

TWENTY THIRD ANNUAL REPORT 2012-2013



FLEX FOODS LIMITED



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**TWENTY THIRD ANNUAL REPORT
2012-2013**

BOARD OF DIRECTORS

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

COMPANY SECRETARY

RAJESH DHEER

AUDITORS

JAIN SINGHAL & ASSOCIATES
New Delhi
Statutory Auditors

VIJAY SEHGAL & CO.
Delhi
Internal Auditors

BANKERS

CANARA BANK

REGISTERED OFFICE

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

SHARE DEPARTMENT

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

WORKS

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

Chidderwala
Dehradun
(Uttarakhand)



FLEX FOODS LIMITED

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the members of Flex Foods Limited will be held on Saturday, the 29th day of June, 2013 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

- To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and the Statement of Profit & Loss for the year ended on that date together with the Reports of Auditors and Directors thereon.
- To declare dividend for the Financial Year ended 2012-2013 on the Equity Shares of the Company
- To appoint a Director in place of Shri Ashok Chaturvedi, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Shri T.N. Pandey, who retires by rotation and being eligible offers himself for re-appointment.
- 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 Accountant, New Delhi retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

By Order of the Board

Place : NOIDA

RAJESH DHEER

Dated : 13.05.2013

Company Secretary

Regd. Office:

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

NOTES:

- 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.
- The Register of Members and Share Transfer Books of the Company will remain closed from 24.06.2013 to 29.06.2013 (both days inclusive).
- 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.

- The Company has paid the Annual Listing fees for the year 2013-2014 to the BSE Limited at which the Company's Securities are presently listed.
- Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrars and Transfer Agents, Beetal Financial & Computer Services Pvt. Ltd.
- As per the provisions of Clause 5A of the Listing Agreement, unclaimed shares lying with the Company have been transferred and dematerialised in an Unclaimed Suspense Account. The status of Unclaimed Suspense Account is given herein below:

Sl. No.	Particulars	No. of share holders	No. of equity shares held
i.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account	143	14500
ii.	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account	Nil	Nil
iii.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account.	Nil	Nil
iv.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on date.	143	14500

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

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

Note: None of the Non-executive Directors of the Company hold any shares/convertible instrument in the Company except Shri Ashok Chaturvedi (Non-executive Chairman), who holds 7610 equity shares of the Company.

**DIRECTORS' REPORT**

To the Members,

Your Directors are pleased to present the 23rd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2013

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2013 and for the previous year ended 31st March, 2012 are as follows:

(Rs. in lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Income from Operation	5282.80	5047.02
Other Income	293.40	276.45
Profit before Finance Cost, Depreciation and Taxes	1244.58	1151.17
Finance Cost	164.89	143.52
Depreciation	340.49	336.07
Profit before Tax	739.20	671.58
Provision for Taxation	192.34	186.01
Deferred Tax (Assets)/Liability	(11.24)	55.30
Short/(Excess) Provision of earlier year	(0.09)	12.68
Profit for the Year	558.19	417.59
Earning per Share	4.49	3.36

Your Company achieved total revenue of Rs.5576.20 lacs including other income of Rs.293.40 lacs in comparison to total revenue of Rs.5323.47 lacs including other income of Rs.276.45 lacs in the previous year ended 31st March, 2012. During the year the Company made export of manufactured/traded goods on FOB basis to the tune of Rs. 3712.55 lacs, which is approximately 71.45% of the total sales. Your Company ended the year with a net profit of Rs.558.19 lacs compared to profit of Rs.417.59 lacs for the previous year ended 31st March, 2012. The earning per share is Rs.4.49 in comparison to Rs.3.36 per share in the previous year.

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

Dividend

Your Directors are pleased to recommend a dividend @Rs.2/- per share (20%) for the financial year ended March, 2013. 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 23rd June, 2013. 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 23rd June, 2013.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Ashok Chaturvedi and Shri T.N. Pandey, Directors

of the Company retire by rotation and being eligible offer themselves for re-appointment.

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

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

Fixed Deposits

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

Auditors

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

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

Corporate Governance

The Securities and Exchange Board of India (SEBI) stipulates 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, 2013, the applicable accounting standards have been followed and there has been no material departure.
2. that the Directors have selected such Accounting Policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the year under review.
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies



Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. that the Directors have prepared the Annual Accounts on a going concern basis.

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

Particulars of Employees

There has been no employee during the year whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

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

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the

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

Personnel

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

Acknowledgement

The Directors acknowledge with gratitude the co-operation extended by various agencies of the Central Government, Government of Uttarakhand, 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 : 13.05.2013

Ashok Chaturvedi
Chairman

ANNEXURE 'A' TO DIRECTORS REPORT

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

A) Energy Conservation Measures Taken

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

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

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.

B) Additional investments and proposals being implemented for reduction of energy consumption

HPU Unit: Refrigeration unit was modified to improve handling capacity by installing new compressor, PHE, cooling tower & evaporator. The cooling capacity of existing Blast freezer was enhanced.

Freeze Drying Unit: New aluminum heating plates were installed in place of Powder coated MS plates for uniform & efficient heating,

IQF Unit: New reciprocating compressor of higher capacity was installed to improve cold room temperature.

C) Impact of the above measures

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

New aluminum heating plates installation in place of powder coated MS plates will result in uniform & efficient heating with minimal down time.

New higher capacity IQF Unit cold storage compressor will result in maintaining proper cold room temperature thereby maintaining product quality & shelf life.

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 Conventional herbs like rucola, Organic herbs like coriander & marjoram & vegetables like chilly & carrot.

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

- a. IQF Rucola & IQF Organic coriander & marjoram were developed and manufactured in addition to other herbs.
- b. Air dried carrot & chilly were developed and manufactured in addition to other products.

iii) Future Plan of Action

- a) Steps are continuously being taken for innovation and renovation of products including new product development like Air dried sugar beet, stevia, capsicum and frozen jalapeno.pepper.
- b) Automation and process line modifications are being planned to substantially reduce labour costs and to improve productivity and quality.

**iv) Expenditure on Design & Development:-**

During the year, company spent Rs.0.12 Lacs. This is very negligible to the percentage of the turnover of the company.

FOREIGN EXCHANGE EARNING AND OUTGO

- a. Activities related to Exports: Initiatives were taken to increase exports, development of new export markets for products and services. The Company is at present exporting its products to North America and Europe. The Company is continuously exploring possibilities of exporting new and enhanced quantities of

existing product mix to existing and new prospective markets.

- b. During the year company has exported manufactured goods of on FOB basis amounting to Rs.3712.55 lacs. The expenditure incurred in Foreign Exchange (including value of imports) during the year amounted to Rs.134.48. lacs.

For and on behalf of the Board

Place : NOIDA
Dated : 13.05.2013

Ashok Chaturvedi
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS**Forward Looking Statements**

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

Industry Structure and Developments

The liberalization of the Indian economy and world trade as well as rising consumer prosperity has thrown up new opportunities for diversification in the food processing sector. Indian food processing industry is widely recognized as a 'sunrise industry' having huge potential for uplifting agricultural economy, creation of large scale processed food manufacturing and food chain facilities, and the resultant generation of employment and export earnings..

Indian Food Processing Industry, one of the largest industry in India, accounts for about 32% of the country's total food market. It has high potential to grow exponentially particularly in the segments such as fruits & vegetables, packaged foods, wine & beer. Therefore, it offers tremendous opportunities for all stakeholders in the area of production, processing, marketing and supply chain, infrastructure development, technology up-gradation and education.

Demand for processed and convenience food is increasing constantly because of urbanization, changing life-style and food habits of the people. Accordingly, the Indian consumers are being offered newer high quality food products made by using the latest state-of-the-art technology.

Today, Multinational Companies are betting on India as a major sourcing hub to feed the world. Large investors and Corporations, both Indian and International, are considering India as an emerging market with twin opportunities, to cater to the growing Indian middle-class and to export of the processed food.

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. The annual demand for mushrooms was around 5000 Tons in 2001 in India. It has doubled to 10000 Tons in 2004 and the demand is expected to grow at a good pace of 25% every year for years to come.

Business Overview

India has been in the export market relating to food items for almost 30 years. The popular items of export are mango chutneys, pickles, fruit juices, canned and dehydrated mushrooms, frozen & canned fruit & vegetables.

