

**19th
Annual Report
2008-2009**



FLEX FOODS LIMITED



FLEX FOODS LIMITED

NINETEENTH ANNUAL REPORT

2008-2009

BOARD OF DIRECTORS

ASHOK CHATURVEDI

Chairman

T. N. PANDEY

G. N. GUPTA

M. G. GUPTA

R. K. JAIN

S. K. KAUSHIK

CHIEF EXECUTIVE OFFICER

PRABIR GHATAK

COMPANY SECRETARY

RAJESH DHEER

AUDITORS

JAIN SINGHAL & ASSOCIATES

New Delhi

Statutory Auditors

VIJAY SEHGAL & CO.

Delhi

Internal Auditors

BANKERS

CANARA BANK

REGISTERED OFFICE

Lal Tappar Industrial Area,

P.O. Resham Majri,

Haridwar Road,

Dehradun (Uttarakhand)

SHARE DEPARTMENT

305, Third Floor, Bhanot Corner,

Pamposh Enclave,

Greater Kailash - I

New Delhi - 110048

Phone Nos. : 26440917, 26440925

Fax No. : 26216922

E-mail : flexsec@vsnl.net

WORKS

Lal Tappar Industrial Area,

P.O. Resham Majri,

Haridwar Road,

Dehradun

(Uttarakhand)

Chidderwala

Dehradun

(Uttarakhand)

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of Flex Foods Limited will be held on Wednesday, the 30th Day of September, 2009 at 3:00 P.M. at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, Uttarakhand to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. To declare dividend for the financial year 2008-2009 on the Equity Shares of the Company.
3. To appoint a Director in place of Shri S.K. Kaushik, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri G.N. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors. M/s Jain Singhal & Associates, Chartered Accountants, New Delhi retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and subject to the provisions of Schedule-XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such other approvals/sanctions as may be necessary, the approval of the Members be and is hereby accorded to the appointment of Shri Madan Mohan Varshney as ‘Manager’ under the Companies Act, 1956 of the Company for a period of three years w.e.f. 28th April, 2009 on the terms and conditions including as to remuneration, minimum remuneration in case of loss or inadequacy of profit in any financial year as set out in the Explanatory Statement annexed to the Notice, which shall be deemed to form part hereof.

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

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be

necessary, proper or expedient to give effect to this Resolution.”

By Order of the Board

Place : NOIDA
Dated : 29th July, 2009

RAJESH DHEER
Company Secretary

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

NOTES:

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and on a poll, to vote instead of himself. The proxy need not be a member of the Company. A blank form of proxy is enclosed and if intended to be used, it should be returned, duly completed, to the Registered Office of the Company not less than forty eight hours before the scheduled time of the meeting.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from **26th September, 2009 to 30th September, 2009 (both days inclusive)**.
4. Members holding shares in physical form are requested to notify change in address, if any, to the Company's **Registrar & Share Transfer Agent (RTA), Beetal Financial & Computer Services Pvt. Ltd., BEETAL House, 3rd Floor, 99, Madangir, Near Dada Harsukh Dass Mandir, Behind Local Shopping Centre, New Delhi – 110062** quoting correct Folio Number(s) and in case of shares held in dematerialized form, to the concerned Depository Participant.
5. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
6. The Company has paid the Annual Listing fees for the year 2009-2010 to the Bombay Stock Exchange Limited at which the Company's Securities are presently listed. The Company has applied to the Delhi Stock Exchange Limited for delisting of its equity shares.

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

ITEM NO. 6

The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 28th April, 2009 appointed Shri Madan Mohan Varshney as ‘Manager’ of the Company in terms of the provisions of the Companies Act, 1956 w.e.f. 28th April, 2009, for a period of three (3) years on the terms and conditions as to remuneration etc. as detailed hereunder, subject to the approval of the Members of the Company.

Remuneration by way of salary, perquisite and/or other allowances/benefits shall not exceed Rs.2.75 lacs per month or Rs.33.00 lacs per annum.

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

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

- (a) Contribution, if any, to Provident Fund, Superannuation Fund or Annuity Fund made by the Company to the extent these are singly or put together are not taxable under the Income Tax Act;
- (b) Payment of gratuity as per the policy of the Company
- (c) Encashment of leave at the end of the tenure.

He shall also be eligible for Company's car.

