



# **TWENTY EIGHTH ANNUAL REPORT 2017-18**



**FLEX FOODS LIMITED**



## **FLEX FOODS LIMITED**

(CIN L15133UR1990PLC023970)

### **TWENTY EIGHTH ANNUAL REPORT 2017-2018**

#### **BOARD OF DIRECTORS**

ASHOK CHATURVEDI  
*Chairman*

P.N. SHARMA

ANUPAM AHUJA

R.K. MISHRA (Appointed w.e.f. 16.08.2017)

A. RAGHAVENDRA RAO (Appointed w.e.f. 14.08.2017)  
*Whole Time Director*

#### **COMPANY SECRETARY**

RAJESH DHEER

#### **AUDITORS**

##### **Statutory Auditor**

MJMJ & ASSOCIATES, LLP  
Flat No. 905, Millenia Emerald Hights Apartments,  
Ramprastha Green, Sector 7, Vaishali,  
Gaziabad, Uttar Pradesh 201010

##### **Internal Auditor**

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

##### **Secretarial Auditor**

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

#### **BANKERS**

CANARA BANK  
ALLAHABAD BANK

#### **REGISTERED OFFICE**

Lal Tappar Industrial Area,  
P.O. Resham Majri,  
Haridwar Road,  
Dehradun (Uttarakhand)  
Phone: (0135) 2499234, (0135) 2499262  
Fax: (0135) 2499235

#### **SHARE DEPARTMENT**

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

#### **REGISTRAR AND SHARE TRANSFER AGENT**

Beetal Financial & Computer Services Pvt. Ltd  
Beetal House, 3rd Floor  
99, Madangiri, Beind Local Shopping Centre  
Near Dada Harsnath Das Mandir  
New Delhi  
Phone Nos.: 011 29961281 - 83  
Fax No. : 011 29961284  
E-mail : beetal@beetalfinancial.com

#### **WORKS**

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

Chidderwala  
Dehradun  
(Uttarakhand)



## NOTICE

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of Flex Foods Limited will be held on Thursday, the 23<sup>rd</sup> day of August, 2018 at 3.00P.M. at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, Uttarakhand for transacting the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2018, the reports of the Board of Directors and the Auditors thereon; and
2. To appoint a Director in place of Shri Ashok Chaturvedi (DIN: 00023452), who retires by rotation and, being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri A. Raghavendra Rao (DIN 05116052), who was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> August, 2017 by the Board of Directors of the Company and who being eligible for appointment and having consented to act as Director of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, of the Company, be and is hereby appointed as an Director of the Company, liable to retire by rotation."

4. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** that pursuant of Section 196 & 197 and Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and such other approvals / sanctions as may be necessary, the company hereby approves the appointment of Mr. A. Raghavendra Rao (DIN 05116052) as Whole-Time Director of the Company for a period of Three years w.e.f. 14<sup>th</sup> August, 2017 to 13<sup>th</sup> August, 2020 on the terms and conditions including as to remuneration, minimum remuneration in case of loss or inadequate profit in any financial year as set out in the explanatory statement which shall be deemed to form part thereof.

**RESOLVED FURTHER THAT** that the Board of Directors of the Company be and is hereby authorized to vary and / or revise the remuneration of the said Whole-time Director within the permissible limits under the provisions of the Companies Act, 2013 or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto.

**RESOLVED FURTHER THAT** Shri Ashok Chaturvedi, Chairman or Shri Rajesh Dheer, Company Secretary of the Company be and are hereby authorized to finalize, settle and execute such documents, deeds, writing papers and/or agreements as may be required and to do all such acts, deeds, matters and things as may in its absolute discretion deem fit, necessary or appropriate."

5. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT**, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Rajendra Kumar Mishra (DIN 07905342), who was appointed as an Additional Director of the Company with effect from 16<sup>th</sup> August, 2017 by the Board of Directors of the Company and who being eligible for appointment and having consented to act as Director of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company be and is hereby appointed as an independent Director of the Company for a term upto 15 August, 2020 and whose office shall not be liable to retire by rotation."

6. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri P.N. Sharma (DIN: 00023625), who was appointed as an Independent Director and who holds office of Independent Director upto 25<sup>th</sup> May, 2019 being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of 3 (three) consecutive years i.e from 26<sup>th</sup> May, 2019 to 25<sup>th</sup> May, 2022 and whose office shall not be liable to retire by rotation."

7. To consider and if thought fit, to pass the following resolution as an **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the modification to the Articles of Association of the Company, a Copy of which is available for inspection at



the Registered Office and also available on the website of the Company at [www.flexfoodsltd.com](http://www.flexfoodsltd.com) at web link [https://www.flexfoodsltd.com/pdf/corporate-announcements/Articles\\_of\\_Association.pdf](https://www.flexfoodsltd.com/pdf/corporate-announcements/Articles_of_Association.pdf) be and is hereby approved and adopted in total exclusion, substitution and superseding the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including a Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to above Resolution(s)."

By Order of the Board

**Rajesh Dheer**

Company Secretary

FCS No. 3060

Place : NOIDA

Date : 26<sup>th</sup> May, 2018

**Regd. Office:**

Lal Tappar Industrial Area.

P.O. Resham Majri,

Haridwar Road, Dehradun,

Uttarakhand

**IMPORTANT NOTES:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from 16.08.2018 to 23.08.2018 (both days inclusive).
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF / HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT EXCEEDING 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY.**

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

4. The amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs11,57,892 (Rupees Eleven Lacs Fifty Seven Thousand Eight Hundred Ninety Two only) being the unpaid and unclaimed dividend amount pertaining to Dividend for the year 2009-10 to the Investor Education and Protection Fund of the Central Government.
6. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any

change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

7. 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
8. Electronic copy of the Annual Report of the 28<sup>th</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of electronic voting ('e-voting') along with Attendance Slip, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of Annual Report of the 28<sup>th</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being sent in the permitted mode.
9. The Company has paid the Annual Listing Fees for the year 2018-2019 to the BSE Limited on which the Company's Securities are presently listed.
10. The Ministry of Corporate Affairs ('MCA') had notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 including amendment thereto effective from 7<sup>th</sup> September, 2016 ('IEPF Rules 2016'). Amongst other things, the Rules provides for the manner of transfer of the unpaid and unclaimed dividends to the IEPF and the manner of transfer of shares in case any dividend has not been encashed by the shareholders on such shares during the last seven years to the designated Account as prescribed by the IEPF Authority. In pursuance of Compliance of said rules Company has transferred 3,53,985(Three Lacs Fifty Three Thousands Nine Hundred Eighty Five) Equity Shares to Investor Education and Protection Fund (IEPF).
11. Voting through electronic means
  - i. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of SEBI Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is providing the shareholders facility to exercise their right to vote on Resolutions proposed to be considered at the forthcoming Annual General Meeting by electronic means and the business may be transacted through e-voting platform provided by Central Depository Services (India) Limited (CDSL)
  - ii. That the facility for voting, through Ballot Paper shall also be made available at the Meeting & Members attending the meeting who have not already cast their



vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.

- iii. That the Members who have cast their vote by remote e-voting prior to the Meeting may also attend the meeting but shall not be entitled to cast their vote again.

**The process & manner for e-voting are as under:**

- i) The voting period begins on **20.08.2018 (9:00 AM)** and ends on **22.08.2018 (5:00 PM)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **16.08.2018** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on "Shareholders." Tab.
- iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for **FLEX FOODS LIMITED** on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).



- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
12. The Voting Rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the *cut-off date* i.e. **16.08.2018**.
  13. A person whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the *cut-off date* only shall be entitled to avail the facility of remote e-voting as well as voting in the Annual General Meeting through ballot paper.
  14. Shri Mahesh Gupta, Practicing Company Secretary (Membership No. 2870) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  15. The Chairman shall, at the Annual General Meeting, at the end of discussion on the Resolutions on which voting is to be held, allow voting, with the assistance of Scrutinizer, by use of "ballot paper" or "polling paper" for all those Members who are present at the annual general meeting but have not cast their votes by availing the remote e-voting facility.
  16. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company and shall make not later than three days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same and declare the result of voting forthwith.
  17. The Results along with the Scrutinizer's Report shall be placed on the Company's website [www.flexfoodsltd.com](http://www.flexfoodsltd.com) and on the website of CDSL immediately after declaration of results and communicated to the Stock Exchange.
  18. All documents referred to in the Accompanying Notice and the Explanatory Statements shall be open for inspection at the Registered Office of the Company during normal business hour (9.00 AM to 5.00 PM) on all working days, upto and including the date of the Annual General Meeting of the Company.

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

### **Item 3 & 4.**

The Board of Directors on the recommendation of Nomination and Remuneration Committee appointed Mr. A. Raghavendra Rao (DIN 05116052) as an Additional Director (w.e.f. 14.08.2017) in terms of Section 161 & other applicable provisions of the Companies Act, 2013 to hold office upto the date of ensuing Annual General Meeting of the Company. The Company has received a notice in writing from a member of the Company proposing the candidature for the office of Director of the Company.

The company business activities have been grown in last couple of years and Food Processing Industry, more particularly in the International Market is highly demanding & challenging. The Company's products are well accepted in India as well as in foreign markets.

However, a lot is still to be achieved and therefore there is a need to have an eminent and experienced professional as the Whole-time Director of the Company, who could look day to day activities of the Company.

Therefore, the Board of Directors of the Company (after considering the recommendation of the Nomination and Remuneration Committee) at its meeting held on 10<sup>th</sup> August, 2017 has, subject to the approval of Shareholders, appointed Mr. A. Raghavendra Rao as Whole-time Director of the Company for a period of 3 years commencing from 14<sup>th</sup> August, 2017 on the following terms and conditions

### **Term and Conditions**

#### **Remuneration**

Salary including allowances of Rs. 5,96,667/- (Rupees Five Lacs Ninety Six Thousand Six hundred Sixty Seven only) per month with an annual increment of maximum up to 25% of gross salary including incremental perquisite (increment as decided by Chairman of the Company).

Ex-gratia, LTA & Medical as per Company rules

Car as per Company's policy

#### **Other terms**

- (a) He will not be entitled to sitting fees for attending meetings of the Board or Committee(s) thereof.
- (b) He will be liable to retire by rotation.
- (c) The aforesaid appointment may be terminated by either side giving three months' notice in advance.

In the event of inadequacy of profit or absence of profit, the company shall pay Mr. A Raghavendra Rao the above remuneration as minimum remuneration but not exceeding the limit specified under Schedule V of the Companies Act, 2013 or such other limits as may be specified by the Central Government, from time to time as minimum remuneration.

#### **Functions**

The Whole-time Director shall discharge such functions as are delegated to him by the Board of Directors and/or Chairman.

The Board recommends the resolutions set forth in Item no. 3 as ordinary resolution and 4 as special resolution for the approval of the members.

Information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations,



2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India is attached as Annexure to the Notice.

No director, key managerial personnel or their relatives is interested or concerned in the resolution except to the extent of their respective interest as shareholders of the company, Shri A. Raghavendra Rao, to whom the resolution relates is interested in the resolution due to his appointment.

The brief profile of the Company as well as Shri A. Raghavendra Rao as required under Schedule V of the Companies Act, 2013 are given hereunder.

## I General Information

### 1) Nature of Industry

The Company is engaged mainly in the business of cultivation and processing of Mushrooms, Herbs, Fruits and Vegetable in freeze dried, air dried and Individual quick frozen forms. The Company has been selling its product mainly to European and US markets.

### 2) Date of Expected date of commencement of commercial production:

Existing Company in operation since 1990

### 3) In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus:

Not Applicable

### 4) Financial performance based on given indicators

(Rs. In Lacs)

Year ended 31 <sup>st</sup> March	2015-2016	2016-2017	2017-2018
Revenue from operation	8268.62	8517.25	9106.73
Other Income	242.30	186.93	245.59
Profit before Finance Cost, Depreciation and Taxes	2087.13	2091.30	1932.62
Finance Cost	365.57	482.88	363.42
Depreciation	431.30	486.27	500.16
Profit before tax	1290.53	1122.15	1069.04
Taxes	474.02	337.61	388.26
Profit for the Year	816.51	784.54	680.78

### 5) Export performance and net foreign Exchange Collaborations :

The Company is earning valuable Foreign Exchange for the Country since inception. The figure of export for the last three years are as under:

(Rs. In Lacs)

2015-2016	2016-2017	2017-2018
5051.62	5801.17	6523.54

### 6) Foreign investments of collaborators, if any:

NIL

## II Information about Shri A. Raghavendra Rao

### 1) Background details

Shri A. Raghavendra Rao is a Science Graduate, PGMP from Institute of Management, Bangalore and Diploma in Commodity Market from Wellingar Institute and has experience of about 30 years in the different organisation of repute.

Shri A. Raghavendra Rao is a strategic, hand-on Agri Commodities Management professional with proven record in entrepreneurship cross-functional leadership including sales, marketing (institutional and retails), operations, supply chain, international trade and profit centre responsibility with large global organisations in multi commodities. Ability to demonstrate great leadership skills and work with minimal supervision and in matrix environment, quickly adaptable to change and believing in personal growth by achieving organizational goals. Considering his vast and rich experience, the Board of Directors proposed the appointment of Shri A Raghavendra Rao as Whole-time Director of the Company.

### 2) Past Remuneration

He was appointed as CEO of the Company and draw the Remuneration as under:-

Salary including Allowances of Rs. 5,21,667/-

Ex-gratia, LTA & Medical as per Company rules

Car as per Company's policy

### 3) Recognition or Awards:

Nil

### 4) Job profiles and his suitability

Shri A. Raghavendra Rao has been entrusted with powers of the management of business and affairs of the company. Shri A. Raghavendra Rao plays a major role in providing through leadership and strategic input in the company.

### 5) Remuneration proposed

As stated in the Explanatory Statement of the notice item no. 3 & 4.

### 6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

The remuneration to Shri A. Raghavendra Rao is in sync with his peers and is commensurate with his qualification, experience, the size of the company.

### 7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:

Shri A. Raghavendra Rao does not have any pecuniary relationship with the company except remuneration drawn as Whole-time Director.

## III Other Information

### 1) Reason of loss or inadequate profits:

Company is in Food Processing Industry and could not achieved the expected revenue.

### 2) Steps taken or proposed to be taken for improvement:

The company has been taking all measures within its control to maximize efficiencies and to minimize costs for lowering the cost of production. In order to achieve revenue & growth the company continues to focus on the development and innovation of new products.

**3) Expected increase in productivity and profits in measurable terms:**

Food processing industry is fastest growing industry in the world-wide. The fundamental of the company are sound'. It has well balanced businesses and has the potential of not being just profitable but achieving significant growth. The company expects that the productivity and profitability may improve and would be comparable with the industry average.

**IV Disclosures****Disclosure in the Board of Directors' report under the head 'Corporate Governance' attached to the Annual Report:**

The requisite details of remuneration etc. of Directors are being included in the Corporate Governance forming part of Annual Report of the Company.

**Item 5.**

Mr. Rajendra Kumar Mishra (DIN 07905342) was appointed as an Additional Director by the Board on recommendation of Nomination & Remuneration Committee with effect from 16<sup>th</sup> August, 2017 pursuant to Section 161 of the Companies Act, 2013. Mr. Rajendra Kumar Mishra will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Shri Rajendra Kumar Mishra for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received a declaration from him to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

Shri Rajendra Kumar Mishra IRSME, is graduate and post graduate in Mechanical Engineering from IIT, Kanpur has wide experience in various Administrative capacities of Indian Railways.

The resolution seeks the approval of members for the appointment of Shri Rajendra Kumar Mishra as an Independent Director of the Company for a term up to 15<sup>th</sup> August, 2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Rajendra Kumar Mishra, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management.

Information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India is attached as Annexure to the Notice.

No director, key managerial personnel or their relatives, is interested or concerned in the resolution except to the extent of their respective interest as shareholders of the company

Shri Rajendra Kumar Mishra, to whom the resolution relates, is interested or concerned in the resolution due to his appointment.

The Board recommends the resolution set forth in Item no. 5 for the approval of the members.

**Item 6.**

Shri P.N. Sharma was appointed as Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He holds office as Independent Director of the Company up to 25<sup>th</sup> May, 2019 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act). Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Shri P.N. Sharma, has recommended reappointment of Shri P.N. Sharma as Independent Director for a second term of 3 (three) consecutive years i.e. from 26<sup>th</sup> May, 2019 to 25<sup>th</sup> May, 2022. The Board, based on the performance evaluation of Shri P.N. Sharma and as per the recommendation of the Nomination and Remuneration Committee, considers that, given their background and experience and contributions made by him during his tenure, the continued association of Shri P.N. Sharma would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director. Accordingly, it is proposed to re-appoint Shri P.N. Sharma as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 3 (three) consecutive years on the Board of the Company. Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") *inter alia* prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides that an independent director can hold office for a term upto five consecutive year on the Board of Company and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms. Shri P.N. Sharma has given his consent to act as Director. The Company has received notice in writing from a member under Section 160 of the Act proposing the candidature of Shri P.N. Sharma for the office of Independent Director of the Company. The Company has also received declaration from Shri P.N. Sharma that he meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the Board, Shri P.N. Sharma fulfil the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations. Shri P.N. Sharma is independent of the management. Details of Shri P.N. Sharma is provided in the "Annexure" to the Notice pursuant to the provisions of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

No director, key managerial personnel or their relatives, is interested or concerned in the resolution except to the extent of their respective interest as shareholders of the company





Shri P.N. Sharma, to whom the resolution relates, is interested or concerned in the resolution due to his appointment.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members.

#### Item 7.

The Existing Articles of Association ("AOA") of the Company are based on Companies Act, 1956. In order to bring the existing AOA of the Company in line with the provisions of the Companies Act, 2013 (the "Act"), the Company will have to make numerous changes in the existing AOA. It is therefore considered desirable to adopt a Comprehensive new set of Articles of Association of the Company ("New Articles), in substitution of and to the exclusion of existing AOA.

Pursuant to the provision of section 14 of the Act, approval of the shareholders of the company by way of special resolution is required for the adoption of the New Articles to replace existing AOA and accordingly, the approval of the shareholders is being sought for the adoption of the New Articles.

A Copy of the proposed New Articles to be adopted are available for inspection by the members at the Registered Office of the Company during normal business hours on

all working days from the date of dispatch of notice, upto the date of Annual General Meeting and is also available on the website of the Company at [web link https://www.flexfoodsltd.com/pdf/corporate-announcements/Articles\\_of\\_Association.pdf](https://www.flexfoodsltd.com/pdf/corporate-announcements/Articles_of_Association.pdf)

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the resolution set out at item No. 7 of the Notice except to the extent of their shareholding in the Company.

The Board of Directors accordingly recommends the Special Resolution set out at Item No. 7 of the Notice for the approval of the Member.

By Order of the Board

Place : NOIDA  
Date : 26<sup>th</sup> May, 2018

**Rajesh Dheer**  
Company Secretary  
FCS No. 3060

**Regd. Office:**  
Lal Tappar Industrial Area.  
P.O. Resham Majri,  
Haridwar Road,  
Uttarakhan

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and SS-2 issued by ICSI

Name of Director	Shri Ashok Chaturvedi	Shri A. Raghavendra Rao	Shri Rajendra Kumar Mishra	Shri Paresh Nath Sharma
Date of Birth	15.10.1956	19.06.1966	08.05.1957	15.08.1949
Date of Appointment	05.02.1990	14.08.2017	16.08.2017	26.05.2016
Experience in specific Functional areas	Chief Promoter of UFLEX Group of Companies who had set up the business himself being the first generation entrepreneur and has in depth knowledge of business of the company..	He is Science Graduate having an experience of apprx 30 years in the field of Agri Commodities	He is post graduate in Mechanical Engineering from IIT, Kanpur and wide experience of working in various administrative capacities.	He is Chartered Accountant having wide and varied experience in the field of Finance and other related areas.
Qualification	B.Sc.	Graduate	Post Graduate	Chartered Accountant
Terms and Conditions of appointment or re-appointment	Shri Ashok Chaturvedi retires by rotation at the ensuing Annual General Meeting	Shri A. Raghavendra Rao was appointed as Additional Director and Whole-time Director on 14.08.2017 and he is proposed to be appointed as regular Director at the ensuing Annual General Meeting liable to retire by rotation	Shri Rajendra Kumar Mishra was appointed as Additional Director on 16.08.2017 and he is proposed to be appointed as Independent Director of the Company for a term of three years from 14.08.2017 to 15.08.2020 not liable to retire by rotation	Shri P.N. Sharma is proposed to be re-appointed as an Independent Director of the Company for second term.



