

21ST ANNUAL REPORT 2010-2011



FLEX FOODS LIMITED



FLEX FOODS LIMITED

TWENTY FIRST ANNUAL REPORT

2010-2011

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)

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of Flex Foods Limited will be held on Saturday, the 3rd day of September, 2011 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, 2011 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 ended 2010-2011 on the Equity Shares of the Company.
3. To appoint a Director in place of Shri M.G. Gupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri R.K. Jain, 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.)

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and subject to the provisions of Schedule-XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such other approvals/sanctions as may be necessary, the approval of the Members be and is hereby accorded to the reappointment of Shri Madan Mohan Varshney as 'Manager' under the Companies Act, 1956 of the Company for a further period of three years w.e.f. 1st June, 2011 on the terms and conditions including as to remuneration, minimum remuneration in case of loss or inadequacy of profit in any financial year as set out in the Explanatory Statement annexed to the Notice, which shall be deemed to form part hereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter, vary or revise the terms of re-appointment of Shri Madan Mohan Varshney including that of revision in the remuneration, as it may, at its discretion deem fit from time to time or as may be agreed to between the Board of Directors and Shri Madan Mohan Varshney within the permissible limits under the Companies Act, 1956 from time to time or any statutory modification thereof and to settle any question or difficulties that may arise in connection therewith or incidental thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board
RAJESH DHEER
 Company Secretary

Place : NOIDA
 Dated : 20th July, 2011

Regd. Office:

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

NOTES:

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 29.08.2011 to 03.09.2011 (both days inclusive).
4. 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.
5. 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.
6. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the Registered Office of the Company on all working days between 11:00 A.M. to 1:00 P.M. upto the date of Annual General Meeting.
7. The Company has paid the Annual Listing fees for the year 2011-2012 to the Bombay Stock Exchange Limited at which the Company's Securities are presently listed. The equity shares of the Company have been delisted from the Delhi Stock Exchange w.e.f. 25.01.2011.
8. As per clause 5A (II) of the Listing Agreement, 3 reminders were issued for share issued in physical form, which remained unclaimed. These share will be transferred in to one folio in the name of "Unclaimed Suspense Account" in due course.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 20th July, 2011 re-appointed Shri Madan Mohan Varshney as a 'Manager' of the Company in terms of the provisions of the Companies Act, 1956 w.e.f. 1st June, 2011, for a further period of three (3) years on the terms and conditions as to remuneration etc. as detailed hereunder, subject to the approval of the Members of the Company.

Remuneration by way of salary, perquisite and/or other allowances/benefits shall not exceed Rs.3.50 lacs per month or Rs.42.00 lacs per annum.

For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income Tax Rules, wherever applicable.

The following perquisites shall not be included for calculating the above limits of the remuneration:



[Rs. in lacs]

(a) Contribution, if any, to Provident Fund, Superannuation Fund or Annuity Fund made by the Company to the extent these are singly or put together are not taxable under the Income Tax Act;

(b) Payment of gratuity as per the policy of the Company.

(c) Encashment of leave at the end of the tenure.

He shall also be eligible for Company's car.

Provision of car for use on the Company's business and telephone at residence and mobile would not be considered as perquisites. Personal long distance calls on telephone/mobile and use of car for private purpose would be billed to the 'Manager'.

The aforesaid reappointment shall be subject to termination by either party by not less than three months' notice in writing given at any time to the other party.

The Board of Directors shall determine the exact quantum of remuneration and nature of perquisites and other allowances and vary/alter the same from time to time.

In the event of loss/inadequacy of profit, the aforesaid remuneration will be treated as minimum remuneration in terms of the provisions of Schedule-XIII as applicable from time to time.

Shri Madan Mohan Varshney has pecuniary relationship with the Company as he is the Manager of the Company and eligible for remuneration as per the terms of reappointment.

Shri Madan Mohan Varshney subject to the supervision, control and directions of the Board shall manage the affairs of the Company and shall exercise such other powers as are delegated by the Board/Committee of Directors/Chairman to him from time to time.

The brief profile of the Company as well as Shri Madan Mohan Varshney as required under Schedule-XIII are given hereunder:

The Company is the major producers of freeze dried products in the Country. The overall performance of the Company is as under:

Year Ended 31 st March	2008-09	2009-10	2010-11
Sales	4311	3589	4399
Other Income	393	402	442
Profit before interest, depreciation & tax	1477	1068	957
Interest & Financial charges	248	186	143
Depreciation	329	335	339
Profit before tax	900	546	475
Profit after Tax	835	383	345

The Company is an Export Oriented Unit earning valuable foreign exchange for the Country since inception. The figures of export for the last three financial years are as under:

31.03.2009	31.03.2010	31.03.2011
Rs.3255 lacs	Rs.2398 lacs	Rs.2979 lacs

Shri Madan Mohan Varshney is Post Graduate in Food Technology from the University of Pantnagar, Uttarakhand with specialization in Process Food Engineering. He has also done Enhancing Managerial Effectiveness from Indian Institute of Management, Ahmedabad and has experience of about 26 years in different companies. At present, he is working with the Company as Vice President and looking after Production and Planning.

Considering his vast experience, the Board of Directors recommend the Resolution for your approval. None of the Directors of the Company is concerned or interested in this Resolution.

This should be considered as an abstract of the terms of reappointment as 'Manager' of the Company and a memorandum as to the nature of the concern or interest of the Directors in the said reappointment as required under Section 302 of the Companies Act, 1956.

By Order of the Board

Place : NOIDA
Dated : 20th July, 2011

RAJESH DHEER
Company Secretary

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

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 M.G. Gupta	Shri R.K. Jain
Date of Birth	02.03.1934	24.09.1954
Date of Appointment	28.01.2003	11.08.2000
Experience in specific functional area	He is retired IAAS (Indian Audit & Accounts Services) and during his illustrious career with the Central Government, held several important positions in various Ministries / Departments. He retired in 1992 as Vice Chairman & member, Finance, Delhi Development Authority.	A Chartered Accountant having more than 31 years of experience particularly in the field of Finance, Taxation and Corporate Matters. Associated with Uflex group almost since inception and as such is quite familiar with the Company's activities.
Qualification	B.Sc., Retd. IAAS	FCA.
Directorship in other Public Limited Companies	-UFLEX Limited. -Taurus Assets Management Company Ltd.	Flex Middle-East FZE, Flex Americas S.A de C.V., Flex P. Films (Egypt) SAE. Flex Films (USA) Inc. Flex Films Europa Sp Z O.O.
Members/Chairman of Committee of the Board of the Public Limited Companies on which he is Director	Audit Committee -Flex Foods Limited -UFLEX Limited -Taurus Assets Management Company Ltd. Shareholders'/Investors' Grievances Committee -UFLEX Limited	Audit Committee -Flex Foods Limited Shareholders'/Investors' Grievances Committee -Flex Foods Limited

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

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 21st Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2011 and for the previous year ended 31st March, 2010 are as follows:

(Rs. in lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
Sales	4399	3589
Other Income	442	402
Profit before Interest, Financial Charges & Depreciation	957	1068
Interest & Financial Charges	143	186
Depreciation	339	335
Profit before Tax	475	547
Provision for Taxation	(161)	(156)
Provision for Deferred Tax (Charges)/ Credit	31	(7)
Profit after Tax	345	384
(Short)/Excess Provision of earlier year		
- For Income Tax	(1)	(1)
- For Fringe Benefit Tax	--	1
Profit for the Year	344	384
Profit brought forward from Previous Year	2759	2967
Profit available for appropriations	3103	3351

Your Company during the current year achieved a turnover of Rs.4841 lacs including other income of Rs.442 lacs in comparison to turnover of Rs.3991 lacs including other income of Rs.402 lacs in the previous year ended 31st March, 2010. During the year the Company made export of manufactured/traded goods on FOB basis to the tune of Rs.2979 lacs, which is approximately 68% of the total sales. Your Company ended the year with a net profit of Rs.344 lacs compared to profit of Rs.384 lacs for the previous year ended 31st March, 2010.