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

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

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

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

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

Shri Madan Mohan Varshney subject to the supervision, control and directions of the Board shall manage the affairs of the Company and shall exercise such other powers as are delegated by the Board/Committee of Directors/Chairman to him from time to time. The brief profile of the Company as well as Shri Madan Mohan Varshney as required under Schedule-XIII are given hereunder:

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

(Rs. in lacs)

Year Ended 31st, March	2006-07	2007-08	2008-09
Sales	3420.74	4006.72	4310.51
Other Income	196.41	226.24	393.24
Profit before interest depreciation & tax	1083.69	1333.55	1477.15
Interest & Financial Charges	272.81	283.64	248.20
Depreciation	313.65	321.47	328.69
Profit before tax	497.43	728.44	900.26
Profit after tax	464.39	710.06	835.24

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

31.03.2007	31.03.2008	31.03.2009
Rs.2471.30 lacs	Rs.3072.62 lacs	Rs.3254.77 lacs

Shri Madan Mohan Varshney is a Post Graduate in Food Technology from the University of Pantnagar, Uttarakhand with specialization in Process Food Engineering. He has also done Enhancing Managerial Effectiveness from Indian Institute of Management, Ahmedabad and has experience of about 24 years in different companies in India such as M/s. Cadburys India Limited, M/s. VST Natural Products Limited, M/s. Global Green Limited, M/s. Eco Vally Farms and Foods Limited etc. At present, he is working with the Company as Vice President and looking after Production and Planning.

The Board of Directors recommend the Resolution for your approval. None of the Directors of the Company is concerned or interested in this Resolution.

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

By Order of the Board

Place : NOIDA
 Dated : 29th July, 2009

RAJESH DHEER
 Company Secretary

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

Name of the Director	Shri S.K. Kaushik	Shri G. N. Gupta
Date of Birth	20.11.1939	23.07.1931
Date of Appointment	11.08.2000	28.07.1999
Experience in specific functional area	A Chartered Accountant having more than 45 Years of experience particularly in the field of Finance, Marketing and Production Planning	He is a tax consultant and retired 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	FCA	M.Sc. (Maths), LL.M.
Directorship in other Public Limited Companies	UFLEX Limited.	Manoj Housing Finance Co. Ltd. Yash Papers Limited Asian Fertilizers Limited Alpha Drug India Limited
Members/Chairman of Committee of the Board of the Public Limited Companies on which he is Director	Audit Committee Nil Remuneration Committee Nil Shareholders'/Investors' Grievances Committee Flex Foods Ltd., UFLEX Limited	Audit Committee Flex Foods Limited Yash Papers Limited (Chairman) Remuneration Committee Flex Foods Ltd. (Chairman) Yash Papers Limited (Chairman) Shareholders'/Investors' Grievances Committee Nil

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

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 19th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2009 and for the previous year ended 31st March, 2008 are as follows:

	Year Ended 31.03.2009	(Rs. in lacs) Year Ended 31.03.2008
Sales	4310.51	4006.72
Other Income	393.24	226.24
Profit before Interest, Financial Charges & Depreciation	1477.15	1333.55
Interest & Financial Charges	248.20	283.64
Depreciation	328.69	321.47
Profit before Tax	900.26	728.44
Provision for Taxation	100.50	73.91
Provision for Deferred Tax (Credit)	(42.48)	(61.66)
Wealth Tax	0.42	0.24
Fringe Benefit Tax	6.58	5.89
Profit after Tax	835.24	710.06
Add : (Short)/ Excess provision of the Earlier Year		
- For Income Tax	4.03	-
- For Wealth Tax	(0.001)	-
- For Fringe Benefit Tax	(0.53)	(3.90)
Profit for the Year	838.73	706.16

Your Company achieved a turnover of Rs.4703.75 lacs including other income of Rs.393.24 lacs in comparison to turnover of Rs.4232.96 lacs including other income of Rs.226.24 lacs in the previous year ended 31st March, 2008 showing an increase of 11.12%. During the year, the Company made export of manufactured/traded goods on FOB basis to the tune of Rs.3254.77 lacs which is approximately 75.51% of the total sales. Your company ended the year with a net profit of Rs.838.73 lacs for the year ended 31st March, 2009 compared to profit of Rs.706.16 lacs for the previous year ended 31st March, 2008.

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/- (20%) per share for the financial year ended March, 2009. The dividend, if approved at the forthcoming Annual General Meeting, will be paid to Members whose names appear in the Register of Members as on 30th September, 2009. In respect of shares held in dematerialized form, it will be paid to those Members whose names are furnished by National Securities Depository Limited and Central Depository Service (India) Limited as beneficial owner as on 30th September, 2009.

