

**20th
ANNUAL REPORT
2009 - 2010**



FLEX FOODS LIMITED



FLEX FOODS LIMITED

TWENTIETH ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE OFFICER

PRABIR GHATAK

COMPANY SECRETARY

RAJESH DHEER

AUDITORS

JAIN SINGHAL & ASSOCIATES
New Delhi
Statutory Auditors

VIJAY SEHGAL & CO.
Delhi
Internal Auditors

BANKERS

CANARA BANK

REGISTERED OFFICE

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

SHARE DEPARTMENT

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

WORKS

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

Chidderwala
Dehradun
(Uttarakhand)

FLEX FOODS LIMITED



NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Flex Foods Limited will be held on Saturday, the 28th day of August, 2010 at 3:00 P.M. at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, Uttarakhand to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. To declare dividend for the Financial Year 2009-2010 on the Equity Shares of the Company.
3. To appoint a Director in place of Shri Ashok Chaturvedi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri T.N. Pandey, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors. M/s. Jain Singhal & Associates, Chartered Accountants, New Delhi retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

By Order of the Board

RAJESH DHEER
Company Secretary

Place : NOIDA
Dated : 2nd July, 2010

Regd. Office:

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

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and on a poll, to vote instead of himself. The proxy need not be a member of the Company. A blank form of proxy is enclosed and if intended to be used, it should be returned, duly completed, to the Registered Office of the Company not less than forty eight hours before the scheduled time of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd August, 2010 to 28th August, 2010 (both days inclusive).
3. The Members holding shares in physical form are requested to notify change in address, if any, to the Company's Registrar & Share Transfer Agent (RTA), Beetal Financial & Computer Services Pvt. Ltd., BEETAL House, 3rd Floor, 99, Madangir, Near Dada Harsukh Dass Mandir, Behind Local Shopping Centre, New Delhi – 110062 quoting correct Folio Number(s) and in case of shares held in dematerialized form to the concerned Depository Participant.
4. Members seeking further information about the Accounts are requested to write at least one week before the date of Meeting, so that it may be convenient to get the information ready at the Meeting.
5. The Company has paid the Annual Listing fees for the year 2010-2011 to The Bombay Stock Exchange Limited at which the Company's securities are presently listed. The Company has applied to the Delhi Stock Exchange for delisting of its equity shares.
6. The Company had sent final notice by registered post to the partly paid-up Shareholders for payment of allotment money due from them. The final date for receipt of allotment money was 14.09.2009. The Company is considering the proposal for forfeiture of partly paid-up shares.

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

Name of the Director	Shri Ashok Chaturvedi	Shri T. N. Pandey
Date of Birth	15.10.1956	20.08.1932
Date of Appointment	05.02.1990	01.11.2001
Experience in specific functional area	Chief promoter of the Flex group of the companies who had set up the business himself being the first generation entrepreneur and have in-depth knowledge of the business of the Company.	Retired from the Government service as Chairman of the Central Board of Direct Taxes. He has vast and varied experience and has held several important positions during his illustrious career with the Central Government
Qualification	B.Sc	M. Com, LL.B, LL.M.
Directorship in other Public Limited Companies	UFLEX Limited. UTech Developers Limited Ultimate Flexipack Limited UTech Retailers Limited	Kailash Health Care Limited
Members/Chairman of Committee of the Board of the Public Limited Companies on which he is Director	Audit Committee UTech Developers Limited (Chairman) Remuneration Committee Nil Shareholders'/Investors' Grievances Committee Nil	Audit Committee Flex Foods Limited (Chairman) Kailash Health Care Limited (Chairman) Remuneration Committee Flex Foods Limited Shareholders'/Investors' Grievances Committee Flex Foods Limited (Chairman)

Note : None of the Non-executive Directors of the Company hold any shares/convertible instrument in the Company except Shri Ashok Chaturvedi (Non-executive Chairman) who holds 10 equity shares of the Company

**DIRECTORS' REPORT**

To the Members,

Your Directors are pleased to present the 20th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2010.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2010 and for the previous year ended 31st March, 2009 are as follows:

	Year Ended 31.03.2010	(Rs. in lacs) Year Ended 31.03.2009
Sales	3589.06	4310.51
Other Income	401.98	393.24
Profit before Interest, Financial Charges & Depreciation	1067.84	1477.15
Interest & Financial Charges	186.39	248.20
Depreciation	334.99	328.69
Profit before Tax	546.46	900.26
Provision for Taxation	91.72	100.50
Provision for Deferred Tax Charges/(Credit)	70.88	(42.48)
Wealth Tax	0.46	0.43
Fringe Benefit Tax	—	6.58
Profit after Tax	383.39	835.24
(Short)/Excess Provision of earlier year		
- For Income Tax	(0.64)	4.02
- For Wealth Tax	—	(0.001)
- For Fringe Benefit Tax	1.02	(0.53)
Profit for the Year	383.77	838.73
Profit brought forward from Previous Year	2966.70	2719.28
Profit available for appropriations	3350.47	3558.02

Your Company achieved a turnover of Rs.3991.04 lacs including other income of Rs.401.98 lacs in comparison to turnover of Rs.4703.75 lacs including other income of Rs.393.24 lacs in the previous year ended 31st March 2009. During the year the Company made export of manufactured/traded goods on FOB basis to the tune of Rs.2398.01 lacs which is approximately 66.81% of the total sales. Your Company ended the year with a net profit of Rs.383.77 lacs for the year ended 31st March 2010 compared to profit of Rs.838.73 lacs for the previous year ended 31st March, 2009.

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

Dividend

Your Directors are pleased to recommend a dividend @ Rs.2/- per share for the financial year ended 31st March, 2010. The dividend if approved at the forthcoming Annual General Meeting will be paid to Members whose name appear in the Register of Members as on 28th August, 2010. In respect of shares held in dematerialized form, it will be paid to those members whose name are furnished by National Securities Depository Limited and Central Depository Service (India) Limited as beneficial owner as on 28th August, 2010

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Ashok Chaturvedi and Shri T.N. Pandey, Directors of the Company retire by rotation and being eligible offer

themselves for re-appointment.

Brief resume of the Directors seeking re-appointment, nature of their expertise in specific functional areas and the name of the Public Companies in which they hold Directorship and Chairman/Membership of the Committee of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given as Annexure to the Notice convening the Annual General Meeting.

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

Fixed Deposits

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

Auditors

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

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

Corporate Governance

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

Directors' Responsibility Statement

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

- 1) that in the preparation of the Annual Account for the Financial Year ended 31st March, 2010, the applicable accounting standards have been followed and there has been no material departure.
- 2) that the Directors have selected such Accounting Policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profits of the Company for the year under review.
- 3) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) that the Directors have prepared the Annual Accounts on a going concern basis.

The Company's Internal Auditors have conducted periodic audit to provide reasonable assurance that the Company's

FLEX FOODS LIMITED



established policies and procedures have been followed. The Audit Committee constituted by the Board reviews the internal control and financial reporting issues with the Internal Auditors.

Particulars of Employees

Particulars of employees as required u/s 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure 'A' forming part of this report.

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

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

Personnel

Relations with the Employees remained cordial and harmonious throughout the year, thereby strengthening

the commitment of the Employees at all level to the growth of the Company.

Acknowledgement

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

For and on behalf of the Board

R.K. Jain
Director

S.K. Kaushik
Director

Place : NOIDA
Dated : 2nd July, 2010

ANNEXURE 'A' TO DIRECTORS' REPORT

Information as per Section 217(2A)(B)(1) read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report.

A. EMPLOYED FOR THE FULL YEAR

Sl. No.	Name	Age	Designation	Remuneration Rs.	Qualifications	Experience (Yrs.)	Date of Appointment	Last Employment (Position held)
1.	Sh.Varshney Madan Mohan	50	Vice President	2674543	M. S. (Food Technology)	25	18.02.2008	Weikfield Agro Products Ltd. (Chief Executive Officer)

B. EMPLOYED FOR PART OF THE YEAR

1.	Sh. Ghatak Prabir	54	Chief Executive Officer	2465004	M. Tech MBA	28	13.07.2009	Getz Corp.USA (President)
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ANNEXURE 'B' 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) CONSERVATION OF ENERGY

Energy Conservation Measures Taken

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

Efficient generation of steam was achieved by proper selection of fuel, improved burner efficiency, controlled & complete combustion of fuel, recycling of condensate, flash recovery, proper heat distribution & technology upgradation.

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

Additional investments and proposals being implemented for reduction of energy consumption

IQF Unit: Refrigeration unit was modified to improve handling capacity by installing new compressor, separator,

receiver, cooling tower & cold room. The cooling capacity of existing cold rooms was enhanced.

Freeze Drying Unit: New more energy efficient dehumidification unit was installed in packing room.

Impact of the above measures

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

New more energy efficient dehumidification unit installed in Freeze Drying Unit has resulted in significant fuel savings.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

i) Specific areas in which R&D carried out by the Company

The Company prioritized and carried out R&D work in process and product development of vegetables and organic herbs and other conventional herbs like Pimpernelle, Garden Cress and Lemon Balm.

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

a) Process certification of facility for organic production has been obtained from Uttarakhand Organic Board, Dehradun.

b) IQF Pimpernelle, Garden Cress and Lemon Balm were developed and manufactured in addition to other herbs.

c) IQF Organic Thyme, Parsley, Basil and Dill was manufactured in addition to other conventional IQF herbs.