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, 2011. 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 03.09.2011 and 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 03.09.2011

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri M.G. Gupta and Shri R.K. Jain, 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 re-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, 2011, the applicable accounting standards have been followed and there has been no material departure.
- 2) that the Directors have selected such Accounting Policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the year under review.
- 3) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) that the Directors have prepared the Annual Accounts on a going concern basis.

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

Particulars of Employees

There has been no employee during the year whose particulars are required to be given under section 217(2A)



of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

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 Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'A' forming part of this Report.

Personnel

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

ANNEXURE 'A' TO DIRECTORS' REPORT

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

A) 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 up gradation.

Modification in defrosting system of refrigeration is resulting in reduction of unit consumption of power and increase in the plant efficiency.

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

Additional investments and proposals being implemented for reduction of energy consumption

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

Air Drying Unit: Cold store has been made for storage of finished goods to enhance the shelf life of the products.

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.

Modification in dehumidification system in Freeze Drying Unit has resulted in significant fuel savings.

Finished goods cold storage for air dried products will

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

Place : NOIDA

Dated : 20th July, 2011

Ashok Chaturvedi

Chairman

enhance the shelf life and will retain the color of the products.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

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

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

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

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

iii) Future Plan of Action

- 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.
- Efforts are being done to introduce Air dried herbs in retail packing for the domestic market.
- Automation and process line modifications are being planned to substantially reduce labour costs and to improve productivity and quality.

iv) Expenditure on R&D

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- 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.
- During the year company has exported manufactured goods on FOB basis amounting to Rs.2979.00 lacs. The expenditure incurred in Foreign Exchange (including value of imports) during the year amounted to Rs.122.08 lacs

For and on behalf of the Board

Place : NOIDA

Dated : 20th July, 2011

Ashok Chaturvedi

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Forward Looking Statements

Despite tough competition in the international market and increased pressure on unit price realization of product, Company has performed satisfactorily. Management is conscious of the increased customer requirements for superior quality systems, hygiene standards and strict adherence to product specifications and strictly adheres to these.

In the back ground of need for best care and improved business practices, the forward looking statements of the Company reflect the current expectations regarding future results of operation, Forward-looking statements 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 by such forward-looking statements.

Industry Scenario and Developments

The Indian economy is back on track and has recovered smartly from the aftermath of the global crisis of 2007-09. GDP grew by 8.5% in FY'11 from 6.8% in FY'09 and 8.0% in FY'10. Strong recovery in the agriculture sector, which rose by 6.6% in FY'11 against negligible growth (0.4%) in FY'10, has been the key underlying higher GDP growth.

Indian food processing industry has seen significant growth and changes over the past few years, driven by changing trends in markets, consumer segments and regulations. The trends, such as changing demographics, growing population and rapid urbanization are expected to continue in the future and, therefore, will shape the demand for value added products including for food processing industry in India. The Government of India's focus towards food processing industry as a priority sector is expected to ensure policies to support investment in this sector and attract more FDI. India, having access to vast pool of natural resources and growing technical knowledge base, has strong comparative advantages over other nations in this industry. The food processing sector in India is clearly an attractive sector for investment and offers significant growth potential to investors.

India's Food Processing Industry is one of the largest industries in the country – it is ranked fifth in terms of production, consumption, export and expected growth. The Indian food industry is estimated to be worth over US\$ 200 billion and is expected to grow to US\$ 310 billion by 2015. India is one of the world's major food producers but accounts for only 1.7 per cent (valued at US\$ 7.5 billion) of world trade in this sector – this share is slated to increase to 3 per cent (US\$ 20 billion) by 2015.

The mushroom industry has a bright future due to increasing demand of mushroom worldwide. The myth that mushrooms are not vegetarian is gradually fading and the acceptance of it as part of food is increasing. Mushrooms are gaining popularity due to inclination of the spending population to increasingly move towards Chinese, Italian and other western cuisines, which use mushrooms lavishly.

Business Overview

Flex Foods Ltd. offers a wide range of Vacuum Freeze Dried, Air-Dried, Frozen and IQF (Individually Quick Frozen) product range of mushrooms, herbs, spices and fruits / vegetables, meeting strict quality and 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 Canned, Frozen/IQF (Individually Quick Frozen), 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	
	Quantity (in KGs)	Value (Rupees)	Quantity (in KGs)	Value (Rupees)
Freeze dried Mushrooms, Herbs, Vegetables & Fruits	1,92,571	22,64,33,941	1,16,752	15,27,44,083
Processed Food Viz. Mushroom Fresh & Processed (including Canned)	13,44,228	9,83,34,308	12,19,835	7,49,99,822
Frozen/Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	10,68,486	9,03,43,250	9,29,465	9,69,21,098
Air Dried Fruits, Vegetables, Mushroom & Herbs	92,947	2,48,21,659	1,33,951	3,42,41,418
TOTAL	26,98,232	43,99,33,158	24,00,003	35,89,06,421

Opportunities and Threats

India is not a major producer of any of the mushroom varieties, but it does cultivate mushrooms and has great potential as an important producer in the future. From a production standpoint, the white button mushroom has the highest growth rate and potential for production.



In recent past, mushroom production has increased many folds and mushroom has found a definite place in the food consumption habits of common masses. Hence, there are very good opportunities for increase in mushroom demand.

To have a better presence in the ever growing international market, the Company is 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.

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 cultivation process of fresh herbs and mushroom farm is global-gap certified. The company mushroom farms are also accredited with ISO 22000:2005. Since the management envisages major threat in the form of competition from China, who is offering the same products at lower cost, the quality standards certifications adds to the competitive strength of the Company in international market.

Power tariff cost is the major concern of the Company, which fluctuates, *inter alia*, with the change in government policies.

The weather changes cause a larger effect on the agriculture crops. In the F.Y 2010-2011, company planned to produce and sell the vegetables, but due to heavy rainfall the price of raw material had gone up, therefore it was not viable to produce these.

Future Outlook

Food processing industry has been growing at over 13 percent despite the global slowdown. And now the government is aiming to double the turnover in the next five or six years by setting up mega food parks to attract global capital. The future of the industry looks bright, as the Government of India has taken several measures for developing this industry.

Indian mushroom industry has sufficiently geared itself up for a considerable growth in production over next few years as the export demand escalates. The mushroom industry's future is positive due to changing public perceptions of the fungus.

Management is consistently keeping close watch on the changing market scenario and the business strategy is reviewed regularly for achieving 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 of vital supplies and proactive Management of related business environment are essential for the risk management in the overall supply chain and business in general.