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

The Indian food processing industry is one of the largest in the world in terms of production, consumption, export and growth prospects. Earlier, food processing was largely confined to the food preservation, packaging and transportation, which mainly involved salting, curdling, drying, pickling, etc. However, over the years, with emerging new markets and technologies, the sector has considerably expanded. It has started producing many new items like ready-to-eat food, beverages, processed and frozen fruit and vegetable products etc. It also includes establishment of post-harvest infrastructure for processing of various food items like cold storage facilities, food parks, packaging centre, value added centre and irradiation facilities.

Product-wise performance

Sale of Finished Goods

Description	Current Year		Previous Year	
	Quantity (in KGs)	Value (Rupees in Lacs)	Quantity (in KGs)	Value (Rupees in Lacs)
Freeze dried Mushroom, Herbs, Vegetables & Fruit	1,71,750	2,613.23	163,946	2,246.08
Processed Food Viz. Mushroom Fresh & Processed (including Canned)	10,43,305	893.59	12,13,096	975.69
Frozen/Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	10,75,441	1,225.58	11,09,009	1,073.11
Air Dried Fruits, Vegetables, Mushroom & Herbs	1,40,078	463.32	1,84,597	561.16
Total	24,30,574	5,195.72	26,70,648	4,856.04

Expansion Program

Keeping the demand for freeze dried products, particularly for herbs, the Board of Directors of the Company has approved the expansion program for freeze dried products by adding one more chamber for processing of freeze dried herbs with an estimated cost of Rs. 12.00 crores. The project is expected to be completed by August, 2013.

Opportunities and Threats

The food processing industry in India is witnessing rapid growth. In addition to the expansion of demand, changes happening on the supply side with the growth in organized retail, increasing FDI in food processing and introduction of new products

The growth is driven by the fact that the central government has given priority status to all agro-processing businesses. Government incentives in the field of mega food parks, cold chains and exports benefits are also playing important role in promoting food processing.

The opportunities of expansion in the food processing industry are vast. However, there is need to improve technology and productivity to be competitive globally. As the economy grows, the food processing industry will offer bigger opportunities to the new as well as the existing players.

Although India is endowed with favorable natural agro-climate and a rich source of agro-wastes that could be exploited for cultivation of diverse mushroom species, yet the country does not have any significant status either as a mushroom producer or as a consumer. Mushrooms give significant health benefits and possess medicinal properties. There is tremendous scope for diversifying mushroom export by including other mushroom species. With the current growth rate of the Indian economy, the domestic market too for the mushrooms is likely to enlarge sooner than later.

In the current recovering economy, our business is challenged by regulatory policy changes, raw material pricing, power tariff cost, weather changes, changing consumer demand, impact of currency fluctuations and competition from domestic as well as international front.

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

Future Outlook

Indian food processing industry is poised for explosive growth driven by changing demographics, growing population and rapid urbanization. These factors will increase the demand for value added products and thus improve the prospects of food processing industry in India.

The Government of India is already in the midst of a vision, strategy and action plan for the food processing sector. This strategy addresses issues of taxation, organized retail, infrastructure development, marketing interventions and regulations, strengthening of institutions and issues of food safety and regulations.

The fruits and vegetables segment is still localized in its operations, and largely unbranded. However, several companies have already made foray into this segment, and are backward integrating their operations. The products that would see remarkable growth include pickles, fruit pulps, canned and frozen fruits and vegetables.

The food processing industry in India has taken off substantially well and will continue to grow rapidly considering the untapped potential in the sector. The growth in this segment not only indicates the changing development patterns of the country, similar to the developed nations, but also the promise it holds in driving growth of a certain section of society that has remained marginalized for a long time. More than just demand and supply dynamics, stakeholders in the food processing sector of India have a social responsibility to fulfill.



India has tremendous potential for mushroom production and all commercial edible and medicinal mushrooms can be successfully grown. There is increasing demand for quality products at competitive rates both in domestic and export markets. Though growth of mushroom will depend on increasing and widening domestic market in coming years, export market will be equally attractive. To be successful in both domestic and export market, your company is producing quality fresh mushrooms and processed products at competitive rates. The company is exploring new markets including domestic market. Further negotiations are in progress with new customers in Europe/US which will improve the company's sales volume in the coming years.

The company is continuously looking for new innovative ways to increase its sales and market share and for the same purpose, it is adding new products in markets. It is achieving this by innovating more professional promotional campaigns. New techniques and methods are introduced to increase the quality of products. The response from new markets is encouraging.

Risks & Concerns

Every business faces risks involved in its operations, which could be internal and external. The external factors affecting any company's business 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. Realistic risk assessment and Management approach along with the regular monitoring mechanism in the Company ensures that these risks are duly addressed and well managed. High focus on safety of plant, its premises and people continuity and proactive Management of related business environment are essential for the risk management in the overall supply chain and business in general.

Internal Control System & Their Adequacy

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

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

Human Resources/Industrial Relations

The company lays due emphasis on sound Human Resource Management practices and appraisal systems with focus on cordial employer-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 2013, the total number of permanent employee in the Company were 510.

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 PARAMETERS :

Fixed Assets

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

Year ended March 31 st	2010	2011	2012	2013
Gross Block (Rs. in Lacs)	7005	7200	7953	8082

The composition and growth of assets has been as under:

[Rs. in lacs]

Particulars	March 31, 2013	March 31, 2012	Growth %
Land	99.70	99.70	-
Buildings	1460.51	1437.66	1.59
Plant & Equipments	6175.19	6061.11	1.88
Electrical Fittings & Installations	141.59	141.59	-
Office Equipments	54.45	72.85	(25.26)
ERP Software	30.01	30.01	
Furniture & Fixtures	10.03	11.33	(11.47)

Particulars	March 31, 2013	March 31, 2012	Growth %
Vehicles	110.10	98.84	11.39
Total	8081.58	7953.09	
Less: Acc. Depreciation	4070.23	3793.42	7.30
Add: CWIP	52.79	3.58	-
Net Fixed Assets	4064.14	4163.25	-

CURRENT ASSETS LOANS & ADVANCES

Inventories

Inventories include stock of raw material, consumables, work-in-progress, finished goods and packing material. Value of total inventories was Rs1030.07 lacs, as on representing 12.75% of the fixed assets.

Sundry Debtors

Sundry debtors were Rs.952.39 lacs as at 31st March, 2013 as against Rs.834.84 lacs as at 31st March, 2012. Debtors as a percentage of total operating revenue were 18.03 % for the current year as against 16.54 % in the previous year.

Cash and Bank Balances

Cash and bank balances were 6.40% of total assets as on 31st March, 2013 as against 6.03 % as on 31st March, 2012.

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 represent deposit for electricity.

Net Deferred Tax Assets

Deferred tax liabilities of Rs.470.09 lacs represent closing balance of net deferred tax liabilities after adjusting total deferred tax assets and deferred tax liabilities as on 31.03.2013. 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, 2013		Year ended March 31, 2012	
	Amount	%	Amount	%
INCOME				
Income from operations	5282.80	94.74	5047.02	94.81
Other income	293.40	5.26	276.45	5.19
Total Income	5576.20	100.00	5323.47	100.00
EXPENDITURE				
Raw Material Consumed	971.69	17.43	1091.07	20.49
(Increase)/Decrease in stock	49.66	0.89	(284.50)	(5.34)
Manufacturing Exp.	1378.35	24.72	1562.10	29.34
Payment & Benefit to Emp.	907.97	16.28	840.15	15.78
Administrative, Selling & Other Expenses	1023.95	18.36	963.48	18.10
OPERATING EXPENSES	4331.62	77.68	4172.30	78.37
EBDIT	1244.58	22.32	1151.17	21.63

**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, 2013)**

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 Companies in which they are Directors and/or Members.

The composition and category of Directors as on 31.03.2013 is as follows:

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

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

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

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

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

Thus the requirements prescribed by clause 49 are fully complied with.

Information supplied to the Board

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

Compliance reports of all applicable laws to the Company

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

(b) Board Meetings and attendance record of each Director

Five Board Meetings were held during the financial year 2012-2013. The dates on which the meetings were held are, 11th May 2012, 09th July 2012, 24th July 2012, 25th October 2012 and 02nd February 2013. 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	3	1 (As Chairman)
Mr. S.K. Kaushik	5	Yes	2	2
Mr. T.N. Pandey	5	No	1	1 (As Chairman)
Mr. G.N. Gupta	4	Yes	2	1 (As Chairman)
Mr. R.K. Jain	5	Yes	Nil	Nil
Mr. M.G. Gupta	5	Yes	2	3 (Including 1 as Chairman)

Mr. G.N. Gupta was appointed as Chairman of the Audit Committee to attend the Annual General Meeting in place of Mr. T.N. Pandey vide Board Resolution dated 20th August, 2012. Mr. G.N. Gupta attended the last Annual General Meeting held on 25th August, 2012.