- d) IQF Green Beans were manufactured and supplied in the domestic market.
- iii) Future Plan of Action
- a) Steps are continuously being taken for innovation and renovation of products including new product development like Air dried Mushroom, Broccoli, Cauliflower, Orange Carrot and other Air dried vegetables.
- b) Efforts are being done to introduce Air dried herbs in retail packing for the domestic market.
- c) Automation and process line modifications are being planned to substantially reduce labour costs and to improve productivity and quality.
- d) Steps are being taken for Global Gap Certification (formerly Euro gap) for Mushroom Farm and herbs growing (for selected farmers).
- iv) Expenditure on R&D
- During the year, Company spent Rs.0.41 Lacs. This is very negligible to the percentage of the turnover of the Company.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities related to Exports: Initiatives were taken to increase exports, development of new export markets for products and services. The Company is at present exporting its products to North America and Europe. The Company is continuously exploring possibilities of exporting new and enhanced quantities of existing product mix to existing and new prospective markets.
2. During the year Company has exported manufactured goods on FOB basis amounting to Rs.2398.01 lacs. The expenditure incurred in Foreign Exchange (including value of imports) during the year amounted to Rs.78.93 lacs.

For and on behalf of the Board

R.K. Jain
Director

S.K. Kaushik
Director

Place : NOIDA
Dated : 2nd July, 2010

MANAGEMENT DISCUSSION AND ANALYSIS**Forward Looking Statements**

Forward looking statements are based on certain assumptions of future events over which the Company exercises no control. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those that may be projected or implied by the forward looking statements. Such risks and uncertainties include, but are not limited to growth, competition, acquisitions, domestic and international economic conditions affecting demand, supply and price conditions in the various business in the Company's portfolio, changes in Government regulations, tax regimes and other statutes, and the ability to attract and retain high quality human resources.

The forward looking statements of the Company reflect the current expectations regarding future results of operation and involve a number of known and unknown risks, uncertainties and other factors that could affect industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied.

Industry Scenario and Developments

The uncertainties facing the Country at the beginning of the year following the global recession, coupled with sub-normal monsoons, gave way to economy showing signs of revival by the second quarter followed quickly by robust recovery in the second half with an estimated and broad-based GDP growth of 7.2%. To a considerable extent aided by the stimulus measures taken by the Government, an easing in credit & release of the pay commission arrears, major setback was averted and India climbed out of the slowdown faster than expected, despite a sluggish export recovery.

Indian food processing industry is widely recognized as a 'sunrise industry' having huge potential for uplifting agricultural economy, creating of large scale processed food manufacturing and food chain facilities and the resultant generation of employment and export earnings. Indian food industry expected to grow to US\$ 280 billion by 2015 and generate an additional employment for approximately 8.2 million people. Also, food consumption in India is estimated to grow at a CAGR of 5.32% by 2013. Further, it is expected that processed food output will grow at a strong 7% CAGR in terms of value from US\$ 55.6 billion in 2005 to US\$ 95.6 billion in 2013.

The mushroom industry has a bright future due to increasing world wide mushroom demand. This continues to be centered on the white-button mushroom, which accounts for nearly 40 per cent of world production, with major growers located in the US, France and China. Large scale white or red button mushroom production is centered in Europe (mainly western part), North America (USA, Canada) and S.E. Asia (China, Korea, Indonesia, Taiwan and India).

India is not a major producer of any of the mushroom varieties, but it is advancing in mushroom cultivation. The variety gaining maximum popularity in India had been the white-button mushroom, which registered the highest growth rate in production terms. The mushroom industry in India is largely an export-oriented one as the domestic demand for mushroom is not significant. A major part of the production is exported. India exports the highest quantity of the mushrooms produced in the Country to USA. However, vis-à-vis exports by other countries, it can not be considered a major player in the field.

Business Overview

Flex Foods Ltd. has diversified its operations and offers a wide range of Vacuum Freeze Dried, Air-Dried, Frozen and IQF (Individually Quick Frozen) product range of mushrooms, herbs and fruits/ vegetables, meeting strict quality & hygiene standards. Canned button mushroom in various shapes and sizes is also available as per the customer requirement. Flex Foods Limited is a single point source of supplier of Frozen, IQF, Air Dried as well as Freeze Dried products to the customers as per their requirements.

Product-wise performance

Sale of Finished Goods

Description	Current Year		Previous Year	
	Qty. (in kgs)	Value (Rupees)	Qty. (in kgs.)	Value (Rupees)
Freeze dried Mushrooms, Herbs, Vegetables & Fruits	1,16,752	15,27,44,083	1,49,740	21,13,06,048
Processed Food viz. Mushroom Fresh & Processed (including Canned)	12,19,835	7,49,99,822	12,12,948	7,69,54,026
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	9,29,465	9,69,21,098	11,53,833	11,92,53,152
Air Dried Fruits, Vegetables, Mushroom & Herbs	1,33,951	3,42,41,418	1,03,331	2,14,28,646
Others	-	-	-	21,09,555
Total	24,00,003	35,89,06,421	26,19,852	43,10,51,427

The overall current year's production and realizations are low compared to the previous year, but this is a temporary phase caused by some unexpected factors and the Company hopes to overcome these in the current year's working and continue with the increasing trends.

Opportunities and Threats

Opportunities

1) Demand for button mushroom

Button mushroom is the most popular mushroom variety grown and consumed the world over. In India, its production earlier was limited to the winter season, but with technology development, these are now produced almost throughout the year in small, medium and large farms, adopting different levels of techniques.

2) Foods and vegetables - fast growing sector

Fruits and vegetables are one of the most important and fast growing sub-sectors of the food processing industry. Over the last few years, there has been a positive growth in ready-to-serve beverages, fruit juices and pulps, dehydrated and frozen fruits and vegetable products, tomato products, pickles, convenience vegspice pastes, processed mushrooms and curried vegetables. The demand has increased because of the factors like consumption by nuclear families, working women, students and single employees staying alone.

There are abundant opportunities in expanding the export market because of good international demand for certain fruits and vegetable products. The Indian food processing industry is primarily export oriented. India's geographical situation gives it the unique advantage of connectivity to Europe, the Middle East, Japan, Singapore, Thailand, Malaysia and Korea.

3) Changing food habits of the people

Mushroom, a fungus product, is considered a delicious food all over the world because of its taste, aroma and structure. It is full of nutrients, low in calories, high in proteins, vitamins, minerals and a rich source of folic acid. It is an alternate choice for weight conscious people and anemic patients. It has 4.9% protein content which is more than cow milk, green vegetables such as beans etc.

4) Opportunities for empowering rural and urban women

Mushroom being an indoor crop provides vast opportunities for empowering rural and urban women through cultivation, production of value-added products and marketing. Vast opportunities for unemployed youth to take up mushroom cultivation and marketing also exist.

Threats

1) Lack of good quality spawn

The yield of mushroom to a great extent depends upon quality of spawn. Good quality of spawn should be contamination free with high yield potential. The non-availability of quality spawn is a common problem of large mushroom growers.

2) Uncontrolled price structure of mushroom

When there is a glut in the market, the price of mushroom falls down to Rs.20-30/Kg but as the demand increases or there is shortage of mushrooms in the market the price rises up to Rs.60-70/Kg. Thus there is always an uncertainty in market prices of mushroom which reduces the amount of net profit and this discourages the mushroom growers. This problem gets aggravated during peak production months, also because there is no minimum support price from the Govt. even in states with good number of mushroom farmers.

3) Lack of common facility for pre-cooling and storage of fresh mushroom

This is also a severe problem being experienced by large mushroom growers. During the peak production period, growers are unable to dispose off their fresh mushrooms on the same day and they are forced to keep it for the next day. In such a situation, the quality of fresh mushroom deteriorates and it also loses weight as it is a highly perishable commodity.

4) High transportation charges

Although, agro and animal wastes are available in plenty in India but their availability are not evenly distributed. Due to diversified climate and topography of land, different kinds of crops are raised in different parts of the Country. For instance, wheat and paddy straw is easily available at cheaper rates in the plains of North India while the same is a scarce commodity in the hilly regions. Since mushroom cultivation is based on agro-waste, the raw materials



required for its cultivation are usually transported from plains to hills in huge quantity and mushroom growers have to pay heavy transport charges. The hike in diesel/petrol prices from time to time aggravates this problem.

5) Commercial rate of electricity tariff

Similarly, both small and big mushroom growers have to pay electricity charges at commercial rate, although mushroom farming is an agricultural activity. It has been highlighted by the concerned scientific community during scientific gatherings, seminars, meetings etc. many times, but no relief has been given. This has led to high cost of production due to increased capital as well as recurring expenditure on mushroom farming affecting its competitiveness in world markets.

6) Competition

Freeze dried products market has also become highly competitive with the entry of China, which has managed to gain substantial market share for certain products owing to competitive prices and an acceptable level of quality in many cases.

To address these risks, the Company has a single point source supplier of Frozen/IQF (Individually Quick Frozen), Air Dried as well as Freeze Dried products to the customers as per their requirements with high quality mushrooms and herbs at a lower cost. Though the competition is fierce, the goodwill and the quality of the products offered by the Company are great plus factors and the Company expects to overcome the competition. The Company had expanded its product line both horizontally as well as vertically by establishing two new facilities of IQF and Air-drying.

The Company has been accredited with global standard for food safety (formerly BRC) in its revised standard at grade "A" for its manufacturing facilities. The Company mushroom farm is also accredited with ISO 22000:2005.

Future Outlook

Food Processing Industry is of enormous significance for India's development because of the vital linkages and synergies that it promotes between the two pillars of the economy, namely Industry and Agriculture. The growth potential of this sector is enormous and it is expected that the food production will double in the next 5 years and the consumption of value added food products will also grow at a fast pace. This growth of the Food Processing Industry will be of immense benefits to the economy, raising agricultural yields, meeting productivity, creating employment and raising the standard of very large number of people through out the Country, specially, in the rural areas. Economic liberalization and rising consumer prosperity is opening up new opportunities for diversification in food processing sector.

The nature of the Indian food processing market and the experiences of successful Indian and MNC players indicate that this sector will grow substantially in future because of the following reasons :

1. Effective distribution network and supply chain
2. Product range that is customized to suit local market requirements.
3. Superior processing technology
4. Brand building and marketing

Keeping in view the growth potential of food processing industry, the Company is exploring markets of retail pack of air dried herbs in India and abroad. Further, the global economy seems to be recovering after the recent economic shocks and the Company expects high growth in export sales during the current financial year, i.e. 2010-2011.