Delisting of Equity Shares from Delhi Stock Exchange

The equity shares of the Company are presently listed on two Stock Exchanges viz. Bombay Stock Exchange Limited (BSE) and Delhi Stock Exchange Limited (DSE). The Members of the Company through Postal Ballot approved the Company's proposal for delisting of its shares from

Delhi Stock Exchange Limited. Accordingly, the delisting application has already been filed with DSE.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri S.K. Kaushik and Shri G.N. Gupta, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

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

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

Mr. Devendra Tiwari, who was appointed as Manager under the Companies Act, 1956 resigned from the Company w.e.f. 23.02.2009 and in his place Mr. M.M. Varshney was appointed as "Manager" under the Companies Act, 1956.

Fixed Deposits

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

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

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the Listing Agreement with the Stock Exchanges.

A separate Report on Corporate Governance alongwith Report on Management Discussion and Analysis is enclosed as 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 Accounts for the Financial Year ended 31st March, 2009, 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 Earnings and Outgo

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

Personnel

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

Acknowledgement

The Directors acknowledge with gratitude the co-operation extended by various agencies of the Central Government, Government of Uttarakhand/Uttar Pradesh, Banks, Shareholders and all Business Associates during the year under review.

For and on behalf of the Board

Place : NOIDA
Dated : 29th July, 2009

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.

1. Conservation of Energy

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 burner efficiency, controlled & complete combustion of fuel, recycling of condensate, flash recovery, proper heat distribution & technology upgradation.

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

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

IQF Unit: Refrigeration unit was modified to improve handling capacity by installing new compressor, separator, receiver, cooling tower & cold room. The cooling capacity of existing cold rooms was enhanced.

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

c) Impact of the above measures

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

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

2. TECHNOLOGY ABSORPTION

a) Research & Development (R&D)

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

The company prioritized and carried out R&D work in process and

product development of vegetables and organic herbs and other conventional herbs like Borragge, Fennel and Sorrel.

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

- a) Process certification of facility for organic production has been obtained from Uttarakhand Organic Board, Dehradun.
- b) IQF Borragge, Fennel and Sorrel were manufactured and exported in addition to other herbs.
- c) IQF Organic Basil was manufactured and exported in addition to other conventional IQF herbs.
- d) Air dried Green Beans were manufactured and supplied in the domestic market.

iii) Future Plan of Action

- a) Steps are continuously being taken for innovation and renovation of products including new product development like Air dried Broccoli, Cauliflower, Orange, Carrots and other Air dried vegetables.
- b) Efforts are being done to introduce Air dried herbs in retail packing for the domestic market.
- c) Automation and process line modifications are being planned to substantially reduce labour costs and to improve productivity and quality.
- d) Steps are being taken for Global Gap Certification (formerly Euro gap) for Mushroom: Farm and herbs growing (for selected farmers).

iv) Expenditure on R&D

During the year, Company spent Rs. 0.24 Lacs. This is very negligible to the percentage of the turnover of the Company.

3. FOREIGN EXCHANGE EARNINGS 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 on FOB basis amounting to Rs.3254.77 lacs. The expenditure incurred in Foreign Exchange (including value of imports) during the year amounted to Rs.242.26 lacs

For and on behalf of the Board

Place : NOIDA
Dated : 29th July, 2009

Ashok Chaturvedi
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Forward Looking Statements

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

In spite of the best care and improved business practices, the forward looking statements of the Company reflect the current expectations regarding future results of operation. Forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could affect industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements.

Industry Scenario and Developments

During the preceding three years, the country had witnessed tremendous economic growth with gross domestic product (GDP) expanding at an average of 9 percent. However, the growth momentum was moderated during the financial year 2008-09 because of the global economic conditions. Like all other emerging economies, India too was impacted by credit crisis, indeed more so than was imagined earlier. The slowdown in growth has reflected in lower industrial production, negative exports, deceleration in services activities, dented corporate margins and diminished business confidence. As per the revised estimates for the FY 2008-2009, the GDP for the year grew at 6.7 per cent as against 9.1 per cent in the previous year.

