRANSCRIPT OF THE 33RD ANNUAL GENERAL MEETING OF FLEX FOODS LIMITED HELD ON FRIDAY, 18TH AUGUST, 2023 AT 3:30 P.M. THROUGH VIDEO CONFERENCING.

Mr. Himanshu Luthra: - Good afternoon, ladies and Gentlemen,

I am Himanshu Luthra, Company Secretary of your Company. On behalf of the Directors & the Company, I welcome all the members and stakeholders to the 33rd Annual General Meeting of Flex Foods Limited being held today August 18, 2023.

This Annual General Meeting is being held through Video Conferencing / other audio-visual means in accordance with the circulars issued by the Ministry of Corporate Affairs and the Securities Exchange Board of India.

This facility of holding AGM through Video Conferencing / other audio-visual means is made available to 1000 members on first come first serve basis in addition to large shareholders, institutional investors, Directors, Key Managerial Personnels, Statutory Auditors and Secretarial Auditors, etc. who can also join.

I am taking liberty to introduce our esteemed Board Members, Executives and other members on the panel, who have joined us for the meeting:

Mr. Ashok Chaturvedi, Chairman of the meeting, could not join the meeting due to certain exigencies and therefore, Directors have proposed Mr. Rahul Razdan to be the Chairman for this meeting in accordance with Article 53 of Articles of Association of the Company.

Lt. Gen. (Dr.) Arvind Mahajan (Retd.), is an Independent Director on the Board of your company and has received Param Vishist Seva Medal (PVSM), Ati Vishisht Seva Medal (AVSM) and Vishist Seva Medal twice, is a decorated Kargil war veteran. He is also a member of the Nomination and Remuneration Committee of your Company.

Mrs. Indu Liberhan, Chairperson of Audit Committee and an Independent Director on the Board of your Company is unable to attend this AGM and has authorized Mr. Rahul Razdan, Whole Time Director and Audit Committee member to attend this AGM on her behalf.

Further, Mrs. Liberhan is also the Chairperson of the NRC and has authorized Lt. Gen. (Dr.) Arvind Mahajan (Retd.) to represent her at this meeting.

Mr. Rajeev Sharma, Non-Executive Director of the Company and the Chairman of Stakeholder Relationship Committee of the Company.

Mr. Naval Duseja, Chief Financial Officer of the Company.

Mrs. Megha Jain Partner M/s. MJMJ & Associates, LLP, Chartered Accountants, the Statutory Auditors of the Company.

Mr. Mahesh Kumar Gupta, Practicing Company Secretary, the Secretarial Auditors of the Company.

Mr. S P Gupta from Beetal Financial & Computer Services Pvt. Ltd. joined as a host for this Annual General Meeting.

We, welcome all the Board Members and other panelists for being with us today.

The participation of members through Video Conference is being reckoned for the purpose of quorum as per circular issued by the Ministry of Corporate Affairs.

Quorum for the meeting being present, I request the Chair to call the meeting to order. **Sir.**

Mr. Rahul Razdan: - Quorum is present and I call the meeting to order.

Dear Shareholders,

It gives me immense pleasure to share with you our performance for the year and our prospects on the way forward. I appreciate your support and confidence in us, which enthuses us to work harder towards creating greater value in the Food Processing industry.

ECONOMIC & BUSINESS OVERVIEW

The Indian and International food processing industry is evolving rapidly, with newer segments being introduced regularly. This trend is an indicator of shift in consumer preference for processed food. The industry is thus expected to witness an expansion of product types and geographies. In fact, during the pandemic, the industry was among the least impacted sectors, across most segments. The importance of a healthier and sustainable food ecosystem continues to grow today, far more than it was ever before.

Unfortunately, the pandemic and the sudden war of Russia and Ukraine, have impacted growth in the world's three largest economies, namely: the United States, China, and the European Union, with significant impact on other nations, as well. Developing countries faced fiscal and balance of payments pressures. Inflation soared due to demand, supply issues, and commodity spikes, pushing central banks to act. The global slowdown affected developed as well as developing nations, alike, with recovery hampered by energy prices, trade hitches, and volatility.

The IMF projected global growth at 2.8% in 2023, inching to 3.0% in 2024, with declining inflation. Challenges persist; in India the growth may dip to 6.3% in FY23-24 due to the tempered consumption. This is expected to rise from the third quarter of the fiscal year.