Management is consistently keeping close watch on the changing market scenario and the business strategy is reviewed regularly for achieving a consistent growth by meeting the tough international competition successfully.

Risks & Concerns

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

Internal Control System & Their Adequacy

The Company has an adequate system of internal controls to ensure that all activities are monitored and controlled as well as transactions are authorized, recorded and reported correctly. The Company has effective budgetary control system and the actual performance is reviewed with reference to the budget periodically by the management. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines, which are supplemented by internal audit regularly.

The Audit Committee of the Board meets on quarterly basis and reviews the internal control systems as well as financial statements.

Human Resources/Industrial Relations

The Company lays due emphasis on sound Human Resource Management practices and appraisal systems with focus on cordial employee relations to ensure higher level of productivity and operational efficiency. Adequate efforts have been made to strengthen and develop its human resources as a key strength through continuous training inputs and focused development plan. As on 31st March 2010, the total numbers of permanent employees in the Company were 500.

FLEX FOODS LIMITED**ANALYSIS OF FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE**

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

A. FINANCIAL CONDITIONS**Fixed Assets**

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

Year ended March 31st	2007	2008	2009	2010
Gross Block (Rs. in Lacs)	6634	6757	6987	7005

The composition and growth of assets was as under:

(Rs. in lacs)

Particulars	March 31, 2010	March 31, 2009
Land	99.70	99.70
Buildings	1212.33	1212.33
Plant & Machinery	5369.58	5354.82
Electrical Fittings & Installations	141.59	141.59
Equipments	80.65	75.91
Furniture & Fixtures	10.30	10.30
Vehicles	90.96	91.89
Total	7005.11	6986.54
Less: Acc. Depreciation	3135.94	2811.33
Add: CWIP	13.24	2.61
Net Fixed Assets	3882.41	4177.82

CURRENT ASSETS, LOANS & ADVANCES**Inventories**

Inventories include stock of raw material, consumables, work-in-progress, finished goods and packing material. Total inventories were Rs.996.95 lacs, representing 14.23% of the fixed assets.

Sundry Debtors

Sundry debtors were Rs.622.71 lacs as at 31st March, 2010 as against Rs.711.60 lacs as at 31st March, 2009. Debtors as a percentage of total operating revenue were 17.35 % for the current year as against 16.51 % for the previous year.

Cash and Bank Balances

Cash and bank balances were 2.33 % of total assets as on 31st March, 2010 as against 2.28 % as on 31st March, 2009.

Loans & Advances

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

Net Deferred Tax Assets

Deferred tax liabilities of Rs.356.63 lacs represent closing balance of net deferred tax liabilities after adjusting total deferred tax assets and deferred tax liabilities as on 31.03.2010. It has been calculated in accordance with Accounting Standard -22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

CURRENT LIABILITIES & PROVISIONS**Current Liabilities**

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

B. RESULTS OF OPERATIONS

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

[Rs. in lacs]

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	Amount	%	Amount	%
INCOME				
Income from operations	3589.06	83.86	4310.51	89.68
Other income	401.98	9.39	393.24	8.18
Increase/(Decrease) in stock	288.72	6.75	102.78	2.14
Total Income	4279.76	100.00	4806.53	100.00
EXPENDITURE				
Raw Material Consumed	698.72	16.33	706.37	14.70
Other Manufacturing Exp.	1178.71	27.54	1165.63	24.25
Payment & Benefit to Employees	612.30	14.31	564.48	11.74
Administrative, Selling & Other Expenses	722.19	16.87	892.90	18.57
Operating Expenses	3211.92	75.05	3329.38	69.27
EBDIT	1067.84	24.95	1477.15	30.73

The Company is well set for future growth expansions and profitability.

**REPORT ON CORPORATE GOVERNANCE****CORPORATE GOVERNANCE**

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

1. Company's Philosophy on Code of Governance

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

2. Board of Directors**(a) Composition of the Board (As on March 31, 2010)**

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

The composition and category of Directors as on 31.03.2010 is as follows:

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

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

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

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

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

Thus the requirements prescribed by clause 49 are fully complied with

Information supplied to the Board

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

Compliance reports of all applicable laws to the Company

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

(b) Board Meetings and attendance record of each Director

Four Board Meetings were held during the financial year 2009-2010. The dates on which the meetings were held are, 28th April, 29th July, 29th October in the year 2009 and 28th January in the year 2010. The gap between two meetings was not more than four months.

FLEX FOODS LIMITED

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

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

3. Audit Committee

Presently, the Audit Committee comprises of four Member Directors viz. Mr. T.N. Pandey, Mr. G.N. Gupta, Mr. M.G. Gupta and Mr. R.K. Jain. All the members of the Audit Committee are Non-executive Directors out of which three are independents. Mr. T.N. Pandey is the Chairman of Audit Committee. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 30.09.2009. All the members of the Audit Committee have accounting and financial management expertise.

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

1. Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause No. (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in Accounting Policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgement by Management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- 5A Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
6. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.



12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
13. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
14. To review the following information
 - The Management Discussion and Analysis of financial condition and results of operation;
 - Statement of significant related party transaction (as defined by the Audit Committee), submitted by Management;
 - Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal Audit Reports relating to internal control weaknesses and
 - The appointment, removal and terms of remuneration of Internal Auditors.
15. Approval of appointment of CFO after assessing the qualifications, experience and backgrounds etc. of the candidate

Power of the Audit Committee

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

Details of Meetings and Attendance

During the year, the Audit Committee had met four times on 28.04.2009, 29.07.2009, 29.10.2009, & 28.01.2010. The attendance of each Committee members is as under:

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

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

4. Remuneration Committee

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

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/ Whole-time Directors/Manager based on performance and defined criteria.

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

Details of Remuneration paid to Managing/Whole-time Directors/Manager/CEO for the year ended 31.03.2010 is given below:

Name	Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)	Service Contract
Mr. Prabir Ghatak	1291936	1173068	—	2465004	—
Mr. M.M. Varshey	1270000	1404543	—	2674543	3 Years

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

Details of Sitting Fees paid to the Directors during the financial year are as follows: **(Figures in Rs.)**

Name of Directors	Board Meetings	Committee Meetings	Total
Mr. Ashok Chaturvedi	40000	—	40000
Mr. T.N. Pandey	40000	70000	110000
Mr. G.N. Gupta	40000	50000	90000
Mr. M.G. Gupta	40000	50000	90000
Mr. R.K. Jain	40000	70000	110000
Mr. S.K. Kaushik	40000	20000	60000

5. Shareholders'/Investors' Grievance Committee

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

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

During the year, the Shareholders'/Investors' Grievance Committee had met on 28th September, 2009 and 30th March, 2010.



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

The total numbers of complaints received and resolved during the year under review were 4, outstanding complaints as on 31.03.2010 were nil. There was no valid share transfer pending for registration for more than 30 days as on the said date.

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

6. Subsidiary Companies

The Company does not have any Subsidiary Company.

7. Board Procedure

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

8. Compliance Certificate

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

9. General Body Meetings

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

AGM	Day Date & Time	Venue	Special Resolution Passed
17 th	Saturday, September 22, 2007 at 03.00 PM	Registered Office at: Lal Tappar Indl. Area, P.O. Rasham Majri Haridwar Road, Dehradun, Uttarakhand	Appointment of Mr. Devendra Tiwari as Manager under the Companies Act, 1956
18 th	Saturday, August 09, 2008 at 03.00 PM	Same as above	NIL
19 th	Wednesday, September 30, 2009 at 03.00 PM	Same as above	Appointment of Mr. Madan Mohan Varshney as Manager under the Companies Act, 1956

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

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

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

10. Disclosures

a. Related Party Transactions

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

b. Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

c. Disclosures of Risk Management

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

d. Proceeds from the Preferential Issue of Equity Shares/Warrants/FCCBs

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

e. Particulars of Directors to be appointed/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.

f. Management Discussion and Analysis

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

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

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

**h. Code of conduct**

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

i. Review of Directors' Responsibility Statement

The Board in its Report to the Members of the Company have confirmed that the Annual Accounts for the year ended March 31, 2010 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

11. CEO/CFO Certifications

Mr. Prabir Ghatak, CEO and Mr. Naval Duseja, Asst. General Manager (Finance & Account) CFO have given CEO/CFO certificate as per format prescribed under Clause No. 49(V) of the Listing Agreement to the Board at its meeting held on 2nd July, 2010.

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

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

(i) The Board

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

All the Directors including Independent Directors are appointed/re-appointed by the Board from time to time. No maximum tenure for the Independent Directors has been specifically determined by the Board.

(ii) Remuneration Committee

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

(iii) Shareholders Rights

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

(iv) Audit Qualifications

There are no Audit Qualifications in the Company's financial statements for the year under reference.

(v) Training of Board Members

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

(vi) Mechanism for evaluation of Non-Executive Directors

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

(vii) Whistle Blower Policy

The Company does not have Whistle Blower Policy for the time being.

13. Means of Communication

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

14. General Shareholders Information**(a) Annual General Meeting to be held**

Date : 28th August, 2010

Day : Saturday

Time : 3:00 P.M.

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

(b) Financial Calendar

- Results for quarter ending 30.06.2010: 1st week of August, 2010
- Results for quarter ending 30.09.2010: 1st week of November, 2010
- Results for quarter ending 31.12.2010: 1st week of February, 2011
- Results for quarter ending 31.03.2011: 1st week of May, 2011

(c) Book Closure date

23.08.2010 to 28.08.2010 (both days inclusive)

(d) Dividend

Dividend for the financial year 2009-2010, if declared will be paid/credited to the account of the shareholders on or after 28th August, 2010.

FLEX FOODS LIMITED



(e) Listing of Equity Shares on Stock Exchanges

The equity shares are listed with The Bombay Stock Exchange Limited.

Note : 1) Annual Listing fee for the year 2009-2010 have been duly paid to The Bombay Stock Exchange Limited.
2) The Company's application with the Delhi Stock Exchange Limited for approval of Delisting of its Equity Shares is pending from 24.02.2009.