The food processing sector is critical to India's development. It establishes vital linkages and synergy between industry & agriculture, the two pillars of the economy. India is the world's second largest producer of food and holds the potential to become the food provider of World. The growth of this industry will bring immense benefits to the economy, raising agricultural yields, enhancing productivity, creating employment and raising life-standards of people across the Country, especially in rural areas. The food processing industry is presently growing at 14%. India's food processing sector covers fruits and vegetables; meat and poultry; milk and milk products, alcoholic beverages, fisheries, plantation, grain processing and other consumer product groups like confectionery, chocolates and cocoa products, Soya-based products, mineral water, high protein foods etc.

The mushroom industry has a bright future due to increasing demand for mushroom worldwide. Mushroom farming is being practiced in more than 100 countries and its production is increasing at the rate of 7 per cent approximately per annum. Production of mushroom has already crossed 5 million metric tons annually in the world and is expected to reach around 7 million metric ton in next ten years.

Mushroom industry in India is developing fast especially cultivation of white button mushrooms. The mushroom industry in India is largely an export-oriented one as the domestic demand for mushroom is quite small. A major part of the production is exported.

Business overview

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, meeting strict quality & hygiene standards. Canned button mushroom in various shapes and sizes is also available as per the customer requirement. Flex Foods Limited is a single point source of supplier of Frozen/ IQF (Individually Quick Frozen), Air Dried as well as Freeze Dried products to the customers as per their requirements.

Product-wise performance

Sale of Finished Goods

Description	Current Year		Previous Year	
	Quantity (in KGs)	Value (Rupees)	Quantity (in KGs)	Value (Rupees)
Freeze dried Mushroom, Herbs, Vegetables & Fruit	1,49,740	21,13,06,048	2,01,506	22,96,56,778
Processed Food Viz. Mushroom Fresh & Processed (including Canned)	12,12,948	7,69,54,026	12,92,673	7,95,53,604
Frozen/Individually-Quick Frozen Fruits, Vegetables, Mushroom & Herbs	11,53,833	11,92,53,152	8,92,863	7,17,92,224
Air Dried Fruits, Vegetables, Mushroom & Herbs	1,03,331	2,14,28,646	1,23,486	1,85,76,261
Others	-	21,09,555	-	10,92,994
Total	26,19,852	43,10,51,427	25,10,528	40,06,71,861

Opportunities

- Keeping in view the export objectives and demand for internal market, mushroom production has increased many folds during the recent past. Mushrooms have found a definite place in the food consumption habits of common masses and there is a constant demand for it throughout the year.

- Mushroom production provides an ideal opportunity for conversion of agro-waste into wealth, quality food, organic manure and reduction in environmental pollution.
- Mushroom being an indoor crop provides vast opportunities for empowering rural and urban women through cultivation, production of value-added products and marketing. Vast opportunities for unemployed youths to take up mushroom cultivation and marketing also exist.
- Mushroom provides an ideal opportunity for elimination of protein malnutrition of people having cereals as staple food.
- Manufacturing and marketing of value-added mushroom products not only avoids the distress sale, but generates the additional income.
- India can enter into a big and lucrative mushroom pharmaceutical international trade, presently, monopolized by some East Asian countries and America. There is a big scope for diversifying mushroom export by including other mushroom species for export.
- *India attaining self-sufficiency in food, the domestic market for mushroom is likely to enlarge sooner than later.*
- This industry provides collaborative arrangements of Government Institutions with NGOs, Self-Help Groups and Corporate Sectors for the processing, manufacturing of value-added products and marketing of mushrooms.
- There is great scope for collaborative arrangements with corporate sector for funding the basic and applied research.

Threats

- Over dependence of the mushroom industry on the imported technology does not augur well for India, as the foreign firms are trying to export their technologies without assessing their suitability for Indian conditions.
- With globalization, there is a competition not only for quality produce but also for the price.
- Presence of pesticide residue over the permissible limits in mushroom products may hamper prospects for exports to the developed countries.
- Improper processing and packaging especially of canned products may lead to health hazards.
- In Asia, we may face tough competition from East-Asian countries as exporter of mushroom to the Western countries.
- Unorganized and unscientific collection of natural mushrooms may lead to destruction of natural eco-system and natural habitats of wild mushrooms through human interference.
- In the area of mushroom research, we not only lag behind in developing the varieties and technologies, but our pace is also slow as compared to other countries which are exploiting modern tools of research like biotechnology and highly sophisticated instruments.

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

The company has been accredited with global standard for food safety (formerly BRC) in its revised standard at grade "A" for its manufacturing facilities. The cultivation process of fresh herbs and mushroom farm is global gap compliant.