Name of Director	Shri Ashok Chaturvedi	Shri A. Raghavendra Rao	Shri Rajendra Kumar Mishra	Shri Paresh Nath Sharma
Remuneration sought to be paid	Nil	As mentioned in the Notice of the ensuing Annual General Meeting	Nil	Nil
Remuneration last drawn	Nil	Total Remuneration drawn as CEO from 29.05.2017 to 13.08.2017 is Rs.14.69 Lacs	Nil	Nil
Shareholding in the Company	7610 Equity Shares	Nil	Nil	Nil
Relationship with other Directors, Manager and other key managerial personnel	Not related to any other Directors and other key managerial personnel of the Company	Not related to any other Directors and other key managerial personnel of the Company	Not related to any other Directors and other key managerial personnel of the Company	Not related to any other Directors and other key managerial personnel of the Company
No. of Meeting of the Board attended	4	2	2	4
Directorship in other Public Limited Companies / excluding private companies which are subsidiary of public company	1. Uflex Ltd. 2. U Tech Developers Ltd.	Nil	Nil	1 Singer India Ltd. 2 Baldyanath Finance and Leasing Ltd. 3 Ultimate Flexipack Limited
Member/Chairman of Committee of the Board of the Public Limited Companies on which he is Director	<b>Committee of Directors</b> 1) UFLEX Limited (Chairman) 2) Flex Foods Limited (Chairman)  <b>Nomination and Remuneration Committee</b> 1) Flex Foods Limited	<b>Committee of Director</b> 1 Flex Foods Limited  <b>Stakeholders' Relationship Committee</b> 1 Flex Foods Limited  <b>Corporate Social Responsibility Committee</b> 1 Flex Foods Limited	<b>Audit Committee:</b> 1 Flex Foods Limited  <b>Stakeholders' Relationship Committee</b> 1 Flex Foods Limited  <b>Nomination and Remuneration Committee</b> 1 Flex Foods Limited  <b>Corporate Social Responsibility Committee</b> 1 Flex Foods Limited	<b>Committee of Director</b> 1 Flex Foods Limited  <b>Audit Committee:</b> 1 Singer India Ltd (Chairman) 2 Flex Foods Limited (Chairman) 3 Ultimate Flexipack Limited  <b>Stakeholders' Relationship Committee</b> 1 Singer India Limited 2 Flex Foods Limited (Chairman)  <b>Nomination and Remuneration Committee</b> 1 Flex Foods Limited (Chairman)  <b>Corporate Social Responsibility Committee</b> 1 Flex Foods Limited Chairman)



## DIRECTORS' REPORT

### To the Members,

Your Directors have pleasure in presenting this Twenty Eighth Annual Report together with Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2018.

### FINANCIAL RESULTS :

The summarized financial results for the year ended 31<sup>st</sup> March, 2018 and for the previous year ended 31<sup>st</sup> March, 2017 are as follows:

[Rs. in Lacs]

	Year Ended 31.03.2018	Year Ended 31.03.2017
<b>Revenue from Operations</b>	9106.73	8514.68
Other Income	245.59	186.93
<b>Total Revenue</b>	9352.32	8701.61
<b>Profit before Finance Cost, Depreciation &amp; Tax</b>	<b>1932.62</b>	<b>2091.30</b>
Finance Cost	363.42	482.88
Depreciation	500.16	486.27
<b>Profit before Tax</b>	<b>1069.04</b>	<b>1122.15</b>
Less : Tax Expenses	388.26	337.61
<b>Profit for the year</b>	<b>680.78</b>	<b>784.54</b>

During the year under review, your Company achieved total revenue and net profit of Rs 9352.32 Lacs and Rs 680.78 Lacs respectively as against total revenue and Net Profit of Rs. 8701.61 Lacs and Rs 784.54 Lacs respectively during the previous financial year ended 31<sup>st</sup> March, 2017.

The comprehensive details of performance of the Company have been given in the Management Discussion and Analysis Report appended hereto.

### TRANSFER OF UNCLAIMED DIVIDEND

An amount of Rs 1157892/- (Rupees Eleven Lacs Fifty Seven Thousand Eight Hundred Ninety Two only) was transferred to Investor Education and Protection Fund (IEPF) during the year under review.

### TRANSFER OF UNCLAIMED SHARES TO AUTHORITY

As per the Provision of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the Company has transferred 3,53,985 (Three Lacs Fifty Three Thousand Nine Hundred Eighty Five) Equity Shares on which Dividend was not paid for more than seven years to Investor Education and Protection Fund (IEPF) during the year under review.

### DIVIDEND

Keeping in view, the fund requirements for expansions of the Company, the Board of the Directors of the Company has not recommended Dividend for the financial year under review.

### CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business of the Company.

## SHARE CAPITAL

The paid-up equity share capital outstanding as on 31<sup>st</sup> March, 2018 was Rs.12.45 Crore. During the year under review, the Company has neither issued Shares with Differential Voting Rights nor granted Stock Options nor Sweat Equity.

As on 31<sup>st</sup> March, 2018 none of the Directors of the Company except the following held shares or convertible instruments of the Company:

Mr. Ashok Chaturvedi - 7610 Equity shares

## FIXED DEPOSITS

The Company neither had any fixed deposits outstanding as at 31<sup>st</sup> March 2018 nor any fresh/renewal of deposits were accepted during the financial year 2017-18. There were no unclaimed deposits as at March 31, 2018.

## DIRECTORS

During the year Mr. A. Raghavendra Rao (DIN 05116052) was appointed as Additional Director and Whole-time Director of the Company on 14.08.2017 and Mr. Rajendra Kumar Mishra (DIN 07905342) appointed as an Additional Director on the Board w.e.f. 16.08.2017. They will hold office upto the date of ensuing Annual General Meeting and being eligible offer themselves for their appointment as Directors of the Company. Your Directors welcome Mr. A. Raghavendra Rao and Mr. Rajendra Kumar Mishra on the Board of the Company

During the year under review Mr. S. K. Kaushik, Mr. T. N. Pandey, Mr. G. N. Gupta, Mr. M.G. Gupta and Mr. R. K. Jain resigned from the Board of Directors due to their personal reason w.e.f. 30.06.2017, 14.08.2017, 16.08.2017, 21.09.2017 and 13.11.2017 respectively. The Board of Directors placed on record their appreciations for the valuable contribution made during their tenure as Directors of the Company.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Ashok Chaturvedi, Chairman (DIN 00023452) of the Company retire by rotation and being eligible, offers himself for reappointment.

The tenure of Mr. P.N. Sharma (DIN 00023625) as an Independent Director of the Company is expiring on 25<sup>th</sup> May, 2019 and being eligible be reappointed as an Independent Director of the Company from 26<sup>th</sup> May, 2019 for second term of three years till 25<sup>th</sup> May, 2022.

The brief Resume and other details as required under Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 and SS-2 issued by ICSI are provided in the Notice of Annual General Meeting of the Company.

All the Independent Directors of your Company have given declarations confirming that they meet the criteria of Independence as prescribed both under the Act and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of Familiarization Programme to Independent Directors of the Company are put up on the website of the Company at the link <https://www.flexfoodsltd.com/pdf/Familiarization-Program-for-Independent-Directors/Familiarization-Program-for-Independent-Directors-2017-20118.pdf>

**RELATIONSHIP BETWEEN DIRECTORS INTER-SE**

None of the Directors are related to each other within the meaning of the term "relative" as per Section 2(77) of the Companies Act, 2013.

**DIRECTORS' RESPONSIBILITY STATEMENT**

On the basis of compliance certificates received from the Executives of the Company, subject to disclosures in the Annual Accounts and also on the basis of the discussion with the Statutory Auditors/Internal Auditors of the Company from time to time, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of the Annual Financial Statements for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that the Company has selected such accounting policies and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2018 and of the Profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;
- that proper Internal Financial Controls were in place and that the financial controls were adequate and were operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

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 reviewed the internal controls and financial reporting issues with Internal Auditors and Statutory Auditors.

**STATUTORY AUDIT & AUDITORS**

There is no change in Statutory Auditors as M/s. MJMJ & Associates LLP, Chartered Accountants (Firm Registration No. 027706N/N400013), will continue as Statutory Auditor of the Company as appointed for a term of five years in last Annual General Meeting i.e. from the conclusion of 27<sup>th</sup> Annual General Meeting till the conclusion of 32<sup>nd</sup> Annual General Meeting of the Company pursuant to Section 139 of the Companies Act, 2013.

The Report given by M/s. MJMJ & Associates LLP, Chartered Accountants (Firm Registration No. 027706N/N400013)), Statutory Auditors on the financial statement of the Company for the year 2017-18 is part of the Annual Report. There is no qualification, reservation or adverse remark or disclaimer in their Report.

The Report of the Auditors on the financial statements including relevant notes on the accounts for the Financial Year ended 31<sup>st</sup> March, 2018 are self-explanatory and therefore do not call for any further comments.

**Internal Auditors**

The Board of Directors of your Company has re-appointed M/s. Vijay Sehgal & Co., Chartered Accountants, New Delhi (Firm Registration No.000374N) as Internal Auditors pursuant to the provisions of Section 138 of the Companies Act, 2013 for the financial year 2018-2019.

**Secretarial Auditors**

The Board has re-appointed M/s Mahesh Gupta & Co., Practicing Company Secretaries, Delhi as Secretarial Auditor pursuant to the provisions of Section 204 of the Companies Act, 2013 for the financial year 2018-2019. The Report of the Secretarial Auditor is annexed to the Report as per **Annexure 'A'**.

**CORPORATE SOCIAL RESPONSIBILITY**

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has a Corporate Social Responsibility (CSR) Committee, which comprises Mr. P.N. Sharma, Chairman, Mr. Rajendra Kumar Mishra, Member and Mr. A. Raghavendra Rao, Member. During the year Mr. M.G. Gupta, Mr. R.K. Jain and Mr. S. K. Kaushik have resigned from the Board and accordingly ceased as members of the Corporate Social Responsibility Committee. The terms of reference of the Corporate Social Responsibility (CSR) Committee is provided in the Corporate Governance Report. Your Company has also formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at <http://www.flexfoodsltd.com/pdf/CSRPoly.pdf>.

Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended as **Annexure –"B"** and forms integral part of this Report.

The Company had to do CSR Activity for an amount of Rs.26.42 lacs based on the average profits of the three preceding financial years. However, the Company spent Rs.20.00 lacs upto 31<sup>st</sup> March, 2018. The balance amount of Rs.6.42 lacs could not be spent as the company was not able to identify meaningful CSR activities.

**CORPORATE GOVERNANCE**

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 with the Stock Exchanges.

A separate Report on Corporate Governance along with Report on Management Discussion and Analysis is enclosed as part of this Report as **Annexure 'C' & 'D'** respectively.

**Disclosure under Companies Act, 2013****(i) Extracts of Annual Return**

The details forming Part of the Extracts of Annual Return is annexed as per **Annexure 'E'**.



**(ii) Meetings**

During the year, Four Board Meetings and Four Audit Committee Meetings were convened and held. The details of which are given in Corporate Governance Report appended hereto.

**(iii) Composition of Audit Committee**

The Board has constituted a Audit Committee, which comprises of Mr. P.N. Sharma as the Chairman, Mr. Rajendra Kumar Mishra and Mrs. Anupam Ahuja as the Members. More details about the Committee are given in the Corporate Governance Report appended hereto.

**(iv) Related Party Transactions**

All related party transactions are negotiated on an arms-length basis and are in ordinary course of business. Therefore, the Provisions of Section 188(1) of the Companies Act, 2013 are not applicable. However, suitable disclosure has been made in the notes to the Financial Statements.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website [www.flexfoodsltd.com](http://www.flexfoodsltd.com). at the weblink <http://www.flexfoodsltd.com/b2c-policy-on-related-party-transactions.php>

**(v) Particulars of Loans, Guarantees and Investments**

Details of Loans, Guarantees and Investments are given in the accompanying Financial Statements.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant and material orders passed by any Regulator or Court, which would impact the going concern status of the Company and its future operations.

**INTERNAL FINANCIAL CONTROLS**

A detailed note is provided under Management Discussion and Analysis Report appended hereto.

**VIGIL MECHANISM AND WHISTLE BLOWER POLICY**

Fraud-free and corruption-free work culture has been the core of the Company' functioning. In view of the potential risk of fraud and corruption due to rapid growth and geographical spread of operations, the company has put even greater emphasis to address this risk.

To meet this objective, a Whistle Blower Policy has been laid down. The same policy as approved by the Board was uploaded on the Company's website [www.flexfoodsltd.com](http://www.flexfoodsltd.com) at weblink <http://www.flexfoodsltd.com/pdf/whistleblowerpolicy.pdf>

**BOARD EVALUATION :**

Pursuant to the Provisions of the Companies Act, 2013 and under Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an Annual Performance Evaluation of its own performance and all the Directors individually.

The evaluation of Non-Independent Directors, Chairman and the Board as a whole was done at a separate meeting by the Independent Directors.

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

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. There were no complaint received from any employee during the financial year 2017-2018 and hence no complaint is outstanding as on 31.03.2018 for redressal.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT :**

There has been no material change and commitments occurred, between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2018 and the date of this report affecting financial position of the Company.

**COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

**RISK MANAGEMENT**

Risk Management is a very important part of any business. Company's Risk Management Policy divides Risk into two broad categories; one Risk Associated at the Transactional Level and the other Risk Associated at the Decision Making Level.

In respect of the Risk Associated at Transactional Level, the company has appropriate control mechanism and operating effectiveness of the Internal Financial Controls and Legal Compliance System. The company has created appropriate structures with proper delegation of duties and responsibilities of employee at each level on enterprise basis for compliances thereof.

In respect of Risk Associated at Decision Making level like political, social & economic, market, technology, capital structure, foreign exchange & interest rate, they are evaluated before taking any strategic & financial decisions.

Adequacy and operative effectiveness of the Internal Financial Control and Legal Compliance System are periodically reviewed by the Management, Internal Auditors, Statutory Auditors and the Audit Committee.

However no risk has been identified which in the opinion of the Board may threaten the existence of the Company.

**POLICY ON REMUNERATION**

The company has Nomination and Remuneration Policy for Directors, Key Management Personnel and Senior Management Personnel. The said policy is available at [www.flexfoodsltd.com](http://www.flexfoodsltd.com)

**SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES :**

The company does not have any subsidiary or Joint Venture. However, the company is associate company of Uflex Limited.

**PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Member interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as per **Annexure 'F'**.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed as **"Annexure 'G'".**

**PERSONNEL**

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

**ACKNOWLEDGEMENT**

The Directors express their gratitude and thanks to all the Institutions & Banks, Government Authorities where company's operations are carried out, Shareholders, Customers, Suppliers and other Business Associates for their continued co-operation and patronage.

For & On behalf of the Board  
**Ashok Chaturvedi**

Place : NOIDA  
Dated : 26<sup>th</sup> May, 2018

Chairman  
(DIN 00023452)





**ANNEXURE - A**  
**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

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

To,  
**The Members,**  
**FLEX FOODS LIMITED**  
**(CIN: L15133UR1990PLC023970)**  
**Lal Tappar Industrial Area,**  
**PO – Resham Majri, Haridwar Road,**  
**Dehradun, Uttarakhand**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FLEX FOODS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,

2009– **Not applicable as the Company did not issue any securities during the financial year under review;**

- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014– **Not applicable as the Company has not granted any Options to its employees during the financial year under review;**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008– **Not applicable as the Company has not issued any debt securities during the financial year under review;**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not applicable as the Company is not registered as Registrars to an Issue and Share Transfer Agents during the financial Year under review;**
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not Applicable as the Company has not get delisted its equity shares from any stock exchange during the financial year under review.**
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not applicable as the Company has not bought back any of its securities during the financial year under review.**

- (vi) The management has identified and informed the following laws are being specifically applicable to the company:

1. Food Safety and Standard Act, 2006, Rules and regulations made thereunder.
2. Legal Metrology Act, 2009 and Rules made thereunder.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc, as mentioned above subject to the following observation :



The Company was required to spend Rs 26.42 Lakhs on identified CSR activities as mentioned in Schedule VII, pursuant to Section 135(5) of the Companies Act, 2013. Out of the above stated amount, Company has spent Rs. 20.00 Lakhs during the year.

**We further report that**

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

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

All decisions at Board Meetings and Committee meetings are carried out unanimously and the views of dissenting members, if any, are captured and recorded as part of the minutes of Board of Directors or committees of the Board, as the case may be.

**We further report that** based on the compliance mechanism established by the Company and on the basis of the certificates issued by the Departmental Heads of the Company taken on record by the Board of Directors at their meeting(s) and reports of Internal Auditor of the Company, we are of the opinion that the Management has adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no major action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. above have taken place.

**For Mahesh Gupta and Company  
Company Secretaries**

Mahesh Kumar Gupta  
Prop.

**Dated : 26<sup>th</sup> May, 2018  
Place : Delhi**

FCS No.: 2870  
C.P. No.: 1999

This report is to be read with our letter of even date which is annexed as '**Annexure –A**' and form an integral part of this report.

**ANNEXURE - A**

To,  
The Members,  
FLEX FOODS LIMITED  
(CIN: L15133UR1990PLC023970)  
Lal Tappar Industrial Area, PO –Resham Majri, Haridwar Road,  
Dehradun, Uttarakhand

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

- 1) Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- 5) Where ever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Mahesh Gupta and Company  
Company Secretaries**

Mahesh Kumar Gupta  
Prop.

**Dated : 26<sup>th</sup> May, 2018  
Place : Delhi**

FCS No.: 2870  
C.P. No.: 1999



## ANNEXURE - B

### CSR REPORT

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The Company has framed a CSR Policy in compliance with the Provisions of Companies Act, 2013 and the same is placed on the Company's website <a href="http://www.flexfoodsltd.com">www.flexfoodsltd.com</a> and the weblink <a href="http://www.flexfoodsltd.com/pdf/csrpolicies.pdf">http://www.flexfoodsltd.com/pdf/csrpolicies.pdf</a>
2.	The Composition of the CSR Committee	Mr. P.N. Sharma, Chairman Mr. R.K. Mishra, Member Mr. A. Raghavendra Rao, Member
3.	Average net profit of the company for last three financial years: Average net profit	Rs. 1320.91 Lacs
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	Rs.26.42 Lacs
5.	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year; b) Amount unspent, if any; c) Manner in which the amount spent during the financial year is detailed below:	Spent Rs.20.00 Lacs Rs. 6.42 Lacs As per Annexure B-1

### ANNEXURE - B-1

#### CSR ACTIVITIES AT FLEX FOODS LIMITED FOR FINANCIAL YEAR 2017-18

S. No	CSR project or activity identified	Sector in which the Project or Program is covered	Project or programme geography 1) Local area or other 2) Specify the State and district where Project or Program was undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the Project or Program Sub-heads 1) Direct Expenditure on Project or Program 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementation Agency
1	Village Ecosystem Restoration through Community Action	Companies Act 2013; Section 135, Schedule VII, item iv Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources, and maintaining quality of soil, air and water	Location : Noida (2 Villages)	20 Lakh	(1) Direct Expenditure: Rs. 18,75,749/- (2) Overheads: Rs. 1,24,251/-	Rs. 20,00,000/-	FIINOVAION and AROH FOUNDATION - registered organizations
			<b>TOTAL</b>	<b>Rs.20,00,000/-</b>		<b>Rs. 20,00,000/-</b>	

6. In case the Company fails to spend the 2% of the average net profit (INR) of the last three financial years, the reasons for not spending the amount shall be stated in the Board Report.

Company considers social responsibility as an integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society.

The balance amount could not be spent as the company was not able to identify meaningful CSR activities..

7. Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place :Noida  
Dated 26<sup>th</sup> May, 2018

**Ashok Chaturvedi**  
Chairman  
DIN 00023452

**Mr. P.N. Sharma**  
(Chairman of CSR Committee)  
DIN 00023625



## ANNEXURE - C REPORT ON CORPORATE GOVERNANCE

### Corporate Governance

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company submits the Report on Corporate Governance followed by the Company.

#### 1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to ensure the best possible management team with adequate numbers of professional experienced people. The Company firmly believes that sound practices adopted in the governance of its affairs based on openness, transparency, capability and accountability is *sine-qua-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 & Category of Board (As on March 31, 2018)

The Board of Directors of the Company comprises of Five Directors with one Executive Director, three Independent Non-executive Directors including a Woman Director and one Non-executive Director. Chairman of the Company is Non-executive Director. The Board consists of eminent persons with considerable professional experience in the field of business, industry, finance, audit, law and public enterprises. None of the Independent Directors of the Company serve as an Independent Director in more than Seven listed Companies and where any Independent Director is serving as a Whole-time Director in any listed company, such Director is not serving as an Independent Director in more than three listed Companies. All the Directors have made disclosures regarding their directorship and memberships on various Committees across all Companies in which they are directors and/or members.

The Composition of the Board of Directors & Category of Directors is as follows

Name of Directors	DIN	Designation	Category
Mr. Ashok Chaturvedi	00023452	Chairman	Promoter -Non-executive
Mrs. Anupam Ahuja	03261077	Director	Independent, Non-executive
Mr. P.N. Sharma	00023625	Director	Independent, Non-executive
Mr. Rajendra Kumar. Mishra*	07905342	Additional Director	Independent, Non-executive
Mr. A. Raghavendra Rao@	05116052	Whole-time Director	Executive

\*Mr. Rajendra Kumar Mishra was appointed as an Additional Director of the Company w.e.f. 16.08.2017

@Mr. A. Raghavendra Rao was appointed as a Whole-time Director of the Company w.e.f. 14.08.2017

##### (b) Board Meetings and attendance record of each Director

Four Board Meetings were held during the financial year 2017-2018. The dates on which the meetings were held are, 29<sup>th</sup> May, 2017, 10<sup>th</sup> August, 2017, 10<sup>th</sup> November, 2017 and 06<sup>th</sup> February, 2018. The gap between two meetings was not more than 120 days.