Internal Control Systems & 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 performance and 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 2011, the total number of permanent employees in the Company were 500.

ANALYSIS OF FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE

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

A. FINANCIAL CONDITIONS

Fixed Assets

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

Year ended March 31 st	2008	2009	2010	2011
Gross Block (Rs. in Lacs)	6757	6987	7005	7200

The composition and growth of assets was as under:

[Rs. in lacs]

Particulars	March 31, 2011	March 31, 2010	Growth %
Land	99.70	99.70	-
Buildings	1236.68	1212.33	2.01
Plant & Machinery	5515.94	5369.58	2.72
Electrical Fittings & Installations	141.59	141.59	-
Equipments	90.68	80.65	12.43
ERP Software	16.94	-	-
Furniture & Fixtures	10.87	10.30	5.53
Vehicles	87.44	90.96	-3.87
Total	7199.84	7005.11	2.78
Less: Acc. Depreciation	3466.07	3135.94	10.53
Add: CWIP	10.66	13.24	-
Net Fixed Assets	3744.43	3882.41	-

CURRENT ASSETS LOANS & ADVANCES

Inventories

Inventories include stock of raw material, consumables, work-in-progress, finished goods and packing material. Total inventories were Rs.789.14 lacs, representing 10.96% of the fixed assets.

Sundry Debtors

Sundry debtors were Rs.871.92 lacs as at 31st March, 2011 as against Rs.622.71 lacs as at 31st March, 2010. Debtors as a percentage of total operating revenue were 19.82 % for the current year as against 17.35 % for the previous year.

Cash and Bank Balances

Cash and bank balances were 5.20 % of total assets as on 31st March, 2011 as against 2.33 % as on 31st March, 2010.

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.426.03 lacs represent closing balance of net deferred tax liabilities after adjusting total deferred tax assets and deferred tax liabilities as on 31.03.2011. It has been calculated in accordance with Accounting Standard-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

CURRENT LIABILITIES & PROVISIONS

Current Liabilities

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

B. RESULTS OF OPERATIONS

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

(Rs.in lacs)

Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
	Amount	%	Amount	%
INCOME				
Income from operations	4399.33	96.43	3589.06	83.86
Other income	441.84	9.69	401.98	9.39
Increase/(Decrease) in stock	(279.12)	(6.12)	288.72	6.75
Total Income	4562.05	100.00	4279.76	100.00
EXPENDITURE				
Raw Material Consumed	795.26	17.43	698.72	16.33
Other Manufacturing Exp.	1289.14	28.26	1178.71	27.54
Payment & Benefit to Emp.	717.01	15.72	609.60	14.24
Administrative, Selling & Other Expenses	803.93	17.62	724.89	16.94
Operating Expenses	3605.34	79.03	3211.92	75.05
EBDIT	956.71	20.97	1067.84	24.95



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, 2011)

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

The composition and category of Directors as on 31.03.2011 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 terms of definition of 'relative' given under the 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 all 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. The information as required under the revised Clause 49 of the listing agreement is regularly provided to the Board as a part of the agenda.

Compliance reports of all applicable laws to the company

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

(b) Board Meetings and attendance record of each Director

Five Board Meetings were held during the financial year 2010-2011. The dates on which the meetings were held are 06.05.2010, 02.07.2010, 02.08.2010, 21.10.2010, and 18.01.2011. The gap between two meetings was not more than four months.

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

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

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

Role of the Audit Committee

- 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.
- 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.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause No. (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in Accounting Policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- 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.
- Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.



8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
14. To review the following information:
 - The Management Discussion and Analysis of financial condition and results of operation;
 - Statement of significant related party transaction (as defined by the Audit Committee), submitted by Management;
 - Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal Audit Reports relating to internal control weaknesses and
 - The appointment, removal and terms of remuneration of Internal Auditors.
15. Approval of appointment of CFO after assessing the qualifications, experience and backgrounds etc. of the candidate.

Power of the Audit Committee

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

Details of Meetings and Attendance

During the year, the Audit Committee had met five times on 06.05.2010, 02.07.2010, 02.08.2010, 21.10.2010 and 18.01.2011. The attendance of each Committee members is as under:

Name of Director	No. of Meetings held	Meetings attended
Mr. T.N. Pandey	5	5
Mr. G.N. Gupta	5	2
Mr. R.K. Jain	5	5
Mr. M.G. Gupta	5	5

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 Director/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.

During the year, the remuneration Committee had met on 02.08.2010.

Details of Remuneration paid to Managing/Whole-time Directors/Manager for the year ended 31.03.2011 is given below:

Name	Salary Rs.	Perquisites & Allowances Rs.	Commission Rs.	Total Rs.	Service Contract
Mr. M.M. Varshey	14,59,000	14,39,700	Nil	28,98,700	3 Years

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

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

(In Rs.)

Name of Directors	Board Meetings	Committee Meetings	Total
Mr. Ashok Chaturvedi	30000	--	30000
Mr. T.N. Pandey	50000	80000	130000
Mr. G.N. Gupta	20000	20000	40000
Mr. M.G. Gupta	50000	60000	110000
Mr. R.K. Jain	50000	80000	130000
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 as Members. 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 28.09.2010 and 31.03.2011.

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 six, outstanding complaints as on 31.03.2011 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 Certificate 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
18 th	Saturday, August 09, 2008 at 03.00 P.M.	Registered Office at: Lal Tappar Indl. Area, P.O. Resham Majri, Haridwar Road Dehradun, Uttarakhand	Nil
19 th	Wednesday, September 30, 2009 at 3.00 P.M.	Same as above	Appointment of Mr. Madan Mohan Varshney as Manager under the Companies Act, 1956
20 th	Saturday, August 28, 2010 at 3.00 P.M.	Same as above	Nil

(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 reappointed at the forth coming Annual General Meeting is being included in the Notice convening the Annual General Meeting.

f. Management Discussion and Analysis

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

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

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

h. Code of conduct

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

i. Review of Directors' Responsibility Statement

The Board in its Report to the Members of the Company have confirmed that the Annual Accounts for the year ended March 31, 2011 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 20th July, 2011.

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 Non Executive Chairman. 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 fixed 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 and also posted on Company's Website. 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, which is the common filing and dissemination portal for all companies listed on the BSE.

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

Date : 3rd September, 2011

Day : Saturday

Time : 3:00 P.M.

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

(b) Financial Calendar**Results**

- Results for quarter ending 30.06.2011
- Results for quarter ending 30.09.2011
- Results for quarter ending 31.12.2011
- Results for quarter ending 31.03.2012

When declared

- : Last week of July, 2011
- : Last week of October, 2011
- : Last week of January, 2012
- : Last week of April, 2012

(c) Book Closure date

29.08.2011 to 03.09.2011 (both days inclusive)

(d) Dividend

Dividend for the financial year 2010-2011, if declared will be paid/credited to the account of the shareholders on or after 03.09.2011.

(e) Listing of Equity Shares on Stock Exchanges

The equity shares are listed with the Bombay Stock Exchange Limited

The equity shares of the Company has been de-listed from Delhi Stock Exchange w.e.f. 25.01.2011.