(f) **Stock Code** - Trading symbol – Bombay Stock Exchange Ltd : 523672
(Equity shares) - Trading symbol – Delhi Stock Exchange Ltd. : 06004

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

(h) Stock Market Price for the year 2009-2010:-

Share prices on Bombay Stock Exchange Limited are as under : (In Rupees.)

Month	High	Low
April, 2009	25.00	17.40
May, 2009	29.00	19.70
June, 2009	28.50	21.85
July, 2009	28.50	22.00
August, 2009	34.00	25.00
September, 2009	34.95	27.80
October, 2009	36.45	26.05
November, 2009	29.90	25.10
December, 2009	31.50	26.40
January, 2010	35.00	26.60
February, 2010	33.40	25.00
March, 2010	28.30	24.45

(i) **Performance in comparison to broad base in indices such as BSE Sensex, Crisil Index etc.**
The shares of the Company are not considered by the Stock Exchanges in their index fluctuations.

(j) Address for correspondence for Shares transfer and related matters:

For shares held in physical form:

The Company's Registrar & Share Transfer Agent (RTA), address at:
Beetal Financial & Computer Services Pvt. Ltd. (Unit : Flex Foods Ltd.)
Beetal House, 3rd Floor, 99, Madangir
Behind Local Shopping Centre
Near Dada Harsukh Dass Mandir
New Delhi – 110062
Tel. No. 011-29961281, Fax No. 011 - 29961284

For shares held in Demat form: To the Depository Participants (DP)

(k) Share Transfer System.

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

(l) Distribution of Share holding as on 31.03.2010.

Range	No. of Shareholders	No. of shares	% of total equity
1 – 500	13395	1753045	14.08
501 – 1000	447	391038	3.14
1001 – 2000	204	326110	2.62
2001 – 3000	75	197439	1.59
3001 – 4000	37	135290	1.09
4001 – 5000	44	209036	1.68
5001 – 10000	54	387952	3.12
10001 and above	58	8923853	71.68
Transit shares *		126237	1.01
TOTAL	14314	12450000	100.00

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

(m) Categories of Shareholders as on 31.03.2010

Category	No. of shares held	% of shareholding
Promoters & Associates	7343640	58.99
Financial Institutions & Mutual Funds	—	—
Foreign Institutional Investors	—	—
NRIs	7414	0.06
Banks	—	—
GDRs	—	—
Other Corporate Bodies	468397	3.76
Others (General Public)	4504312	36.18
Shares in transit (Demat) *	126237	1.01
Total	12450000	100.00

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

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

Nearly 32.06% of total equity share capital is held in dematerialized form upto 31.03.2010 with NSDL/CDSL. The shares of the Company are listed on Bombay Stock Exchange and Delhi Stock Exchange, which provide sufficient liquidity to the investors.

(o) Plant Locations

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

(p) Address for Correspondence

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

Beetal Financial & Computer Services Pvt. Ltd.

(Unit Flex Foods Ltd.)
BEETAL House
3rd Floor, 99, Madangir
Behind Local Shopping Centre
Near Dada Harsukh Dass Mandir
New Delhi – 110062
Tel. No.011- 29961281
Fax No.011- 29961284

Flex Foods Limited

305, Third Floor
Bhanot Corner
Pamposh Enclave
Greater Kailash - I
New Delhi - 110048
Tel. No.011-26440917, 26440925
Fax No.011- 26216922
e-mail : flexsec@vsnl.net

The above report has been placed before the Board at its meeting held on 02.07.2010 and the same was approved.

AUDITORS' CERTIFICATE

To the Members of

FLEX FOODS LIMITED

We have examined the compliance of conditions of Corporate Governance by Flex Foods Limited for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the said Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and the best of our information and according to the explanations given to us, we certified that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **Jain Singhal & Associates**

Chartered Accountants
Firm Regn. No. : 005839N

Bhawna Khanna

Partner

Membership No. 502428

Place : NOIDA
Dated : 2nd July, 2010

DECLARATION

To the Members of

FLEX FOODS LIMITED

I, Prabir Ghatak, CEO of the Company, hereby certify that the Board Members and Senior Management personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended 31st March, 2010 pursuant to the requirements of Clause 49 of the Listing Agreement.

For **Flex Foods Limited**

Place : NOIDA
Dated : 2nd July, 2010

Prabir Ghatak

CEO

**AUDITORS' REPORT**

To

The Members of

FLEX FOODS LIMITED

1. We have audited the attached Balance Sheet of FLEX FOODS LIMITED as at 31st March 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and (amendment) Order 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:-
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those Books of Account.
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d. In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from Directors, as at 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;

- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant Accounting Policies & Notes thereon, gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b. In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
 - c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **JAIN SINGHAL & ASSOCIATES**

Chartered Accountants

Firm Regn. No.: 005839N

Bhawna Khanna

Partner

Place : NOIDA

Dated : 2nd July, 2010

Membership No. 502428

ANNEXURE TO THE AUDITORS' REPORT OF FLEX FOODS LIMITED FOR THE YEAR ENDED 31st MARCH, 2010 (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

- (i) In respect of Fixed Assets of the Company:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) According to the information and explanations given to us, the fixed assets of the Company have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification as compared to books of account.
 - (c) No substantial fixed assets had been disposed off during the year.
- (ii) In respect of Inventories of the Company:
 - (a) According to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the Management.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and according to information and explanation given to us, no material discrepancies



were noticed on physical verification conducted by the Management.

- (iii) (a) The Company had granted unsecured loan of Rs.3,00,00,000/- to a Company, covered in the Register maintained under Section 301 of The Companies Act 1956, which was received back by the Company before end of the financial year.
- (b) As explained to us the rate of interest and other terms & conditions of loan given by the Company are not prima facie prejudicial to the interest of the Company.
- (c) There is no overdue amount hence the provision of Clause (iii)(d) of Para 4 of the Companies (Auditor's Report) Order 2003 is not applicable to the Company, hence not commented upon.
- (d) The Company has not taken any loans, secured or unsecured from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (e) The provision of clause (iii)(f) of Para 4 of the Companies (Auditor's Report) Order 2003 is not applicable to the Company, hence not commented upon.
- (f) The provision of clause (iii)(g) of Para 4 of the Companies (Auditor's Report) Order 2003 is not applicable to the Company, hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weaknesses in internal control system, hence no comment has been given on the continuing failure to correct them.
- (v) (a) According to information and explanations given to us, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956.
- (b) As the Company has not entered any transaction, no comments have been given in respect of Clause (v) of Para 4 of the Companies (Auditor's Report) order 2003.
- (vi) The Company has not accepted any deposits from the public. Hence the compliance of the directives issued by the Reserve Bank India and provisions of Section 58A, 58AA, or other relevant provisions of the Companies Act 1956 and rules framed there under are not applicable.
- (vii) The internal audit of the Company has been conducted by an independent firm of Chartered Accountants and in our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of the cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act 1956, for the products dealt/ manufactured by the Company. Hence the provision of clause (viii) of Para 4 of the Companies (Auditor's Report) Order 2003 is not applicable.
- (ix) (a) According to the records of the Company, it is regular in depositing undisputed statutory dues including provident fund, Investors Education and Protection fund, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other applicable statutory dues with the appropriate authorities.
- However the provisions of Employee State Insurance Act'1948 do not apply to the Company at this stage and therefore deposit of Employees State Insurance dues with the appropriate authorities in time are not applicable to the Company.
- According to the information and explanations given to us there are no undisputed amount payable in respect of Provident Fund, Investors Protection Fund, Income Tax/ sales tax/ Wealth tax / Service tax / Custom duty / Excise duty / Cess and other applicable statutory dues as at the year end for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no pending dues in respect of sales tax/ Wealth tax / Service tax / Custom duty / Excise duty / Cess which has not been deposited on account of any dispute
- However following amounts are involved (Gross of Amount deposited under protest) with under mentioned forum in respect of the disputed Income Tax dues: Aggregate Income Tax of Rs.26.01 lacs, pending before a) Delhi High Court (Rs.20.05 lacs) and b) CIT (Appeals) (Rs.5.96 lacs)
- (x) The Company does not have any accumulated losses at the end of financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year, accordingly no comment has been made in respect of matter specified under Clause (x) of Para 4 of the Companies (Auditors Report) Order, 2003.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions or Banks. The Company has not issued any debentures.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence the maintenance of adequate documents and records is not applicable.

FLEX FOODS LIMITED



- (xiii) The Company is not a Chit Fund, or a Nidhi / Mutual Benefit Fund/ Society. Therefore the provision of Clause (xiii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments, hence the provision of Clause (xiv) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others, from Bank or Financial institutions.
- (xvi) According to the information and explanations given to us, the Company has not taken any term loan during the year. Therefore provision of the clause (xvi) of Para 4 of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares during the financial year to parties and Companies covered in register maintained Under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures, hence the provision of clause (xix) of Para 4 of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (xx) During the financial year, Company has not raised any money by public issues, hence the provision of Clause (xx) of Para 4 of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For JAIN SINGHAL & ASSOCIATES

Chartered Accountants
Firm Regn. No.: 005839N

Bhawna Khanna

Partner

Membership No. 502428

Place : NOIDA

Dated : 2nd July, 2010

**FLEX FOODS LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule Number	AS AT 31.03.2010 (Rupees)	AS AT 31.03.2009 (Rupees)
I. SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	124,400,500	124,394,000
Reserve & Surplus	2	342,029,903	332,784,842
DEFERRED GOVERNMENT GRANTS	3	10,266,526	10,942,142
LOAN FUNDS			
Secured Loans	4	140,885,115	190,476,469
DEFERRED TAX LIABILITY (Net)		35,662,668	28,574,352
TOTAL		653,244,712	687,171,805
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	700,511,312	698,654,577
Less: Depreciation		313,594,370	281,132,971
Net Block		386,916,942	417,521,606
Capital Work-in-Progress		1,323,779	261,000
		388,240,721	417,782,606
CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories	6	99,694,934	75,077,630
b) Sundry Debtors	7	62,271,736	71,159,774
c) Cash and Bank Balances	8	16,317,669	15,975,145
d) Loans and Advances	9	165,506,482	199,776,627
e) Other Current Assets	10	9,380,628	2,798,531
		353,171,449	364,787,707
LESS:			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	53,548,659	61,469,435
Provisions	12	34,618,799	33,929,073
		88,167,458	95,398,508
NET CURRENT ASSETS		265,003,991	269,389,199
TOTAL		653,244,712	687,171,805

NOTES: 1. Accounting Policies and Notes forming part of the Accounts as per the Schedules 20 and 21 respectively are attached.
2. The Schedules, referred above, form an integral part of Balance Sheet.