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 are as follows:

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



Name of the Directors	Attendance Particulars		Other Directorships (in Public Co.) #	No. of Membership(s) of Board Committee in other companies @	No. of other Directorship and Committee Member/Chairmanship No. of Chairmanship of Board Committee in other companies @
	Board Meetings	Last AGM			
Sh. P. N. Sharma	4	Yes	3	2	1
Mr. Rajendra Kumar Mishra*	2	No	-	Nil	Nil
Mr. A. Raghavendra Rao*	2	Yes (as C.E.O. of the Company)	-	Nil	Nil

# The Directorship held by the Directors as mentioned above do not include Directorship in Foreign Companies and Flex Foods Limited.

@ In accordance with SEBI (LODR) Regulation, 2015, Membership / Chairmanship of only the Audit Committee and stakeholder Relationship Committee in all public companies (excluding Flex Foods Limited) have been considered.

\$ Mr S.K. Kaushik, Mr. T. N. Pandey, Mr. G. N. Gupta, Mr. M.G. Gupta and Mr. R.K. Jain have resigned from the Board w.e.f 30.06.2017, 14.08.2017, 16.08.2017, 21.09.2017 and 13.11.2017 respectively.

· Mr. A. Raghavendra Rao was appointed as a Whole-time Director w.e.f. 14.08.2017 and Mr. Rajendra Kumar Mishra was appointed as an Additional Director w.e.f. 16.08.2017

**(c) Disclosure of relationships between directors inter-se;**

None of the Directors are related to each other within the meaning of the term 'relative' as per section 2(77) of the Companies Act, 2013.

**(d) Number of shares and convertible instruments held by Non-executive Directors:**

As on 31<sup>st</sup> March, 2018, none of the Directors of the Company held shares or convertible instruments of the Company except Mr. Ashok Chaturvedi, Director who held 7610 equity shares.

**(e) Board Procedure**

The Board Meetings of the Company are convened by the Company Secretary on the directions of the Chairman. Sufficient notice in writing is given to all Directors for the Board Meetings and/or other Committee Meetings. All important matters concerning the working of the Company alongwith requisite details are placed before the Board.

**(f) Information supplied to the Board**

The Board has complete access to all information of the Company, *inter-alia*, the information as required under the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 are provided to the Board as a part of the agenda.

The important decisions taken at the Board / Board Committee meetings are communicated to the concerned Departments / Divisions.

**(g) 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 reviewed by the Audit Committee and the Board.

**(h) Compensation or Profit Sharing**

No Employee including Key Managerial Personnel or Director or Promoter of the Company was entered into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

**(i) Independent Directors**

Independent Directors play an important role in the governance processes of the Board. They bring their expertise and experience in the deliberations of the Board. This enriches the decision making process at the Board level with different points of view and experiences and prevents conflict of interest.

The appointment of the Independent Directors is carried out in a structured manner. The Nomination & Remuneration Committee identifies potential candidates based on certain laid down criteria and takes into consideration the diversity of the Board.

The Independent Directors have been appointed for a fixed tenure of three years (except Mrs. Anupam Ahuja, Director, who has been appointed for five years) from their respective dates of appointment. Their appointment has been approved/ to be approved by the Members of the Company at the Annual General Meetings.

The Independent Directors have confirmed that they meet with the criteria of independence laid down under the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Separate Meetings of Independent Directors

As stipulated in the Code of Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company was held on 6<sup>th</sup> February, 2018 to review the performance of Non-Independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committee which is necessary to effectively and reasonably perform and discharge their duties.

### (j) Familiarization Programme for Independent Directors

The Independent directors of Flex Foods Limited are eminent personalities having wide experience in the field of business, finance, education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. The Independent Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations by having one-to-one meetings. Independent Directors are also requested to access the necessary documents / brochures, Annual Reports and internal policies available at our website [www.flexfoodsltd.com](http://www.flexfoodsltd.com) to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Directors.

Further the company has familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company nature of the industry in which the Company operates, the business model of the Company etc. The familiarization programme along with details of the same imparted to the Independent directors during the year are available on the website of the Company (weblink : <https://www.flexfoodsltd.com/pdf/Familiarization-Program-for-Independent-Directors/Familiarization-Program-for-Independent-Directors-2017-20118.pdf>)

### 3. Audit Committee

Presently, the Audit Committee comprises of Three Members viz. Mr. P.N. Sharma, Mrs. Anupam Ahuja, and Mr. R.K. Mishra. Mr. P.N. Sharma is the Chairman of the Audit Committee. All the members of the Audit Committee are Non-Executive Independent Directors. Majority of members have accounting and financial management expertise.

The terms of reference and role of the Audit Committee as revised and stipulated by the Board of Directors from time to time are in conformity with and in line with the statutory and regulatory requirements as prescribed under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which include the following:

#### Role of the Audit Committee

- (1) Oversight 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 for appointment, remuneration and terms of appointment of Auditors of the Company.
- (3) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- (4) Reviewing, with the Management, the Annual Financial Statement and auditor's report thereon 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 (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - 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. modified opinion(s) in the draft audit report.
- (5) Reviewing, with the Management, the quarterly Financial Statements before submission to the Board for approval.
- (6) Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- (7) Reviewing, and monitoring the auditor's independence and performance, and effectiveness of audit process.
- (8) Approval of any subsequent modification of transaction of the Company with related party.
- (9) Scrutiny of inter-corporate loans and investments.
- (10) valuation of undertaking or assets of the company, wherever it is necessary.
- (11) evaluation of internal financial control and risk management system.





- (12) reviewing with the management performance of statutory and internal auditors, adequacy of internal control system.
- (13) 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.
- (14) Discussion with Internal Auditors any significant findings and follow up thereon.
- (15) 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.
- (16) 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.
- (17) 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.
- (18) To review the functioning of the Whistle Blower Mechanism.
- (19) approval of appointment of chief financial officer after assessing the qualification, experience and background etc. of the candidate.
- (20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**In addition to the above, Audit Committee reviews the following information:**

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**Powers of Audit Committee**

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

**Details of Meetings and Attendance**

During the year, the Audit Committee had met four times on , 29<sup>th</sup> May, 2017, 10<sup>th</sup> August, 2017, 10<sup>th</sup> November, 2017 and 06<sup>th</sup> February, 2018. The attendance of each Committee members is as under:

Name of Members	No. of Meeting held	Meeting attended
Mr. T.N. Pandey@	2	2
Mr. G.N. Gupta@	2	2
Mr. R.K. Jain@	3	2
Mr. M.G. Gupta@	2	2
Mr. Anupam Ahuja	4	2
Mr. P.N. Sharma	4	4
Mr. R.K. Mishra*	2	2

\* Appointed as member of Audit Committee w.e.f.16.08.2017.

@Mr. T.N. Pandey, Mr. G.N. Gupta, Mr. M.G. Gupta and Mr. R.K. Jain have resigned from the Board w.e.f. 14.08.2017, 16.08.2017, 21.09.2017 and 13.11.2017 respectively

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. Nomination and Remuneration Committee.****Terms of Reference**

The terms of reference of Committee includes, responsibility of recommend/review the remuneration of Executive Directors after taking into consideration, inter-alia, various factors such as qualification, experience, expertise of the director prevailing remuneration in the corporate world and financial positions of the company etc., formulate criteria for performance evaluation of independent directors and the Board and to carry out evaluation of every director's performance, Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal etc. and formulate criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Presently the Nomination and Remuneration Committee consists of Three members viz Mr. Mr. P.N. Sharma (Chairman), Mr. Ashok Chaturvedi and Mr. R.K. Mishra. All the members of the Nomination and Remuneration Committee are Non-Executive Directors out of which two are Independent. During the year Mr. G.N. Gupta, Mr. T.N. Pandey, Mr. M.G. Gupta and Mr. R. K. Jain have resigned from the Board and accordingly ceased as member of the Committee. Mr. Ashok Chaturvedi has joined as Member of the Committee w.e.f.10.11.2017. The Company Secretary acts as the Secretary to the Committee.

During the year, the Nomination and Remuneration Committee had met on 29<sup>th</sup> May, 2017 and 10<sup>th</sup> August, 2017. All the members of the Committee had attended the aforesaid Meeting.

**Performance Evaluation for Independent Director**

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the directors who are subject to evaluation had not participated.

**5. Remuneration to Directors**

Details of Remuneration paid to Whole-time Director and Manager for the year ended 31.03.2018 is given below:

(Rupees in lacs)

Name	Designation	Salary (Rs.)	Perquisites & Allowances (Rs.)	Commission (paid) (Rs.)	Total (Rs.)	Service Contract
*Mr. S.K. Kaushik	Whole-time Director	3.75	--	--	3.75	3 Years
@Mr A. Raghavendra Rao	Whole-time Director	20.09	26.83	--	46.92	3 Years

\*Ceased as Director of the Company w.e.f. 30.06.2017

@Appointed as Whole-time Director of the Company w.e.f. 14.08.2017

For any termination of contract, the Company or the Whole-time Director is required to give notice of three months to the other party.

The company does not have any stock option scheme.

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

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	100000	--	100000
Mr. T.N. Pandey*	50000	150000	200000
Mr. G.N. Gupta*	50000	100000	150000
Mr. M.G. Gupta*	50000	100000	150000
Mrs. Anupam Ahuja	50000	75000	125000
Mr. R.K. Jain*	50000	175000	225000
Mr. P.N. Sharma	100000	200000	300000
Mr. R. K. Mishra@	50000	150000	200000

\*Director Resigned during the year

@ Appointed as an Additional Director w.e.f. 16.08.2017

**6. Stakeholders' Relationship Committee**

Presently the Stakeholders' Relationship Committee consists of Mr. P.N. Sharma (Chairman), Mr. R.K. Mishra and Mr. A. Raghavendra Rao. During the year Mr. T.N. Pandey, Mr. R. K. Jain and Mr. S.K. Kaushik have resigned from the Board and



accordingly ceased as member(s) of the Committee. 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, Non receipt of Annual Report, Dividend and other related matters within a period of 10 days. The Committee of Officers operates subject to overall supervisions and directions of Stakeholders' Relationship Committee.

During the year, the Shareholders'/Investors' Grievance Committee had met 5<sup>th</sup> April, 2017, 24<sup>th</sup> July, 2017, 23<sup>rd</sup> October, 2017 and 2<sup>nd</sup> January, 2018. All the members had attended the meetings except Mr. P.N. Sharma who has not attended the meeting held on 23.10.2017.

The total numbers of complaints received and resolved during the year under review were 22, outstanding complaints as on 31.03.2018 were nil. There was no valid share transfer pending for registration for more than 10 days as on the said date.

Mr. Rajesh Dheer, Company Secretary has been designated as Compliance Officer and act as Secretary to the Committee..

#### Prohibition of Insider Trading

With a view to regulate Trading in Securities by the Directors and Designated Employees, the Company has adopted a "Code of Conduct for Prohibition of Insider Trading". The details are available on the Company's website (weblink <https://www.flexfoodsLtd.com/pdf/Code%20of%20Conduct%20for%20Prevention%20of%20Insider%20Trading%202015.pdf>)

#### 7. Corporate Social Responsibility Committee of Board

Presently the CSR committee has three members consisting of Mr. P.N. Sharma (Chairman), Mr. R. K. Mishra and Mr. A. Raghavendra Rao, During the year Mr. M. G. Gupta, Mr. R. K. Jain and Mr. S.K. Kaushik have resigned from the Board and accordingly ceased as the members of the Committee.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating, monitoring and implementation of the framework of 'Corporate Social Responsibility Policy'.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

The terms of reference of the committee include formation and recommendation to the Board, a Corporate Social Responsibility Policy indicating activities to be undertaken by the Company in compliance with provision of the Companies Act, 2013 and rules made thereunder; recommending the amount of expenditure to be incurred on CSR activities and monitoring the CSR Policy of the Company from time to time as specified in Schedule VII of the Companies Act, 2013.

The meeting of Corporate Social Responsibility Committee was held on March 26, 2018. All the members had attended the meeting.

The Company Secretary acts as the secretary of the of CSR Committee.

#### 8. Subsidiary Companies

The Company does not have any Subsidiary Company.

#### 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
25 <sup>th</sup>	Saturday August 22, 2015 at 3:00 P.M.	Registered Office at: Lal Tappar Industrial Area P.O. Rasham Majri Haridwar Road Dehradun, Uttarakhand	Nil
26 <sup>th</sup>	Saturday August 20, 2016 at 3:00 P.M.	Same as above	Appointment of Directors
27 <sup>th</sup>	Saturday August 12, 2017 at 3:00 P.M.	Same as above	Nil

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

No special Resolution put through postal ballot. However company will consider as and when it is required.

(c) **Procedure for Postal Ballot**

For conducting a Postal Ballot, notice specifying the resolutions proposed to be passed through Postal Ballot as also the relevant explanatory statement & the postal ballot forms are dispatched to all the shareholders along with self addressed postage prepaid/business reply envelope. The shareholders are requested to send back the postal ballot

forms duly filled up & signed in the postage prepaid/ business reply envelopes provided to them by the Company, so as to reach the scrutinizer (in whose name the envelopes are made) on or before the 30th day from the date of issue of notice by the Company.

The company has entered into e-voting registration agreement with CDSL to provide e-voting facilities to its shareholders.

The scrutinizer compiles the postal ballot result out of the postal ballot forms found valid and hands over the results to the Chairman or in his absence to any Director authorized by Board. The Chairman or any other Director there upon declares the results of the postal ballot.

## 10. Disclosures

### a) Related Party Transactions

None of the transactions with any of related parties were in potential conflict with the Company's interest at large. Suitable disclosure as required by the Indian Accounting Standard (Ind AS-24) has been made in the notes to the Financial Statements.

All related party transactions are on ordinary course of business and negotiated on an arms- length basis, and are intended to further the Company's interests.

The Board has approved a policy for Related Party Transactions which has been uploaded on the Company's website. (weblink: <http://www.flexfoodsltd.com/b2c-policy-on-related-party-transactions.php>)

### b) Whistle Blower Policy

Fraud-free and corruption-free work culture has been the core of the Company' functioning. In view of the potential risk of fraud and corruption due to rapid growth and geographical spread of operations, the company has put even greater emphasis to address this risk.

To meet this objective, a Whistle Blower Policy has been laid down. The same policy as approved by the Board was uploaded on the Company's website [www.flexfoodsltd.com](http://www.flexfoodsltd.com) at weblink <http://www.flexfoodsltd.com/pdf/whistleblowerpolicy.pdf> .

The Company hereby affirms that no personnel has been denied access to Audit Committee.

### c) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Indian Accounting Standards as notified by the MCA.

### d) Disclosures of Risk Management

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimization procedures. The Company has framed the risk assessment and minimization procedure, which is periodically reviewed by the Board.

### e) Proceeds from public issue, rights issue, preferential issue, FCCB issue.

During the year, the Company has not raised any funds from public issue, rights issue, preferential issue and FCCB issue.

### f) Particulars of Directors to be appointed/re-appointed

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

### g) Management Discussion and Analysis

A Management Discussion and Analysis Report is annexed and forms part of the Annual Report.

### h) 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 other statutory authority on any matters related to capital market during the last three years.

However, during the year 2015-2016, the Company has paid penalty of Rs.95760/- for not appointing woman Director in time.

### i) Code of conduct

The Company has in place a comprehensive Code of Conduct (the Code) applicable to all the directors and senior management. The Code of conduct also incorporates the duties of independent directors as laid down in the Companies Act, 2013. The Code gives guidance and support needed for ethical conduct of business and compliance of law. A copy of the Code has been put on the Company's website ([www.flexfoodsltd.com](http://www.flexfoodsltd.com)) (Weblink <http://www.flexfoodsltd.com/PDF/code%20of%20conduct.pdf>). The Code has been circulated to all the members of the Board and Senior Management and its compliance is affirmed by them.

A declaration signed by the Company's Whole-time Director is published in this Report.

### j) 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, 2018 have been prepared as per applicable Indian Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.



**k) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

A section on the Risk Management is covered in detail under Management Discussion and Analysis Report being part of Annual Report.

l) The Company has complied with the conditions of Corporate Governance requirements as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable.

**m) Outstanding ADRs / GDRs / Warrants**

No ADRs/GDRs/ Warrants or any convertible instrument has been issued by the Company. Hence there were no outstanding ADRs. GDRs as at 31.03.2018.

n) The company is in compliance with all mandatory requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulation. 2015,

**o) Discretionary disclosures**

The status of compliance with discretionary recommendations of SEBI (Listing Obligation and Disclosure Requirements) Regulation. 2015:-

**Reporting of Internal Auditors:** The Internal Auditors of the Company make presentation on their report to the Audit Committee

**11. CEO/CFO Certifications**

Mr. A. Raghavendra Rao, Whole-time Director and Mr. Naval Duseja, DY. General Manager (Finance & Account) CFO give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at its meeting held on 26<sup>th</sup> May, 2018.

**12. Other Requirements**

**(i) The Board**

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

All the Directors including Independent Directors are appointed/ re-appointed by the Board from time to time. The Board of Directors of the Company appointed the one Independent Director for 5 consecutive years for a term upto 03<sup>rd</sup> August, 2020, one Independent Director for 3 consecutive years for a term upto 25<sup>th</sup> May, 2019 and one Independent Director for 3 consecutive years for a term upto 15<sup>th</sup> August, 2020.

**(ii) Shareholders Rights**

The quarterly, half-yearly and annual financial results of the Company are published in the newspapers and are also posted on the Company's website [www.flexfoodsltd.com](http://www.flexfoodsltd.com) (weblink <https://www.flexfoodsltd.com/b2c-financial-results.php>). The complete Annual Report is sent to each and every shareholder of the Company.

**(iii) Audit Qualifications**

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

**(iv) Reporting of Internal Auditors**

The Internal Auditors directly report to the Audit Committee.

**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 widely circulated Newspapers such as 'Financial express'(English) and 'Jansatta'(Hindi) newspapers in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 its own website i.e. [www.flexfoodsltd.com](http://www.flexfoodsltd.com) and [flexfoodsltd.com](http://flexfoodsltd.com)

**BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):**

BSE's Listing Centre is a web-based application designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

Any presentation made to Institutional Investors and Analyst are also posted on the Company's website

**14. General Shareholders Information**

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

Date : 23, August 2018

Day : Thursday

Time : 3.00 P.M.

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

**(b) Financial Calendar**

- Results for quarter ending 30.06.2018 By mid of August, 2018
- Results for quarter ending 30.09.2018: By mid of November, 2018
- Results for quarter ending 31.12.2018: By mid of February, 2019
- Results for quarter ending 31.03.2019: By 30<sup>th</sup> day of May, 2019



(c) **Book Closure date**

16.08.2018 to 23.08. 2018 (both days inclusive)

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

The equity shares are listed with the BSE Limited, Mumbai

**Note :** Annual Listing fee for year 2017-18 and 2018-19 have been duly paid to BSE Limited.

(e) **Stock Code - BSE Limited : 523672 (Equity shares)**

(f) **Demat ISIN Number in NSDL & CDSL : INE 954B01018**

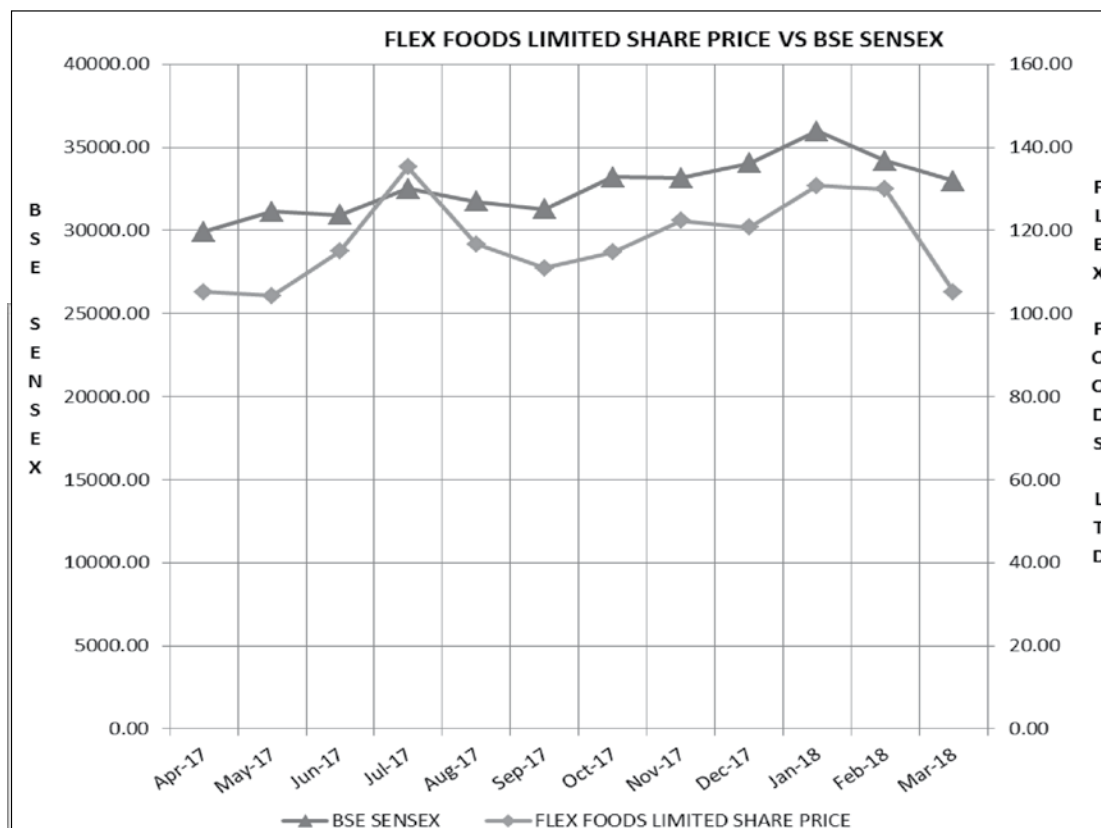
(h) **Stock Market Price for the year 2017-2018:-**

Share prices on BSE Limited are as under:

(Rs. Per Share)

Month	High	Low
April, 2017	105.85	89.10
May, 2017	122.15	95.00
June, 2017	139.80	102.95
July, 2017	136.50	112.55
August, 2017	141.50	103.05
September, 2017	125.00	107.00
October, 2017	127.50	110.00
November, 2017	132.00	111.00
December, 2017	126.90	116.10
January, 2018	169.15	118.20
February, 2018	154.90	119.75
March, 2018	132.20	102.00

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





(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

3<sup>rd</sup> Floor, 99, Madangir

Behind Local Shopping Centre

Near Dada Harsukhdas 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 days from the date of receipt, subject to the documents being valid and complete in all respects.