The Directorship held by the Directors as mentioned above do not include Directorship in Foreign Companies

@ In accordance with Clause 49 of the Listing agreement, Membership / Chairmanship of only the Audit Committee and Shareholders' / Investors' Grievance Committee in all public companies (excluding Flex Foods Limited) have been considered.

3. Audit Committee

Presently, the Audit Committee comprises of four Member Directors viz. Mr. T.N. Pandey, Mr. G.N. Gupta, Mr. M.G. Gupta and Mr. R.K. Jain. Mr. T.N. Pandey is the Chairman of the Audit Committee. All the members of the Audit Committee are Non-executive Directors out of which three are independent. All the members of the Audit Committee have accounting and financial management expertise.

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

1. Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause No. (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in Accounting Policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by Management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.



8. 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.
9. Discussion with Internal Auditors any significant findings and follow up thereon.
10. 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.
11. 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.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
15. To review the following information:
 - The Management Discussion and Analysis of financial condition and results of operation;
 - Statement of significant related party transactions (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.
16. Approval of appointment of CFO after assessing the qualifications, experience and background 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 considers necessary.

Details of Meetings and Attendance

During the year, the Audit Committee had met five times on 11.05.2012, 09.07.2012, 24.07.2012, 25.10.2012 & 02.02.2013. The attendance of each Committee members is as under:

Name of Members	No. of Meeting held	Meeting attended
Mr. T.N. Pandey	5	5
Mr. G.N. Gupta	5	4
Mr. R.K. Jain	5	5
Mr. M.G. Gupta	5	5

The Manager of the Company, 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 Manager based on performance and defined criteria.

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

Details of Remuneration paid to Manager for the year ended 31.03.2013 is given below:

Name	Salary (Rs.)	Perquisites & Allowances (Rs.)	Commission (paid) (Rs.)	Total (Rs.)	Service Contract
Mr. M.M. Varshney	14,46,000	22,73,700	Nil	37,19,700	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	70000	120000
Mr. G.N. Gupta	40000	40000	80000
Mr. M.G. Gupta	50000	50000	100000
Mr. R.K. Jain	50000	70000	120000
Mr. S.K. Kaushik	50000	20000	70000

5. Shareholders'/Investors' Grievance Committee

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

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

During the year, the Shareholders'/Investors' Grievance Committee had met on 29th September, 2012 and 29th March, 2013.

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 6, outstanding complaints as on 31.03.2013 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

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

8. Compliance Certificate

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

9. General Body Meetings

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

AGM	Day, Date & time	Venue	Special Resolution Passed
20 th	Saturday August 28, 2010 at 03.00 P.M.	Registered Office at: Lal Tappar Indl. Area P.O. Rasham Majri Haridwar Road Dehradun, Uttarakhand	NIL
21 st	Saturday September 03, 2011 at 3.00 P.M.	Same as above	Reappointment of Mr. Madan Mohan Varshney as Manager under the Companies Act, 1956
22 nd	Saturday August 25, 2012 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 as notified by the Companies Accounting Standards (Rules) 2006 to the extent applicable.

c. Disclosures of Risk Management

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

d. Proceeds from the Public issue, Right issue, Preferential Issue FCCB issue etc.

During the year the Company has not raised any funds from Public issue, Right issue, Preferential Issue and FCCB issue.

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, 2013 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

11. CEO/CFO Certifications

Mr. M.M. Varshney, who is carrying on the responsibility of CEO and Mr. Naval Duseja, Dy. 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 13th May, 2013.

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

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

(i) The Board

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

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

(ii) Remuneration Committee

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

(iii) Shareholders Rights

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

(iv) Audit Qualifications

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

(v) Training of Board Members

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

(vi) Mechanism for evaluation of Non-executive Directors

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

(vii) Whistle Blower Policy

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

13. Means of Communication

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

14. SEBI Complaints Redress System (SCORES)

The Company processes the investors' complaints received by it through a computerized complaints redress system. The salient features of this system are computerized database of all the inward receipts and action taken on them, online submission of Action Taken Reports (ATRs) along with supporting documents electronically in SCORES. The investors' can view online the current status of their complaints submitted through SEBI Complaints Redress System (SCORES).

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

Date : 29th June, 2013
 Day : Saturday
 Time : 3:00 P.M.
 Venue : Lal Tappar Industrial Area, P.O. Resham Majri,
 Haridwar Road, Dehradun, Uttarakhand

(b) Financial Calendar

- Results for quarter ending 30.06.2013 : Second week of August, 2013
 - Results for quarter ending 30.09.2013 : Second week of November, 2013
 - Results for quarter ending 31.12.2013 : Second week of February, 2014
 - Results for quarter ending 31.03.2014 : Last week of May, 2014

(c) Book Closure Date

24.06.2013 to 29.06.2013 (both days inclusive)

(d) Dividend

Dividend for the financial year 2012-2013, if declared will be paid/credited to the account of the shareholders on or after 29th June, 2013.

(e) Listing of Equity Shares on Stock Exchanges

The equity shares are listed with the BSE Limited

Note : Annual Listing fee for the year 2013-2014 have been duly paid to BSE Limited.

(f) Stock Code - Trading symbol – BSE Limited : 523672 (Equity shares)**(g) Demat ISIN Number : INE 954B01018**

in NSDL & CDSL

**(h) Stock Market Price for the year 2012-2013:-**

Share prices on BSE Limited are as under:

Month	High	Low
April, 2012	28.25	26.85
May, 2012	30.40	27.35
June, 2012	30.25	28.50
July, 2012	32.55	29.10
August, 2012	30.20	24.20
September, 2012	26.50	25.05
October, 2012	27.55	25.75
November, 2012	27.00	25.60
December, 2012	27.95	26.40
January, 2013	28.25	25.35
February, 2013	27.00	24.50
March, 2013	25.30	24.10

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

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

(j) Address for correspondence for Shares transfer and related matters:**For shares held in physical form:**The Company's Registrar & Share Transfer Agent (RTA), address at:
Beetal Financial & Computer Services Pvt. Ltd.

(Unit : Flex Foods Ltd.)

Beetal House , 3rd Floor, 99, Madangir, Behind Local Shopping Centre

Near Dada Harsukh Dass Mandir, New Delhi – 110062

Tel. No. 011-29961281, Fax No. 011 - 29961284

For shares held in Demat form:

To the Depository Participants (DP)

(k) Share Transfer System

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

(l) Distribution of Share holding as on 31.03.2013

Range	No. of Shareholders	No. of Shares	% of Total Equity
1 - 500	13180	1758006	14.12
501 -1000	500	432904	3.48
1001 – 2000	233	373513	3.00
2001 – 3000	93	243297	1.95
3001 – 4000	62	223928	1.80
4001 – 5000	44	208302	1.67
5001 – 10000	52	383815	3.08
10001 and above	65	8784059	70.56
Shares in transit (Demat) *		42176	0.34
TOTAL	14229	12450000	100.00

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

(m) Categories of Shareholders as on 31.03.2013

Category	No. of Shares Held	% of Shareholding
Promoters & Associates	7340550	58.96
Financial Institutions & Mutual Funds	--	--
Foreign Institutional Investors	--	--
NRIs	51199	0.41
Banks	--	--
GDRs	--	--

Category	No. of Shares Held	% of Shareholding
Other Corporate Bodies	492567	3.96
Others (General Public)	4523508	36.33
Shares in transit (Demat) *	42176	0.34
Total	12450000	100.00

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

(n) Dematerialization of Shares and liquidity

Nearly 91.71% of total equity share capital is held in dematerialized form upto 31.03.2013 with NSDL/CDSL. The shares of the Company are listed on BSE Limited, which provide sufficient liquidity to the investors.

(o) Plant Locations

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

(p) Address for Correspondence

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

Beetal Financial & Computer Services Pvt. Ltd.

(Unit Flex Foods Ltd.)
BEETAL House
3rd Floor, 99, Madangir
Behind Local Shopping Centre
Near Dada Harsukh Dass Mandir
New Delhi – 110062
Tel. No.011- 29961281-83
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 13.05.2013 and the same was approved.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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, 2013, 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 : 13.05.2013

Bhawna Khanna
Partner
Membership No. 502428

DECLARATION

To the Members of
FLEX FOODS LIMITED

I, M M Varshney, Vice-President (Operations) of the Company, hereby certify that the Board Members and Senior Management personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended 31st March, 2013 pursuant to the requirements of Clause 49 of the Listing Agreement.