For and on behalf of the Board of Directors

R.K. Jain
Director

S.K. Kaushik
Director

Prabir Ghatak
Chief Executive Officer

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

M.M. Varshney
Vice President

Rajesh Dheer
Company Secretary

Naval Duseja
Asst. General Manager (F&A)

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

Place : NOIDA
Dated : 2nd July, 2010

Bhawna Khanna
Partner
Membership No. 502428

FLEX FOODS LIMITED**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule Number	For the Year Ended 31.03.2010 (Rupees)	For the Year Ended 31.03.2009 (Rupees)
A. INCOME			
Sales		358,906,421	431,051,427
Other Income	13	40,198,060	39,324,220
Increase in Finished Goods & Work-in-Progress	14	28,872,110	10,277,807
TOTAL (A)		427,976,591	480,653,454
B. EXPENDITURE			
Raw Materials Consumed	15	69,871,855	70,637,000
Other Manufacturing Expenses	16	117,871,650	116,563,237
Payments & Benefits to Employees	17	61,229,789	56,447,748
Administrative, Selling & Other Expenses	18	72,218,918	89,290,115
Interest & Financial Charges	19	18,639,189	24,819,700
Depreciation		33,499,147	32,869,400
TOTAL (B)		373,330,548	390,627,200
Profit for the year before taxation	TOTAL (A-B)	54,646,043	90,026,254
(Add)/Less: Provision for Taxation			
- Deferred Income Tax Charge / (Credit)		7,088,316	(4,247,755)
- Current Tax		9,172,274	10,050,131
- Wealth Tax		46,000	42,300
- Fringe Benefit Tax		-	658,000
Profit for the year after taxation		38,339,453	83,523,578
(Less)/Add: (Short)/Excess Provision of earlier year			
For Income Tax	(64,452)		402,911
For Wealth Tax	-		(114)
For Fringe Benefit Tax	101,815	37,363	(53,263)
Profit for the year		38,376,816	83,873,112
Profit brought forward from previous year		296,669,827	271,928,470
Profit Available For Appropriations		335,046,643	355,801,582
APPROPRIATIONS			
Proposed Dividend		24,900,000	24,900,000
Proposed Dividend Distribution Tax		4,231,755	4,231,755
General Reserve		30,000,000	30,000,000
Amount Transferred to Balance Sheet		275,914,888	296,669,827
		335,046,643	355,801,582
Number of Weighted Basic and Diluted Equity Shares		12,440,050	12,439,400
Basic & Diluted Earning Per Share (In Rs.)		3.08	6.74

NOTES: 1. Accounting Policies and Notes, forming Part of the Accounts as per the Schedules- 20 and 21 respectively are attached.
2. The Schedules, referred above, form an integral part of Profit & Loss Account.

For and on behalf of the Board of Directors

R.K. Jain
Director

S.K. Kaushik
Director

Prabir Ghatak
Chief Executive Officer

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

M.M. Varshney
Vice President

Rajesh Dheer
Company Secretary

Naval Duseja
Asst. General Manager (F&A)

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

Place : NOIDA
Dated : 2nd July, 2010

Bhawna Khanna
Partner
Membership No. 502428

**CASH FLOW STATEMENT**

	For the Year Ended 31.03.2010 (Rupees)		For the Year Ended 31.03.2009 (Rupees)	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		54,646,043		90,026,254
Adjustments for :				
Depreciation	33,499,147		32,869,400	
Proposed Dividend	(24,900,000)		(24,900,000)	
Proposed Dividend Distribution Tax	(4,231,755)		(4,231,755)	
Deferred Income on Capital Subsidy	(675,616)		(675,616)	
Interest Payment	18,639,189		24,819,700	
Loss / (Profit) on sale of Fixed Assets	205,066		(48,000)	
Interest Received	(19,246,645)	3,289,386	(15,027,325)	12,806,404
		57,935,429		102,832,658
Operating Profit before Working Capital Changes				
Adjustments for :				
Trade & Other Receivables	36,576,086		(151,810,695)	
Inventories	(24,617,304)		(2,967,299)	
Trade & Other Payables	(7,231,050)	4,727,732	17,031,549	(137,746,445)
Cash Generated from Operating activities		62,663,161		(34,913,787)
Income, Wealth Tax & Fringe Benefit Tax		(9,218,274)		(10,750,431)
(Short)/Excess Provision of Income Tax	(64,452)		402,911	
Excess/(Short) Provision of Wealth Tax	-		(114)	
Excess/(Short) Provision of Fringe Benefit Tax	101,815	37,363	(53,263)	349,534
Net Cash From Operating Activities TOTAL A		53,482,250		(45,314,684)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(4,470,550)		(22,039,030)
Interest Received from Bank & Others		19,246,645		15,027,325
Sale of Fixed Assets		308,222		48,000
Net cash used in Investing Activities TOTAL B		15,084,317		(6,963,705)
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Decrease) in Borrowings (Net)		(49,591,354)		(48,308,353)
Interest & Finance Charges		(18,639,189)		(24,819,700)
Share Allotment Money Received		6,500		12,000
Net cash used in Financing Activities TOTAL C		(68,224,043)		(73,116,053)
Net increase/(decrease) in Cash & Cash Equivalents A+B+C		342,524		(125,394,442)
Opening Cash & Cash Equivalents		15,975,145		141,369,587
Closing Cash & Cash Equivalents		16,317,669		15,975,145

For and on behalf of the Board of Directors

R.K. Jain
Director**S.K. Kaushik**
Director**Prabir Ghatak**
Chief Executive OfficerThis is the Cash Flow Statement
referred to in our report of even date**M.M. Varshney**
Vice President**Rajesh Dheer**
Company Secretary**Naval Duseja**
Asst. General Manager (F&A)For **Jain Singhal & Associates**
Chartered Accountants
Firm Regn. No.: 005839NPlace : NOIDA
Dated : 2nd July, 2010**Bhawna Khanna**
Partner
Membership No. 502428

FLEX FOODS LIMITED

	AS AT 31.03.2010 (Rupees)		AS AT 31.03.2009 (Rupees)	
SCHEDULE-1				
SHARE CAPITAL				
AUTHORISED				
1,50,00,000 (Previous Year 1,50,00,000)				
Equity shares of Rs. 10/- each		150,000,000		150,000,000
5,00,000 (Previous Year 5,00,000)				
Redeemable Preference Shares of Rs. 100/- each		<u>50,000,000</u>		<u>50,000,000</u>
		<u>200,000,000</u>		<u>200,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP				
1,24,50,000(Previous Year 1,24,50,000)				
Equity shares of Rs.10/- each				
Fully called-up	124,500,000		124,500,000	
Less: Allotment Money unpaid	<u>99,500</u>		<u>106,000</u>	
		<u>124,400,500</u>		<u>124,394,000</u>
TOTAL		<u>124,400,500</u>		<u>124,394,000</u>
SCHEDULE-2				
RESERVE & SURPLUS				
GENERAL RESERVE				
Opening balance	36,115,015		6,115,015	
Addition during the Year	<u>30,000,000</u>	66,115,015	30,000,000	36,115,015
Profit & Loss Account		<u>275,914,888</u>		<u>296,669,827</u>
TOTAL		<u>342,029,903</u>		<u>332,784,842</u>
SCHEDULE-3				
DEFERRED GOVERNMENT GRANTS				
(To the extent pending apportionment to Profit & Loss Account)				
Capital Subsidy on:				
-Cold Storage		1,803,224		1,935,027
-Individually Quick Frozen and Air Dried Plant		8,682,720		9,209,632
-Plastic Crates		<u>456,198</u>		<u>473,099</u>
		<u>10,942,142</u>		<u>11,617,758</u>
Less:Deferred Income Apportioned to Profit & Loss Account		<u>675,616</u>		<u>675,616</u>
TOTAL		<u>10,266,526</u>		<u>10,942,142</u>
SCHEDULE-4				
SECURED LOANS				
TERM LOAN				
From-Canara Bank	55,625,000		100,128,283	
Interest Accrued & Due	<u>507,999</u>	56,132,999	<u>958,337</u>	101,086,620
WORKING CAPITAL FACILITIES				
From-Canara Bank		<u>84,752,116</u>		<u>89,389,849</u>
TOTAL		<u>140,885,115</u>		<u>190,476,469</u>

NOTES :

1. Term loan from Canara Bank is secured on first charge basis by way of hypothecation on all movable assets of the Company (save and except book debts) both present and future subject to prior charges created and / or to be created in favour of Company's banker for working capital facilities situated at Lal Tappar Industrial Area and Chidderwala, Dehradun (Uttarakhand) and guaranteed by one Director of the Company. These loans are further secured by way of first equitable mortgage of immovable property of the Company situated at Lal Tappar Industrial Area and Chidderwala, Dehradun (Uttarakhand) and second charge on current assets of the Company.
2. Working capital facilities from Canara Bank is secured by way of first charge on current assets of the Company, both present and future and by way of second charge on fixed assets of the Company and are further guaranteed by one Director of the Company.