(l) **Distribution of Shareholding as on 31.03.2018**

Range	No. of Shareholders	No. of shares	% of total equity
1 – 500	13074	1603195	12.88
501-1000	570	475790	3.82
1001-2000	280	430409	3.46
2001-3000	90	228738	1.84
3001-4000	45	166130	1.33
4001-5000	30	142758	1.15
5001 -10000	51	373673	3.00
10001 – 20000	32	415076	3.33
Above 20000	15	8614231	69.19
<b>TOTAL</b>	<b>14187</b>	<b>12450000</b>	<b>100.00</b>

(m) **Categories of Shareholders as on 31.03.2018**

Category Code	Category	No. of Shareholders	No. of shares held	% of shareholding
(A)	Shareholding of Promoters & Promoter Group			
1	Indian	9	7429735	59.68
2	Foreign	0	0	0
	<b>Total Shareholding of Promoter and Promoter Group</b>	<b>9</b>	<b>7429735</b>	<b>59.68</b>
(B)	Public Shareholding			
1	Institution	1	100	0.00
2	Non-Institution	14177	5020165	40.32
	<b>Total Public Shareholding</b>	<b>14178</b>	<b>5020265</b>	<b>40.32</b>
(C)	Non Promoter-Non Public	--	--	--
(C1)	Share Underlying DRs	--	--	--
(C2)	Shares /held by Employee Trusts	--	--	--
	<b>Total (A+B+C)</b>	<b>14187</b>	<b>12450000</b>	<b>100.00</b>

(n) **Dematerialization of Shares and liquidity**

Nearly 95.10-% of total equity share capital is held in dematerialized form upto 31.03.2018 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. 248140
- (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

3<sup>rd</sup> Floor, 99, Madangir

Behind Local Shopping Centre

Near Dada Harsukhdas Mandir

New Delhi – 110062

Tel. No.011- 29961281

E-mail: [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com)

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](mailto:flexsec@vsnl.net)

**15. Discloser with respect to demat suspense account/unclaimed suspense account**

The status of equity shares in the unclaimed suspense account is as follows:

Sl No.	Particulars	No. of Shareholders	No. of Equity share held
1	Aggregate number of shareholders and the outstanding shares in the unclaimed suspense account lying in the beginning of the year.	25	2900
2	Number of shareholders who approached the Company for transfer of shares from unclaimed suspense account during the year	--	--
3	Number of shareholders to whom shares were transferred from unclaimed suspense account during the year	--	--
4	Aggregate number of shareholders and the outstanding shares in the unclaimed suspense account lying at the end of the year.	25	2900

**NOTE :-** 11600 shares were transferred to IEPF during the year

It may please be noted that the voting right on the unclaimed shares shall remain frozen till the rightful owner of the shares claims shares.

**16. Compliance Certificate**

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

The above report has been placed before the Board at its meeting held on 26<sup>th</sup> May, 2018 and the same was approved.

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
Flex Foods Limited

1. This certificate is issued in accordance with terms of our engagement, with Flex foods Limited ('the Company').
2. We have examined the compliance of conditions of Corporate Governance by Flex Foods Limited ('the Company'), for the year ended 31<sup>st</sup> March 2018, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of the Regulation 46(2) and para C and D of Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time (the "Listing Regulations").

**Management's responsibility**

3. 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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

**Auditor's responsibility**

4. Our Responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit not an expression of opinion on the financial statements of the company.
5. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with the conditions of Corporate Governance as stipulated in Listing Regulations.
6. We have carried out an examination of the relevant records of the Company in accordance with the "guidance Note on the Certification of Corporate Governance", issued by the Institute of the Chartered Accountants of India ("the ICAI"), the standards on the Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the "Guidance Note on the Reports or Certificates for Special Purposes", issued by the ICAI, which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the standard on quality Control (SOC) I. "Quality Control for Firms that Perform audits and reviews of Historical Financial Information and Other Assurance and Related Services engagements", issued by the ICAI.

**Opinion**

8. 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 Regulations, during the year ended 31<sup>st</sup> March, 2018.
9. 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 MJMJ & Associates LLP  
Chartered Accountants  
Converted From MJMJ & Associates  
(Partnership Firm) As On 11.11.2016  
Firm Registration No. 027706N/C400013

Place:- Noida  
Dated: - 26<sup>th</sup> May, 2018.

**Megha Jain**  
Partner  
Membership No. 415389

**DECLARATION**

To the members of  
Flex Foods limited

I A. Raghvendra Rao, Whole-time Director 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 31<sup>st</sup> March, 2018 pursuant to the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Flex Foods Limited

Place : NOIDA  
Dated : 26<sup>th</sup> May, 2018

**A. Raghvendra Rao**  
Whole-time Director



## ANNEXURE - D

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Forward Looking Statement

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

#### Industry Scenario and Development

Food processing sector is indispensable for the development of the economy. It helps to commercialize farming which gives farmers the opportunity to diversify and increase their income and generates employment. Food Processing not only leads to income generation but also helps in reduction of wastage, value addition, and foreign exchange earnings and enhancing manufacturing competitiveness. In today's global market, quality and food safety have become competitive edge for the enterprises producing foods and providing services. The food processing industry in India is a sunrise sector that has gained prominence in recent years. Availability of raw materials, changing lifestyles and relaxation in policies have given a considerable push to the industry's growth. During the last one decade, India moved from a position of scarcity to surplus in food. Given the trend in production of food commodities, the food processing industry in India is on an assured track of growth and profitability. It is expected to attract phenomenal investment in capital, human, technological and financial areas. The total food production of India is estimated to double in the next 10 years. Hence, there is an opportunity for large investments in food and food processing technologies, skill development and equipment.

The fast-paced lifestyle of people is demanding healthy, and convenience foods like freeze dried foods, the sales of freeze dried food and beverages is likely to witness a significant increase. Furthermore, the nutritional value of these freeze dried products will further drive the market's growth prospects in the coming years. The research analysts at Technavio predict that the global freeze dried foods market will grow steadily at a CAGR close to 7% by 2021

Under the 'Make in India' initiative, the food processing sector has been identified as a priority sector. and with an overall objective of positioning India as the 'Food Basket' to the world, several initiatives have been undertaken by Govt. of India aiming at promoting investments, innovation and bringing best practices in the sector.

These initiatives include development of integrated cold chains, Mega Food Parks (MFP), Modern Terminal Markets (MTM) and bulk storage facilities as well as modernization of markets, quality control laboratories and abattoirs.

#### Business Review

The Company offers a wide range of Vacuum Freeze Dried, Air-Dried, Frozen and IQF (Individually Quick Frozen) product range for processing mushrooms, herbs, spices and fruits / vegetables, meeting strict quality & hygiene standards. Canned button mushroom in various shapes and sizes is also produced. Given that Company has facilities for Frozen / IQF (Individually Quick Frozen), Air Dried, Canned as well as Freeze Dried products, it gives the benefit of one stop shop to its customers. Retail packs of Culinary Herbs for Indian customers are also available in various varieties.

The Company's brand stands for Quality, Trust and Commitment. The Company's prime objective is to achieve highest quality standards and customer satisfaction. The Company's continued emphasis is on increasing the throughput of its Freeze Dried Unit, which has highest margins.

The Company continues to focus on export markets and over 75% of the revenue is from exports.

#### Product-wise performance

##### Sale of Finished Goods

Description	Current Year		Previous Year	
	Quantity (in MTS)	Value (Rupees in Lacs)	Quantity (in MTS)	Value (Rupees In Lacs)
Processed Foods	1843	7946.01	1,690	7204.44
Others	797	796.64	867	888.30
<b>Total</b>	<b>2640</b>	<b>8742.65</b>	<b>2557</b>	<b>8,092.74</b>

#### Opportunities and Threats

##### Opportunities

- Strategic geographic location and being the second largest producer of food in the world, makes India favourable for the export of processed foods.
- Extensive network of food processing training, academic and research institutes.
- The cost of skilled manpower is relatively low as compared to other countries.
- Huge Government support with an overall objective of positioning India as the 'Food Basket' to the world. Several initiatives undertaken with the objective of promoting investments, innovation and bringing best practices..

**Threats**

- **Competition** : The Company has been operating in a global competitive environment due to its dependence mainly on Exports. The competition has been becoming increasingly fierce specially from countries like China.
- **Poor supply chain linkages**: India's agriculture market has a long and fragmented supply chain that results in high wastage and high costs, especially due to seasonality, perishability and variability of produce.
- **Infrastructure bottlenecks**: The export related infrastructure for agri-produce is grossly inadequate especially at sea ports and airports. More than 30 percent of the produce from the fields gets spoilt due to poor post-harvesting facilities and lack of adequate storage infrastructure.
- **Lack of skilled manpower**: The agricultural workforce is not adequately skilled across different levels of food processing.
- **Low adherence to quality standards**: India lacks basic standardization and certification infrastructure. Given the size of the food processing industry, there is a huge gap in the availability of laboratories, trained manpower, and certification agencies.

**Future Outlook**

The food processing sector in India has received a shot in the arm and under the 'Make in India' initiative, it has been identified as a priority sector. Various policies of the Govt. of India are clearly aimed at providing the renewed thrust to the sector and thus augurs very well for the rapid growth of the sector. With India aiming to double its food production in the next 10 years, a thrust to the food processing sector is inevitable.

Keeping in mind the growth opportunities in the sector, the company has acquired land in Tamilnadu with an objective to set up fruits and vegetable processing facilities to cater largely to the export markets.

**Risks & Concerns**

Risk is an integral part of business. Risk can be broadly categorized into two broad categories: one Risk Associated at the Transactional Level and the other Risk Associated at the Decision Making Level.

Risk Associated at operational level can arise out of operations, financial dealings and / or compliances of legal system. The Company has appropriate control mechanism and operating effectiveness of Internal Financial Controls & Legal Compliance System.

Risk Associated at the Decision Making levels are political, social & economic, technology, capital structure, foreign exchange & interest rate etc. These risk are evaluated in detail before taking any strategic & financial decision.

**Internal Control System, their Adequacy and operative effectiveness**

The Company has laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has also laid down an adequate system for legal compliances. It has created appropriate structures with proper delegations of duties and responsibilities of employees at each level on enterprise basis which ensures the proper adherence and compliance of such systems.

Both the Internal Financial Control and Enterprise Legal Compliance System are subject to review by the Management in respect of their adequacy and operative effectiveness which in turn are also reviewed by the Internal Auditors, Statutory Auditors and Audit Committee. Finally, the Board of Directors of the Company also review and take note of them.

**Human Resources/Industrial Relations**

The company lays due emphasis on sound Human Resource Management practices and appraisal systems with focus on cordial employer-employee relations to ensure higher level of productivity and operational efficiency. Adequate initiatives have been taken to strengthen and develop its human resources as a key strength through continuous training inputs and focused development plan. As on 31<sup>st</sup> March 2018, the total number of permanent employee in the Company was 480.

**Environment, Occupational Health & Safety**

Your Company is committed to conducting its operations with due regard to the environment and providing a safe and healthy workplace for employees. The collective endeavor of your Company's employees at all levels is directed towards sustaining and continuously improving standards of environment, occupational health and safety in a bid to attain and exceed international benchmarks.

**ANALYSIS OF FINANCIAL AND OPERATIONAL PERFORMANCE**

The accompanying financial statements have been prepared in accordance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles and Accounting Standards prevailing in India.

**A. FINANCIAL CONDITIONS**

The composition and growth of assets was as under:

[Rs. in lacs]

Particulars	March 31, 2018	March 31, 2017	Growth %
Land	1131.91	383.92	194.83
Buildings	2185.61	2168.82	0.77
Plant & Equipments	10263.96	9917.58	3.49
Electrical Fittings & Installations	392.82	389.44	0.87
Office Equipments	91.69	83.66	9.59
ERP Software	32.49	32.49	-
Furniture & Fixtures	20.89	20.13	3.77
Vehicles	127.37	141.19	(9.79)
<b>Total</b>	<b>14246.74</b>	<b>13137.23</b>	
Less: Acc. Depreciation	6130.72	5658.54	
Add: CWIP	19.76	84.10	
Net Fixed Assets	8135.78	7562.79	

**B. RESULTS OF OPERATIONS**

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

(Rs.in lacs)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Amount	%	Amount	%
<b>INCOME</b>				
Revenue from operations	9106.73	97.37	8514.68	97.85
Other income	245.59	2.63	186.93	2.15
Total Revenue	9352.32	100.00	8701.61	100
<b>EXPENDITURE</b>				
Raw Material Consumed	1570.81	16.80	1604.26	18.44
Purchase of Stock in Trade	52.62	0.56	15.31	0.18
(Increase)/Decrease in stock	77.23	0.83	(350.45)	(4.03)
Change in Inventory of Biological Assets	(1.99)	(0.02)	(17.78)	(0.20)
Gain in Change in fair value of Biological Assets	(1.50)	(0.02)	(2.57)	(0.03)
Manufacturing Exp.	2351.45	25.14	2125.72	24.43
Payment & Benefit to Emp.	1723.31	18.43	1542.76	17.73
Administrative, Selling & Other Expenses	1647.77	17.62	1693.06	19.45
OPERATING EXPENSES	7419.70	79.34	6610.31	75.97
EBDIT	1932.62	20.66	2091.30	24.03





**ANNEXURE - E**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31<sup>st</sup> March, 2018**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : L15133UR1990PLC023970
- ii) Registration Date : 5th February, 1990
- iii) Name of the Company : Flex Foods Limited
- iv) Category / Sub-Category of the Company : Company Limited By Shares / Indian Non-Government Company
- v) Address of the Registered office and contact details : Lal Tappar Industrial Area, PO - Resham Majri Haridwar Road, Dehradun, UTTARAKHAND  
Tel : 0135-2499262, 0135-2499234
- vi) Whether listed company Yes / No : YES
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : M/s Beetal Financial & Computer Services Pvt Ltd  
(UNIT : FLEX FOODS LIMITED)  
Beetal House, 3rd Floor,  
99, Madangir, Behind Local Shopping Centre  
Near Dada Harsukh Dass Mandir  
New Delhi – 110 062  
Tel : 011-29961281-283

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Processed Foods	10799	91
2	Fresh Mushrooms	01136	09

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - Nil**

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

**i) Category-wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter and Promoter Group</b>									
<b>(1) Indian</b>									
a) Individuals / Hindu Undivided Family	52620	--	52620	0.42	52620	--	52620	0.42	--
b) Central Government / State Government(s)	--	--	--	--	--	--	--	--	--
c) Bodies Corporate	7377115	--	7377115	59.26	7377115	--	7377115	59.26	--
d) Financial Institutions / Banks	--	--	--	--	--	--	--	--	--
e) Any Other (specify)	--	--	--	--	--	--	--	--	--
<b>Sub - Total (A)(1)</b>	<b>7429735</b>	<b>--</b>	<b>7429735</b>	<b>59.68</b>	<b>7429735</b>	<b>--</b>	<b>7429735</b>	<b>59.68</b>	<b>--</b>



Category of Shareholder	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) Individuals (Non-Resident Individuals / Foreign Individuals)	--	--	--	--	--	--	--	--	--
b) Bodies Corporate	--	--	--	--	--	--	--	--	--
c) Institutions	--	--	--	--	--	--	--	--	--
d) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
e) Any Other (specify)	--	--	--	--	--	--	--	--	--
<b>Sub - Total (A)(2)</b>	--	--	--	--	--	--	--	--	--
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>7429735</b>	--	<b>7429735</b>	<b>59.68</b>	<b>7429735</b>	--	<b>7429735</b>	<b>59.68</b>	--
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/ UTI	--	--	--	--	--	--	--	--	--
b) Banks / Financial Institutions	100	0-	100-	0	100	0	100	0	0
c) Central Government	--	--	--	--	--	--	--	--	--
d) State Government(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) Foreign Institutional Investors	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Other (specify)	--	--	--	--	--	--	--	--	--
<b>Sub - Total (B)(1)</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i. Indian	207742	3800	211542	1.70	564980	1100	566080	4.55	2.85
ii. Overseas									
b) Individuals-									
i) Individual Shareholders holding Nominal Share Capital upto Rs.1 lakh	2349067	953251	3302318	26.52	2566211	595951	3162162	25.40	-1.12
ii) Individual Shareholders holding nominal Share Capital in excess of Rs.1 lakh	1299757	12500	1312257	10.54	1120757	12500	1133257	9.10	-1.44
c) Any Other (specify)	182533	--	182533	1.47	149786	--	149786	1.20	-0.27
- NRIs									
- Clearing Members (in Transit Position)	11515	--	11515	0.09	8880	--	8880	0.07	-0.02
<b>Sub - Total (B)(2)</b>	<b>4050614</b>	<b>969551</b>	<b>5020165</b>	<b>40.32</b>	<b>4410614</b>	<b>609551</b>	<b>5020165</b>	<b>40.32</b>	--
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>4050714</b>	<b>969551</b>	<b>5020265</b>	<b>40.32</b>	<b>4410714</b>	<b>609551</b>	<b>5020265</b>	<b>40.32</b>	--
<b>C. Shares held by Custodians for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>11480449</b>	<b>969551</b>	<b>124500000</b>	<b>100</b>	<b>11840449</b>	<b>609551</b>	<b>124500000</b>	<b>100</b>	--


**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	UFLEX Limited	5870000	47.15	--	5870000	47.15	--	--
2	Anshika Investments Pvt.Ltd.	1252630	10.06	--	1252630	10.06	--	--
3	Anshika Consultants Pvt Ltd	150000	1.20	--	150000	1.20	--	--
4	Rashmi Chaturvedi	45010	0.36	--	45010	0.36	--	--
5	Flex International Pvt Ltd	11300	0.09	--	11300	0.09	--	--
6	A R Leasing Pvt Ltd.	4000	0.03	--	4000	0.03	--	--
7	Ashok Kumar Chaturvedi	7610	0.06	--	7610	0.06	--	--
8	A.L. Consultants Private Limited	78685	0.63	--	78685	0.63	--	--
9	Magic Consultants Private Limited	10500	0.08	--	10500	0.08	--	--
	<b>Total</b>	<b>7429735</b>	<b>59.68</b>		<b>7429735</b>	<b>59.68</b>		

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	7429735	59.68	7429735	59.68
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	<b>At the End of the year</b>			<b>7429735</b>	<b>59.68</b>

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Subramanian P	225240	1.81	225240	1.81
2	Santosh Sitaram Goenka	221222	1.78	237090	1.90
3	Sunita Santosh Goenka	143030	1.15	143030	1.15
4	Supriya Punit Agarwal	--	--	103868	0.83
5	Ravindra Shankar Wagh	35995	0.29	36000	0.29
6	Avinash Baheti	35000	0.28	35000	0.28
7	Prabinaben Vora	32097	0.26	32097	0.26
8	Bharat J. Patel	28450	0.23	28450	0.23
9	Aniket Avdhut Agshikar	--	--	18200	0.15
10	Jitendra Kumar Gupta	--	--	18000	0.14

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Mr. Ashok Chaturvedi					
1	At the beginning of the year	7610	0.06	7610	0.06
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	7610	0.06
Mr. P.N. Sharma					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--
Mr. R.K. Mishra					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--
Mrs. Anupam Ahuja					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--
Mr. A. Raghavendra Rao					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--
Mr. T.N. Pandey (Resigned w.e.f. 14.08.2017)					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--
Mr. G.N. Gupta (Resigned w.e.f. 16.08.2017)					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--



Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Mr. M.G. Gupta (Resigned w.e.f. 21.09.2017)					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--
Mr. S.K. Kaushik (Resigned w.e.f. 30.06.2017)					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--
Mr. R.K. Jain (Resigned w.e.f. 13.11.2017)					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--
Mr. Naval Duseja					
1	At the beginning of the year	--	--	--	--
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	--	--
Mr. Rajesh Dheer					
1	At the beginning of the year	1	0	1	0
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	--	--	1	0