Annual Listing fee for the year 2010-2011 has been duly paid to Bombay Stock Exchange Limited.

(f) Stock Code (Equity shares) - Trading symbol - Bombay Stock Exchange Ltd : 523672**(g) Demat ISIN Number in NSDL & CDSL : INE 954B01018****(h) Stock Market Price for the year 2010-2011:**

Share prices on Bombay Stock Exchange Limited were as under:

(In Rs.)

Month	High	Low
April-2010	30.85	25.40
May-2010	31.00	24.40
June-2010	30.50	24.40
July-2010	33.90	28.70
August-2010	35.60	27.75
September-2010	34.80	28.20
October-2010	33.45	28.25
November-2010	36.00	29.00
December-2010	34.40	24.25
January-2011	33.95	25.00
February-2011	28.80	25.70
March-2011	28.90	25.00

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

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

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

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

Beetal Financial & Computer Services Pvt. Ltd.

(Unit: Flex Foods Limited)

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 31.03.2011

Range	No. of Shareholders	No. of shares	% of total equity
1 - 500	13156	1715137	13.78
501 - 1000	445	383644	3.08
1001 - 2000	199	324697	2.61
2001 - 3000	60	157712	1.27
3001 - 4000	42	151756	1.22
4001 - 5000	39	187238	1.50
5001 - 10000	46	335665	2.70
10001 and above	53	9083150	72.96
Transit shares *		111001	0.89
TOTAL	14040	12450000	100.00

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

(m) Categories of Shareholders as on 31.03.2011

Category	No. of shares held	% of shareholding
Promoters & Associates	7343640	58.99
Financial Institutions & Mutual Funds	--	--
Foreign Institutional Investors	--	--
NRIs	6515	0.05
Banks	--	--
GDRs	--	--
Other Corporate Bodies	348748	2.80
Others (General Public)	4640096	37.27
Shares in transit (Demat) *	111001	0.89
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 32.32% of total equity share capital is held in dematerialized form upto 31.03.2011 with NSDL/CDSL.

The shares of the Company are listed on Bombay Stock Exchange and, which provide sufficient liquidity to the investors.

**(o) Plant Locations**

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

(p) Address for Correspondence

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

Beetal Financial & Computer Services Pvt. Ltd.

(Unit Flex Foods Ltd.)

BEETAL House

3rd Floor, 99, Madangir

Behind Local Shopping Centre

Near Dada Harsukh Dass Mandir

New Delhi – 110062

Tel. No.011- 29961281

Fax No.011- 29961284

Flex Foods Limited

305, Third Floor

Bhanot Corner

Pamposh Enclave

Greater Kailash - I

New Delhi - 110048

Tel. No.011-26440925

Fax No.011-26216922

e-mail : flexsec@vsnl.net

The above report has been placed before the Board at its meeting held on 20th July, 2011 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, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

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

Place : NOIDA
Dated : 20.07.2011

Bhawna Khanna
Partner
Membership No. 502428

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, 2011 pursuant to the requirements of Clause 49 of the Listing Agreement.

For Flex Foods Limited

Place : NOIDA
Dated : 20.07.2011

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 2011, 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 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011.
- 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 Registration No.005839N

Place : NOIDA
Dated : 20th July, 2011

Bhawna Khanna
Partner
Membership No.502428

ANNEXURE TO THE AUDITORS' REPORT OF FLEX FOODS LIMITED FOR THE YEAR ENDED 31ST MARCH 2011 (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 interest bearing loan of Rs.1,00,00,000/- 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 of India and provisions of Section 58A, 58AA, or other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable.
- (vii) The internal audit of the Company has been conducted by an independent firm of Chartered Accountants and in our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of the cost records 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, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other applicable statutory dues with the appropriate authorities.
- However the provisions of Employees' State Insurance Act, 1948 do not apply to the Company at this stage and therefore deposit of Employees' State Insurance dues with the appropriate authorities in time are not applicable to the Company.
- According to the information and explanations given to us there are no undisputed amount payable in respect of Provident Fund, Income tax/ Sales tax/ Wealth tax / Service tax / Custom duty / Excise duty / Cess and other applicable statutory dues as at the year end for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no pending dues in respect of Sales tax/ Wealth tax / Service tax / Custom duty / Excise duty / Cess which has not been deposited on account of any dispute.
- However following amounts are involved (Gross of Amount deposited under protest) with under mentioned

forum in respect of the disputed Income Tax dues: Aggregate Income Tax of Rs.43.21 lacs, pending before a) Delhi High Court (Rs.38.30 lacs) and b) CIT (Appeals) (Rs.4.91 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 (Auditor's 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.
- (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 Registration No.005839N

Place : NOIDA
Dated : 20th July, 2011

Bhawna Khanna
Partner
Membership No.502428



BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule Number	As At 31.03.2011 (Rupees)	As At 31.03.2010 (Rupees)
I. SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	124,400,500	124,400,500
Reserve & Surplus	2	347,467,388	342,029,903
DEFERRED GOVERNMENT GRANTS	3	9,590,910	10,266,526
LOAN FUNDS			
Secured Loans	4	109,309,566	140,885,115
DEFERRED TAX LIABILITY(Net)		42,603,211	45,700,413
TOTAL		633,371,575	663,282,457
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	719,984,304	700,511,312
Less: Depreciation		346,606,739	313,594,370
Net Block		373,377,565	386,916,942
Capital Work-in-Progress		1,066,016	1,323,779
CURRENT ASSETS, LOANS AND ADVANCES		374,443,581	388,240,721
a) Inventories	6	78,913,585	99,694,934
b) Sundry Debtors	7	87,191,672	62,271,736
c) Cash and Bank Balances	8	37,436,670	16,317,669
d) Loans and Advances	9	149,841,089	175,544,227
e) Other Current Assets	10	9,808,589	9,380,628
		363,191,605	363,209,194
LESS:			
CURRENT LIABILITIES AND PROVISION			
Current Liabilities	11	60,156,169	49,719,190
Provisions	12	44,107,442	38,448,268
		104,263,611	88,167,458
NET CURRENT ASSETS		258,927,994	275,041,736
TOTAL		633,371,575	663,282,457

NOTES:

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

For and on behalf of the Board of Directors

Ashok Chaturvedi
Chairman

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 Registration No.005839N

Place: NOIDA
Dated: 20th July, 2011

Bhawna Khanna
Partner
Membership No.502428


PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule Number	For The Year Ended 31.03.2011 (Rupees)	For The Year Ended 31.03.2010 (Rupees)
A. INCOME			
Sales		439,933,158	358,906,421
Other Income	13	44,183,790	40,198,060
Increase/(Decrease) in Finished Goods & Work-in-Progress	14	(27,912,642)	28,872,110
TOTAL (A)		456,204,306	427,976,591
B. EXPENDITURE			
Raw Materials Consumed	15	79,526,496	69,871,855
Other Manufacturing Expenses	16	128,913,558	117,871,650
Payments & Benefits to Employees	17	71,701,144	60,960,277
Administrative, Selling & Other Expenses	18	80,393,186	72,488,430
Interest & Financial Charges	19	14,320,251	18,639,189
Depreciation		33,882,564	33,499,147
TOTAL (B)		408,737,199	373,330,548
Profit for the year before taxation	Total (A-B)	47,467,107	54,646,043
Add/(Less): Provision for Taxation			
- Deferred Income Tax (Charge) / Credit		3,097,202	(646,343)
- Current Tax		(16,081,316)	(15,614,247)
- Wealth Tax		(15,500)	(46,000)
Profit for the year after taxation		34,467,493	38,339,453
(Less)/Add: (Short)/Excess Provision of earlier year			
- For Income Tax		(90,605)	(64,452)
- For Fringe Benefit Tax		-	101,815
Profit for the year		34,376,888	38,376,816
Profit brought forward from previous year		275,914,888	296,669,827
Profit Available For Appropriations		310,291,776	335,046,643
APPROPRIATIONS			
Proposed Dividend		24,900,000	24,900,000
Proposed Dividend Distribution Tax		4,135,579	4,231,755
General Reserve		3,500,000	30,000,000
Amount Transferred to Balance Sheet		277,556,197	275,914,888
		310,291,776	335,046,643
Weighted Average No. of Basic and Diluted Equity Shares		12,440,050	12,440,050
Basic & Diluted Earning Per Share		2.76	3.08

NOTES:

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

For and on behalf of the Board of Directors

Ashok Chaturvedi
Chairman

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 Registration No.005839N

Place: NOIDA
Dated: 20th July, 2011

Bhawna Khanna
Partner
Membership No.502428

**CASH FLOW STATEMENT**

	For the Year Ended (Rupees) 31.03.2011	For the Year Ended (Rupees) 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	47,467,107	54,646,043
Adjustments for :		
Depreciation	33,882,564	33,499,147
Deferred Income on Capital Subsidy	(675,616)	(675,616)
Exchange Rate Fluctuations	(5,166,017)	(565,235)
Sundry Balances Written Off	116,705	2,475,638
Sundry Balances Written Back	(6,547)	(3,096,854)
Loss/(Profit) on Sale of Fixed Assets	(255,507)	205,066
Loss due to Theft of Fixed Assets	23,491	-
Interest Payment	14,320,251	18,639,189
Interest Received	(18,095,966)	(19,246,645)
	<u>24,143,358</u>	<u>31,234,690</u>
	71,610,465	85,880,733
Operating Profit before Working Capital Changes		
Adjustments for :		
Trade & Other Receivables	238,536	40,542,421
Inventories	20,781,349	(24,617,304)
Trade & Other Payables	10,443,526	(4,823,922)
Provisions	5,755,350	689,726
	<u>37,218,761</u>	<u>11,790,921</u>
Cash Generated from Operating activities	<u>108,829,226</u>	<u>97,671,654</u>
Income Tax, Wealth Tax & Fringe Benefit Tax	(16,096,816)	(15,660,247)
(Short)/Excess Provision of Income Tax, Fringe Benefit Tax	(90,605)	37,363
Dividend Distribution Tax Paid	(4,135,579)	(4,231,755)
Exchange Rate Fluctuations	5,166,017	565,235
	<u>(15,156,983)</u>	<u>(19,289,404)</u>
Net Cash From Operating Activities	<u>93,672,243</u>	<u>78,382,250</u>
TOTAL A		
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(20,692,915)	(4,470,550)
Interest Received from Bank & Others	18,095,966	19,246,645
Sale of Fixed Assets	839,507	308,222
	<u>(1,757,442)</u>	<u>15,084,317</u>
Net cash used in Investing Activities	<u>TOTAL B</u>	
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Decrease) in Borrowings (Net)	(31,575,549)	(49,591,354)
Interest & Finance charges	(14,320,251)	(18,639,189)
Share Allotment Money Received	-	6,500
Dividend Paid	(24,900,000)	(24,900,000)
	<u>(70,795,800)</u>	<u>(93,124,043)</u>
Net cash used in Financing Activities	<u>TOTAL C</u>	
Net increase/(decrease) in Cash & Cash Equivalents	<u>21,119,001</u>	<u>342,524</u>
Opening Cash & Cash Equivalents	16,317,669	15,975,145
Closing Cash & Cash Equivalents	37,436,670	16,317,669

For and on behalf of the Board of Directors

Ashok Chaturvedi
ChairmanS.K. Kaushik
DirectorPrabir Ghatak
Chief Executive OfficerThis is the Cash Flow Statement
referred to in our report of even dateM.M. Varshney
Vice PresidentRajesh Dheer
Company SecretaryNaval Duseja
Asst. General Manager (F&A)For Jain Singhal & Associates
Chartered Accountants
Firm Registration No.005839NPlace: NOIDA
Dated: 20th July, 2011Bhawna Khanna
Partner
Membership No.502428



	AS AT 31.03.2011 (Rupees)		AS AT 31.03.2010 (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		50,000,000		50,000,000
		<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>99,500</u>	
		124,400,500		124,400,500
TOTAL		<u>124,400,500</u>		<u>124,400,500</u>
SCHEDULE - 2				
RESERVE & SURPLUS				
GENERAL RESERVE				
Opening balance	66,115,015		36,115,015	
Addition during the Year*	<u>3,596,176</u>	69,711,191	<u>30,000,000</u>	66,115,015
PROFIT & LOSS ACCOUNT				
Transferred from Profit & Loss Account		<u>277,756,197</u>		<u>275,914,888</u>
TOTAL		<u>347,467,388</u>		<u>342,029,903</u>
*Includes Rs 96,176 in respect of excess appropriation towards Corporate Dividend Tax.				
SCHEDULE -3				
DEFERRED GOVERNMENT GRANTS				
(To the extent pending apportionment to profit & loss account)				
Capital Subsidy on:				
- Cold Storage	1,671,421		1,803,224	
- Individually Quick Frozen and Air Dried Plant	<u>8,155,808</u>		<u>8,682,720</u>	
- Plastic Crates	<u>439,297</u>	10,266,526	<u>456,198</u>	10,942,142
Less: Deferred Income Apportioned to Profit & Loss Account				
- Cold Storage	131,803		131,803	
- Individually Quick Frozen and Air Dried Plant	<u>526,912</u>		<u>526,912</u>	
- Plastic Crates	<u>16,901</u>	<u>675,616</u>	<u>16,901</u>	<u>675,616</u>
TOTAL		<u>9,590,910</u>		<u>10,266,526</u>
SCHEDULE-4				
SECURED LOANS				
TERM LOAN				
From-Canara Bank	-		55,625,000	
Interest Accrued & Due	-	-	<u>507,999</u>	56,132,999
WORKING CAPITAL FACILITIES				
From-Canara Bank		<u>109,309,566</u>		<u>84,752,116</u>
TOTAL		<u>109,309,566</u>		<u>140,885,115</u>

NOTE:

Working Capital facilities from Canara Bank are secured on first charge basis by way of hypothecation on specific movable assets situated at Lal Tappar Industrial Area and Chidderwala, Dehradun (Uttarakhand) and 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). These facilities are further guaranteed by one Director of the Company.