SCHEDULE - 5
FIXED ASSETS AS AT 31.03.2010

(Figures in Rupees)

SL. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		Cost As At 01.04.2009	Additions During the Year	Deductions During the Year	Cost As At 31.03.2010	As At 01.04.2009	Provided During the Year	Written Back during the Year	Upto 31.03.2010	As At 31.03.2010	As At 31.03.2009
A.	LAND	9,969,742	-	-	9,969,742	-	-	-	-	9,969,742	9,969,742
B.	BUILDING										
	- FACTORY	117,148,154	-	-	117,148,154	39,707,038	3,904,630	-	43,611,668	73,536,486	77,441,116
	- ADMINISTRATION	4,084,976	-	-	4,084,976	1,433,411	74,526	-	1,507,937	2,577,039	2,651,565
C.	PLANT & MACHINERY										
	- INDIGENOUS	172,198,205	1,313,597	-	173,511,802	74,216,912	8,333,113	-	82,550,025	90,961,777	97,981,293
	- IMPORTED	363,283,704	162,985	-	363,446,689	146,506,663	19,144,498	-	165,651,161	197,795,528	216,777,041
D.	ELECTRICAL FITTING & INSTALLATION	14,159,476	-	-	14,159,476	10,315,580	688,001	-	11,003,581	3,155,895	3,843,896
E.	EQUIPMENTS	7,591,099	548,395	74,396	8,065,098	4,594,034	457,964	18,791	5,033,207	3,031,891	2,997,065
F.	FURNITURE & FIXTURES	1,029,747	-	-	1,029,747	611,560	35,725	-	647,285	382,462	418,187
G.	VEHICLES	9,189,474	1,382,794	1,476,640	9,095,628	3,747,773	860,690	1,018,957	3,589,506	5,506,122	5,441,701
	TOTAL (A TO G)	698,654,577	3,407,771	1,551,036	700,511,312	281,132,971	33,499,147	1,037,748	313,594,370	386,916,942	417,521,606
									CAPITAL WORK IN PROGRESS	1,323,779	261,000
	PREVIOUS YEAR	675,740,725	23,238,765	324,913	698,654,577	248,588,484	32,869,400	324,913	281,132,971	388,240,721	417,782,606

AS AT
31.03.2010
(Rupees)

AS AT
31.03.2009
(Rupees)

SCHEDULE-6
INVENTORIES

(As taken, valued and certified by the Management)

Raw Materials	1,157,201	1,548,434
Consumables, Stores & Spares	4,638,209	8,010,649
Work - in- Progress	17,388,534	13,226,103
Finished Goods	74,248,026	49,538,347
Packing Material	2,262,964	2,754,097
TOTAL	99,694,934	75,077,630

SCHEDULE-7
SUNDRY DEBTORS

(Unsecured, Considered Good)

Debts outstanding for a period exceeding six months	4,632,885	20,190,876
Other Debts	61,686,083	55,016,130
	66,318,968	75,207,006
Less: Provision for Doubtful Debtors	4,047,232	4,047,232
TOTAL	62,271,736	71,159,774

SCHEDULE-8
CASH AND BANK BALANCES

Cash in Hand	2,017,341	594,744
Balances with scheduled Banks on:		
- Current Accounts	11,051,249	2,177,894
- Debenture Interest/Redemption Warrant Account	515,999	3,069,668
- Unclaimed Dividend Account	2,312,812	1,121,386
- Fixed Deposits with banks		
[Includes Rs. 4,00,268 (Previous Year Rs.3,85,453) Pledged with bank as margin for bank guarantees]	420,268	9,011,453
TOTAL	16,317,669	15,975,145



	AS AT 31.03.2010 (Rupees)	AS AT 31.03.2009 (Rupees)
SCHEDULE-9		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advance Tax (Net of Provisions)	524,058	1,216,171
Advances recoverable in cash or in kind or for value to be received	12,368,700	22,893,990
Balances with Excise Authorities	8,360,064	8,987,670
Security Deposits	5,751,391	5,749,453
Loans to employees	1,002,269	929,343
Loans to Companies	137,500,000	160,000,000
TOTAL	165,506,482	199,776,627
SCHEDULE-10		
OTHER CURRENT ASSETS		
Interest Recoverable On Loans	9,380,628	2,798,531
TOTAL	9,380,628	2,798,531
SCHEDULE-11		
CURRENT LIABILITIES		
Sundry Creditors	28,074,610	28,061,000
Advances from customers	34,392	3,061,955
Retention Money and Security Deposits	1,461,650	1,471,650
Unclaimed Interest \ Redemption Warrant Account *	2,951,894	2,952,412
Unclaimed Dividend Account *	2,312,812	1,121,386
Other Liabilities	18,713,301	24,801,032
TOTAL	53,548,659	61,469,435
* These do not include any amount due and payable to Investor Education and Protection Fund Account.		
SCHEDULE-12		
PROVISIONS		
Provision For Wealth Tax (Net of Advance Tax)	46,000	42,300
Provision For Gratuity	5,441,044	4,755,018
Proposed Dividend	24,900,000	24,900,000
Proposed Dividend Distribution Tax	4,231,755	4,231,755
TOTAL	34,618,799	33,929,073

**FLEX FOODS LIMITED**

	FOR THE YEAR ENDED 31.03.2010 (Rupees)	(Rupees)	FOR THE YEAR ENDED 31.03.2009 (Rupees)
SCHEDULE-13			
OTHER INCOME			
Exchange Rate Fluctuation (Net)	565,235		6,458,869
Transport Assistance Scheme	951,345		2,861,274
Sundry Balance Written Back	3,096,854		7,455
Export Incentive	13,555,206		11,783,416
Deferred Income on Capital Grant	675,616		675,616
Profit on Sale / Disposal of Fixed Assets	-		48,000
Interest:			
- from Banks	214,850		1,839,605
[T.D.S. Rs. 36,651 (Previous Year Rs.3,31,492)]			
- from Others			
[T.D.S. Rs. 20,54,681 (Previous Year Rs.29,34,810)]	19,031,795		13,187,720
Miscellaneous Income	2,107,159		2,462,265
TOTAL	40,198,060		39,324,220
SCHEDULE-14			
INCREASE/(DECREASE) IN FINISHED GOODS & WORK-IN-PROGRESS			
Closing Stocks:			
Finished Goods	74,248,026	49,538,347	
Work-in-Progress	17,388,534	13,226,103	
	91,636,560		62,764,450
Less: Opening Stocks			
Finished Goods	49,538,347	43,642,468	
Work-in-Progress	13,226,103	8,844,175	
	62,764,450		52,486,643
TOTAL	28,872,110		10,277,807
SCHEDULE-15			
RAW MATERIAL CONSUMED			
Opening Stock	1,548,434		6,160,997
Add: Purchases	69,480,622		66,024,437
	71,029,056		72,185,434
Less: Closing Stock	1,157,201		1,548,434
Raw Material Consumed	69,871,855		70,637,000
SCHEDULE-16			
OTHER MANUFACTURING EXPENSES			
Power & Fuel Consumed	77,368,306		74,246,084
Repair & Maintenance - Machineries	11,649,670		13,380,055
Stores, Tools, Jigs and Dies Consumed	7,352,943		8,538,880
Processing Charges	557,187		362,974
Freight & Cartage Inward	636,924		617,319
Labour Charges	3,498,797		3,777,026
Lab. Expenses	621,999		249,969
Testing Charges	41,911		467,019
Sorting & Picking Charges	6,922,432		7,076,048
Tractor Hire, Shifting and Other Charges	9,221,481		7,847,863
TOTAL	117,871,650		116,563,237
SCHEDULE-17			
PAYMENTS & BENEFITS TO EMPLOYEES			
Salaries, Wages, Benefits & Amenities	55,340,185		50,853,745
Contribution to Provident Fund and Other Fund	5,168,036		4,979,658
Employees Welfare Expenses	721,568		614,345
TOTAL	61,229,789		56,447,748



FOR THE YEAR ENDED 31.03.2010 (Rupees)	FOR THE YEAR ENDED 31.03.2009 (Rupees)
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SCHEDULE-18

ADMINISTRATIVE, SELLING & OTHER EXPENSES

Rent	11,000	-
Insurance Charges	2,836,472	3,629,252
Water & Electricity Expenses	5,856	11,616
Printing & Stationery	500,997	605,483
Postage, Telegram & Telephone Expenses	1,064,821	1,132,037
Vehicle Hire, Running & Maintenance Expenses	1,993,691	1,838,866
Conveyance & Travelling Expenses	5,643,554	4,619,573
Repair & Maintenance		
- Building	836,547	1,982,853
- Others	1,238,759	1,090,575
Legal & Professional Charges	3,730,576	4,086,344
General Expenses	2,726,117	2,475,937
Entertainment Expenses	225,170	374,227
Charity & Donation	17,800	36,951
Rates & Taxes	51,121	157,252
Research & Development	40,684	24,287
Advertisement, Publicity, Exhibition & Display Expenses	366,466	2,769,290
Loading & Unloading Charges	107,580	182,302
Loss on Sale / Disposal of Fixed Assets(Net)	205,066	-
Sundry Balance written off	2,475,638	23,953
Commission on Sale	2,144,604	3,685,552
Rebate & Discount	1,946,585	7,460,876
Sample Testing Charges	1,457,113	940,348
Packing & Forwarding Charges	16,795,352	16,584,526
Freight Outward	25,797,349	35,578,015
TOTAL	72,218,918	89,290,115

SCHEDULE-19

INTEREST & FINANCIAL CHARGES

INTEREST

On Secured Loans	7,794,784	13,946,947
On Working Capital	4,170,399	2,416,065
Discounting & Bank Charges	6,674,006	8,456,688
TOTAL	18,639,189	24,819,700

SCHEDULE – 20

ACCOUNTING POLICIES

1) CLASSIFICATION OF EXPENDITURE/INCOME

Except otherwise Indicated.