The food processing industry is of enormous significance of India's development because of the vital linkages and synergies it promotes between the two pillars of our economy: The industry and the agriculture. Rapid growth in the sector, and simultaneous improvement in the development of the value chain, are also of greater importance to achieve favourable terms of trade for Indian agriculture, both in the domestic and the international markets.

Your Company has been cultivating and processing Culinary Herbs, Mushrooms, Fruits and Vegetables, for over three decades. They focus on Freeze-Dried, Air-Dried, and Individually Quick-Frozen (IQF) products, including herbs like Oregano, Basil, Parsley, and Sage saves time along with fruit like Banana, Pineapple, Papaya, and Mango. Your company has also ventured into vegetables, from south India, and we are currently dealing in White Onion, Shallots, Leek, Rosemary, and Pumpkin. Besides fruit and vegetables, we are also doing samplings in Nutraceutical offerings like Wheat Grass, Beetroot, and Pea powder, from our new plant in south of India.

MUSHROOMS

We have been exporting freeze dried mushrooms from 1992 and have good market presence in the European Union. Though, with the passage of time, we have ventured into the Fruit and Vegetables sector, along with Herbs, Mushroom exports have continued, from our facility in Dehradun. The increasing vegan population, demanding a protein-rich diet, around the globe, is expected to be a key driver for the market, over the forecast period.

FRUIT AND VEGETABLES

Freeze Drying fruit and vegetables extends their shelf life and quality. India, a major producer, has ample potential for the availability of fresh fruit and vegetables; moreover, with our south India plant, situated almost at the Equator, we hope to catch the potential for soups, breakfast cereals, and ice creams, in the international market. Convenience food demands also drive the market, including ready-to-eat fruit and vegetables which are used for the snacking purpose as well.

HERBS AND SPICES

Changing preferences, driven by health awareness, elevate herbs and spices. They offer health benefits and suit shifting consumer tastes for low-sugar and exotic flavors. The Company is a leader in freeze-dried herbs, aiming to close distribution gaps and provide quality produce. Freeze-dried herbs offer long shelf life, tapping into the growing food processing industry with ample value addition potential.

A global shift towards healthy eating and healthy alternatives

Some of the market drivers are:

- Shift in consumer preferences toward healthier foods
- Population growth
- Improved cold chain logistics, and
- The adoption of automation systems and products.

Key players, in the food-processing ingredients market, are poised to capitalise on this opportunity. Notably, health-conscious consumers have reduced their consumption of sweeteners, carbohydrates, and high-fat foods.

PERFORMANCE OF THE COMPANY

During the year, your company achieved the total revenue of INR 118 crores. EBIDTA stands at INR 11.70 cr. Taking into performance and future fund requirements of the Company, your Board of Directors has recommended a Dividend of 5% for the FY 22-23 after considering business exigencies.

FUTURE OUTLOOK

India's food processing and food retail industry is poised to grow at a rapid pace. The Indian food processing industry holds tremendous growth potential, and has gained significant impetus due to the pandemic. Considering the growth opportunities, in the sector, and to meet the growing demand of company's products, your company has already started commercial production and growing, at our state-of-the-art south India plant, near Hosur, Tamil Nadu. **With this plant, and the already existing plant (at Dehradun), we hope to help nearly 1100 farmers and combined families of 8000-10,000 people, who are now associated with your company.**

RISKS AND CONCERNS

The post-pandemic recovery prompts industry leaders to address risks, including changing consumer preferences, supply chain disruptions, economic conditions, and food safety. Risk management aligns with corporate strategies for competitiveness and growth. The Company's efforts focus on supply chain strengthening, expanding customer base, and sound corporate governance, aligned with the industry. The continuous strife in Russia and Ukraine is also a concern which is impacting the growth in the markets.

HUMAN RESOURCE DEVELOPMENT

The company has a team of experienced and qualified personnel to support its operations. It strongly believes that human resource is a key driver for change, and critical to drive the growth of any organization. The company is thankful to all its employees, who have worked relentlessly for our better performance.

ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY

The Company prioritizes safety and environmental sustainability, striving for operational efficiency and resource conservation. Efforts focus on energy utilization, minimizing resource consumption, and reducing emissions, while ensuring a safe workplace. Collective efforts sustain and enhance environmental, health, and safety standards.