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**
**(Rs. in Lacs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
Principal Amount	3644.05	--	--	3644.05
Interest due but not paid	--	--	--	--
Interest accrued but not due	14.66	--	--	14.66
<b>Total ( i + ii + iii)</b>	<b>3658.71</b>	<b>--</b>	<b>--</b>	<b>3658.71</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	8636.03	800.00	--	9436.03
Reduction	9956.76	--	--	9956.76
<b>Net Change</b>	<b>(1320.73)</b>	<b>800.00</b>	<b>--</b>	<b>(520.73)</b>
<b>Indebtedness at the end of the financial year</b>				
Principal Amount	2337.98	800.00	--	3137.98
Interest due but not paid	--	--	--	--
Interest accrued but not due	11.01	11.52	--	22.53
<b>Total ( i + ii + iii)</b>	<b>2348.99</b>	<b>811.52</b>	<b>--</b>	<b>3160.514</b>


**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs.in lacs)

Sl. No.	Particulars of Remuneration	Mr. A. Raghavendra Rao Whole-time Director (w.e.f. 14.08.2017)	Mr. S.K. Kaushik Whole-time Director (upto 30.06.2017)	Total Amount
1.	Gross salary			
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45.70	3.75	49.45
	Value of perquisites u/s 17(2) Income-tax Act, 1961	1.05	--	1.05
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - others, specify...			
5.	Others			
	- Ex-Gratia	0.17		0.17
	<b>Total (A)</b>	46.92	3.75	50.67
	Ceiling as per the Act			84.00

**B. Remuneration to other directors:**
**1. Independent Directors**

Amount (Rs. In Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. M. G. Gupta	Mr. T.N. Pandey	Mr. G.N. Gupta	Mrs. Anupum Ahuja	Mr. P.N. Sharma	Mr. R.K. Mishra	
1.	Fee for attending board / committee meetings	1.50	2.00	1.50	1.25	3.00	2.00	11.25
	Commission	--	--	--	--	--	--	--
	Others, please specify	--	--	--	--	--	--	--
	<b>Total B(1)</b>	1.50	2.00	1.50	1.25	3.00	2.00	11.25

**2. Other Non-Executive Director**

Amount (Rs. In Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Ashok Chaturvedi	Mr. R.K. Jain	
1.	Fee for attending board / committee meetings	1.00	2.25	3.25
	Commission	--	--	--
	Others, please specify	--	--	--
	<b>Total B(1)</b>	1.00	2.25	3.25

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

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. A. Raghavendra Rao (CEO from 29.05.2017 to 13.08.2017)	Mr. Naval Duseja [CFO]	Mr. Rajesh Dheer Company Secretary	Total
1.	Gross salary				
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.44	23.64	15.29	53.37
	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.25	0.88	0.30	1.43
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option		--	--	--
3.	Sweat Equity		--	--	--
4.	Commission - as % of profit - others, specify...			-- --	-- --
5.	Others		0.17	0.17	0.34
	-Ex-Gratia				
	<b>Total</b>	14.69	24.69	15.76	55.14

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE**

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



## ANNEXURE - F

## DETAIL OF MEDIAN FOR THE DIRECTORS' REPORT OF FLEX FOODS LIMITED

## PARTICULARS OF REMUNERATION

The information required under Section 197 of the Companies Act, 2013 and the Rules made there-under, in respect of employees of the Company, is follows:

The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Non-Executive Directors	Ratio to Median Remuneration
Mr. Ashok Kumar Chaturvedi	0.60
Mr. Triloki Nath Pandey	1.19
Mr. Gyanendra Nath Gupta	0.89
Mr. Madan Gopal Gupta	0.89
Mr. Ravinder Kumar Jain	1.34
Ms. Anupam Ahuja	0.75
Mr. R.K. Mishra	1.19
Mr. P.N. Sharma	1.79
Executive Director	Ratio to Median Remuneration
Mr. Surrender Kumar Kaushik	2.24
Mr. A. Raghvendra Rao	28.09

- (a) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer or Company Secretary if any, in the financial year;

Name of Person	% Increase in remuneration
<b>Non Executive Directors</b>	
Mr. Ashok Kumar Chaturvedi	-20.00%
Mr. Triloki Nath Pandey	-50.00%
Mr. Gyanendra Nath Gupta	-53.85%
Mr. Madan Gopal Gupta	-57.14%
Mr. Ravinder Kumar Jain	-43.75%
Ms. Anupam Ahuja	66.67%
Mr. R.K. Mishra ( <i>appointed w.e.f. 16.08.2017</i> )	0 (*)
Mr. P.N. Sharma	71.42%
<b>KMP</b>	
Mr. A. Raghvendra Rao ( <b>CEO</b> ) ( <i>appointed w.e.f. 29.05.2017 till 13.08.2017</i> )	0 (*)
Mr. A. Raghvendra Rao ( <b>WTD</b> ) ( <i>appointed w.e.f. 14.08.2017</i> )	0 (*)
Mr. Naval Duseja ( <b>CFO</b> )	8.86%
Mr. Rajesh Dheer ( <b>CS</b> )	5.69%
Mr. Surrender Kumar Kaushik ( <b>WTD</b> ) ( <i>resigned w.e.f. 30.06.2017</i> )	-75%

(\*) This can't be calculated being the first year of appointment

- (b) The percentage increase in the median remuneration of employees in the financial year : 10.70%
- (c) The number of permanent employees on the rolls of company: as on 31.03.2018 employees are 480, However, the data taken for calculation of median remuneration of the employee was 505.
- (d) The explanation on the relationship between average increase in remuneration and company performance: On an average, employees received an increase of 10.70%. The Increase in remuneration is in line with the market trends. In order to ensure that remuneration reflects company performance, the performance pay is linked to organization performance.



(e) **Comparison of the remuneration of the Key Managerial Personnel against the Performance of the company:**

Particulars	Rs/Lac
Remuneration of Key Managerial Personnel(KMP) during financial year 2017-18 (Aggregated)	104.54
Revenue from operations	9106.73
Remuneration (as % of revenue)	1.15%
Profit before tax (PBT)	1069.04
Remuneration (as % of PBT)	9.78%

- (f) Variation in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year;

Particulars	Unit	As at 31 March 18	As at 31 March 17	Variation
Closing rate of share at BSE	Rs.	105.2	91.30	15.22%
EPS	Rs.	5.47	6.30	-13.17%
Market Capitalisation	Rs/lac	13097.40	11366.85	15.22%
Price Earning Ratio	Ratio	19.23	14.49	32.71%

- (g) **Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average increase in salaries of employees in 2017 – 18 was **10.70%**. Percentage increase in the managerial remuneration for the year was **86.41%**. *This increase in remuneration is merely on account of resignation of existing employee in the managerial rank.*

- (h) **Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company**

Particulars	Whole-Time Director	Chief Executive Officer	Chief Financial Officer	Company Secretary	Whole-Time Director
	Mr. A. Raghvendra Rao ( <i>appointed w.e.f. 14.08.2017</i> )	Mr. A. Raghvendra Rao ( <i>appointed w.e.f. 29.05.2017 to 13.08.2017</i> )	Mr. Naval Duseja	Mr. Rajesh Dheer	Mr. S. K. Kaushik ( <i>resigned w.e.f. 30.06.2017</i> )
	Rs/lac	Rs/lac	Rs/lac	Rs/lac	Rs/lac
Remuneration	46.92 (*)	14.69 (#)	23.95	15.23	3.75
Revenue	9106.73	9106.73	9106.73	9106.73	9106.73
Remuneration(as% revenue)	0.51%	0.16%	0.26%	0.17%	0.04%
Profits before tax(PBT)	1069.04	1069.04	1069.04	1069.04	1069.04
Remuneration(as % of PBT)	4.38%	1.38%	2.24%	1.42%	0.35%

(\*) *This is calculated considering his candidature as "Whole Time Director" for the part of the year i.e. from 14.08.2017 till 31.03.2018 & not his employment before 14.08.2017 in other capacity.*

(#) *This is calculated considering his candidature as the "Chief Executive Officer" for the part of the year i.e. from 29.05.2017 till 13.08.2017 & not his employment before 29.05.2017 or after 13.08.2017 in other capacity.*

- (i) **The key parameters for any variable component of remuneration availed by the directors:**

The remuneration & perquisites of Manager were approved by the members. Further the Non – Executive Directors are getting only sitting fees for attending board & committee meetings.

- (j) **The ratio of the remuneration of the highest paid director to that of employees who are not directors but receive remuneration in excess of the highest paid director during the year:**

0.633:1

- (k) **Affirmation that the remuneration is as per the remuneration policy of the company**

The company's remuneration policy is driven by the success and performance of the individual employees and the Company. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the remuneration policy of the company.



## **ANNEXURE 'G' TO DIRECTORS REPORT**

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

### **A) Energy Conservation Measures Taken**

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

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

Company is again certified at grade AA, for Global Standard for Food safety (formerly BRC). Company has obtained Unilever Responsible Sourcing Audit (URSA) certification for supplying of products globally to Unilever.

Company has obtained Halal certification for supplying its products, permissible & lawful as per traditional Islamic laws.

Maintaining SEDEX 4 pillar compliance from 2 pillar resulting in increased level of awareness amongst employees for occupational health and safety, environmental and social accountability.

### **B) The steps taken by the Company for utilizing alternate source of Energy**

During the year Company has not taken any step for utilizing alternate source of Energy

### **C) The capital investment on Energy Conservation Equipments**

During the year Company has not made any Capital Investment in Energy Conservation Equipment's.

## **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 Freeze dried and Air Dried Chamomile, Freeze dried Banana Powder, Dill umbel, Organic Marjoram, Organic Sorrel and Organic Celery.

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

Freeze dried Organic Marjoram, Organic Sorrel and Organic Celery were manufactured in addition to other products.

#### **iii) Expenditure incurred on R&D**

Nil

#### **iv) Future Plan of Action**

- Steps are continuously being taken for innovation and renovation of products including new product development like Freeze dried and Air Dried Chamomile, Freeze dried Banana Powder, Dill umbel.
- Automation and process line modifications are being planned to substantially reduce labour costs and to improve productivity and quality, like Spawn and compost mixing machine was commissioned for uniform mixing and filling in the bags.
- Training programme has been initiated for farmers for growing of herbs for Good Agricultural Practices (GAP) to grow herbs as per US and EU norms.
- Backward integration for growing of herbs with increased area of cultivation for sustained and quality supply of fresh herbs.

#### **v) No Technology was imported during the year under review.**

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

- Activities related to Exports: Initiatives were taken to increase exports, development of new export markets for products and services. The company at present is 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.
- During the year company has exported manufactured goods calculated on FOB basis amounting to Rs. 6523.54 lacs. The expenditure incurred in Foreign Exchange (including value of imports) during the year amounted to Rs 209.37 lacs

**For and on behalf of the Board**

**Ashok Chaturvedi**  
**Chairman**  
**(DIN 00023452)**

Place : NOIDA  
Dated : 26<sup>th</sup> May, 2018



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
**FLEX FOODS LIMITED**

### Report on the Financial Statements

We have audited the accompanying Financial Statements of **FLEX FOODS LIMITED** ("The Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2018, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes

evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

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

### Opinion

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

### Other Matters

The Financial Statements of the Company for the year ended March 31, 2017, were audited by the predecessor auditor who, vide their report dated May 29, 2017 expressed an unmodified opinion on these Financial Statements. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:-
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the Books of Account.
  - d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) The matter described under Other Matters paragraph above, in our opinion, does not have any adverse effect on the functioning of the Company;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 32 to the Financial Statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- For MJMJ & Associates LLP**  
Chartered Accountants  
Converted From MJMJ & Associates  
(Partnership Firm) As On 11.11.2016  
Firm Registration No. 027706N/C400013
- Megha Jain**  
Partner  
Membership No. 415389
- Place : Noida  
Dated : 26<sup>th</sup> May, 2018.

# **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF "FLEX FOODS LIMITED" ON THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date of "FLEX FOODS LIMITED" ('the Company') for the year Ended on **31<sup>st</sup> March 2018**, we report that:

## **i. In respect of Fixed Assets of the Company:**

- a) According to information and explanation given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to information and explanation 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 accounts.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

## **ii. In respect of Inventories of the Company:**

According to the information and explanation given to us, Physical verification of inventory has been conducted at reasonable intervals by the Management of the Company, and no material discrepancies were noticed on physical verification conducted by the management.

- iii. The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year. Therefore, the provision of clause (iii) of Para 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- iv. The Company has not given any loans, guarantees and security to any Director or to any other person in whom Director is interested in compliance with the section 185 & 186 of the Act.
- v. The company has not accepted any deposits. Therefore, the provision of clause (v) of Para 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- vi. The Provisions of maintenance of cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the products dealt / manufactured by the company are not applicable to the company. Therefore, the provisions of clause (vi) of Para 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- vii. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, Customs duty, Value Added Tax, Cess and any other material statutory dues as applicable with the appropriate authorities.

And according to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, Employees' state insurance, income tax, sales tax, value added tax, duty of customs, service tax, cess, Goods and Service Tax and other applicable statutory dues were in arrears as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable.



- b) According to the information and explanations given to us, there are no pending dues in respect of Sales Tax, Service tax, Value added tax, Goods and Service Tax, duty of customs and Cess which has not been deposited on account of any dispute. However, according to the information and explanations given to us, following amounts are involved with under mentioned forum in respect of the following: -
- (i) Disputed Income Tax Dues: Aggregate Income Tax of Rs. 4.94 Lakhs, pending before Income Tax Department, Delhi;
  - (ii) Disputed Customs and Central Excise Dues: Aggregate Duty of Rs 779.50 Lakhs, pending before (a) CESTAT, New Delhi (Rs. 660.60 Lakhs), (b) Commissioner (Central Excise Appeals), Meerut (Rs 98.01 Lakhs), (c) Additional Commissioner, Dehradun (Rs 20.89 Lakhs).
- viii. According to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of dues to the bank as at the Balance Sheet date.
- ix. According to the information and explanations given to us and the records of the Company examined by us the Company has not raised any money by way of initial public offer or further public offer (including debt instruments), or term loans.
- x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year under audit, nor have we been informed of any such case by the Management.
- xi. According to the information and explanations given to us and the records of the Company examined by us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of Para 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act wherever applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Therefore, the provisions of clause (xv) of Para 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For MJMJ & Associates LLP**

Chartered Accountants

Converted From MJMJ & Associates

(Partnership Firm) As On 11.11.2016

Firm Registration No. 027706N/C400013

**Megha Jain**

Partner

Membership No. 415389

Place : Noida

Dated : 26<sup>th</sup> May, 2018.

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF "FLEX FOODS LIMITED" FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

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

**Report on the Internal Financial Controls**

We have audited the Internal Financial Controls over financial reporting of "**FLEX FOODS LIMITED**" ("the Company") as of 31<sup>st</sup> March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For MJMJ & Associates LLP**

Chartered Accountants  
Converted From MJMJ & Associates  
(Partnership Firm) As On 11.11.2016  
Firm Registration No. 027706N/C400013

**Megha Jain**

Partner

Place : Noida

Dated : 26<sup>th</sup> May, 2018.

Membership No. 415389



## BALANCE SHEET AS AT 31ST MARCH, 2018

(Rs. in Lacs)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017
<b>I ASSETS</b>			
<b>1 Non-Current Assets</b>			
a) Property, Plant and Equipment	2(A)	8,115.05	7,477.20
b) Capital work-in-progress		19.76	84.10
c) Intangible assets	2(B)	0.97	1.49
d) Financial assets			
Loans & Security Deposits	3(A)	143.90	130.86
e) Other Non-Current Assets	5(A)	83.67	69.26
<b>Total Non-Current Assets</b>		<b>8,363.35</b>	<b>7,762.91</b>
<b>2 Current Assets</b>			
a) Inventories	6	1,810.19	2,022.60
b) Biological Asset	7	45.91	43.92
c) Financial assets			
i) Trade Receivables	8	2,047.82	2,023.35
ii) Cash and Cash Equivalents	9	201.68	740.14
iii) Bank Balances other than (ii) above	10	111.60	103.39
iv) Loans & Security Deposits	3(B)	71.67	62.39
v) Other financial assets	4	14.02	27.12
d) Other Current Assets	5(B)	1,235.56	1,288.18
<b>Total Current Assets</b>		<b>5,538.45</b>	<b>6,311.09</b>
<b>TOTAL ASSETS</b>		<b>13,901.80</b>	<b>14,074.00</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	11	1,245.00	1,245.00
b) Other equity		6,650.30	6,366.29
<b>Total Equity</b>		<b>7,895.30</b>	<b>7,611.29</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a) Deferred Government Grants	12	211.05	228.39
b) Financial liabilities			
Borrowings	13(A)	1,411.10	1,030.86
c) Provisions	14(A)	98.88	79.35
d) Deferred Tax Liabilities(Net)	15	823.59	783.81
<b>Total Non-current liabilities</b>		<b>2,544.62</b>	<b>2,122.41</b>
<b>2 Current Liabilities</b>			
a) Financial liabilities			
i) Borrowings	13(B)	1,321.89	2,103.19
ii) Trade Payables	16	827.69	986.99
iii) Other financial Liabilities	17	621.09	680.77
b) Other current liabilities	19	251.81	223.17
c) Provisions	14(B)	322.40	249.84
d) Current tax liabilities(Net)	18	117.00	96.34
<b>Total Current liabilities</b>		<b>3,461.88</b>	<b>4,340.30</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,901.80</b>	<b>14,074.00</b>

## III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-39

For and on behalf of the Board of Directors

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

Ashok Chaturvedi  
Chairman  
DIN -00023452

A.R. Rao  
Whole-Time Director & C.E.O.  
DIN -05116052

For MJMJ & Associates LLP  
Chartered Accountants  
Converted from MJMJ & Associates  
(Partnership Firm) on 11.11.2016  
Firm Registration No 027706N/C400013

M.M. Varshney  
Sr. Vice president  
Place : Noida  
Dated : 26<sup>th</sup> May, 2018

Rajesh Dheer  
Company Secretary

Naval Duseja  
Chief Financial Officer

Megha Jain  
Partner  
Membership No. 415389

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018****(Rs. in Lacs)**

<b>Particulars</b>	<b>Note No.</b>	<b>For the year ended 31.03.2018</b>	<b>For the year ended 31.03.2017</b>
<b>Income</b>			
I Revenue from Operations	20	<b>9,106.73</b>	8,514.68
II Other Income	21	<b>245.59</b>	186.93
<b>III Total Income</b>		<b>9,352.32</b>	8,701.61
<b>IV Expenses</b>			
Cost of Materials Consumed	22	<b>1,570.81</b>	1,604.26
Purchases of Stock in Trade		<b>52.62</b>	15.31
Changes in inventories of Finished Goods & Work-In-Progress	23(A)	<b>77.23</b>	(350.45)
Changes in inventory of Biological Asset	23(B)	<b>(1.99)</b>	(17.78)
Gain from Change in Fair Value of Biological Assets	7	<b>(1.50)</b>	(2.57)
Employee benefits expenses	24	<b>1,723.31</b>	1,542.76
Finance Cost	25	<b>363.42</b>	482.88
Depreciation and Amortization Expenses	2(A) & (B)	<b>500.16</b>	486.27
Manufacturing Expenses	26	<b>2,351.45</b>	2,125.72
Administration and Selling Expenses	27	<b>1,647.77</b>	1,693.06
<b>Total Expenses</b>		<b>8,283.28</b>	7,579.46
<b>V Profit before tax (III-IV)</b>		<b>1,069.04</b>	1,122.15
<b>VI Tax expense:</b>			
(1) Current tax		<b>324.28</b>	263.98
(2) Deferred Tax Liability		<b>39.78</b>	76.84
Less/(Add): Short/(Excess) Provision of Income Tax for earlier year		<b>24.20</b>	(3.21)
<b>Total Tax Expenses (VI)</b>		<b>388.26</b>	337.61
<b>VII Profit for the Period (V-VI)</b>		<b>680.78</b>	784.54
<b>VIII Other Comprehensive Income</b>			
<i>Item that will not be reclassified to Profit or Loss</i>			
Actuarial Gain/(Loss)		<b>(22.16)</b>	(19.89)
Less: Income Tax on Other Comprehensive Income		-	6.55
<b>Total Comprehensive Income for the period (VII+VIII)</b>		<b>658.62</b>	771.20
<b>IX Earnings per equity share:</b>			
(1) Basic	28	<b>5.47</b>	6.31
(2) Diluted	28	<b>5.47</b>	6.31

**X NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-39**

For and on behalf of the Board of Directors

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

Ashok Chaturvedi  
Chairman  
DIN -00023452

A.R. Rao  
Whole-Time Director & C.E.O.  
DIN -05116052

For MJMJ & Associates LLP  
Chartered Accountants  
Converted from MJMJ & Associates  
(Partnership Firm) on 11.11.2016  
Firm Registration No 027706N/C400013

M.M. Varshney  
Sr. Vice president  
Place : Noida  
Dated : 26<sup>th</sup> May, 2018