For Flex Foods Limited

Place : NOIDA
Dated : 13.05.2013

M. M. Varshney
Vice-President (Operations)

**INDEPENDENT AUDITORS' REPORT**

The Members of

FLEX FOODS LIMITED

1. We have audited the accompanying financial statements of FLEX FOODS LIMITED ("The Company") which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956 ("The Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free for material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give 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, 2013;
- b. In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date, and
- c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

5) Report on other legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government

of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956; we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

- ii) As required by section 227(3) of the Companies Act 1956, we report that:-
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those Books of Account.
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d. In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from Directors, as at 31st March 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;

For **JAIN SINGHAL & ASSOCIATES**

Chartered Accountants

Firm Registration No.005839N

Place : NOIDA

Bhawna Khanna

Dated : 13th May, 2013

Partner

Membership No.502428

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF FLEX FOODS LIMITED FOR THE YEAR ENDED 31ST MARCH 2013 (REFERRED TO IN PARAGRAPH 5(i) OF OUR REPORT OF EVEN DATE)

- (i) In respect of Fixed Assets of the Company:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) According to the information and explanations given to us, the fixed assets of the Company have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification as compared to books of account.
 - (c) No substantial fixed assets had been disposed off during the year.
- (ii) In respect of Inventories of the Company:
 - (a) According to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the Management.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and according to information and explanation given to us, no material discrepancies were noticed on physical verification conducted by the Management.
- (iii) The Company has not granted/taken any loans, secured

or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause (iii) of Para 4 of the Companies (Auditor's Report) Order, 2003 and (amendment) Order 2004 are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weaknesses in Internal Control System; hence no comment has been given on the continuing failure to correct them.

(v) (a) According to information and explanations given to us, we are of the opinion that there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956.

(b) As the company has not entered any transaction, no comments have been given in respect of Clause (v) of Para 4 of the Companies (Auditor's Report) Order 2003 and (Amendment) Order 2004.

(vi) The Company has not accepted any deposits from the public. Hence the compliance of the directives issued by the Reserve Bank of India and provisions of Section 58A, 58AA, or other relevant provisions of the Companies Act 1956 and rules framed there under are not applicable.

(vii) The internal audit of the Company has been conducted by an independent firm of Chartered Accountants and in our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.

(viii) The maintenance of the cost records pursuant to the Companies (Cost Accounting Records) Rules, 2011 are prescribed by the Central Government Under clause (d) of sub-section (1) of Section 209 of the Companies Act 1956, for the products dealt / manufactured by the Company and we are of the opinion that *prima-facie*, the prescribed records have been maintained.

(ix) (a) According to the records of the Company, it is generally 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 / 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 following:

- i) Disputed Income Tax dues: Aggregate Income Tax of Rs.187.75 lacs, pending before a) ITAT (Rs.18.25 lacs) and b) CIT (Appeals) (Rs.169.50 lacs).

- ii) Disputed Excise demands: Aggregate Excise Demand of Rs.23.91 lacs, pending before Excise & Customs Commissioner Appeals.

(x) The Company does not have any accumulated losses at the end of financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year; accordingly no comment has been made in respect of matter specified under Clause (x) of Para 4 of the Companies (Auditors Report) Order, 2003 and (Amendment) Order 2004.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions or Banks. The Company has not issued any debentures.

(xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence the maintenance of adequate documents and records is not applicable.

(xiii) The Company is not a Chit Fund, or a Nidhi / Mutual Benefit Fund/ Society. Therefore the provision of Clause (xiii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments, hence the provision of Clause (xiv) of Para 4 of the Companies (Auditor's Report) Order, 2003 and (amendment) Order 2004 is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others, from Bank or Financial Institutions.

(xvi) According to the information and explanations given to us, the Company has taken term loan during the year and same has been applied for the purpose for which it has been obtained.

(xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long-term investment by the Company.

(xviii) The Company has not made any preferential allotment of shares during the financial year to parties and Companies covered in register maintained Under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued any debentures, hence the provision of clause (xix) of Para 4 of the Companies (Auditor's Report) Order 2003 and (amendment) Order 2004 is not applicable to the Company.

(xx) During the Financial Year, Company has not raised any money by public issues, hence the provision of Clause (xx) of Para 4 of the Companies (Auditor's Report) Order 2003 and (amendment) Order 2004 is not applicable to the Company.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **JAIN SINGHAL & ASSOCIATES**

Chartered Accountants
Firm Registration No.005839N

Bhawna Khanna

Partner

Membership No.502428

Place : NOIDA
Dated : 13th May 2013



BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs. in Lacs)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1 Shareholder's Funds			
a) Share Capital	3	1,244.45	1,244.21
b) Reserves and Surplus	4	3,873.04	3,604.06
		5,117.49	4,848.27
2 Deferred Government Grants	5	82.39	89.15
3 Non-current Liabilities			
a) Long Term Borrowings	6	215.40	189.28
b) Deferred Tax Liabilities(Net)	7	470.09	481.33
c) Other Long Term Liabilities	8	-	15.25
d) Long Term Provisions	9	198.46	170.21
		883.95	856.07
4 Current Liabilities			
a) Short-Term Borrowings	10	1,144.87	1,195.28
b) Trade Payables		419.80	343.22
c) Other Current Liabilities	11	311.39	360.98
d) Short Term Provisions	12	330.65	335.02
		2,206.71	2,234.50
		8,290.54	8,027.99
II. ASSETS			
1 Non-Current Assets			
a) Fixed Assets	13		
(i) Tangible Assets		3,992.21	4,134.53
(ii) Intangible Assets		19.14	25.14
(iii) Capital work-in-progress		52.79	3.58
b) Long Term Loans and advances	14	378.16	180.02
		4,442.30	4,343.27
2 Current Assets			
a) Inventories	15	1,030.07	1,038.33
b) Trade Receivables	16	952.39	834.84
c) Cash and Bank Balances	17	510.92	479.50
d) Short-Term Loans and Advances	18	1,338.13	1,321.95
e) Other Current Assets	19	16.73	10.10
		3,848.24	3,684.72
		8,290.54	8,027.99
III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-40			

For and on behalf of the Board of Directors

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

Ashok Chaturvedi
ChairmanS.K. Kaushik
DirectorM.M. Varshney
Vice PresidentFor Jain Singhal & Associates
Chartered Accountants
Firm Registration No.005839NRajesh Dheer
Company SecretaryNaval Duseja
Dy. General Manager (F&A)Bhawna Khanna
Partner
Membership No.502428Place : NOIDA
Dated : 13th May, 2013

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

Particulars	Note No.	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
I Income			
Revenue from operations	20	5,282.80	5,047.02
Other Income	21	293.40	276.45
Total Revenue		<u>5,576.20</u>	<u>5,323.47</u>
II Expenses			
Cost of Material Consumed	22	971.69	1,091.07
(Increase)/Decrease in Finished Goods & Work-In-Progress	23	49.66	(284.50)
Employee Benefits Expenses	24	907.97	840.15
Finance Cost	25	164.89	143.52
Depreciation and Amortization Expenses	13	340.49	336.07
Manufacturing Expenses	26	1,378.35	1,562.10
Administration and Selling Expenses	27	1,023.95	963.48
Total Expenses		<u>4,837.00</u>	<u>4,651.89</u>
III Profit before tax (I-II)		739.20	671.58
IV Tax Expense:			
(1) Current Tax		192.34	186.01
(2) Deferred Tax (Assets) / Liability		(11.24)	55.30
Less/(Add): Short/(Excess) Provision of Income Tax for earlier year		(0.09)	12.68
Total Tax Expenses (IV)		<u>181.01</u>	<u>253.99</u>
V Profit/(Loss) for the Year (III-IV)		558.19	417.59
VI Earnings per equity share:			
(1) Basic	28	4.49	3.36
(2) Diluted	28	4.49	3.36
VII NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-40			

For and on behalf of the Board of Directors

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

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

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

Rajesh Dheer
Company Secretary

Naval Duseja
Dy. General Manager (F&A)