SCHEDULE - 5

FIXED ASSETS AS AT 31.03.2011

		GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
Sl No.	PARTICULARS	Cost As At 01-04-2010	Additions During the Year	Deductions During the Year	Cost As At 31-03-2011	As At 01-04-2010	Provided During the Year	Written Back During the Year	Upto 31-03-2011	As At 31-03-2011	As At 31-03-2010
1	TANGIBLE ASSETS										
A	LAND	9,969,742	-	-	9,969,742	-	-	-	-	9,969,742	9,969,742
B	BUILDING										
	-FACTORY	117,148,154	2,434,472	-	119,582,626	43,611,668	3,916,152	-	47,527,820	72,054,806	73,536,486
	-ADMINISTRATION	4,084,976	-	-	4,084,976	1,507,937	57,239	-	1,565,176	2,519,800	2,577,039
C	PLANT & MACHINERY				-						
	-INDIGENOUS	173,511,802	14,092,847	-	187,604,649	82,550,025	8,620,553	-	91,170,578	96,434,071	90,961,777
	-IMPORTED	363,446,689	542,882	-	363,989,571	165,651,161	19,160,648	-	184,811,809	179,177,762	197,795,528
D	ELECTRICAL FITTING & INSTALLATION	14,159,476	-	-	14,159,476	11,003,581	688,001	-	11,691,582	2,467,894	3,155,895
E	EQUIPMENTS	8,065,098	1,002,775	-	9,067,873	5,033,207	545,748	-	5,578,955	3,488,918	3,031,891
F	FURNITURE & FIXTURES	1,029,747	57,567	-	1,087,314	647,285	37,037	-	684,322	402,992	382,462
G	VEHICLES	9,095,628	1,125,752	1,477,686	8,743,694	3,589,506	856,257	870,195	3,575,568	5,168,126	5,506,122
2	INTANGIBLE ASSETS										
	-ERP SOFT WARE	-	1,694,383	-	1,694,383	-	929	-	929	1,693,454	-
	TOTAL	700,511,312	20,950,678	1,477,686	719,984,304	313,594,370	33,882,564	870,195	346,606,739	373,377,565	386,916,942
	PREVIOUS YEAR	698,654,577	3,407,771	1,551,036	700,511,312	281,132,971	33,499,147	1,037,748	313,594,370	-	-
		CAPITAL WORK IN PROGRESS								1,066,016	1,323,779
										374,443,581	388,240,721

As At
31.03.2011
(Rupees)

As At
31.03.2010
(Rupees)

SCHEDULE-6

INVENTORIES

(As taken, valued and certified by the Management)

Raw Materials	6,271,812	1,157,201
Consumables	6,604,290	4,638,209
Work - in- Progress	16,373,195	17,388,534
Finished Goods	47,350,723	74,248,026
Packing Material	2,313,565	2,262,964
TOTAL	78,913,585	99,694,934

SCHEDULE-7

SUNDRY DEBTORS

(Unsecured, Considered Good)

Debts outstanding for a period exceeding six months	4,694,389	4,632,885
Other Debts	86,544,515	61,686,083
	91,238,904	66,318,968
Less: Provision for Doubtful Debtors	4,047,232	4,047,232
TOTAL	87,191,672	62,271,736



	As At 31.03.2011 (Rupees)	As At 31.03.2010 (Rupees)
SCHEDULE-8		
CASH AND BANK BALANCES		
Cash in Hand	766,184	2,017,341
Balances with scheduled Banks on:		
- Current Accounts	8,654,760	11,051,249
- Debenture Interest	246,188	515,999
- Unclaimed Dividend Account	3,511,004	2,312,812
- Fixed Deposits with Banks*	23,008,534	420,268
- Margin Money	1,250,000	-
TOTAL	37,436,670	16,317,669

* Includes :

- a) Rs.4,88,534 (Previous Year Rs.4,00,268) Pledged with bank as margin for bank guarantees.
b) Rs. 20,000 (Previous Year Rs.20,000) Deposited with Sale Tax Authorities.

SCHEDULE-9**LOANS AND ADVANCES**

(Unsecured, Considered Good)

Advance Tax (Net of Provisions)	-	524,058
Minimum Alternative Tax(MAT) Credit Entitlement	3,413,772	10,037,745
Advances Recoverable in Cash or In kind or for Value to be Received	21,583,563	12,368,700
Balances with Excise Authorities	7,519,211	8,360,064
Security Deposits	5,759,891	5,751,391
Loans to Employees	1,564,652	1,002,269
Loans to Companies	110,000,000	137,500,000
TOTAL	149,841,089	175,544,227

SCHEDULE-10**OTHER CURRENT ASSETS**

Interest Recoverable:

- On Loans	9,293,835	9,086,188
- On Fixed Deposits with Bank	89,570	58,227
- Others	425,184	236,213
TOTAL	9,808,589	9,380,628

SCHEDULE-11**CURRENT LIABILITIES**

Sundry Creditors	36,238,108	28,074,610
Advances from customers	49,666	34,392
Security & Other Deposits	1,476,650	1,461,650
Unclaimed Interest *	2,950,843	2,951,894
Unclaimed Dividend Account *	3,511,004	2,312,812
Other Liabilities	15,929,898	14,883,832
TOTAL	60,156,169	49,719,190

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

SCHEDULE-12**PROVISIONS**

Provision For Current Income Tax (Net of Advance Tax)	3,026,886	-
Provision For Wealth Tax (Net of Advance Tax)	15,500	46,000
Provision For Staff Benefits	12,029,477	9,270,513
Proposed Dividend	24,900,000	24,900,000
Proposed Dividend Distribution Tax	4,135,579	4,231,755
TOTAL	44,107,442	38,448,268



	For The Year Ended 31.03.2011 (Rupees)	For The Year Ended 31.03.2010 (Rupees)
SCHEDULE-13		
OTHER INCOME		
Export Incentive	17,284,706	13,555,206
Exchange Rate Fluctuation (Net)	5,166,017	565,235
Transport Assistance Scheme	1,132,915	951,345
Sundry Balance Written Back	6,547	3,096,854
Deferred Income on Capital Grant	675,616	675,616
Profit on Sale / Disposal of Fixed Assets	255,507	-
Interest:		
- from Banks	347,631	214,850
[T.D.S. Rs. 34,769 (Previous Year Rs.36,651)]		
- from Others	17,748,335	19,031,795
[T.D.S. Rs. 18,95,688 (Previous Year Rs.20,54,681)]		
Miscellaneous Income	1,566,516	2,107,159
TOTAL	44,183,790	40,198,060

SCHEDULE-14
INCREASE/(DECREASE) IN FINISHED GOODS & WORK-IN-PROGRESS

Closing Stocks:		
Finished Goods	47,350,723	74,248,026
Work-in-Progress	16,373,195	17,388,534
	63,723,918	91,636,560
Less: Opening Stocks		
Finished Goods	74,248,026	49,538,347
Work-in-Progress	17,388,534	13,226,103
	91,636,560	62,764,450
TOTAL	(27,912,642)	28,872,110

SCHEDULE-15
RAW MATERIALS CONSUMED

Opening Stock	1,157,201	1,548,434
Add: Purchases	84,641,107	69,480,622
	85,798,308	71,029,056
Less: Closing Stock	6,271,812	1,157,201
Raw Material Consumed	79,526,496	69,871,855