Rajesh Dheer  
Company Secretary

Naval Duseja  
Chief Financial Officer

Megha Jain  
Partner  
Membership No. 415389




**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2018**

(Rs. in Lacs)			
Particulars	Note No.	For the Year Ended 31.03.2018	For the Year Ended 31.03.2017
<b>I CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax		1,069.04	1,122.15
<b>Adjustments for :</b>			
Depreciation and Amortization		500.16	486.27
Deferred Income on Capital Subsidy		(17.34)	(18.42)
Exchange Rate Fluctuations (Net)		(217.63)	(106.84)
Interest expenses		363.42	482.88
Sundry Balances Written Off		65.26	64.72
Sundry Balances Written Back		(2.63)	(1.41)
Loss/(Profit) on Sale of Fixed Assets (Net)		0.86	7.12
Interest Income		(23.07)	(76.47)
<b>Operating Profit before Working Capital Changes</b>		<u>1,738.07</u>	<u>1,960.00</u>
<b>Adjustments for :</b>			
(Increase)/Decrease in Inventories		212.41	(211.93)
(Increase)/Decrease in Inventories of Biological Asset		(1.99)	(17.78)
(Increase)/Decrease in Trade Receivables, Current Financial Assets & Other Current Assets		(30.66)	(731.02)
(Increase)/Decrease in Non Current Financial Assets & Other Non Current Assets		(27.45)	75.22
Increase/(Decrease) in Trade Payables, Financial Liabilities, Other Liabilities & Current Provisions		(25.27)	66.27
Increase in Non Current Provisions (Net)		<u>19.53</u>	<u>5.84</u>
		<u>1,884.64</u>	<u>1,146.60</u>
<b>Cash Generated From Operating activities</b>			
Income Tax paid		(348.48)	(260.77)
Exchange Rate Fluctuations (Net)		217.63	106.84
<b>Net Cash Generated From Operating Activities</b>		<u><b>1,753.79</b></u>	<u><b>992.67</b></u>
<b>II CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment & Capital Work-In -Progress		(1,077.94)	(490.89)
Capital Subsidy Received During The Year		-	23.56
Proceeds from Sale of Property ,Plant and Equipment		3.93	3.14
Interest Received		<u>23.07</u>	<u>76.47</u>
<b>Net cash used in Investing Activities</b>		<u><b>(1,050.94)</b></u>	<u><b>(387.72)</b></u>
<b>III CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds From Unpaid Share allotment money		-	-
Opening balance of non-current borrowings		1,030.86	1,559.06
a) - Changes due to cash flows (net of proceeds and repayments)		380.24	(528.20)
- Changes due to non-cash flows		-	-
Closing balance of non-current borrowings		1,411.10	1,030.86
Opening balance of current borrowings (including current maturities of long term debt)		2,613.19	2,441.89
b) - Changes due to cash flows (net of proceeds and repayments)		(886.32)	171.30
- Changes due to non-cash flows		-	-
Closing balance of current borrowings (including current maturities of long term debt)		1,726.87	2,613.19
c) Dividend Paid, including Dividend Tax		(374.61)	(374.61)
d) Interest & Finance charges		<u>(352.41)</u>	<u>(482.88)</u>
<b>Net cash used in Financing Activities (a + b + c + d)</b>		<u><b>(1,233.10)</b></u>	<u><b>(1,214.39)</b></u>
Net increase/(decrease) in Cash & Cash Equivalents	(I+II+III)	<u><b>(530.25)</b></u>	<u><b>(609.44)</b></u>
Cash & Cash Equivalents at beginning of the year	9 & 10	<u>843.53</u>	<u>1,452.97</u>
<b>Cash &amp; Cash Equivalents at end of the year #</b>	9 & 10	<u><b>313.28</b></u>	<u><b>843.53</b></u>

Note:

# Includes Rs.111.61 lacs (Previous Year Rs.103.39 lacs) in respect of amount lying in unclaimed dividend account, margin money for bank guarantee.

**IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-39**

For and on behalf of the Board of Directors

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

Ashok Chaturvedi  
Chairman  
DIN -00023452

A.R. Rao  
Whole-Time Director & C.E.O.  
DIN -05116052

For MJMJ & Associates LLP  
Chartered Accountants  
Converted from MJMJ & Associates  
(Partnership Firm) on 11.11.2016  
Firm Registration No 027706N/C400013

M.M. Varshney  
Sr. Vice president  
Place : Noida  
Dated : 26<sup>th</sup> May, 2018

Rajesh Dheer  
Company Secretary

Naval Duseja  
Chief Financial Officer

Megha Jain  
Partner  
Membership No. 415389

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018**

Particulars	Equity Share Capital	Other equity				Total Equity & Other Equity
		Reserve & surplus		Other Comprehensive Income	Total	
		Retained Earnings	General Reserve			
Balance as at April 1,2016	1,245.00	4,962.72	1,007.84	(0.86)	5,969.70	7,214.70
<b>Changes in equity during the year</b>						
Transfer to general reserve	-	-	-	-	-	-
Dividend Paid	-	(311.25)	-	-	(311.25)	(311.25)
Dividend Tax Paid	-	(63.36)	-	-	(63.36)	(63.36)
Remeasurement of the net defined benefit liability/assets,net of tax effect	-	-	-	(13.34)	(13.34)	(13.34)
Profit for the Period	-	784.54	-	-	784.54	784.54
<b>Balance as at March 31,2017</b>	1,245.00	5,372.65	1,007.84	(14.20)	6,366.29	7,611.29

Particulars	Equity Share Capital	Other equity				Total Equity & Other Equity
		Reserve & surplus		Other Comprehensive Income	Total	
		Retained Earnings	General Reserve			
Balance as at April 1,2017	1,245.00	5,372.65	1,007.84	(14.20)	6,366.29	7,611.29
Changes in equity during the year						
Transfer to general reserve	-	-	-	-	-	-
Dividend Paid	-	(311.25)	-	-	(311.25)	(311.25)
Dividend Tax Paid	-	(63.36)	-	-	(63.36)	(63.36)
Remeasurement of the net defined benefit liability/assets,net of tax effect	-	-	-	(22.16)	(22.16)	(22.16)
Profit for the Period	-	680.78	-	-	680.78	680.78
Balance as at March 31,2018	1,245.00	5,678.82	1,007.84	(36.36)	6,650.30	7,895.30

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-39**

For and on behalf of the Board of Directors

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

Ashok Chaturvedi  
Chairman  
DIN -00023452

A.R. Rao  
Whole-Time Director & C.E.O.  
DIN -05116052

For MJMJ & Associates LLP  
Chartered Accountants  
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(Partnership Firm) on 11.11.2016  
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M.M. Varshney  
Sr. Vice president  
Place : Noida  
Dated : 26<sup>th</sup> May, 2018

Rajesh Dheer  
Company Secretary

Naval Duseja  
Chief Financial Officer

Megha Jain  
Partner  
Membership No. 415389



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

### 1 COMPANY OVERVIEW & SIGNIFICANT ACCOUNTING POLICIES

#### I COMPANY OVERVIEW

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

Flex Foods Ltd. 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. Flex Foods Ltd. has been selling its products mainly to the European and US markets.

#### II SIGNIFICANT ACCOUNTING POLICIES

##### A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Accounting Standards) Rules 2015 and Companies (Accounting Standards) Rules 2016, the provisions of Companies Act, 2013, and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Financial statements of the company are prepared under the historical cost convention on the accrual basis except for the following assets and liabilities which have been measured at their fair value.

- Certain financial assets and liabilities measured at fair value (refer relevant accounting policies for more details).
- Biological Assets which are valued at fair value less cost to sale at each reporting period.

The financial statements are presented in Indian Rupees (INR). Amount has been rounded off to nearest thousands.

##### B. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements is in conformity with Ind AS requires Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

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

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

##### C. 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 except when ultimate realisation of income is uncertain.

##### D. REVENUES

- (i) Revenues from sales of goods are recognized when the significant risk and rewards of the ownership of the goods have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards normally happen upon shipment.
- (ii) Sales returns / rate differences are adjusted from the sales of the year in which the returns take place / rate differences accepted.
- (iii) Sales are adjusted for Rebate & Discount allowed and commission paid.
- (iv) Interest income is recognized on time apportionment basis. Effective interest method is used to compute the interest income on long terms loans and advances.
- (v) Further, revenues are recognized at gross value of consideration received including the amount of excise duty/cess recoveries and excluding sales tax/ value added /Goods and Service Tax(GST).

## **E. PROPERTY, PLANT AND EQUIPMENT (PPE)**

### **Recognition and measurement:**

Property, plant and equipment are initially recognized at cost after deducting refundable purchase taxes and including the cost directly attributable for bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by the Management, borrowing cost in accordance with the established accounting policy, cost of restoring and dismantling, if any, initially estimated by the Management. After the initial recognition the property, plant and equipment are carried at cost less accumulated depreciation and impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The estimated useful lives, residual values and depreciation method are reviewed at each financial year end and the effect of any change is accounted for on prospective basis.

The carrying amount of the all property, plant and equipment are derecognized on its disposal or when no future economic benefits are expected from its use or disposal and the gain or loss on de-recognition is recognised in the statement of profit & loss.

The company has opted for an exemption provided by the Indian Accounting Standard (Ind As)-101. Accordingly the carrying value for all Property, plant and Equipment and intangibles as recognized in the financial statements, as at the date of transition to Ind AS, measured as per previous IGAAP are used as deemed cost as at the date of transition.

## **F. INTANGIBLE ASSETS**

- (i) Customised or separately purchased software is classified as intangible assets at their cost and amortised over a period of five years from date of put to use.
- (ii) All revenue expenditure on research & development activities are accounted for under their natural heads of revenue expenses accounts.
- (iii) Intangible asset is derecognized on disposal or when no future economic benefits are expected from continuing use or disposal.
- (iv) The estimated useful lives, residual values and amortization method are reviewed at each financial year end and the effect of any change is accounted for on prospective basis.

## **G. INVESTMENT PROPERTIES**

- (i) Investment properties are initially recognized at cost after deducting refundable purchase taxes and including the transaction cost, if any. After initial recognition the investment property are carried at cost less accumulated depreciation and impairment losses.
- (ii) Transfer to and from the investment properties are made when and only when, there is change in the use of the investment property as evidenced by the conditions laid down under the Indian accounting standard. The carrying amount of the property as on the date of classification is considered as carrying value of the investment property and vice-versa.
- (iii) Depreciation on investment properties are provided for from the date of put to use for on straight line method at the useful lives prescribed in Schedule-II to the Companies Act, 2013.
- (iv) The carrying amount of the investment properties are derecognized on its disposal or when no future economic benefits are expected from its use or disposal and the gain or loss on de-recognition is recognised in the statement of profit & loss.
- (v) The estimated useful lives, residual values and depreciation method are reviewed at each financial year end and the effect of any change is accounted for on prospective basis.

## **H. INVENTORIES**

- (i) Finished Goods are valued at lower of cost, based on First in First Out (FIFO) method, arrived at 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.
- ii Work-in-Progress is valued at lower of cost based on First in First Out (FIFO) method, arrived at 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.
- iii Raw Materials & other materials including packing materials, imported spares, stores ,fuel and consumables are valued at lower of cost, based on first-in-first-out method arrived at after including freight inward and other expenditure directly attributable to acquisition or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## **I. BIOLOGICAL ASSETS**

The Company recognizes biological assets when, and only when, the Company controls the assets as a result



of past events, it is probable that future economic benefits associated with such assets will flow to the Company and the fair value or cost of the assets can be measured reliably. Expenditure incurred on biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell in terms of Ind AS 41. The gain or loss arising on initial recognition of such biological assets at fair value less costs to sell and from a change in fair value less costs to sell of biological assets are included in Statement of Profit and Loss for the period in which it arises.

#### **J. AGRICULTURAL PRODUCE**

Agricultural produce harvested from the Company's biological assets are valued at fair value less cost to sell at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell shall be included in Statement of Profit and Loss for the period in which it arises.

#### **K. FINANCIAL INSTRUMENTS**

##### **Initial Recognition:**

- (i) The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables/payables and where cost of generation of fair value exceeds benefits, which are initially measured at transaction price. Transaction costs directly related to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities through profit & loss account) are added to or deducted from the cost of financial assets or financial liabilities. Transaction cost directly attributed to the acquisition of financial assets or financial liabilities at fair value through profit & loss account are recognized immediately in the statement of profit & loss.

##### **Subsequent Recognition:**

##### **Non-derivative financial instruments**

- (i) Financial assets carried at amortised cost: A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (ii) Financial assets at fair value through other comprehensive income: A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **L. TRADE RECEIVABLES**

Trade receivables represents amount billed to customers as credit sales and are net off;

- a) any amount billed but for which revenues are reversed under the different accounting standard and
- b) impairment for trade receivables, which is estimated for amounts not expected to be collected in full.

#### **M. LOANS AND ADVANCES**

Loans and advances are non derivative financial assets with fixed and determinable payments. This category includes the loans, cash and bank balances, other financial assets and other current assets.

Subsequent to initial measurement, loans and receivables are carried at amortized cost based on effective interest rate method less appropriate allowance for doubtful receivables.

Loans and advances are further classified as current and non-current depending on whether they will be realized within 12 months after the balance sheet date or beyond.

#### **N. FINANCIAL LIABILITIES**

- (i) Financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction cost.
- (ii) Subsequent to initial measurement, financial liabilities are measured at amortised cost. The difference in the initial carrying amount of the financial liabilities and their redemption value is recognised in the statement of profit & loss over the contractual term using the effective interest rate method. This category includes the following class of liabilities; trade and other payables, borrowing; and other financial liabilities.
- (iii) Financial liabilities are further classified as current and non-current depending whether they are payable within 12 months after the balance sheet date or beyond.
- (iv) Financial liabilities are derecognized when the company is discharge from its obligation, they expire, are cancelled or replaced by a new liability with substantial modified terms.

#### **O. EARNING PER SHARE**

Basic Earnings Per Share is computed by dividing the net profit attributable to the equity shareholders of the company to the weighted average number of Shares outstanding during the period & Diluted earnings per share is computed by dividing the net profit attributable to the equity shareholders of the company after adjusting the

effect of all dilutive potential equity shares that were outstanding during the period, the weighted average number of shares outstanding during the period including the weighted average number of equity shares that could have issued upon conversion of all dilutive potential.

## **P. INCOME TAXES**

### **(i) CURRENT TAX**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current tax is expected tax payable on the taxable income for the year, using the tax rate enacted at the reporting date, and any adjustment to the tax payable in respect of the earlier periods.

Current tax assets and liabilities are offset where the company has legal enforceable right to offset and intends either to settle on net basis, or to realise the assets and settle the liability simultaneously.

### **(ii) DEFERRED TAX ASSETS / LIABILITIES**

Deferred tax is recognised for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### **(iii) CURRENT AND DEFERRED TAX FOR THE YEAR**

Current and deferred tax are recognised in the statement of profit & loss, except when they relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax is recognized directly in other comprehensive income or equity respectively.

## **Q. EMPLOYEES BENEFITS**

The company provides for the various benefits plans to the employees. These are categorized into defined benefits plans and defined contributions plans. Defined benefit plans includes the amount paid by the company towards the liability for Provident fund to the employees provident fund organization and Employee State Insurance fund in respect of ESI and defined benefits plans includes the retirement benefit such as gratuity and company absentees both accumulated and non-accumulated.

(i) In respect of Defined Contribution Plans contribution made to the specified fund based on the services rendered by the employees are charged to Statement of Profit & Loss in the year in which services are rendered by the employee.

(ii) Liability in respect of Defined Long Term benefit plan is determined at the present value of the amounts payable determined using actuarial valuation techniques performed by an independent actuarial at each balance sheet date using the projected unit credit methods. Gains and losses through re-measurements of the net defined benefit liability/assets are recognized in other comprehensive income. Past Service cost is recognized in the statement of profit & loss in the period of plan amendment.

(iii) Liabilities for accumulating paid absences is determined at the present value of the amounts payable determined using the actuarial valuation techniques performed by an independent actuarial at each balance sheet date using the projected unit credit method. Actuarial gain or losses in respect of accumulating paid absences are charged to statement of profit & loss account.

(iv) Liabilities for short term employee benefits are measured at undiscounted amount of the benefits expected to be paid and charged to Statement of Profit & Loss in the year in which the related service is rendered.

## **R. IMPAIRMENT**

### **Financial assets**

The company recognizes loss allowances using the expected credit loss model for the financial assets which are not fair valued through statement of profit and loss. Loss allowance on trade receivables, with no significant financing component is measured at an amount equal to lifetime expected credit loss. For all financial assets expected credit losses are measured at an amount equal to 12-month ECL unless there has been significant increase in credit risk from initial recognition in which case these are measured at lifetime expected credit loss. The amount of expected credit losses or reversal that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the profit or loss for the period.



### **Intangible assets, property, plant and equipment**

Intangible assets, property plant & equipment are evaluated for recoverability wherever events or changes in circumstances indicate that their carrying amount may not be recoverable.

For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs).

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

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

### **S. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- (i) A provision is recognized, if as a result of past event the company has present legal or constructive obligations that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and the risk specific to liability.
- (ii) Contingent liabilities are disclosed for possible obligations arising out of uncertain events not wholly in control of the company. Contingent assets are not recognised in the financial statements. However due disclosures are made in the financial statements for the contingent assets, where economic benefits is probable and amount can be estimated reliably.

### **T. FOREIGN CURRENCY TRANSACTIONS**

- (i) The Company's functional currency is Indian Rupees. Transactions in currency other than Indian Rupees are recorded at the rate, as declared by the custom and excise department, ruling on the date of transaction.
- (ii) Foreign Currency monetary assets and liabilities remaining unsettled as at the balance sheet date are translated using the exchange rates as at the balance sheet date. Non-monetary assets and liabilities which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary assets and liabilities which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the fair values were determined.
- (iii) Exchange differences arise on settlement/translation of Foreign Currency monetary assets and liabilities are recognised as income/expense through the Exchange Fluctuation Account in the year they arise.
- (iv) Transaction gain or losses realized upon settlement of foreign currency transaction are included in determining the net profit for the period in which transaction is settled.
- (v) Exchange difference arises on settlement / translation of foreign currency monetary assets and liabilities relating to acquisition of Property, Plant and Equipment till the period they are put to use for commercial production, are capitalized to the cost of assets acquired and provided for over the useful life of the Property, Plant and Equipment.

### **U. DEPRECIATION**

- (i) Normal depreciation on all property, plant & equipment except Land & Intangible Assets are provided from the date of put to use for commercial production on Straight Line Method at the useful lives prescribed in Schedule-II to The Companies Act, 2013 and after providing for the residual value (maximum to the extent of 5%) of the Fixed Assets as determined by the Management.
- (ii) Depreciation/Amortization on addition /deletions to Fixed Assets is provided on *pro-rata* basis from/to the date of addition/deletions.
- (iii) Depreciation/Amortization on additions/deletions to the fixed assets due to exchange rate fluctuation is provided on *pro-rata* basis since inception.
- (iv) The estimated useful lives, residual values and depreciation method are reviewed at each financial year end and the effect of any change is accounted for on prospective basis.

### **V. GOVERNMENT GRANTS**

- (i) Capital Subsidy received from Government as contribution towards Capital Outlay for setting up the PPE 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.

**W. PURCHASES**

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

**X. CLAIMS BY/AGAINST THE COMPANY**

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

**Y. BORROWING COST**

Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing cost directly attributable to the acquisition or construction of qualifying /eligible assets, intended for commercial production are capitalised as part of the cost of such assets. All other borrowing costs are recognized as an expense in the year in which they are incurred.

**Z. RECENT ACCOUNTING PRONOUNCEMENTS**
**(i) Standards issued but not yet effective**

During the year, the company has adopted all the Indian Accounting Standards (Ind AS) that are notified by the Ministry of Corporate Affairs and are relevant to its operations and effective for the financial year beginning on or after 1st April 2017.

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying new Indian Accounting Standard "Ind AS 115" on "Revenue from Contract with Customers"effective 1st April 2018. New Revenue recognition standard differs considerably as compared to existing accounting principles for revenue recognition. The differences could result in changes in the identification of performance obligations, timing of revenue recognition, measurement and disclosures.

Apart from this the MCA has also made various amendments in the followings Indian Accounting Standards which are effective for the financial periods beginning on or after 1st April 2018:

- Ind AS 101 - First Time adoption of Indian Accounting Standards
- Ind AS 103 - Business Combinations
- Ind AS 104 - Insurance Contracts
- Ind AS 107 - Financial Instruments Disclosures
- Ind AS 109 - Financial Instruments
- Ind AS 112 - Disclosures of Interest in Other Entities
- Ind AS 2 - Inventories
- Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 11 - Income Taxes
- Ind AS 16 - Property, Plant and Equipment
- Ind AS 17 - Leases
- Ind AS 18 - Omitted
- Ind AS 21 - The Effects of Changes on Foreign Exchange Rates
- Ind AS 23 - Borrowing Costs
- Ind AS 28 - Investments in Associates and Joint Ventures
- Ind AS 32 - Financial Instruments Presentations
- Ind AS 34 - Interim Financial Reporting
- Ind AS 36 - Impairment of Assets
- Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 38 - Intangible Assets
- Ind AS - Investment Property

Most of these amendments are applicable to the company. The Company is in the process of determining the changes required and accordingly will adopt these changes by suitably amending its accounting policies as well the presentations and disclosures in the financial Statements.