Bhawna Khanna
Partner
Membership No.502428

Place : NOIDA
Dated : 13th May, 2013



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	Note No.	(Rs. in Lacs)	
		For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
I CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		739.20	671.58
Adjustments for :			
Depreciation and Amortization		340.49	336.07
Deferred Income on Capital Subsidy		(6.76)	(6.76)
Exchange Rate Fluctuations		(74.33)	(70.11)
Interest Expenses		164.89	143.52
Provision for Doubtful Debts		4.43	-
Bad Debts		-	39.03
Sundry Balances Written-off		2.73	6.24
Sundry Balances Written-back		(45.87)	(3.65)
Loss/(Profit) on Sale of Fixed Assets (Net)		2.42	(0.31)
Provision for Doubtful Debt Written-back		-	(40.47)
Interest Income		(173.20)	(161.91)
Operating Profit before Working Capital Changes		954.00	913.23
Adjustments for :			
(Increase)/Decrease in Inventories		8.26	(249.19)
(Increase)/Decrease in Trade Receivable & Other Receivable		(147.51)	139.45
(Increase)/Decrease in Long Term Loans and Advances		(198.14)	(22.75)
Increase/(Decrease) in Trade Payables, Other Payables & Short Term Provisions		59.68	122.47
Increase in Long Term Provisions(Net)		28.25	52.91
		704.54	956.12
Cash Generated from Operating Activities			
Income Tax paid		(198.71)	(187.42)
Exchange Rate Fluctuations		74.33	70.11
Net Cash From Operating Activities		580.16	838.81
II CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Tangible Assets/Capital Work-In -Progress		(248.11)	(742.66)
Purchase of Intangible Assets		-	(13.07)
Proceeds from Sale of Fixed Assets		4.31	1.15
Interest Received		173.20	161.91
Net cash used in Investing Activities		(70.60)	(592.67)
III CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds From Unpaid Share Allotment Money		-	0.01
Proceeds/(Repayment) of Long Term Borrowings (Net)		26.12	189.28
Proceeds from Short Term Borrowings(Net)		(50.40)	102.18
Dividend Paid, including Dividend Tax #		(288.97)	(288.96)
Interest & Finance charges		(164.89)	(143.52)
Net cash used in Financing Activities		(478.14)	(141.01)
Net increase/(decrease) in Cash & Cash Equivalents	(I+II+III)	31.42	105.13
Cash & Cash Equivalents at beginning of the year		479.50	374.37
Cash & Cash Equivalents at end of the year	17	510.92	479.50

Note:

Unpaid Share allotment money amounting to Rs.23,640/- on 19,700 shares have been adjusted against the dividend payable on these shares

IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-40

For and on behalf of the Board of Directors

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

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

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

Rajesh Dheer
Company Secretary

Naval Duseja
Dy. General Manager (F&A)

Bhawna Khanna
Partner
Membership No.502428

Place : NOIDA
Dated : 13th May, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

1 COMPANY PROFILE

Flex Foods Ltd. was incorporated on 5th February, 1990 with the Registrar of Companies under the Indian Companies Act. The Registered Office of Company is situated at Lal Tappar Industrial Area, P. O. Resham Majri, Haridwar Road, Dehradun (Uttarakhand).

Flex Foods Ltd. a 100% export oriented unit, is engaged mainly in the business of cultivation and processing of Mushrooms, Herbs, Fruits & Vegetables in Freeze Dried, Air Dried and Individually Quick Frozen form. The world class state-of-the art facilities are located at Dehradun in the state of Uttarakhand. Flex Foods Ltd. has been selling its products mainly to the European and US markets, and has gained respectable status in the international market.

2 ACCOUNTING POLICIES

2.1 CLASSIFICATION OF EXPENDITURE/INCOME

Except Otherwise Indicated:-

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

2.2 VALUATION

(i) Fixed Assets

a) Tangible

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

b) Intangible

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

(ii) Raw Materials & Packing Materials.

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

(iii) Finished Goods

Finished Goods are valued at lower of cost, based on First in First Out (FIFO) method, arrived after including depreciation on Plant & Machinery, Electrical Installation and Factory Building, Repair & Maintenance on Factory Building, specific Manufacturing expenses including Excise Duty and specific Payments and Benefits to Employees or net realizable value.

(iv) Work-in-Progress

Work-in-Progress is valued at lower of cost based on First in First Out (FIFO) method, arrived after including depreciation on Plant & Machinery, Electrical Installation and Factory Building, Repair & Maintenance on Factory Building, specific Manufacturing expenses and specific Payments and Benefits to Employees or net realizable value.

(v) Cost of Consumable Stores

Spares & Consumables are valued at lower of cost based on First in First Out (FIFO) method or net realizable value

2.3 FOREIGN CURRENCY TRANSACTIONS

- (i) Foreign Currency monetary items remaining unsettled at the year-end, are translated at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (ii) Exchange differences on settled/translated monetary items are adjusted as income/expense through the Exchange Fluctuation Account in the year they arise.
- (iii) Difference between the forward and exchange rate on the date of transactions are adjusted over the period of the contract as an income / expense through the Exchange Fluctuation Account.
- (iv) Profit or Loss on cancellation of forward contracts for transactions is adjusted as income / expense through Exchange Fluctuation Account in the year they arise.

2.4 DEPRECIATION

- (i) Normal depreciation on all Fixed Assets except Land & Software are provided on Straight Line Method at the rates prescribed in Schedule-XIV of The Companies Act, 1956.
- (ii) Intangible assets are written-off over a period of five years from the date of put to use.
- (iii) Depreciation/Amortization on addition/deletions to Fixed Assets is provided on *pro-rata* basis from/to the date of addition/deletions.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013**

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

2.5 IMPAIRMENTS

The carrying amount of assets are periodically assessed by the Management, using internal & external sources, to determine whether there is any indication that assets of concerned cash generating unit may be impaired. Impairment loss, if any is provided to the extent the carrying amount of assets of concerned cash generating unit exceeds their recoverable amount. The recoverable amount is higher of net selling price of assets of concerned cash generating unit and their present value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of assets of concerned cash generating unit and from their disposal at the end of their useful life.

2.6 GOVERNMENT GRANTS

- (i) Capital Subsidy received from Government as contribution towards Capital Outlay for setting up the fixed assets is treated as Capital Grants which is recognized as Income in the Statement of Profit & Loss over the period and in the proportion in which depreciation is charged.
- (ii) Revenue Grants are recognized in Statement of Profit & Loss.

2.7 SALES

- (i) Export Sales are accounted for on C & F / F.O.B basis.
- (ii) Sales Returns are adjusted from the sales of the year in which the returns take place.

2.8 PURCHASES

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

2.9 EMPLOYEES BENEFITS

- (i) Defined long term benefit is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Statement of Profit & Loss.
- (ii) Defined Contribution Plans are charged to Statement of Profit & Loss based on the contribution made to the specified fund.
- (iii) Short term employee benefits are charged to Statement of Profit & Loss at the undiscounted amount in the year in which the related service is rendered.

2.10 PROVISION FOR INCOME TAX

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

2.11 CLAIMS BY / AGAINST THE COMPANY

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

2.12 RESEARCH & DEVELOPMENT EXPENSES

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

2.13 BORROWING COST

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

2.14 EARNING PER SHARE

In accordance with the Accounting Standard-20 (AS-20) "Earning Per Share" as notified by the Companies Accounting Standard (Rules) 2006, Basic & Diluted Earning Per Share is computed using the weighted average number of Shares outstanding during the period.

2.15 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013
3 SHARE CAPITAL (Rs. in Lacs)

(i) Share Capital	As At 31.03.2013		As At 31.03.2012	
	Number	Amount	Number	Amount
Authorised Capital				
Equity Shares of Rs.10 each	15,000,000	1,500.00	15,000,000	1,500.00
Redeemable Preference Shares of Rs.100/- each	500,000	500.00	500,000	500.00
		<u>2,000.00</u>		<u>2,000.00</u>
Issued, Subscribed & Paid up				
Equity Shares of Rs.10 each	12,450,000	1,245.00	12,450,000	1,245.00
Less :-Allotment Money Unpaid		0.55		0.79
Total	<u>12,450,000</u>	<u>1,244.45</u>	<u>12,450,000</u>	<u>1,244.21</u>

(ii) Reconciliation of Number of Equity Shares

Particulars	Current Year		Previous Year	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	12,450,000	1,245.00	12,450,000	1,245.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<u>12,450,000</u>	<u>1,245.00</u>	<u>12,450,000</u>	<u>1,245.00</u>

(iii) Rights, preferences and restrictions attached to shares
Equity Shares

The Company has one class of equity share having a par value of Rs.10/- each. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

(iv) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Uflex Ltd	5,870,000	47.15	5,870,000	47.15
Anshika Investments Pvt Ltd	1,252,630	10.06	1,252,630	10.06
Total	<u>7,122,630</u>	<u>57.21</u>	<u>7,122,630</u>	<u>57.21</u>

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
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4 RESERVES AND SURPLUS