SCHEDULE-16
OTHER MANUFACTURING EXPENSES

Power & Fuel Consumed	88,908,814	77,368,306
Repairs & Maintenance - Machineries	11,338,218	11,649,670
Stores, Spares, Tools, Jigs & Dies Consumed	7,142,386	7,352,943
Processing Charges	619,656	557,187
Freight & Cartage Inward	777,445	636,924
Labour Charges	4,480,313	3,498,797
Lab. Expenses	363,095	621,999
Testing Charges	258,488	41,911
Sorting & Picking Charges	6,025,209	6,922,432
Tractor Hire & Shifting Charges	8,999,934	9,221,481
TOTAL	128,913,558	117,871,650

SCHEDULE-17
PAYMENTS & BENEFITS TO EMPLOYEES

Salaries, Wages, Benefits & Amenities	63,722,456	55,070,673
Contribution to Provident Fund and Other Fund	6,871,329	5,168,036
Employees Welfare Expenses	1,107,359	721,568
TOTAL	71,701,144	60,960,277



	For The Year Ended 31.03.2011 (Rupees)	For The Year Ended 31.03.2010 (Rupees)
SCHEDULE-18		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Rent	17,733	11,000
Insurance Charges	3,345,274	2,836,472
Water & Electricity Expenses	13,317	5,856
Printing & Stationery	548,513	500,997
Postage, Telegram & Telephone Expenses	1,651,210	1,064,821
Vehicle Hire, Running & Maintenance Expenses	2,101,922	1,993,691
Conveyance & Travelling Expenses	7,264,587	5,643,554
Repair & Maintenance		
- Building	693,109	836,547
- Others	1,221,783	1,238,759
Legal & Professional Charges	4,323,801	3,570,775
General Expenses	3,347,910	2,995,629
Entertainment Expenses	399,927	225,170
Charity & Donation	8,652	17,800
Rates & Taxes	268,629	210,922
Research & Development	18,445	40,684
Advertisement, Publicity, Exhibition & Display Expenses	933,830	366,466
Loading & Unloading Charges	149,993	107,580
Loss due to theft of Fixed Assets	23,491	-
Loss on Sale of Fixed Assets	-	205,066
Sundry Balance written off	116,705	2,475,638
Commission on Sale	1,936,147	2,144,604
Rebate & Discount	765,990	1,946,585
Sample Testing Charges	1,273,650	1,457,113
Packing & Forwarding Charges	18,326,814	16,795,352
Freight Outward	31,641,754	25,797,349
TOTAL	80,393,186	72,488,430

SCHEDULE-19**INTEREST & FINANCIAL CHARGES****INTEREST**

On Secured Loans	3,105,610	7,794,784
On Working Capital	4,017,128	4,170,399
Discounting & Bank Charges	7,197,513	6,674,006
TOTAL	14,320,251	18,639,189

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 for on accrual basis.

2) VALUATION**(i) Fixed Assets****Tangible**

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

Intangible

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

(ii) **Raw Materials 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 is adjusted as income / expense through Exchange Fluctuation Account in the year they arise.

4) DEPRECIATION

(i) Normal depreciation on all Fixed Assets except Land & Software are provided on Straight Line Method at the rates prescribed in Schedule-XIV of The Companies Act, 1956.

(ii) Intangible assets are written off over a period of five years from the date of put to use.

(iii) Depreciation/Amortization on deletions to Fixed Assets is provided on *pro-rata* basis from/to the date of addition/deletions.

(iv) Depreciation/Amortization on additions/deletions to the fixed assets due to exchange fluctuation rate is provided on *pro-rata* basis since inception.

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 gain 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) PROVISION FOR INCOME TAX**

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

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

15) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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 31-03-2011 (Rupees)	As at 31-03-2010 (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.	1,69,58,943	5,01,76,899
(b) Bank Guarantees Outstanding (Net of Margin)	11,61,466	14,49,732
(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.	43,21,341	26,00,890

(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: 3,19,53,568 29,73,960

- (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" as notified by the Companies Accounting Standard (Rules) 2006:

(A) List of Related Parties

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



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

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

(B) Transaction with Related Parties

Nature of Transaction	Enterprise for which Reporting Enterprise is an Associate Company	Key Management Personnel
Purchase of Packing Material	12,35,920 (13,29,422)	- -
Loan given	1,00,00,000 (-)	- -
Interest Received on Loan	4,46,027 (23,41,644)	- -
Amount Received for Loan Given	1,00,00,000 (3,00,00,000)	- -
Remuneration	- (-)	66,34,687 (51,69,547)
Balance Outstanding at the end of the year (Credit)	36,680 (1,02,109)	-

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 31-03-2011 (Rupees)	For the Year Ended 31-03-2010 (Rupees)
Audit Fee	3,80,000	3,25,000
Tax Audit Fee	1,25,000	1,00,000
Other Services	1,95,000	1,60,000
Out of Pocket expenses	85,704	1,64,875
TOTAL	7,85,704	7,49,875

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

	As At 31-03- 2011 (Rupees)	As At 31-03-2010 (Rupees)
(a) Deferred Tax Assets		
Others	36,02,945	25,57,555
	36,02,945	25,57,555
(b) Deferred Tax Liability		
Related to Fixed Assets	4,62,06,156	4,82,57,968
	4,62,06,156	4,82,57,968
Net Opening Deferred Tax Assets / (Liabilities)	(4,57,00,413)	(4,50,54,070)
Add/(Less) Net deferred Tax Provision for the year	30,97,202	(6,46,343)
Net Closing Deferred Tax Asset / (Liability)	(4,26,03,211)	(4,57,00,413)

(8) Earnings per share (EPS)

The numerators and denominators used to calculate Basic and Diluted Earnings per Share:

	For the Year Ended 31-03-2011	For the Year Ended 31-03-2010
a) Profit for the year (in Rs.)	3,43,76,888	3,83,76,816
b) Fully Paid up Equity Shares of Rs.10/-each (in nos.)	1,24,30,100	1,24,30,100
Partly Paid up Equity shares of Rs.10/-each (Rs.5/-paid) (in nos.)	19,900	19,900
Weighted Basic and Diluted Equity shares for the purpose of EPS	1,24,40,050	1,24,40,050
c) Nominal value per share (in Rs.)	10/-	10/-
d) Basic & Diluted Earning Per Shares (in Rs.)	2.76	3.08

(9) Managerial Remuneration (in Rs.)

a) Included under Payments & Benefits to Employees:		
i) Salaries	14,59,000	12,70,000
ii) Management Allowance	12,65,000	12,34,000
iii) Reimbursement of Medical Expenses	83,000	76,772
iv) Ex-gratia	8,400	8,400
v) Leave Travelling Allowance	72,500	89,571
vi) Perquisite value	10,800	10,800
	28,98,700	26,89,543
b) Included under General Expenses		
Directors Sitting Fees	5,00,000	5,00,000

(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.