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

2) VALUATION

(i) Fixed Assets

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



- (ii) **Raw Materials and Packing Materials**
Raw materials and packing materials are valued at lower of cost, based on First in First Out (FIFO) method or net realizable value.
 - (iii) **Finished Goods**
Finished Goods are valued at lower of cost, based on First in First Out (FIFO) method, arrived after including depreciation on Plant & Machinery, Electrical Installation and Factory Building, Repair & Maintenance on Factory Building, specific Manufacturing Expenses including Excise Duty and specific Payments and Benefits to Employees or net realizable value.
 - (iv) **Work-in-Progress**
Work-in-Progress is valued at lower of cost based on First in First Out (FIFO) method arrived after including depreciation on Plant & Machinery, Electrical Installation and Factory Building, Repair & Maintenance on Factory Building, specific Manufacturing Expenses and specific Payments and Benefits to Employees or net realizable value.
 - (v) **Cost of Consumable Stores**
Spares & Consumables are valued at lower of cost based on First in First Out (FIFO) method or net realizable value.
- (3) FOREIGN CURRENCY TRANSACTIONS**
- (i) Foreign Currency monetary items remaining unsettled at the year-end, are translated at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
 - (ii) Exchange differences on settled/translated monetary items are adjusted as income/expense through the Exchange Fluctuation Account in the year they arise.
 - (iii) Difference between the forward and exchange rate on the date of transactions are adjusted over the period of the contract as an income / expense through the Exchange Fluctuation Account.
 - (iv) Profit or loss on cancellation of forward contracts for transactions are adjusted as income / expense through Exchange Fluctuation Account in the year they arise.
- 4) DEPRECIATION**
- (i) Normal depreciation on all Fixed Assets except Land are provided on Straight Line Method at the rates prescribed in Schedule-XIV to The Companies Act, 1956.
 - (ii) Depreciation on additions/deletions to Fixed Assets are provided on *pro-rata* basis from/to the date of addition/deletions.
 - (iii) Depreciation on additions/deletions to the Fixed Assets due to exchange fluctuation rate are provided on *pro-rata* basis since inception.
- 5) IMPAIRMENTS**
- The carrying amount of assets are periodically assessed by the Management, using internal & external sources, to determine whether there is any indication that assets of concerned cash generating unit may be impaired. Impairment loss, if any is provided to the extent the carrying amount of assets of concerned cash generating unit exceeds their recoverable amount. The recoverable amount is higher of net selling price of assets of concerned cash generating unit and their present value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of assets of concerned cash generating unit and from their disposal at the end of their useful life.
- 6) GOVERNMENT GRANTS**
- (i) Capital Subsidy received from Government as contribution towards capital outlay for setting up the fixed assets is treated as Capital Grants which is recognized as Income in the Profit & Loss account over the period and in the proportion in which depreciation is charged.
 - (ii) Revenue Grants are recognized in Profit & Loss Account.
- 7) SALES**
- (i) Export Sales are accounted for on C & F / F.O.B basis.
 - (ii) Sales Returns are adjusted from the sales of the year in which the returns take place.
- 8) PURCHASES**
- (i) Purchase returns are adjusted from the purchases of the year in which the returns take place.
 - (ii) Purchases are accounted for "Net of VAT Credit availed on eligible inputs".
- 9) EMPLOYEE BENEFITS**
- (i) Defined Long Term benefit (other than leave encashment) is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Profit & Loss Account.
 - (ii) Defined long term benefits in respect of leave encashment is charged to profit & loss account based on the leave entitlement of employees remaining unutilised at the end of the year, at the undiscounted amount.
 - (iii) Defined Contribution Plans are charged to profit & loss account based on the contribution made to the specified fund.



(iv) Short term employee benefits are charged to Profit & Loss Account at the undiscounted amount in the year in which the related service is rendered.

10) INCOME TAX

Income tax expenses are accrued in accordance with Accounting Standard–22 “Accounting for Taxes on Income” issued by The Institute of Chartered Accountants of India, which include Current Tax and Deferred Tax. Deferred income tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent, there is a reasonable certainty that sufficient future taxable income will be available.

11) CLAIMS BY/AGAINST THE COMPANY

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

12) RESEARCH & DEVELOPMENT EXPENSES

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

13) BORROWING COST

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

14) EARNING PER SHARE

In accordance with the Accounting Standard-20 (AS-20) “Earning Per Share” issued by The Institute of Chartered Accountants of India, Basic & Diluted Earning Per Share is computed using the weighted average number of Shares outstanding during the period.

15) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with the Accounting Standard-29 (AS-29) issued by The Institute of Chartered Accountants of India

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

SCHEDULE – 21

NOTES FORMING PART OF THE ACCOUNTS

(1) In the opinion of the Board of Directors, the Current Assets, Loans and Advances shown in the Balance Sheet have a value on realization in the ordinary course of business, at least equal to the amount stated therein. The provisions for all known liabilities have been made and are adequate.

(2) Contingent Liabilities: -

	As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
(a) Amount of Custom Duty (including CVD) payable in respect of import of capital goods by the Company against bond in case of non fulfillment of conditions imposed on 100% Export Oriented Unit.	5,01,76,899	5,13,40,900
(b) Bank Guarantees Outstanding (Net of Margin)	14,49,732	14,64,547
(c) Legal Case pending with Doon Ghati Special Area Development Authority	20,86,422	20,86,422
(d) Outstanding Demand under Appeal before Income Tax Authorities.	26,00,890	33,25,732

(3) Capital Commitments:

The estimated amount of contracts including under Letters of Credit remaining to be executed on capital account (Net of Advances) and not provided for: **29,73,960** 3,04,751

(4) Necessary disclosures under Micro, Small and Medium Enterprises Development Act, 2006, can only be considered once the relevant information to identify the suppliers who are covered under the said Act are received from such parties.

(5) Following disclosures are made, as per Accounting Standard–18 (As-18), regarding, “Related Party Disclosures” issued by The Institute of Chartered Accountants of India:

(A) List of Related Parties

- i) Enterprise for which Reporting Enterprise is an Associate: UFlex Limited.
- ii) Individual owning indirect interest in voting power of the Company: Shri Ashok Chaturvedi (Chairman)
- iii) Key Management Personnel:
 - i) Shri Prabir Ghatak (Chief Executive Officer)
 - ii) Shri Madan Mohan Varshney (“Manager” under The Companies Act 1956).



FLEX FOODS LIMITED

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

a) Ultimate Flexipack Ltd.	h) Flex International Pvt. Ltd.	o) Kaya Kalpa Medical Services Pvt. Ltd.
b) Club One Airways Pvt. Ltd.	i) Anshika Investments Pvt. Ltd.	p) A.R. Infrastructure & Projects Pvt. Ltd.
c) Flex Industries Pvt. Ltd.	j) Anant Overseas Pvt. Ltd.	q) AR Aerotech Pvt. Ltd.
d) AC Infratech Pvt. Ltd.	k) A.R. Leasing Private Ltd.	r) AC Infrastructures Pvt. Ltd.
e) RC Properties Pvt. Ltd.	l) Apoorva Extrusion Pvt. Ltd.	s) AKC Developers Ltd.
f) A to Z Infratech Pvt. Ltd.	m) Anshika Consultants Pvt. Ltd.	t) Cinflex Infotech Pvt. Ltd.
g) Ultimate Infratech Pvt. Ltd.	n) Ultimate Enterprises Pvt. Ltd.	u) UTech Developers Ltd.
		v) UTech Retailers Ltd.

(B) Transaction with Related Parties (in Rupees)

Nature of Transaction	Enterprise for which Reporting Enterprise is an Associate Company	Key Management Personnel	Enterprises as referred in clause A (iv)
Purchase of Packing Material	13,29,422 (22,71,685)	-	-
Loan given	- (3,00,00,000)	- (3,00,000)	-
Interest Received on Loan	23,41,644 (72,329)	-	-
Amount Received for Loan Given	3,00,00,000 (-)	- (3,00,000)	-
Remuneration	-	51,39,547 (20,95,998)	-
Balance Outstanding at the end of the year (Debit)	- (3,00,00,000)	-	-
Balance Outstanding at the end of the year (Credit)	1,02,109 (4,16,333)	-	-

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

(6) Legal & Professional charges includes payment to Auditors as per details below:

	For the Year Ended 31-03-2010 (Rupees)	For the Year Ended 31-03-2009 (Rupees)
Audit Fee	3,25,000	3,00,000
Tax Audit Fee	1,00,000	60,000
Other Services	1,60,000	1,15,000
Out of Pocket expenses	1,64,875	47,623
TOTAL	7,49,875	5,22,623

(7). In accordance with Accounting Standard-22(AS-22) "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the Cumulative Tax effects of significant timing differences, that resulted in Deferred Tax Asset and Liabilities and description of item thereof that creates these differences are as follows:

	As At 31-03- 2010 (Rupees)	As At 31-03-2009 (Rupees)
(a) Deferred Tax Assets		
Others	1,25,95,300	1,98,62,845
	1,25,95,300	1,98,62,845
(b) Deferred Tax Liability		
Related to Fixed Assets	4,82,57,968	4,84,37,197
	4,82,57,968	4,84,37,197
Net Opening Deferred Tax Assets / (Liabilities)	(2,85,74,352)	(3,28,22,107)
Add/(Less): Net deferred Tax Provision for the year	(70,88,316)	42,47,755
Net Closing Deferred Tax Asset / (Liability)	(3,56,62,668)	(2,85,74,352)

FLEX FOODS LIMITED

(8) Earning Per Share (EPS)

The numerators and denominators used to calculate Basic and Diluted Earning Per Share:

	For the Year Ended 31-03-2010 (Rupees)	For the Year Ended 31-03-2009 (Rupees)
a) Profit for the year (in Rs.)	3,83,76,816	8,38,73,112
b) Fully Paid up Equity shares of Rs.10/-each (in nos.)	1,24,30,100	1,24,28,800
Partly Paid up Equity shares of Rs.10/-each (Rs.5/-paid) (in nos.)	19,900	21,200
Weighted Basic and Diluted Equity shares for the purpose of EPS	1,24,40,050	1,24,39,400
c) Nominal value per share (in Rs.)	10/-	10/-
d) Basic & Diluted Earning Per Share (in Rs.)	3.08	6.74