A) General Reserves		
Opening Balance	732.11	697.11
(+) Current Year Transfer	45.00	35.00
Closing Balance	<u>777.11</u>	<u>732.11</u>
B) Surplus		
Opening Balance	2,871.95	2,777.56
(+) Profit/(Loss) for the year	558.19	417.59
(+) Excess Dividend & Corporate Dividend Tax Appropriation written back	0.18	1.19
Appropriations		
(-) Proposed Dividend	(249.00)	(249.00)
(-) Proposed Dividend Tax	(40.39)	(40.39)
(-) Transfer to Reserves	(45.00)	(35.00)
Closing Balance	<u>3,095.93</u>	<u>2,871.95</u>
Total (A+B)	<u>3,873.04</u>	<u>3,604.06</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

(Rs. in Lacs)

Particulars	As At 31.03.2013		As At 31.03.2012	
5 DEFERRED GOVERNMENT GRANTS	(To the extent pending apportionment to Statement of Profit & Loss)			
Capital Subsidy on				
a) Cold Storage	14.08		15.40	
b) Individually Quick Frozen and Air Dried Plant	71.02		76.29	
c) Plastic Crates	4.05	89.15	4.22	95.91
Less: Deferred Income Apportioned to Statement of Profit & Loss				
a) Cold Storage	1.32		1.32	
b) Individually Quick Frozen and Air Dried Plant	5.27		5.27	
c) Plastic Crates	0.17	6.76	0.17	6.76
Total		82.39		89.15

6 LONG TERM BORROWINGS**SECURED**

Term Loan From Canara Bank	258.26		221.43	
Less :-Current Maturities of Long-Term Debt [Refer Note No.11(a)]	42.86	215.40	32.15	189.28
Total		215.40		189.28

Notes:

- Term Loan from Canara Bank is secured on first charge basis (a) by way of hypothecation of movable fixed assets of the company and (b) by mortgage of immovable properties of the Company; situated at Lal Tappar Industrial Area and Chak Jogiwala (Chidderwala), Dehradun (Uttarakhand). This loan is collaterally secured (a) by way of first charge on stocks & book debts of Company and (b) by personal guarantee of one of the Director of the Company.
- Term Loan is bearing Interest at Base Rate+3.25%; and repayable in twenty eight equal quarterly installments commenced from 15th July 2012 .

7 DEFERRED TAX LIABILITIES (NET)

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

Particulars	Deferred Tax Assets/ (Liabilities) as at 31.03.2013	Current Year (Charge) /Credit	Deferred Tax Assets/ (Liabilities) as at 31.03.2012
A. Deferred Tax Assets (Net)			
Others	79.52	(11.78)	67.74
Total (A)	79.52	(11.78)	67.74
B. Deferred Tax Liabilities (Net)			
Excess of Book WDV of Fixed Assets over Tax WDV of Fixed Assets	(549.61)	0.54	(549.07)
Total (B)	(549.61)	0.54	(549.07)
Net Deferred Tax Assets/(Liabilities) (A-B)	(470.09)	(11.24)	(481.33)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Particulars	(Rs. in Lacs)	
	As At 31.03.2013	As At 31.03.2012
8 OTHER LONG TERM LIABILITIES		
OTHER LIABILITIES		
Capital Creditors	-	2.48
Performance Guarantee	-	12.77
Total	-	15.25
9 LONG TERM PROVISIONS		
Provision for Employee Benefits		
a) Gratuity	148.36	117.49
b) Leave Encashment	50.10	52.72
Total	198.46	170.21
10 SHORT TERM BORROWINGS		
SECURED		
Loan repayable on demand		
From -Canara Bank	1,144.87	1,195.28
Total	1,144.87	1,195.28
Notes:		
Working Capital facilities from Canara Bank are secured on first charge basis (a) by way of hypothecation of stock and book debts of the Company; and collaterally secured on first charge basis; (a) by way of hypothecation of fixed assets; (b) by mortgage of immovable properties of the Company situated at Lal Tappar Industrial Area and Chak Jogiwala (Chidderewala), Dehradun (Uttarakhand) and (c) by personal guarantee of one of the Director of the Company.		
11 OTHER CURRENT LIABILITIES		
a) Current Maturities of Long-Term Debt (Refer Note No.6)	42.86	32.14
b) Interest Accrued but not due on borrowings	1.53	1.19
c) Unclaimed Dividend #	58.63	46.88
d) Unclaimed Interest on Debentures	-	29.51
e) Security Deposit from Customers	3.65	2.00
f) Advance received from Customers	0.27	3.61
g) Statutory Liabilities	106.45	94.04
h) Other liabilities	58.73	71.76
i) Capital Creditors	39.27	79.85
Total	311.39	360.98
#These do not include any amount due and payable to Investor Education and Protection Fund Account.		
12 SHORT TERM PROVISIONS		
a) Provision for Employee Benefits		
Gratuity	-	0.84
Leave Encashment	5.87	3.00
b) Others		
Provision for Taxation	35.09	41.55
Provision for Wealth Tax	0.30	0.24
Proposed Dividend	249.00	249.00
Proposed Dividend Tax	40.39	40.39
Total	330.65	335.02



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

13 FIXED ASSETS

(Rs. in Lacs)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
		Cost As At 01-04-2012	Additions During the Year	Deductions During the Year	Other Adjustment	Cost As At 31-03-2013	As At 01-04-2012	Provided During the Year	Deduction / Adjustment During the Year	Upto 31-03-2013	As At 31-03-2013	As At 31-03-2012
A	TANGIBLE ASSETS											
1	Freehold Land	99.70	-	-	-	99.70	-	-	-	-	99.70	99.70
2	Building											
	- Factory	1,390.24	22.90	0.05	-	1,413.09	515.13	50.04	0.05	565.12	847.97	875.11
	- Administration	47.42	-	-	-	47.42	19.09	3.38	-	22.47	24.95	28.33
3	Plant & Equipment	6,061.11	160.43	46.35	-	6,175.19	3,040.86	260.45	39.61	3,261.70	2,913.49	3,020.25
4	Furniture & Fixtures	11.33	0.20	1.50	-	10.03	7.25	0.42	1.51	6.16	3.87	4.08
5	Vehicles	98.84	12.75	1.49	-	110.10	39.16	9.47	1.49	47.14	62.96	59.68
6	Office Equipment	72.85	2.62	21.02	-	54.45	44.39	5.38	21.02	28.75	25.70	28.46
7	Electrical Installation	141.59	-	-	-	141.59	122.67	5.35	-	128.02	13.57	18.92
	SUB TOTAL (A)	7,923.08	198.90	70.41	-	8,051.57	3,788.55	334.49	63.68	4,059.36	3,992.21	4,134.53
B	INTANGIBLE ASSETS											
	Software	30.01	-	-	-	30.01	4.87	6.00	-	10.87	19.14	25.14
	SUB TOTAL (B)	30.01	-	-	-	30.01	4.87	6.00	-	10.87	19.14	25.14
C	CAPITAL WORK-IN-PROGRESS										52.79	3.58
	SUB TOTAL (C)										52.79	3.58
	TOTAL (A+B+C)	7,953.09	198.90	70.41	-	8,081.58	3,793.42	340.49	63.68	4,070.23	4,064.14	4,163.25
	PREVIOUS YEAR	7,199.84	740.25	9.55	22.55	7,953.09	3,466.07	336.07	8.71	3,793.43	4,163.25	3,744.44

(Rs. in Lacs)

Particulars	As At 31.03.2013	As At 31.03.2012
-------------	------------------	------------------

14 LONG TERM LOANS AND ADVANCES

Unsecured, Considered Good

a) Capital Advances	213.77	19.00
b) Security Deposits	91.83	86.15
c) Advance Income Tax	68.38	68.38
d) Loans/Advances to Employees	2.90	4.47
e) Loans to Officers of the Company	1.28	2.02
Total	378.16	180.02

15 INVENTORIES

a) Raw Material	32.61	16.10
b) Work-in-progress	271.76	202.51
c) Finished Goods	600.32	719.23
d) Stores & Spares	95.75	79.60
e) Packing Material	29.63	20.89
Total	1,030.07	1,038.33

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

(Rs. in Lacs)

Particulars	As At	
	31.03.2013	31.03.2012
16 TRADE RECEIVABLES		
a) Outstanding for Less than Six Months		
Unsecured, Considered Good	951.32	829.41
b) Outstanding for More than Six Months		
Unsecured, Considered Good	1.07	5.43
Unsecured, Considered Doubtful	4.43	-
	<u>956.82</u>	<u>834.84</u>
Less: Provision for Doubtful Receivables	4.43	-
Total	<u><u>952.39</u></u>	<u><u>834.84</u></u>