ACKNOWLEDGEMENT

On behalf of the Company, I extend my sincere gratitude to all the shareholders, vendors, customers, dealers, business associates, and other stakeholders, namely: the Central and State governments, banks, government agencies and non-government institutions, for providing help to the company. I also express my sincere appreciation to my colleagues on the Board, as well as the Management Team, Company Secretary for their invaluable contributions. Once again, I thank you all for being with us today and end with warm regards and good wishes for each one of you.

Now, Mr. Himanshu Luthra, Company Secretary of the Company is advised to brief the members on the procedure and the objects and reasons for the resolutions proposed for consideration and approval by the members.

Thank You!

Mr. Himanshu Luthra: - Let me quickly take you through the general instructions to members for participation in this meeting.

- i. The Facility of Joining this Meeting through VC is made available to 1000 members of the company on First Come First Serve Basis. In addition, large shareholders, Directors, KMPs and Institutional Investors can also join the meeting.
- ii. Registered Office of the Company at Dehradun will be deemed venue for the meeting and all the proceedings of AGM shall be deemed to be made thereat.
- iii. Register of Directors and Key Managerial Personnel and the Register of Contracts are available electronically, at the website of the Company, for inspection of the members during the AGM.

- iv. Pursuant to MCA circulars, the facility for appointment of proxy by the members is not applicable and therefore, the proxy register is not available for inspection. Similarly, facility for voting by show of hand is not available.
- v. The Company had provided the facility to cast votes electronically via remote e-voting on all resolutions set forth in the Notice from 15th August, 2023 (09:00 a.m.) to 17th August, 2023 (05:00 p.m.).
- vi. Members who have not cast their votes via remote e-voting and who are participating in this meeting will now have an opportunity to cast their votes today through the e-voting system provided by CDSL.
- vii. E-voting facility is already open for Members to cast their vote and shall be available for 30 minutes after this meeting.
- viii. The Board of Directors has appointed Mr. Mahesh Kumar Gupta, Practicing Company Secretary, as Scrutinizer to supervise the e-voting process. He is also present as a panelist.
- ix. The resolutions set forth in the notice shall be deemed to be passed today, subject to receipt of requisite majority votes. The results of this AGM will be posted on website of the company, sent to stock exchange and also given to service provider viz CDSL.

❖ **Business of the Meeting:**

Notice of AGM along with Directors Report, Statutory Auditors & Secretarial Auditors Report and Annual Accounts for FY 22-23 have been sent to the members within the prescribed timelines. Also, in accordance with circulars of the Ministry of Corporate Affairs, the Company has given mandatory pre & post-dispatch advertisements regarding the AGM.

Since, the notice has been circulated with the shareholders, we take the notice dated 21st July, 2023 of this Annual General Meeting as read. Further, members may note that there are no qualifications, observations or adverse remarks in the report of Statutory Auditors and Secretarial Auditors for FY 22-23. These reports being unqualified are too being taken as read.

❖ **Business for the AGM**

Business to be transacted through e-voting at the meeting today is: -

Ordinary Business:

- 1. Item no. 1 of the Notice:** Ordinary Resolution to consider and adopt Audited Financial Statements of the Company for the financial year ended March 31, 2023, the reports of the Board of Directors and the Auditors thereon.
- 2. Item no. 2 of the Notice:** Ordinary Resolution to declare the dividend for the year 2022-2023 on the equity shares of the Company.
- 3. Item no. 3 of the Notice:** Ordinary Resolution to appoint a Director in place of Shri Ashok Chaturvedi, Chairman (DIN: 00023452), who retires by rotation and, being eligible, offers himself for re-appointment.

Special Business:

- 4. Item no. 4 of the Notice:** Special Resolution to appoint Mr. Pradeep Narendra Poddar as an Independent Director of the Company for a term of 3 (three) consecutive years w.e.f. 21st July, 2023.

As a reminder to all the shareholders, e-voting facility is being opened and will remain open for 30 minutes after the close of meeting. Such shareholders who have not cast their votes so far can cast their votes.

I would like to bring to the notice of panelist and the shareholders that the company has received requests from the shareholders to be speaker and received queries as well.

Few common queries are listed out here:

- a. Interest coverage ratio is very low as of FY 22-23.
- b. Debtors ageing.
- c. Total debt position.
- d. Any further debt led capex required.

- e. Reason for low sales growth.
- f. Steps taken to reduce the risks associated with exports to the European Markets.
- g. Reasons for fall in exports to USA.
- h. Total subsidy from central & state govt for the greenfield Tamil Nadu unit. Etc.