**IND AS 21, Appendix B - Foreign Currency Transactions and Advance Consideration**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies

(Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.



**Note No-2(A) Property, Plant and Equipment**

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Sr. No.	Particulars	GROSS CARRYING VALUE			DEPRECIATION/AMORTISATION				NET CARRYING VALUE		
		As At 01-04-2017	Additions/ Adjustment During the Year	Deductions/ Adjustment During the Year	As At 31-03-2018	As At 01-04-2017	Provided During the Year	Deduction/ Adjustment During the Year	Upto 31-03-2018	As At 31-03-2018	As At 31-03-2017
	Software	32.49	-	-	32.49	31.00	0.52	-	31.52	0.97	1.49
	<b>TOTAL</b>	<b>32.49</b>	<b>-</b>	<b>-</b>	<b>32.49</b>	<b>31.00</b>	<b>0.52</b>	<b>-</b>	<b>31.52</b>	<b>0.97</b>	<b>1.49</b>
	<b>PREVIOUS YEAR</b>	32.49	-	-	32.49	29.38	1.62	-	31.00	1.49	3.11

#Includes borrowing cost on unsecured loans amounting to Rs.12.80 Lacs has been shown as pre-operative expenses under capital work in progress.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

3 LOANS & SECURITY DEPOSITS		(Rs. In Lacs)	
Particulars	As At 31.03.2018	As At 31.03.2017	
<b>A Non-Current (Unsecured, Considered Good)</b>			
a) Security Deposits	137.16	129.40	
b) Loans/Advances to Employees	6.74	1.46	
<b>Total (A)</b>	<b>143.90</b>	<b>130.86</b>	
<b>B Current (Unsecured, Considered Good)</b>			
a) Security Deposits	53.33	51.24	
b) Loans/Advances to Employees	18.34	11.15	
<b>Total (B)</b>	<b>71.67</b>	<b>62.39</b>	
<b>Total (A+B)</b>	<b>215.57</b>	<b>193.25</b>	
<b>4 OTHER FINANCIAL ASSETS</b>			
<b>Current</b>			
a) Interest Recoverable			
i) On Fixed Deposits with Banks	6.61	19.18	
ii) Others	7.41	7.94	
<b>Total</b>	<b>14.02</b>	<b>27.12</b>	
<b>5 OTHER ASSETS</b>			
<b>A Non-Current</b>			
a) Capital Advances	18.00	-	
b) Advance Income Tax	65.67	69.26	
<b>Total (A)</b>	<b>83.67</b>	<b>69.26</b>	
<b>B Current</b>			
a) Advances Recoverable in Cash or In kind or for Value to be Received	1,212.35	1,264.97	
b) Balances with Excise Authorities	23.21	23.21	
<b>Total (B)</b>	<b>1,235.56</b>	<b>1,288.18</b>	
<b>Total (A+B)</b>	<b>1,319.23</b>	<b>1,357.44</b>	
<b>6 INVENTORIES</b>			
a) Raw Material	50.09	125.58	
b) Work-in-progress	782.30	569.81	
c) Finished Goods	857.92	1,147.64	
d) Stores & Spares	60.37	126.24	
e) Packing Material	59.51	53.33	
<b>Total</b>	<b>1,810.19</b>	<b>2,022.60</b>	
<b>7 BIOLOGICAL ASSETS</b>			
		(Rs. In Lacs)	
Particulars	As At 31.03.2018	As At 31.03.2017	
<b>Current</b>			
Mushroom Under cultivation	45.91	43.92	
	<b>45.91</b>	<b>43.92</b>	


**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

		(Rs. In Lacs)	
Particulars	As At 31.03.2018	As At 31.03.2017	
<b>Reconciliation of changes in carrying amount of Biological Assets</b>			
Opening balance	43.92	26.14	
Add: Gain arising from change in fair value	1.50	2.57	
Add: Increase due to physical changes / transfer from immature	2,114.24	2,172.32	
Less: Decrease due to harvest	(2,113.75)	(2,157.11)	
Closing Balance	<u>45.91</u>	<u>43.92</u>	
<b>8 TRADE RECEIVABLES</b>			
<b>Current</b>			
<b>Unsecured</b>			
Considered Good	2,047.82	2,023.35	
Considered Doubtful	4.43	4.43	
	<u>2,052.25</u>	<u>2,027.78</u>	
Less: Provision for Doubtful Receivables	4.43	4.43	
<b>Total</b>	<u><b>2,047.82</b></u>	<u><b>2,023.35</b></u>	
<b>9 CASH &amp; CASH EQUIVALENTS</b>			
Cash and Cash Equivalents			
i) Balances with Banks ( in Current accounts)	88.06	258.06	
ii) Demand deposits	100.00	467.91	
iii) Cash on Hand	<u>13.62</u>	<u>14.17</u>	<u>740.14</u>
<b>Total</b>	<u><b>201.68</b></u>	<u><b>740.14</b></u>	
<b>10 BANK BALANCES OTHER THAN ABOVE</b>			
i) Earmarked Balances			
- Unclaimed Dividend Account	103.64	95.91	
ii) Margin Money/Guarantees	<u>7.96</u>	<u>7.48</u>	<u>103.39</u>
<b>Total</b>	<u><b>111.60</b></u>	<u><b>103.39</b></u>	
<b>11 SHARE CAPITAL</b>			
		(Rs. In Lacs)	
<b>(i) Share Capital</b>			
	<b>As At 31.03.2018</b>	<b>As At 31.03.2017</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>
Authorised Capital			
Equity Shares of Rs.10 each	1,50,00,000	1,500.00	1,50,00,000
Redeemable Preference Shares of Rs.100/- each	5,00,000	500.00	5,00,000
		<u>2,000.00</u>	<u>2,000.00</u>
Issued, Subscribed & Paid up			
Equity Shares of Rs.10 each	1,24,50,000	1,245.00	1,24,50,000
<b>Total</b>	<u><b>1,24,50,000</b></u>	<u><b>1,245.00</b></u>	<u><b>1,245.00</b></u>
<b>(ii) Reconciliation of Number of Equity Shares</b>		<b>(Rs. In Lacs)</b>	
<b>Particulars</b>		<b>Current Year</b>	
	<b>Number</b>	<b>Amount</b>	<b>Previous Year</b>
	<b>Number</b>	<b>Amount</b>	<b>Number</b>
Shares outstanding at the beginning of the year	1,24,50,000	1,245.00	1,24,50,000
Shares Issued during the year	-	-	-
Shares bought back during the year	-	-	-
<b>Shares outstanding at the end of the year</b>	<u><b>1,24,50,000</b></u>	<u><b>1,245.00</b></u>	<u><b>1,245.00</b></u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

## (iii) Rights, preferences and restrictions attached to shares

## Equity Shares

The Company has one class of equity shares having a par value of Rs.10/- each. Each shareholder is eligible for one vote per share held. 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 31.03.2018		As At 31.03.2017	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Uflex Ltd	58,70,000	47.15	58,70,000	47.15
Anshika Investments Pvt Ltd	12,52,630	10.06	12,52,630	10.06
<b>Total</b>	<b>71,22,630</b>	<b>57.21</b>	<b>71,22,630</b>	<b>57.21</b>

## (v) Disclosure Pursuant to Clause (h)(i)(j)(k)(l) of Note 6D of Part I Division II of Schedule III of Companies Act, 2013 are not required.

## 12 DEFERRED GOVERNMENT GRANTS (To the extent pending apportionment to Statement of Profit &amp; Loss)

(Rs. In Lacs)

Particulars	As At 31.03.2018		As At 31.03.2017	
<b>Capital Subsidy on</b>				
a) Cold Storage	6.30		8.02	
b) Individually Quick Frozen and Air Dried Plant	47.34		51.72	
c) Plastic Crates	-		3.05	
d) Cold Storage (New)	82.94		88.82	
e) Freeze Drying Cabinet	68.55		71.64	
f) Zig Zag Classifier	23.26	228.39	23.56	246.81
<b>Less: Deferred Income Apportioned to Statement of Profit &amp; Loss</b>				
a) Cold Storage	1.72		1.72	
b) Individually Quick Frozen and Air Dried Plant	4.38		4.38	
c) Plastic Crates	-		3.05	
d) Cold Storage (New)	5.88		5.88	
e) Freeze Drying Cabinet	4.42		3.09	
f) Zig Zag Classifier	0.94	17.34	0.30	18.42
<b>Total</b>		<b>211.05</b>		<b>228.39</b>

## 13 BORROWINGS

## A Non Current

## SECURED

Term Loan from Banks	1,016.08		1,540.86	
Less :-Current Maturities of Long-Term Debt [Refer Note No.17(a)]	404.98	611.10	510.00	1,030.86

## UNSECURED

Loan from Related parties	800.00		-	
<b>Total Borrowings</b>	<b>1,411.10</b>		<b>1,030.86</b>	

(Rs. In Lacs)

	As At 31.03.2018		As At 31.03.2017	
<b>B Current</b>				
<b>SECURED</b>				
<b>Working Capital Facilities</b>				
From -Canara Bank	1,154.15		1,904.16	
From -Allahabad Bank	167.74		199.03	
<b>Total</b>	<b>1,321.89</b>		<b>2,103.19</b>	

## Note:

The company is availing the secured Loan facilities from Canara Bank & Allahabad Bank. Their repayment terms & other details are given as under:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. In Lacs)

Name of the Bank	Sanctioned Amount	O/S As At 31.03.2018	Current Portion	Long Term	Repayment Terms
Canara Bank	900.00 (900.00)	74.98 (269.94)	74.98 (180.00)	- (89.94)	Repayable in 60 monthly installments of Rs.15 Lacs each starting from April 2014
Allahabad Bank	1,650.00 (1,650.00)	941.10 (1,270.92)	330.00 (330.00)	611.10 (940.92)	Repayable in 20 Quarterly installments of Rs.82.50 Lacs each starting from June 2016.
<b>Total</b>	<b>2,550.00</b>	<b>1,016.08</b>	<b>404.98</b>	<b>611.10</b>	
Previous Year	(2,550.00)	(1,540.86)	(510.00)	(1,030.86)	

Previous year figures have been given in brackets.

- a) Term Loans are secured on first *pari passu* 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 Jogiwal (Chidderwala), Dehradun (Uttarakhand). These loans are also collaterally secured (a) by way of second *pari passu* charge on stocks(including Biological assets) & book debts of company and (b) by personal guarantee of one of the Director of the company.
- b) Working capital facilities are secured on first *Pari passu* charge basis (a) by way of hypothecation of stock and book debts of the company; and collaterally secured on second *pari passu* 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 Jogiwal (Chidderewala), Dehradun (Uttarakhand) and (c) by personal guarantee of one of the Director of the Company.

## 14 PROVISIONS

(Rs. In Lacs)

Particulars	As At 31.03.2018	As At 31.03.2017
<b>A Non-Current</b>		
Provision for Leave Encashment	98.88	79.35
<b>Total</b>	<b>98.88</b>	<b>79.35</b>
<b>B Current</b>		
i) Gratuity	311.40	240.39
ii) Leave Encashment	11.00	9.45
<b>Total</b>	<b>322.40</b>	<b>249.84</b>
<b>Total (A+B)</b>	<b>421.28</b>	<b>329.19</b>

The gross movement in the deferred tax for the year ended March 31, 2018 and March 31,2017 are as follows:

## 15 INCOME TAXES

Income Tax Expense in the Statement of Profit and Loss comprise:

(Rs. In Lacs)

Particulars	For The Year ended 31.03.2018	For The Year ended 31.03.2017
Income Taxes	324.28	263.98
Deferred Taxes	39.78	76.84
<b>Income Tax Expense</b>	<b>364.06</b>	<b>340.82</b>

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below :

Profit before Income Taxes	1,069.04	1,122.15
Enacted Tax Rates in India	33.06%	33.06%
Computed expected tax expense	353.46	371.02
Tax Reversals	1.51	(46.06)
Effect of non-deductible expenses	9.09	15.86
<b>Income Tax Expense</b>	<b>364.06</b>	<b>340.82</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Particulars	As at 31.03.2018	As at 31.03.2017
<b>Deferred Tax Assets</b>		
Others	235.12	211.74
<b>Total Deferred Tax Assets</b>	<b>235.12</b>	<b>211.74</b>
<b>Deferred Tax Liabilities</b>		
Property, plant and equipment	1,058.71	995.55
<b>Total Deferred Tax Liabilities</b>	<b>1,058.71</b>	<b>995.55</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>823.59</b>	<b>783.81</b>
Net deferred tax liabilities at the beginning	783.81	713.52
Credits/(charge) relating to temporary differences	39.78	76.84
Temporary differences on other comprehensive income	-	(6.55)
<b>Net Deferred Tax Liabilities at the end</b>	<b>823.59</b>	<b>783.81</b>

**16 TRADE PAYABLES**

Suppliers	754.57	952.12
Due to Suppliers Under MSMEDA*	62.48	22.64
Due to Related Parties	10.64	12.23
<b>Total</b>	<b>827.69</b>	<b>986.99</b>

\* The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) based on the information given by the management, are as under:

Sr. No.	Particulars	As At 31.03.2018	As At 31.03.2017
1	Principal amount due and remaining unpaid	Nil	Nil
2	Interest due on (1) above and the unpaid interest	Nil	Nil
3	Interest paid on all delayed payment under the MSMED Act	Nil	Nil
4	Payment made beyond the appointed day during the year	Nil	Nil
5	Interest due and payable for the period of delay ther than (3) above	Nil	Nil
6	Interest accrued and remaining unpaid	Nil	Nil
7	Amount of further interest remaining due and payable in succeeding years	Nil	Nil

**17 OTHER FINANCIAL LIABILITIES**

a) Current Maturities of Long-Term Debt (Refer Note No.13)	404.98	510.00
b) Interest Accrued but not due on borrowings	22.53	14.66
c) Unclaimed Dividend #	103.64	95.91
d) Security Deposit from Customers	5.60	5.90
e) Capital Creditors	84.34	54.30
<b>Total</b>	<b>621.09</b>	<b>680.77</b>

# These do not include any amount due and payable to Investor Education and Protection Fund Account.

**18 Current Tax Liabilities**

Provision for Current Tax (Net)	117.00	96.34
	<b>117.00</b>	<b>96.34</b>

**19 OTHER LIABILITIES****Current**

a) Advance Received from Customers	6.38	5.16
b) Statutory Liabilities	212.25	201.35
c) Other Liabilities	33.18	16.66
<b>Total</b>	<b>251.81</b>	<b>223.17</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

## 20 REVENUE FROM OPERATIONS

(Rs. In Lacs)

Particulars	For the Year Ended 31.03.2018	For the Year Ended 31.03.2017
a) Sale of Products	8,742.65	8092.74
b) Other Operating Revenues		
i) Export Incentive	306.14	230.47
ii) Transport Assistance Scheme	-	23.25
iii) Deferred Income on Capital Grant	17.34	18.42
iv) Refund of Power Tariff	-	98.16
v) Refund of Service Tax	7.22	25.89
vi) Sale of Miscellaneous Items	33.38	25.75
<b>Total</b>	<b>9,106.73</b>	<b>8,514.68</b>

## 21 OTHER INCOME

a) Interest Income		
From Banks	14.61	67.50
From Others	8.46	8.97
b) Exchange Rate Fluctuation (Net)	217.63	106.84
c) Miscellaneous Income	2.26	2.21
d) Sundry Balances Written Back	2.63	1.41
<b>Total</b>	<b>245.59</b>	<b>186.93</b>

## 22 COST OF MATERIAL CONSUMED

Opening Stock	125.58	55.63
Add: Purchases	1,495.32	1,674.21
	1,620.90	1,729.84
Less: Closing Stock	50.09	125.58
<b>Raw Material consumed</b>	<b>1,570.81</b>	<b>1,604.26</b>

## 23 A) (INCREASE)/DECREASE IN FINISHED GOODS &amp; WORK-IN-PROGRESS

## Closing Stock

Finished Stock	857.92	1,147.64
Work-In-Progress	782.30	569.81
	1,640.22	1,717.45

## Opening Stock

Finished Stock	1,147.64	1,309.71
Less: Under Insurance Claim	-	248.79
	1,147.64	1,060.92
Work-In-Progress	569.81	306.08
	1,717.45	1,367.00

<b>Total</b>	<b>77.23</b>	<b>(350.45)</b>
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## B) (INCREASE)/DECREASE IN BIOLOGICAL ASSET

## Closing Stock

Biological Asset	45.91	43.92
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## Opening Stock

Biological Asset	43.92	26.14
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<b>Total</b>	<b>(1.99)</b>	<b>(17.78)</b>
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

		(Rs. In Lacs)	
Particulars	For the Year Ended 31.03.2018	For the Year Ended 31.03.2017	
<b>24 EMPLOYEES BENEFIT EXPENSES</b>			
a) Salaries, Wages, Benefits & Amenities	1,532.46	1,402.82	
b) Contribution to Provident Fund	69.78	66.15	
c) Gratuity Fund Contribution (Refer Note No.29)	78.40	41.20	
d) Employees Welfare Expenses	42.67	32.59	
<b>Total</b>	<b>1,723.31</b>	<b>1,542.76</b>	
<b>25 FINANCE COST</b>			
Interest on:			
i) Secured Loans	167.29	235.16	
ii) Working Capital Facilities	17.88	78.56	
iii) Shortfall in payment of Advance Tax	17.29	5.90	
Discounting & Bank Charges	160.96	163.26	
<b>Total</b>	<b>363.42</b>	<b>482.88</b>	
<b>26 MANUFACTURING EXPENSES</b>			
Power & Fuel Consumed	1,362.05	1,221.15	
Repair & Maintenance - Machineries	240.12	156.11	
Stores, Spares, Tools, Jigs & Dies Consumed	141.21	129.33	
Labour Charges	234.08	213.50	
Sorting & Picking Charges	181.03	230.47	
Tractor Hire & Shifting Charges	155.20	140.22	
Others Manufacturing Expenses	37.76	34.94	
<b>Total</b>	<b>2,351.45</b>	<b>2,125.72</b>	
<b>27 ADMINISTRATION &amp; SELLING EXPENSES</b>			
Power & Fuel	42.58	32.39	
Insurance Charges	76.90	69.95	
Postage & Telephone Expenses	23.61	29.10	
Vehicle Hire, Running & Maintenance Expenses	33.36	44.25	
Conveyance & Travelling Expenses	138.30	158.41	
Repair & Maintenance - Building	53.80	24.16	
Repair & Maintenance - Others	26.94	25.98	
Legal & Professional Charges	106.41	118.41	
General Expenses	135.60	146.58	
CSR Expenditure	20.00	41.85	
Charity & Donation	0.21	0.28	
Rates & Taxes	0.89	1.42	
Loss on Sale of Fixed Assets (Net)	0.86	7.12	
Sundry Balance written off	65.26	64.72	
GST Expenses	48.46	-	
Rebate & Discount	3.62	-	
Sample Testing Charges	25.95	54.72	
Packing & Forwarding Charges	321.39	315.16	
Freight Outward	523.63	558.56	
<b>Total</b>	<b>1,647.77</b>	<b>1,693.06</b>	
<b>28 EARNINGS PER SHARE (EPS)</b>			
a) Profit for the year (Rs. In Lacs)	680.78	784.54	
b) Weighted Average number of Equity Shares for computation of Basic and Diluted Earning Per Share (In Numbers)	1,24,50,000	1,24,50,000	
c) Nominal value per share (Rs.)	10	10	
d) Basic & Diluted Earning Per Share (Rs.)	5.47	6.31	





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

## 29 GRATUITY &amp; POST EMPLOYMENT BENEFIT

The Employees' Group Gratuity Scheme is managed by Life Insurance Corporation of India. The present value of obligation for Gratuity & other Post Employment benefit (i.e. Leave encashment) are determined based on actuarial valuation using the Projected Unit Credit Method. The additional disclosure in terms of Indian Accounting Standards-19 "Employees Benefits" is as under:

Particulars	(Rs. In Lacs)			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
<b>a) Reconciliation of opening and closing balances of obligation</b>				
Obligation at beginning of the year	496.17	439.54	88.80	81.85
Current Service Cost	28.59	24.74	9.53	8.44
Past Service Cost	31.66	-	-	-
Interest Cost	37.46	35.16	6.71	6.55
Actuarial (gain) /loss	22.42	19.43	10.93	14.09
Less: Benefits paid	30.06	22.70	6.09	22.13
<b>Obligation at the end of the year</b>	<b>586.24</b>	<b>496.17</b>	<b>109.88</b>	<b>88.80</b>
<b>b) Reconciliation of opening and closing balances of fair value assets</b>				
Fair value of plan assets at beginning of the year	255.78	233.76	-	-
Employer contribution	29.55	26.48	-	-
Less: Benefits Paid	30.06	22.70	-	-
Add: Expected return on plan assets	19.31	18.70	-	-
Add: Actuarial Gain /(Loss) on plan assets	0.26	(0.46)	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>274.84</b>	<b>255.78</b>	<b>-</b>	<b>-</b>
<b>c) Amount Recognized in Balance Sheet</b>				
Present value of obligation	586.24	496.17	109.88	88.80
Less: Fair value of plan assets	274.84	255.78	-	-
<b>Amount recognized in Balance Sheet</b>	<b>311.40</b>	<b>240.39</b>	<b>109.88</b>	<b>88.80</b>
<b>d) Gratuity &amp; other Post Employment benefit cost for the period</b>				
Current Service Cost	28.59	24.74	9.53	8.44
Past Service Cost	31.66	-	-	-
Interest Cost	37.46	35.16	6.71	6.55
Expected return on plan assets	(19.31)	(18.70)	-	-
Actuarial (gain) /loss	-	-	10.93	14.09
<b>Net amount recognized in Statement of Profit &amp; Loss</b>	<b>78.40</b>	<b>41.20</b>	<b>27.17</b>	<b>29.08</b>
<b>e) Gratuity &amp; other Post Employment benefit cost for the period</b>				
<b>Remeasurement of the net defined benefit liability/assets</b>				
Actuarial (gains)/losses	22.16	19.89	-	-
<b>Net amount recognized in Statement of other comprehensive income</b>	<b>22.16</b>	<b>19.89</b>		
<b>f) Principal actuarial assumption at the Balance Sheet date:</b>				
Interest Rate	7.54%	7.55%	7.54%	7.55%
Salary Escalation	5.55%	5.55%	5.55%	5.55%



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

## 30 SEGMENT DISCLOSURE

Based on Business risk & synergies there is only one reportable segment hence segment reporting is not given, however geographical distribution of revenue is as under:-

(Rs. In Lacs)		
Particulars	For the Year Ended 31.03.2018	For the Year Ended 31.03.2017
Domestic Revenue #	2,515.24	2,343.42
<b>Export Revenue:</b>		
USA##	251.98	307.73
Europe##	6,291.70	5,678.03
Asia	23.18	19.56
Others	0.07	0.22
<b>Total</b>	<b>9,082.17</b>	<b>8,348.96</b>

# Includes sales of Miscellaneous Items amounting to Rs.33.39 Lacs ( previous year Rs.25.75 Lacs) shown under - Note No. -20 (b)(vi)

## Includes three major customers having revenue from them of more than 10% of the total revenue amounting to Rs. 6144.52 Lacs (previous year Rs.5408.64 Lacs)

## 31 PAYMENT TO AUDITORS

a) Statutory Audit	12.50	11.00
b) Tax Audit	4.00	3.50
c) Certification & other services	5.10	4.63
d) For Reimbursement of Expenses	0.81	0.89
<b>Total</b>	<b>22.41</b>	<b>20.02</b>

## 32 CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. In Lacs)		
Particulars	As At 31.03.2018	As At 31.03.2017
<b>A Contingent Liabilities</b>		
Claims against the company not acknowledged as debt :-		
i a) Demands raised by the Income Tax department , CIT(A) order passed appeal effect order pending	4.94	85.62
b) Demand raised by Customs & Central Excise Department which are contested by the company (Including interest & Net of Demand Deposits).	779.50	784.44
ii) Guarantees Issued by the Bank( Net of Margin)	64.08	64.26
iii) Import Duty Obligations on Outstanding Export Commitments under EPCG	-	168.89
iv) Retrospective Payout for Payment of Bonus for the Financial Year 2014-15 has not been provided for in the Books of Accounts based on the matter being contested by third parties and/or stay granted by various High Courts of India in respect of this matter.	39.28	39.28
v) Demand raised by Uttarakhand Power Corporation Limited, against continuous power supply surcharge and is contested by the company.	23.20	-
<b>Total (A)</b>	<b>911.00</b>	<b>1,137.55</b>
<b>B Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (Net of Advances) and not provided for in the Books of Accounts.	104.14	51.07
<b>Total (B)</b>	<b>104.14</b>	<b>51.07</b>


**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**33 RELATED PARTY TRANSACTION**

Following disclosures are made, as per the definition of Related Parties defined in Indian Accounting Standard-24" Related Party Disclosures " and Section 2(76) of the Companies Act,2013.

**(A) List of Related Parties**
**i) Enterprise for which Reporting Enterprise is an Associate:**

Uflex Limited

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

Shri. Ashok Chaturvedi, Chairman (and his relatives)

Relatives:

Mrs. Rashmi Chaturvedi

Mr. Anantshree Chaturvedi

Mr. Apoorvshree Chaturvedi

Ms. Anshika Chaturvedi

**iii) Key Management Personnel:**

1) Shri S.K. Kaushik, Whole-time Director (and his relatives- Till 30.06.2017)

2) i) Shri A Raghavendra Rao, was CEO from 29th May, 2017 to 13th August, 2017

ii) Shri A Raghavendra Rao, Whole-time Director (and his relatives- w.e.f 14.08.2017)

3) Shri Rajesh Dheer, Company Secretary ( and his relatives)

4) Shri Naval Duseja ,Chief Financial Officer (and his relatives)

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

1) UTech Developers Ltd 2) AKC Retailers Pvt Ltd. 3) Flex International Pvt. Ltd. 4) A.R. Leasing Pvt. Ltd. 5) Anshika Investments Pvt. Ltd. 6) Anant Overseas Pvt. Ltd. 7) Apoorva Extrusion Pvt. Ltd. 8) Anshika Consultants Pvt. Ltd. 9) Cinflex Infotech Pvt. Ltd. 10) A .R. Infrastructures & Projects Pvt Ltd 11) A.L. Consultants Pvt. Ltd. 12) Magic Consultants Pvt. Ltd. 13) Kaya Kalpa Medical Services Pvt. Ltd. 14) AC Infrastructures Pvt. Ltd. 15) Ultimate Infratech Pvt Ltd. 16) SD Buildwell Pvt. Ltd. 17) Niksar Finvest Pvt Ltd. 18) Reflex Energy (Rajasthan) Pvt. Ltd. 19) Ganadhipati Infraproject Pvt. Ltd. 20) Nirman Overseas Pvt Ltd. 21) Sungrace Products (India) Pvt. Ltd. 22) A.R. Airways Pvt Ltd. 23) Virgin Infrastructures Pvt. Ltd. 24) Modern Info Technology Pvt. Ltd. 25) Liberal Advisory Services Pvt. Ltd. (upto 15.02.2018) 26) East Coast Star Hotel Pvt Ltd. . (upto 15.02.2018) 27) Minor Hotels Pvt. Ltd. . (upto 15.02.2018,) 28) Saga Realtors Pvt. Ltd. 29) Club One Airways Pvt. Ltd. 30) Gangotri Management Pvt. Ltd. 31) Manpasand Marketing Pvt. Ltd. 32) Bundelkhand Project Pvt. Ltd. 33) USC Hologram Pvt. Ltd. 34) Flex Industries Pvt. Ltd. 35) Ganadhipati Infrastructure & Projects Pvt. Ltd. 36) Afflatus Gravures Pvt. Ltd (w.e.f. 30.06.2017) 37) Afflatus Graphics Pvt. Ltd (w.e.f. 30.06.2017) 38) RCMT Clothings Pvt. Ltd (w.e.f. 05.09.2017) 39) Mannushree Creations Pvt. Ltd.. (w.e.f. 24.02.2018) 40) UFLEX Europe Ltd. 41) Flex Americas SA.de C.V. Maxico 42) Flex P. Films Egypt S.A.E.(Egypt) 43) Flex Films Europa Sp. Z.o.o.,( Poland) 44) Flex Films (USA) Inc. 45) UPET Holdings Limited, Mauritius 46) UPET (Singapore) Pte Ltd 47) First Flexipack Corporation 48) Flex Middle East FZE , 49) Uflex Packaging Inc. (USA.) 50) Ultra America Inc. 51) Digicyl Pte. Ltd. (Singapore) (w.e.f. 15.02.2018) 52) A-One Catering LLP 53) Ultimate Flexipack Ltd. 54) Ultimate Prepress LLP 55)Naveli Collections Pvt. Ltd.

**(B) Transactions with Related Parties**
**(Rs. In Lacs)**

Nature of Transaction	Enterprise for which Reporting Enterprise is an Associate	Individual owning indirect interest in voting power of the company and his relatives	Key Management Personnel & their relatives	Enterprises as referred to in A(iv)
i) Purchase of Packing Material / Others	52.85 (45.01)	- -	- -	1.21 (-)
ii) Re-imbursement for Purchase of Fixed Assets	- (2.84)	- -	- -	- -
iii) Loan Received	-	-	-	800.00 (-)
iv) Interest Paid	- (-)	- -	- -	12.80 (-)
v) Leases Rent	7.97 (-)	- -	- -	- -

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Nature of Transaction	Enterprise for which Reporting Enterprise is an Associate	Individual owning indirect interest in voting power of the company and his relatives	Key Management Personnel & their relatives	Enterprises as referred to in A(iv)
vi) Dividend Paid	<b>146.75</b> (146.75)	<b>1.32</b> (1.32)	<b>0.00</b> (0.002)	<b>37.68</b> (37.68)
vii) Reimbursement of Expenses	<b>2.80</b> (12.48)	- -	<b>0.90</b> (1.13)	- -
viii) Remuneration	- (-)	- -	<b>105.81</b> (56.08)	- -
ix) Sitting Fees	- -	<b>1.00</b> (1.25)	- -	- -
x) Sales of (MEIS) Licence	<b>173.41</b> (-)	- -	- -	- -
<b>Balance Outstanding at the end of the year</b>				
	Credit	<b>10.64</b> (12.23)	- -	- -
	Debit	<b>32.66</b> (-)	- -	- (-)
Outstanding Guarantee against Term Loans and working capital facilities		<b>2,337.98</b> (3,644.05)		

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

<b>34 Information in respect of CSR Expenditure required to be spent by the Company</b>		<b>(Rs. In Lacs)</b>	
Particulars	For the Year Ended 31.03.2018	For the Year Ended 31.03.2017	
i) Gross Amount required to be spent by the Company	26.42	27.63	
ii) Amount spent during the year on :			
a) Construction / acquisition of any asset	-	-	
b) On purpose other than (i) above	20.00	41.85	
iii) Amount payable as at Year End	0.79	0.65	
<b>35</b> In the opinion of the board and to the best of their knowledge, value of realisation of assets, other than property, plant & equipment in the ordinary course of the business, would not be less than the amount at which they are stated in the balance sheet.			
<b>36</b> Balances of some of the parties are subject to reconciliation & confirmations.			
<b>37</b> The Board of Directors of the Company has not recommended any dividend for the financial year ended 31.03.2018.			
<b>38</b> The Previous year's figures have been regrouped and reclassified wherever necessary.			



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

**39 Financial Instruments****Financial Instruments by category:**

The carrying value and fair value of financial instruments by categories as of March, 31 2018 & as of March, 31 2017 were as follows:

						(Rs in Lacs)
Particulars		Amortised Cost	Financial assets / liabilities at fair value through Profit or Loss	Financial assets / liabilities at fair value through OCI	Total Carrying Value	Total fair value
<b>Assets</b>						
Cash and cash equivalents	CY	313.28	-	-	313.28	313.28
(refer note no 9 & 10)	PY	843.53			843.53	843.53
Trade Receivables	CY	2047.82	-	-	2047.82	2047.82
(refer note no 8)	PY	2023.35			2023.35	2023.35
Loans & Security Deposits	CY	215.57	-	-	215.57	215.57
(refer note no 3)	PY	193.25			193.25	193.25
Other financial assets	CY	14.02	-	-	14.02	14.02
(refer note no 4)	PY	27.12			27.12	27.12
<b>Total</b>	<b>CY</b>	<b>2590.69</b>	<b>-</b>	<b>-</b>	<b>2590.69</b>	<b>2590.69</b>
	<b>PY</b>	<b>3087.25</b>	<b>-</b>	<b>-</b>	<b>3087.25</b>	<b>3087.25</b>
<b>Liabilities</b>						
Trade payables	CY	827.69	-	-	827.69	827.69
(refer note no 16)	PY	986.99	-	-	986.99	986.99
Other financial liabilities	CY	621.09	-	-	621.09	621.09
(refer note no 17)	PY	680.77	-	-	680.77	680.77
Borrowings	CY	2732.99			2732.99	2732.99
(refer note no 13)	PY	3134.05			3134.05	3134.05
<b>Total</b>	<b>CY</b>	<b>4181.77</b>	<b>-</b>	<b>-</b>	<b>4181.77</b>	<b>4181.77</b>
	<b>PY</b>	<b>4801.81</b>	<b>-</b>	<b>-</b>	<b>4801.81</b>	<b>4801.81</b>

**Financial Risk Management :**

In the course of business, amongst others, the Company is exposed to several financial risks such as Credit Risk, Liquidity Risk, Interest Rate Risk, Exchange Risk & Commodity Price Risk. These risks may be caused by the internal and external factors resulting into impairment of the assets of the Company causing adverse influence on the achievement of Company's strategies, operational and financial objectives, earning capacity and financial position.

The Company has formulated an appropriate policy and established a risk management framework which encompass the following process.

- identify the major financial risks which may cause financial losses to the company
- assess the probability of occurrence and severity of financial losses
- mitigate and control them by formulation of appropriate policies, strategies, structures, systems and procedures
- monitor and review periodically the adherence, adequacy and efficacy of the financial risk management system.

The Company enterprise risk management system is monitored and reviewed at all levels of management, Internal Auditors, Statutory Auditors, Audit Committee and the Board of Directors from time to time.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018****Credit Risk**

Credit Risk refers to the risks that arise on default by the counter party on its contractual obligation resulting into financial loss to the company. The company may carry this Risk on Trade and other receivables, liquid assets and some of the non current financial assets.

In case of Trade receivables, the company has framed appropriate policy for extending credits period & limit to each customer based on their profile, financial position and their external rating etc. The collections of trade dues are strictly monitored. In case of Export customers, even credit guarantee insurance is also obtained.

Company's exposure to Credit Risk is also influenced by the concentration of risk from top five customers. The details in respect of the % of sales generated from the top customer and top five customers are given hereunder.

Particulars	Current Year	Previous Year
Revenue from Top Customer	47%	40%
Revenue from Top Five Customers	74%	73%

The credit risk on cash, cash equivalent and fixed deposit are insignificant as counter parties are public sector banks. The non current financial assets include security deposit with Govt. body, hence no associated credit risk

**Liquidity Risk**

Liquidity Risk arises when the company is unable to meet its short term financial obligations as and when they fall due.

The company maintains adequate liquidity in the system so as to meet its all financial liabilities timely. In addition to this, the company's overall financial position is very strong so as to meet any eventuality of liquidity tightness.

Contractual maturities of financial liabilities are given as under:

Particulars	As at 31st March 2018	Due within 12 months from Balance Sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	3,137.97	1,726.87	1,411.10
Trade payables	827.69	827.69	-
Other Financial Liability	216.11	216.11	-
Other Liabilities	251.81	251.81	-
Current Tax Liability	117.00	117.00	-

**Interest Rate Risk :**

Generally market linked financial instruments are subject to interest rate risk. The company does not have any marked linked financial instrument both on the asset or liability side. Hence no interest rate risk.

In case of the borrowings by the company, the company is subject to interest rate risk on account of any fluctuation in the base rate fixed by the banks. Every fluctuation in the base rate of the bank either on the higher or lower side will result into financial loss or gain to the company

The borrowings of the company amounting to Rs. 3137.97 Lacs as on 31.03.2018, which is linked with the Base Rate of the Banks.

Based on the structure of debt as at year end, a one percentage point increase in the debt would cause an additional expense in the net financing cost of Rs. 31.38 Lacs.

**Foreign Exchange Risk :**

The company is exposed to the foreign currency risk from transactions. Transactional exposures are arising from the transactions entered into foreign currency. Management keeps a close watch of the maturity of the financial assets in foreign currency and payment obligations of the financial liabilities.

The company imported goods for insignificant amounts on trade account. Approximately 75% of revenue were earned in foreign currency due to nature of business being exports. In a way, Company is a net foreign exchange earner.

The Company did not undertake hedging to cover exchange risk and kept its foreign exchange exposure open mainly due to its supplies to customers overseas which were on Credit and it resorted to discounting of such supply bills with its bankers. In this situation, the Exchange rate was crystalised on the date of discounting & did not remain open ended till the date of realization of Export proceeds. This measure also mitigated the Exchange Rate Risk.


**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Based on one percentage point variations in the exchange rate, the profit for the year based on the foreign currency transaction entered during the period will be effected by 5.03%.

**Commodity Price Risk :**

Raw materials which company procures from the open market are agricultural products, production of which is directly effected by weather conditions and pricing is linked to the prevailing demand & supply conditions of the products. Company mitigate this risk by bulk buying during season for off season use.

The company has been operating in a global competitive environment due to its dependence mainly on Exports. The competition has been becoming more fierce and it has been subject to major competition from other Asian Countries largely China which has been causing pressure on the product prices & volumes resulting into drop in the selling prices and profit margins.

In order to combat this situation, the Company formulated manifold plans and strategies to develop new customers, focus on newer product developments to increase its product portfolio and also accelerate its efforts to develop domestic market for its products. In addition to this, it has also been focusing on improvement in products quality and productivity of operations. With these measures, company expects to counter the commodity price risk.

**Risk Management Strategy Related to Biological Assets**
**Regulatory and Environmental Risks**

The Company is subject to laws and regulations in the locations in which it operates. The company has established environmental policies and procedures aimed at compliance with local environmental and other laws.

**Supply and Demand Risk**

The Company is exposed to risks arising from fluctuations in the price and sales volume of its product i.e. Fresh Mushroom. Management performs regular industry trend analysis to project harvest volumes and pricing. Where possible, the company manages this risk by aligning its harvest volumes to market supply and demand.

**Climate and other Risks**

The company's biological asset is exposed to the risk of damage from climatic changes, diseases and other natural forces. The company has extensive processes in place aimed at monitoring and mitigating these risks, including growing under controlled conditions.

**Note : Signatories to Notes 1 to 39**
**For and on behalf of the Board of Directors**
**This is the Balance Sheet referred to in our report of even date attached**
**Ashok Chaturvedi**  
**Chairman**  
**DIN -00023452**
**A.R. Rao**  
**Whole-Time Director & C.E.O.**  
**DIN -05116052**
**For MJMJ & Associates LLP**  
**Chartered Accountants**  
**Converted from MJMJ & Associates**  
**(Partnership Firm) on 11.11.2016**  
**Firm Registration No 027706N/C400013**
**M.M. Varshney**  
**Sr. Vice president**
**Rajesh Dheer**  
**Company Secretary**
**Naval Duseja**  
**Chief Financial Officer**
**Megha Jain**  
**Partner**  
**Membership No. 415389**
**Place : Noida**  
**Dated : 26<sup>th</sup> May, 2018**



# FLEX FOODS LIMITED

(CIN L15133UR1990PLC023970)

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

## ATTENDANCE SLIP

28<sup>th</sup> Annual General Meeting

Regd. Folio/DP & Client ID No:..... No .of Shares Held:.....

I certify that I am a Registered Shareholder/Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the Company to be held on **Thursday, 23<sup>rd</sup> day of August, 2018 at 3.00 P.M.** at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, (Uttarakhand) and at any adjournment thereof.

Member's Name : .....

Proxy's Name : .....

Member's/ Proxy's Signature

Note : 1. Please fill this attendance slip and hand it over at the entrance of the Hall.

2. Members/Proxy Holders/Authorised Representatives are requested to show their Photo ID Proof for attending the Meeting .

3. Authorized Representatives of Corporate Member(s) shall produce proper authorization issued in their favour.

Form No. MGT-11



# FLEX FOODS LIMITED

(CIN L15133UR1990PLC023970)

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

## PROXY FORM

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

Name of the Member(s) : .....

Registered Address : .....

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

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

1. Name : ..... Address:.....

..... E.mail ID:..... Signature:..... or failing him

2. Name : ..... Address:.....

..... E.mail ID:..... Signature:..... or failing him

3. Name : ..... Address:.....

..... E.mail ID:..... Signature:..... as

my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company to be held on **Thursday, 23<sup>rd</sup> day of August, 2018 at 3.00 P.M.** at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, (Uttarakhand) and at any adjournment thereof in respect of such Resolutions as are indicated below:

Sl. No.	Resolutions Ordinary Business	Optional	
		For	Against
1	To adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2018		
2	To appoint a Director in place of Shri Ashok Chaturvedi (DIN: 00023452), who retires by rotation and, being eligible, offers himself for re-appointment.		
3	Appointment of Mr. A Raghavendra Rao (DIN 05116052) as Director		
4	Appointment of Mr. A Raghavendra Rao as Whole-time Director		
5	Appointment of Mr. R.K. Mishra (DIN 07905342) as Independent Director		
6	Re-appointment of Mr. P.N. Sharma (DIN 00023625) as Independent Director for 2nd term		
7	Amendment of Article of Association of the Company		

Signed this.....day of.....2018

Affix  
Revenue  
stamp

Signature of Proxy holder(s)

Signature of the Shareholder

- Note:**
1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
  2. For Resolutions and Notes, please refer to the Notice of 28th Annual General Meeting of the Company.
  3. It is Optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the, 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
  4. Please complete all details including details of Member(s) in above box before submission.



# ROUTE MAP