	As At 31-03-2011	As At 31-03-2010
a. Actuarial assumptions		
Discount Rate: Per Annum	8%	8%
Salary Escalation:	5%	5%
b. Reconciliation of opening and closing balances of obligation	Gratuity 31.03.2011 (Rupees)	Gratuity 31.03.2010 (Rupees)
Obligation at beginning of the year	1,39,02,844	1,22,63,924
Current Service Cost	10,15,930	9,29,973
Interest Cost	11,12,227	9,81,114
Actuarial (gain) /loss	15,20,652	4,35,879
Less: Benefits paid	(3,64,859)	(7,08,046)
Obligation at the end of the year	1,71,86,794	1,39,02,844
c. Reconciliation of opening and closing balances of fair value assets		
Fair value of plan assets at beginning of the year	84,61,800	75,08,906
Employer Contribution	10,15,973	9,29,973
Less: Benefits Paid	(3,64,859)	(7,08,046)
Add: Expected return on plan assets	8,50,564	7,30,967
Fair value of plan assets at the end of the year	99,63,435	84,61,800
d. Amount Recognized in Balance Sheet		
Present value of obligation	1,71,86,794	1,39,02,844
Fair value of plan assets	99,63,435	84,61,800
Amount recognized in Balance Sheet	72,23,359	54,41,044
e. Gratuity cost for the period		
Current Service Cost	10,15,930	9,29,973
Interest Cost	11,12,227	9,81,114
Expected return on plan assets	(8,50,564)	(7,30,967)
Actuarial (gain) /loss	15,20,652	4,35,879
Net Gratuity cost	27,98,245	16,15,999



(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 Mushrooms, 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, Mushroom & Herbs	MT	3600 (3600)
Air Dried Fruits, Vegetables, Mushroom & 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 Mushrooms, Herbs, Vegetables & Fruits	1,62,924	1,38,043
Processed Food viz Mushroom Fresh & Processed (Including Canned)	13,52,200	12,41,834
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	9,00,037	10,61,645
Air Dried Fruits, Vegetables, Mushroom & Herbs	1,02,932	87,324
TOTAL	25,18,093	25,28,846

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 Mushrooms, Herbs, Vegetables & Fruits	1,92,571	22,64,33,941	1,16,752	15,27,44,083
Processed Food Viz Mushroom Fresh & Processed (Including Canned)	13,44,228	9,83,34,308	12,19,835	7,49,99,822
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	10,68,486	9,03,43,250	9,29,465	9,69,21,098
Air Dried Fruits, Vegetables, Mushroom & Herbs	92,947	2,48,21,659	1,33,951	3,42,41,418
TOTAL	26,98,232	43,99,33,158	24,00,003	35,89,06,421

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

Description	Opening Stock		Closing Stock	
	Qty. (in kgs.)	Value (Rs.)	Qty. (in kgs.)	Value (Rs.)
Freeze Dried Mushrooms, Herbs, Vegetables & Fruits	45,372	3,84,16,969	15,725	1,41,05,642
Processed Food - viz Mushroom Fresh & Processed (Including Canned)	39,267	35,48,519	47,239	45,56,630
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	5,03,280	2,34,18,931	3,34,831	1,84,86,460
Air Dried Fruits, Vegetables, Mushroom & Herbs	61,802	88,63,607	71,787	1,02,01,991
TOTAL	6,49,721	7,42,48,026	4,69,582	4,73,50,723

(c) Information in respect of raw material consumed:

Description	Unit	Current Year		Previous Year	
		Qty	Value (Rs.)	Qty.	Value (Rs.)
Straw	MT	3084.49	1,56,08,589	3318.70	1,48,11,120
Paddy Straw	MT	1377.27	38,07,553	764.67	12,71,572
Sugar Cane - Baggase	MT	-	-	20.82	52,051
Green Pepper	MT	47.18	64,23,893	-	-
Chicken Manure	MT	3127.54	45,07,023	2928.54	38,03,197
Herbs	MT	3786.61	3,52,00,007	3440.33	3,11,02,019
Vegetables	MT	509.04	78,50,917	1085.17	1,40,83,676
Other Raw Material		-	61,28,514	-	47,48,220
TOTAL			7,95,26,496		6,98,71,855

(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	26,74,367	3.36	15,94,191	2.28
Indigenous	7,68,52,129	96.64	6,82,77,664	97.72
TOTAL	7,95,26,496	100.00	6,98,71,855	100.00
Stores, spares, Tools, Jigs and Dies consumed				
Imported	4,31,482	2.33	26,27,197	13.83
Indigenous	1,80,49,122	97.67	1,63,75,416	86.17
TOTAL	1,84,80,604	100.00	1,90,02,613	100.00

(e) Other Particulars

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

	For the Year Ended 31-03-2011 (Rupees)	For the Year Ended 31-03-2010 (Rupees)
1 Raw Materials	29,44,399	21,84,517
2 Components & Spare Parts	34,62,973	6,72,633
3 Capital Goods (P&M)	5,42,882	1,62,985

(ii) Expenditure in Foreign Currency During the year:

Travelling	16,06,100	12,71,500
Sample Testing Charges	15,01,660	14,57,113
Commission on sale	19,36,147	21,44,604
Business Promotion	1,57,180	-
Legal & Professional	56,450	-

(iii) Earnings in Foreign Exchange:

Exports of Manufactured Goods FOB basis Rs.29,78,99,535/-
(Previous year Rs.23,98,01,351/-)

(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 " as notified by the Companies Accounting Standard (Rules) 2006.

Notes: Signatories to Schedule 1 to 21

For and on behalf of the Board of Directors

Ashok Chaturvedi
Chairman

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

Place: NOIDA
Dated: 20th July, 2011

Bhawna Khanna
Partner
Membership No. 502428

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No. 023970

State code 20

Balance Sheet Date 31 03 2011

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

NIL

Private Placement

NIL

Bonus Issue

NIL

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

Total Liabilities

633372

Total Assets

633372

Sources of Funds

Paid-up Capital

124401

Reserve & Surplus

347467

Secured Loans

109310

Unsecured Loans

NIL

Deferred Govt. Grant

9591

Deferred Tax Liability (Net)

42603

Application of Funds

Net Fixed Assets

374444

Investments

NIL

Net Current Assets

258928

Misc. Expenditure

NIL

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

Turnover (Including Other Income)

484117

Total Expenditure

408737

Profit before Tax

47467

Net Profit After tax

34468

Earning Per Share (in Rs.)

2.76

Dividend Rate %

20

V. Generic Names of Principal Products/ Services of Company (as per monetary terms)

Item Code No. (ITC Code) 0712.30

Product Description FREEZE DRIED MUSHROOM

Item Code No. (ITC Code) CHAPTER-07 08 09

Product Description INDIVIDUAL QUICK
FROZEN PRODUCTS

Item Code No. (ITC Code) CHAPTER-07

Product Description FREEZE DRIED HERBS



FLEX FOODS LIMITED

Regd. Office :

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

DP ID*	
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Client ID*	
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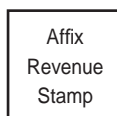
PROXY FORM

Proxy No. :

Regd. Folio No. No. of shares held I/We
..... of in the district
of being a Member/Members of the above named
Company hereby appoint
..... of in the district of
..... or failing him/her of in
the district of as my/our proxy to vote for me/us on my/our behalf at the 21st Annual General
Meeting of the Company to be held on **Saturday, 3rd September, 2011 at 3.00 P.M.** at the Registered Office of the Company at Lal
Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, (Uttarakhand) and at any adjournment thereof.

Signed this day of 2011.

Signature



.....

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

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



FLEX FOODS LIMITED

Regd. Office :

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

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

I hereby record my presence at the 21st 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, 3rd September, 2011 at 3.00 P.M.**

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

- Notes :**
- 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.
 - 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