To answer to these queries from the Shareholders, I request Mr. Rahul Razdan, Whole Time Director of your company to address these. **Sir Please,**

Mr. Rahul Razdan: -

Answers from Company
Interest Coverage ratio was low in FY-23, this was due to the additional borrowings raised by the Company during the year for its Expansion Project at Krishnagiri, Tamil Nadu. The operation of this plant was partially commenced in September, 2022. At present, the plant is fully operational and in FY 23-24 we are expecting good EBITDA level which will substantially improve the coverage ratio.
Debtor ageing is explained at page no. 82 of the Annual report, this is due to Low sale volumes in comparison to estimations because of the recession in both USA and Europe market as company has major part of its sales from export. Further in FY 23-24 we are expecting better sales volumes which will improve these parameters.
Detailed Position of total debts is shown in Schedule 13 on page no. 64 of the annual report. Further, all the repayment of principal & interest has been done on the due dates.
Regarding loss in the first quarter, it was due to the additional borrowings raised by the Company and additional depreciation for its expansion project at Krishnagiri, Tamil Nadu. We are very much hopeful & expecting better topline and bottom line in future.
On EBIDTA margin members may note that the same have reduced from around 18% in FY 21-22 to 10% in FY 22-23. This is due to the reason that Power, fuel, raw material, etc. rates have increased for these things and currency rates were also not favorable, however, in FY 23-24 we are expecting better EBIDTA levels due to the cost cuttings and also the currencies will favor for us.
Regarding sale volumes they are almost the same when compared to previous year because of the recession in both USA and Europe market as company has major part of its exports from this destination.

Regarding expansion of capacities, the Company has expanded its existing capacities in past in year 2013 with one chamber and 2014 with another chamber and volume were increased, partially. In FY 22-23, the Company has started its new facility in south, from where production will substantially increase from FY 23-24 onwards.

With regard to subsidy, we are continuously following up with the authorities & departments. Our proposal for incentives and subsidies is under scrutiny by the Tamil Nadu Government authorities and approval of which is pending. We are hopeful that we will receive some subsidy in the near future.

A question was asked by a shareholder as to why UFLEX Ltd. (Promoter) can't advance interest free loan to the Company till the greenfield project stabilizes. The reason is that, as per Section 186 of the Companies Act, 2013, Companies cannot give loan at a rate of interest lower than the prevailing yield of one year, three-year, five year or ten-year Government Security closest to the tenor of the loan.

Mr. Himanshu Luthra: - Now, I request Mr. S.P. Gupta to have speakers unmuted.

Beetal: - First speaker is Mr. Nilesh N. Shah.

Sir, Mr. Nilesh is not present here.

Next speaker is Mr. Tarun Sharma.

Mr. Himanshu Luthra: - Mr. Tarun please go on. We welcome you to the meeting.

Mr. Tarun Sharma, Speaker: - Hello, am I audible.

Mr. Himanshu Luthra: - Yes, you are audible.

Tarun Sharma, Speaker: - Yes, okay. I just wanted to ask the management about the new expansion which the company is doing. I want to know about the technology and the details regarding the new expansion. What R&D we have done about the product, what is the product capacity so that we can know about how the revenue will be increasing.

Mr. Rahul Razdan: - Okay, I'll answer that, basically, what we have done the machines are similar in line what we have in Dehradun. They are the modern ones with the latest technology from the Gea in Denmark and we have done about six chambers of the same in Bangalore. We are not targeting the fruits

and vegetables from the South India. We are growing some of the vegetables and we are buying some of the fruits from their and the processing it in our facilities. The total capacity of that capacity depending on the yields will be between 6000 to 8000 tons in the raw material form and in the freezing form, it should be around 500 to 600 times and this year, we will be exporting these primarily to Europe and US markets.

Tarun Sharma, Speaker: - Okay, that's good Thanks.

Mr. Himanshu Luthra: - Mr. Gupta, any other speaker.

Mr. Gupta: - No, sir.

Mr. Himanshu Luthra: - I do hope that these answers all the queries from the shareholders, yet if you have other queries, please write to the company and we will reply them suitably.

As mentioned earlier, members may note that the E-voting facility will remain open for 30 minutes after the close of meeting. Therefore, members who have not cast their vote are requested to do so. The results of the voting will be declared by posting the same on the company's website and also by sending it to the stock exchange.

I thank all the Shareholders, Directors and other stakeholders who have taken their time to attend this meeting through Video Conferencing.

The Board and the management of the Company wishes you to stay healthy and safe.

THANK YOU.