17 CASH & BANK BALANCES

a) Cash and Cash Equivalents				
i) Balances with Banks (in Current account)	174.44		184.20	
ii) Cash on Hand	<u>21.32</u>	<u>195.76</u>	<u>14.17</u>	<u>198.37</u>
b) Other Bank Balances				
i) Bank deposits with maturity after 3 months but before 12 months	252.03		230.00	
ii) Earmarked Balances				
- Dividend Account	58.63		46.88	
iii) Margin Money/Guarantees	<u>4.50</u>	<u>315.16</u>	<u>4.25</u>	<u>281.13</u>
Total		<u><u>510.92</u></u>		<u><u>479.50</u></u>

18 SHORT TERM LOANS AND ADVANCES

Unsecured, Considered Good				
a) Security Deposits	50.40		50.00	
b) Loans/Advances to Employees	10.39		10.49	
c) Advances Recoverable in Cash or In kind or for Value to be received	106.15		103.21	
d) Balances with Excise Authorities	70.48		57.60	
e) Loan to Company	1,100.00		1,100.00	
f) Loans to Officers of the company	0.71		0.65	
Total	<u><u>1,338.13</u></u>		<u><u>1,321.95</u></u>	

19 OTHER CURRENT ASSETS

a) Interest Recoverable				
i) On Fixed Deposits with Banks	4.76		5.85	
ii) Others	<u>8.44</u>	<u>13.20</u>	<u>4.25</u>	<u>10.10</u>
b) Other Receivable		<u>3.53</u>		-
Total		<u><u>16.73</u></u>		<u><u>10.10</u></u>

(Rs. in Lacs)

Particulars	For the Year Ended	
	31.03.2013	31.03.2012
20 REVENUE FROM OPERATION		
a) Sale of Products	5,195.72	4,856.04
b) Other Operating Revenues		
i) Export Incentive	62.11	153.64
ii) Transport Assistance Scheme	-	14.70
iii) Deferred Income on Capital Grant	6.76	6.76
iv) Miscellaneous Income	<u>18.21</u>	<u>15.88</u>
Total	<u><u>5,282.80</u></u>	<u><u>5,047.02</u></u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

(Rs. in Lacs)

Particulars	For the Year Ended 31.03.2013		For the Year Ended 31.03.2012	
Product wise Details of Revenue from sale of Manufactured Products				
i) Freeze Dried Mushroom, Herbs, Vegetables & Fruits		2,613.23		2,246.08
ii) Processed Food Viz Mushroom Fresh & Processed (Including Canned)		893.59		975.69
iii) Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs		1,225.58		1,073.11
iv) Air Dried Fruits, Vegetables, Mushroom & Herbs		463.32		561.16
Total		5,195.72		4,856.04
21 OTHER INCOME				
a) Interest Income				
From Banks		22.81		17.57
From Others		150.39	173.20	144.34
b) Exchange Rate Fluctuation (Net)		74.33		70.11
c) Profit on Sale of Fixed Assets (Net)		-		0.31
d) Sundry Balance Written Back		45.87		3.65
e) Provision For Doubtful Debt Written Back		-		40.47
Total		293.40		276.45
22 COST OF MATERIAL CONSUMED				
Opening Stock		16.10		62.71
Add: Purchases		988.20		1,044.46
		1,004.30		1,107.17
Less: Closing Stock		32.61		16.10
Raw Material consumed		971.69		1,091.07
Product wise Details of Cost of Material consumed				
Straw		175.17		167.75
Paddy Straw		-		12.71
Chicken Manure		50.62		47.41
Green Pepper		-		52.36
Herbs		566.33		540.20
Vegetables		81.24		181.68
Other Raw Material		98.33		88.96
Total		971.69		1,091.07
23 (INCREASE)/DECREASE IN FINISHED GOODS & WORK-IN-PROGRESS				
Closing Stock				
Finished Stock		600.32		719.23
Work-In-Progress		271.76	872.08	202.51
				921.74
Opening Stock				
Finished Stock		719.23		473.51
Work-In-Progress		202.51	921.74	163.73
				637.24
Total		49.66		(284.50)
(i) Product wise Details of Opening & Closing Finished Goods				
(Rs. in Lacs)				
Particulars		Closing Stock		Opening Stock
i) Freeze Dried Mushroom Herbs, Vegetables & Fruits		43.93		118.86
ii) Processed Food Viz Mushroom Fresh & Processed (Including Canned)		58.42		56.60
iii) Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs		245.07		259.25
iv) Air Dried Fruits, Vegetables, Mushroom & Herbs		252.90		284.52
Total		600.32		719.23
(ii) Product wise Details of Opening & Closing Work-in-Progress				
i) Freeze Dried Mushroom Herbs, Vegetables & Fruits		2.34		2.91
ii) Processed Food Viz Mushroom Fresh & Processed (Including Canned)		111.92		104.40
iii) Frozen & Fresh Herbs		157.50		95.20
Total		271.76		202.51

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

(Rs. in Lacs)

Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
24 EMPLOYEES BENEFIT EXPENSES		
a) Salaries, Wages, Benefits & Amenities	784.80	716.60
b) Contribution to Provident Fund	50.46	43.58
c) Gratuity Fund Contribution (Refer Note No.29)	43.62	57.94
d) Employees Welfare Expenses	29.09	22.03
Total	907.97	840.15
25 FINANCE COST		
Interest Expense		
i) On Secured Loans	36.22	0.25
ii) On Working Capital	35.03	48.01
iii) Discounting & Bank Charges	86.52	95.26
iv) On Shortfall in payment of Advance Tax	7.12	-
Total	164.89	143.52
26 MANUFACTURING EXPENSES		
Power & Fuel Consumed	842.36	1,070.38
Repairs & Maintenance - Machineries	122.41	102.62
Stores, Spares, Tools, Jigs & Dies Consumed	105.41	115.38
Labour Charges	46.89	49.15
Sorting & Picking Charges	122.10	101.70
Tractor Hire & Shifting Charges	106.38	99.11
Others Manufacturing Expenses	32.80	23.76
Total	1,378.35	1,562.10
27 ADMINISTRATION & SELLING EXPENSES		
Power & Fuel (Cold Storage)	91.18	62.76
Insurance Charges	40.25	40.97
Postage, Telegram & Telephone Expenses	16.69	18.96
Vehicle Hire, Running & Maintenance Expenses	25.10	21.82
Conveyance & Traveling Expenses	57.71	44.54
Repair & Maintenance - Building	20.28	23.74
Repair & Maintenance - Others	20.85	19.71
Legal & Professional Charges	48.31	36.39
General Expenses	63.99	63.87
Charity & Donation	0.12	0.12
Rates & Taxes	1.00	3.44
Bad Debts	-	39.04
Provision for Doubtful Debts	4.43	-
Loss on Sale of Fixed Assets (Net)	2.42	-
Sundry Balance Written-off	2.73	6.24
Commission on Sale	25.84	23.82
Rebate & Discount	2.42	15.10
Sample Testing Charges	10.26	14.65
Packing & Forwarding Charges	184.31	178.34
Freight Outward	406.06	349.97
Total	1,023.95	963.48



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
28 EARNINGS PER SHARE (EPS)		
a) Profit for the year (Rs. In Lacs)	558.19	417.59
b) Weighted Basic and Diluted Equity shares for the purpose of EPS (In Numbers)	12,444,484	12,442,120
c) Nominal Value Per Share (Rs.)	10	10
d) Basic & Diluted Earning Per Share (Rs.)	4.49	3.36

29 GRATUITY

The Employees' Group Gratuity Scheme is managed by Life Insurance Corporation of India. The present value of obligation for Gratuity & other Post Employment benefit (i.e. Leave encashment) are determined based on actuarial valuation using the Projected Unit Credit Method. The additional disclosure in terms of Accounting Standards-15(AS-15) "Employees Benefits" issued by The Institute of Chartered Accountants of India and as notified by Companies (Accounting Standards) Rules, 2006 is as under:

Particulars	(Rs. in Lacs)			
	Gratuity (Funded)		Post Employment Benefit-Leave Encashment (Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
a) Reconciliation of opening and closing balances of obligation				
Obligation at beginning of the year	234.83	171.87	55.72	-
Current Service Cost	17.87	11.84	16.46	-
Interest Cost	19.04	13.75	4.10	-
Actuarial (gain) /loss	18.23	42.40	(8.43)	-
Less: Benefits paid	(7.99)	(5.03)	(11.89)	-
Obligation at the end of the year	281.98	234.83	55.96	-
b) Reconciliation of opening and closing balances of fair value assets				
Fair value of plan assets at beginning of the year	116.50	99.64	-	-
Employer contribution	13.59	11.84	-	-
Less: Benefits Paid	(7.99)	(5.03)	-	-
Add: Expected return on plan assets	11.52	10.05	-	-
Fair value of plan assets at the end of the year	133.62	116.50	-	-
c) Amount Recognized in Balance Sheet				
Present value of obligation	281.98	234.83	55.96	-
Fair value of plan assets	133.62	116.50	-	-
Amount recognized in Balance Sheet	148.36	118.33	55.96	-
d) Gratuity cost for the period				
Current Service Cost	17.87	11.84	16.46	-
Interest Cost	19.04	13.75	4.10	-
Expected return on plan assets	(11.52)	(10.05)	-	-
Actuarial (gain) /loss	18.23	42.40	(8.43)	-
Net amount recognized in Statement of Profit & Loss	43.62	57.94	12.13	-
e) Principal actuarial assumption at the Balance Sheet date:				
Discount Rate	8.25%	8.00%	8.25%	-
Salary Escalation	6.00%	5.00%	6.00%	-

Note: In case of Other Post Employment Benefits (i.e. Leave Encashment) Previous Year figures have not been given since actuarial valuation has been done for the Current Year i.e. 2012-13.

30 SEGMENT DISCLOSURE

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

Particulars	(Rs. in Lacs)	
	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
Domestic Revenue	1,402.94	1,700.88
Export Revenue:		
USA	718.07	669.44
Europe	3,123.21	2,668.51
Asia	30.58	-
Others	0.18	0.25
Total	5,274.98	5,039.08



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

(Rs. in Lacs)

Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
31 PAYMENT TO AUDITORS		
a) Statutory Audit	5.00	4.25
b) Tax Audit	1.75	1.50
c) Certification & other services	2.81	2.35
d) For Reimbursement of Expenses	0.45	0.40
Total	10.01	8.50
32 CONTINGENT LIABILITIES AND COMMITMENTS		
a) Contingent Liabilities		
i) Claims against the Company not acknowledged as debt :-		
Legal case pending with Doon Ghati Special Area Development Authority.	20.86	20.86
Outstanding demand under appeal before Income Tax Authorities	187.75	65.78
Outstanding demand raised by Customs & Central Excise Department.	23.91	-
ii) Bank Guarantee Outstanding (Net of Margin)	12.00	12.45
iii) Amount of Custom Duty (including CVD) payable in respect of import of capital goods by the Company against bond in case of non-fulfillment of conditions imposed on 100% Export Oriented Unit	121.81	137.37
Total (a)	366.33	236.46
b) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) and not provided for	563.96	24.38
Total (b)	563.96	24.38

33 RELATED PARTY TRANSACTION

Following disclosures are made, as per Accounting Standard-18 (As-18), regarding, "Related Party Disclosures" as notified by the Companies Accounting Standard (Rules) 2006:

(A) List of Related Parties

i) Enterprise for which Reporting Enterprise is an Associate:

UFlex Limited

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

Shri.Ashok Chaturvedi (Chairman)

iii) Key Management Personnel:

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

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

1) Ultimate Flexipack Ltd., 2) Club One Airways Pvt. Ltd., 3) Flex Industries Pvt. Ltd., 4) AC Infratech Pvt. Ltd., 5) RC Properties Pvt. Ltd., 6) A to Z Infratech Pvt. Ltd., 7) AKC Investments Pvt. Ltd., 8) Ganadhipati Investments Pvt. Ltd., 9) Ultimate Prepress LLP., 10) Utech Developers Ltd., 11) AKC Retailers Ltd., 12) Ultimate Enterprises Pvt. Ltd., 13) Flex International Pvt. Ltd., 14) Anshika Investments Private Ltd., 15) Anant Overseas Pvt. Ltd., 16) Apoorva Extrusion Pvt. Ltd., 17) Anshika Consultants Pvt. Ltd., 18) A.R.Leasing Private Ltd., 19) Cinflex Infotech Pvt. Ltd., 20) AR Aerotech Pvt. Ltd., 21) AR Infrastructure & Projects Pvt.Ltd., 22) AC Infrastructures Pvt. Ltd., 23) Ultimate Infratech Pvt. Ltd., 24) Flex Middle East FZE , 25) Uflex Europe Ltd., 26) Flex Americas S.A de C.V.Mexico , 27) Flex P. Films Egypt S.A.E, 28) Flex Films Europa Sp. Z.o.o., 29) Flex Films (USA) Inc.,30) Flex P. Films (Brasil) LTDA ,31) Flex America Inc.(USA) , 32) Uflex Packaging Inc. (USA) , 33) UPET Holding Ltd.,Mauritius, 34) UPET (Singapore) Pte.Ltd.,35) SD Buildwell Pvt Ltd., 36) Tflex Americas LLC , 37) Kaya Kalpa Medical Services Pvt. Ltd.38) Niksar Finvest Pvt. Ltd., 39) Refex Energy (Rajasthan) Pvt. Ltd., 40) A-One Infratech Pvt.Ltd.,41) Ganadhipati Infraproject Pvt. Ltd., 42) Nirman Overseas Pvt. Ltd., 43) Holofix Urban Infrastructures Pvt. Ltd., 44) Laurel Real Estates Pvt. Ltd., 45) Sungrace Products (India) Pvt. Ltd., 46) AR Airways Pvt.Ltd., 47) Virgin Infrastructures Pvt. Ltd., 48) Vendee Builders Pvt. Ltd., 49) Ultimate Energy Ltd., 50) Modern Info Technology Pvt.Ltd., 51) Liberal Advisory Pvt.Ltd., 52) Saga Realotors Pvt.Ltd.

(B) Transaction with Related Parties

(Rs. in Lacs)

Nature of Transaction	Enterprise for which Reporting Enterprise is an Associate	Key Management Personnel
i) Purchase of Packing Material	18.13	-
	(15.71)	-
ii) Remuneration	-	37.20
	-	(72.06)
Balance Outstanding at the end of the year (Credit)	0.37	-
	(0.37)	-

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Particulars	(Rs. in Lacs)	
	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
34 Value of imports calculated on CIF basis by the Company during the Financial Year		
i) Raw Material	57.05	31.07
ii) Components & Spare Parts	29.45	13.60
iii) Capital Goods	-	128.78
Total	<u>86.50</u>	<u>173.45</u>

35 Expenditure in Foreign Currency During the Year		
i) Conveyance & Travelling	6.89	-
ii) Sample Testing Charges	10.27	14.58
iii) Commission on Sale	25.84	23.79
iv) Legal & Professional	4.01	0.95
v) Lab Expenses	0.97	1.60
Total	<u>47.98</u>	<u>40.92</u>

36 Information in respect of consumption of imported and indigenous material and percentage there of:

Particulars	(Rs. in Lacs)			
	Current Year		Previous Year	
	Amount	%	Amount	%
i) Raw Material Consumed				
Imported	30.22	3.11	37.02	3.39
Indigenous	941.47	96.89	1,054.05	96.61
Total	<u>971.69</u>	<u>100.00</u>	<u>1,091.07</u>	<u>100.00</u>
ii) Stores, Spares, Tools, Jigs and Dies Consumed				
Imported	27.01	11.86	16.28	7.47
Indigenous	200.81	88.14	201.72	92.53
Total	<u>227.82</u>	<u>100.00</u>	<u>218.00</u>	<u>100.00</u>

37 Earnings in Foreign Exchange

Exports of Manufactured Goods Calculated on FOB basis	3,712.55	3,210.32
Total	<u>3,712.55</u>	<u>3,210.32</u>

38 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.

39 Figures have been rounded off to the nearest thousand.

40 These Financial Statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act 1956. Previous Year figures have been recasted/ restated to confirm to the classification of the Current Period.

Note : Signatories to Notes 1 to 40

For and on behalf of the Board of Directors

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

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

Rajesh Dheer
Company Secretary

Naval Duseja
Dy. General Manager (F&A)

Bhawna Khanna
Partner
Membership No.502428

Place : NOIDA
Dated : 13th May, 2013



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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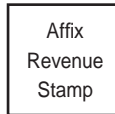
PROXY FORM

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
the district of as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting
of the Company to be held on **Saturday, 29th June 2013 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 2013.

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 23rd 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, 29th
June 2013 at 3.00 P.M.**

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

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

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

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FLEX FOODS LIMITED

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