(9). Managerial Remuneration

(a) Included under Payments & Benefits to Employees: -

	For the Year Ended 31-03-2010 (Rupees)	For the Year Ended 31-03-2009 (Rupees)
i) Salaries	25,61,936	11,14,608
ii) Management Allowance	23,70,903	8,65,714
iii) Reimbursement of Medical Expenses	45,954	21,643
iv) Ex-gratia	8,400	8,400
v) Earned Leave	-	41,500
vi) Leave Travelling Allowance	89,571	27,550
vii) Perquisite value	62,783	16,583
TOTAL	51,39,547	20,95,998

(b) Included under General Expenses

Directors Sitting Fees	5,00,000	4,55,000
------------------------	----------	----------

(10) Gratuity

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

	Gratuity For the Year Ended 31-03-10 (Rupees)	Gratuity For the Year Ended 31-03-09 (Rupees)
a. Reconciliation of opening and closing balances of obligation		
Obligation at beginning of the year	1,22,63,924	1,02,67,883
Current Service Cost	9,29,973	9,29,973
Interest Cost	9,81,114	8,45,061
Actuarial (gain) /loss	4,35,879	5,77,960
Less: Benefits paid	(7,08,046)	(3,56,953)
Obligation at the end of the year	1,39,02,844	1,22,63,924
b. Reconciliation of opening and closing balances of fair value assets		
Fair value of plan assets at beginning of the year	75,08,906	59,99,784
Employer contribution	9,29,973	12,28,593
Less: Benefits Paid	(7,08,046)	(3,56,953)
Add: Expected return on plan assets	7,30,967	6,37,482
Fair value of plan assets at the end of the year	84,61,800	75,08,906
c. Amount Recognized in Balance Sheet		
Present value of obligation	1,39,02,844	1,22,63,924
Fair value of plan assets	84,61,800	75,08,906
Amount recognized in Balance Sheet	54,41,044	47,55,018
d. Gratuity cost for the period		
Current Service Cost	9,29,973	9,29,973
Interest Cost	9,81,114	8,45,061
Expected return on plan assets	(7,30,967)	(6,37,482)
Actuarial (gain) /loss	4,35,879	5,77,960
Net Gratuity cost	16,15,999	17,15,512

**FLEX FOODS LIMITED**

(11) Balances of some of the parties are subject to reconciliation and /or confirmations.

(12) Additional information pursuant to the provisions of Part-II of Schedule VI of the Companies Act, 1956 to the extent applicable: -

(a) Information in respect of class of goods produced and annual capacity:-

Class of Goods	Unit	Installed Capacity*
Freeze dried Mushroom, Herbs Vegetables and Fruits (calculated on the basis of Freeze Dried Mushroom)	MT	120 (120)
Processed food viz. Mushroom Fresh and processed (including Canned)	MT	1500 (1500)
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushrooms & Herbs	MT	3600 (3600)
Air Dried Fruits, Vegetables, Mushrooms & Herbs	MT	800 (800)

Note: Previous year figures have been given in brackets.

*As certified by the Management but not verified by the Auditors being a technical matter.

(b) Information in respect of production, sales, opening & closing stocks of goods produced.

(i) **Production of Finished Goods**

DESCRIPTION	CURRENT YEAR Qty. (in kgs.)	PREVIOUS YEAR Qty. (in kgs)
Freeze Dried Mushroom, Herbs, Vegetables & Fruit	1,38,043	1,66,719
Processed Food viz Mushroom Fresh & Processed (Including Canned)	12,41,834	11,86,220
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	10,61,645	11,79,732
Air Dried Fruits, Vegetables, Mushroom & Herbs	87,324	97,991
Others	-	-
TOTAL	25,28,846	26,30,662

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

(ii) **Sales of Finished Goods**

DESCRIPTION	CURRENT YEAR		PREVIOUS YEAR	
	Qty (In Kgs.)	Value (Rs.)	Qty (In Kgs.)	Value (Rs.)
Freeze Dried Mushroom Herbs, Vegetables & Fruit	1,16,752	15,27,44,083	1,49,740	21,13,06,048
Processed Food viz Mushroom Fresh & Processed (Including Canned)	12,19,835	7,49,99,822	12,12,948	7,69,54,026
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	9,29,465	9,69,21,098	11,53,833	11,92,53,152
Air Dried Fruits, Vegetables, Mushroom & Herbs	133,951	3,42,41,418	1,03,331	2,14,28,646
Others	-	-	-	21,09,555
TOTAL	24,00,003	35,89,06,421	26,19,852	43,10,51,427

(iii) **Opening & Closing Stock of Finished Goods**

DESCRIPTION	Opening Stock		Closing Stock	
	Qty (In Kgs.)	Value (Rs.)	Qty (In Kgs.)	Value (Rs.)
Freeze Dried Mushroom Herbs, vegetables & Fruit	24,081	1,42,75,102	45,372	3,84,16,969
Processed Food viz Mushroom Fresh & Processed (Including Canned)	17,268	15,26,638	39,267	35,48,519
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	3,71,100	1,45,26,932	5,03,280	2,34,18,931
Air Dried Fruits, Vegetables, Mushroom & Herbs	1,08,429	1,41,54,490	61,802	88,63,607
Others	-	50,55,185	-	-
TOTAL	5,20,878	4,95,38,347	6,49,721	7,42,48,026

FLEX FOODS LIMITED

(c) Information in respect of raw material consumed:

DESCRIPTION	Unit	CURRENT YEAR		PREVIOUS YEAR	
		Qty	Value (Rs.)	Qty	Value (Rs.)
Straw	MT	3318.70	1,48,11,120	3924.14	1,21,07,294
Sugar Cane -Baggase	MT	20.82	52,051	-	-
Chicken Manure	MT	2928.54	38,03,197	3248.00	36,81,611
Green Pepper	MT	-	-	14.27	15,34,682
Herbs	MT	3440.33	3,11,02,019	4768.92	4,11,25,038
Vegetables	MT	1085.17	1,40,83,676	330.08	41,52,937
Other Raw Material		-	60,19,792	-	80,35,438
TOTAL			6,98,71,855		7,06,37,000

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

DESCRIPTION	CURRENT YEAR		PREVIOUS YEAR	
	Value (in Rs.)	%age	Value (in Rs.)	%age
Raw Material Consumed				
Imported	15,94,191	2.28	39,15,495	5.54
Indigenous	6,82,77,664	97.72	6,67,21,505	94.46
TOTAL	6,98,71,855	100.00	7,06,37,000	100.00
Store, Spares, Tools, Jigs & Dies consumed				
Imported	26,27,197	13.83	13,37,394	6.10
Indigenous	1,63,75,416	86.17	2,05,81,541	93.90
TOTAL	1,90,02,613	100.00	2,19,18,935	100.00

(e) Other Particulars
(i) Value of imports calculated on CIF basis by the Company during the Financial Year

	For the Year Ended 31-03-2010 (Rupees)	For the Year Ended 31-03-2009 (Rupees)
1. Raw Materials	21,84,517	25,82,036
2. Components & Spare Parts	6,72,633	4,12,041
3. Capital Goods (P&M)	1,62,985	92,28,058

(ii) Expenditure in Foreign Currency during the year:

	2010	2009
Travelling	12,71,500	3,66,147
Sample Testing Charges	14,57,113	9,40,348
Rebate & Discount	-	70,03,481
Commission on sale	21,44,604	36,85,552
Others	-	8,018

(iii) Earnings in Foreign Exchange:

Exports of Manufactured Goods FOB basis Rs. 23,98,01,351/-
(Previous year Rs. 32,54,76,613/-)

(13) Figures have been rounded off to the nearest rupee.

(14) Previous year figures have been regrouped / recasted wherever considered necessary.

(15) There is no separate reportable segment as required under Accounting Standard -17 issued by The Institute of Chartered Accountants of India.

Notes : Signatories to Schedule 1 to 21

For and on behalf of the Board of Directors

R.K. Jain
Director

S.K. Kaushik
Director

Prabir Ghatak
Chief Executive Officer

"As per our Report attached of even date"

M.M. Varshney
Vice President

Rajesh Dheer
Company Secretary

Naval Duseja
Asst. General Manager (F&A)

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

Place : NOIDA
Dated : 2nd July, 2010

Bhawna Khanna
Partner
Membership No. 502428

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**Registration No. State code Balance Sheet Date **II. Capital Raised during the Year (Amount in Rs.Thousands)**

Public Issue

Private Placement

Bonus Issue

 III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities

Total Assets

 Sources of Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Govt. Grant

Deferred Tax Liability (Net)

 Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

 IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Including Other Income)

Total Expenditure

Profit before Tax

Net Profit After Tax

Earning Per Share (in Rs.)

Dividend Rate %

 V. Generic Names of Principal Products/ Services of Company (as per monetary terms)Item Code No. (ITC Code) Product Description Item Code No. (ITC Code) Product Description Item Code No. (ITC Code) Product Description



FLEX FOODS LIMITED

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

DP ID*	
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PROXY FORM

Client ID*	
------------	--

Proxy No. :

Regd. Folio No..... No. of shares/We
..... of in the district
of being a Member/Members of the above
named Company hereby appoint
..... of in the district
of or failing him/her of in
the district of as my/our proxy to vote for me/us on my/our behalf at the **20th Annual
General Meeting of the Company to be held on Saturday, the 28th day of August, 2010 at 3.00 P.M.** at Lal Tappar
Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun (Uttarakhand) and at any adjournment thereof.

Signed this day of 2010.

Signature

Affix
Revenue
Stamp

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

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



FLEX FOODS LIMITED

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

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

I hereby record my presence at the **20th Annual General Meeting of the Company** being held at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun (Uttarakhand) on **Saturday, the 28th day of August, 2010 at 3.00 P.M.**

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

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

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

BOOK-POST
PRINTED MATTER

If undelivered, please return to :



FLEX FOODS LIMITED

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