Power tariff is the major concern of the Company, which fluctuates with the change in government policies. The Company has clear-cut policies in the upward/downward revision and eventualities in the tariff structure of the Government.

Future Outlook

Indian food processing industry has seen significant growth and changes over the past few years, driven by changing trends in markets, consumer segments and regulations. These trends, such as changing demographics, growing population and rapid urbanization are expected to continue in the future and, therefore, will shape the demand for value added products and thus for food processing industry in India. The Government of India's focus towards food processing industry as a priority sector is expected to ensure policies to support investment in this sector and attract more FDI. India, having access to vast pool of natural resources and growing technical knowledge base, has strong comparative advantages over other nations in this industry. The food-processing sector in India is clearly an attractive sector for investment and offers significant growth potential to investors. The mushroom market in India is on the verge of undergoing a sea change due to the advent of multi-cuisine eateries and a flood of multinationals setting their shops in IT and other industrial sectors.

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

Risks & Concerns

Every business has inherent risks involved in its operations, which may be either external or internal. The external factors are market competition, availability of cheaper substitute products, Government policies regarding power tariffs and on-going political and economic changes in the importing country. The Company may not have much control over such factors, however it is important to address these risks & concerns to mitigate their overall impact on the business. Formal risk assessment and Management approach along with the regular monitoring mechanism in the Company ensures that

these risks are duly addressed and well managed. High focus on safety of plant, its premises and people continuity of vital supplies and proactive Management of related business environment are essential for the risk management in the overall supply chain and business in general.

Internal Control 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 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 2009, the total number of permanent employees in the Company were 490.

ANALYSIS OF FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE

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

A. FINANCIAL CONDITIONS

Fixed Assets

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

Year ended March 31st	2006	2007	2008	2009
Gross Block (Rs. in Lacs)	6494	6634	6757	6987

The composition and growth of assets was as under:

[Rs. in lacs]

Particulars	March 31, 2009	March 31, 2008	Growth %
Land	99.70	99.70	-
Buildings	1212.33	1210.27	0.17
Plant & Machinery	5354.82	5154.04	3.90
Electrical Fittings & Installations	141.59	141.59	-
Equipments	75.91	71.29	6.48
Furniture & Fixtures	10.30	10.06	2.38
Vehicles	91.89	70.46	30.41
Total	6986.54	6757.41	3.39
Less: Acc. Depreciation	2811.33	2485.88	13.09
Add: CWIP	2.61	14.60	-
Net Fixed Assets	4177.82	4286.13	-

CURRENT ASSETS LOANS & ADVANCES

Inventories

Inventories include stock of raw material, consumables, work-in-progress, finished goods and packing material. Total inventories were Rs.750.78 lacs, representing 10.74% of the fixed assets.

Sundry Debtors

Sundry debtors were Rs. 711.60 lacs as at 31st March, 2009 as against Rs. 865.34 lacs as at 31st March, 2008. Debtors as a percentage of total operating revenue were 16.51% for the current year as against 21.60 % for the previous year.

Cash and Bank Balances

Cash and bank balances were 2.28% of total assets as on 31st March, 2009 as against 20.92% as on 31st March, 2008.

Loans & Advances

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

Net Deferred Tax Assets

Deferred tax liabilities of Rs.285.74 lacs represent closing balance of net deferred tax liabilities after adjusting total

deferred tax assets and deferred tax liabilities as on 31.03.2009. 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, 2009		Year ended March 31, 2008	
	Amount	%	Amount	%
INCOME				
Income from operations	4310.51	89.68	4006.72	95.78
Other income	393.24	8.18	226.24	5.41
Increase/(Decrease) in stock	102.78	2.14	(49.64)	(1.19)
Total Income	4806.53	100.00	4183.33	100.00
EXPENDITURE				
Raw Material Consumed	706.37	14.70	645.89	15.44
Other Manufacturing Exp.	1165.63	24.25	981.57	23.46
Payment & Benefit to Employees	564.48	11.74	486.86	11.64
Administrative, Selling & Other Expenses	892.90	18.57	735.45	17.58
Operating Expenses	3329.38	69.27	2849.77	68.12
EBDIT	1477.15	30.73	1333.55	31.88

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, 2009)

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

The composition and category of Directors as on 31.03.2009 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 Directors 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.



All the Independent Directors of the Company furnish a disclosure at the time of their appointment and also annually that they qualify the conditions of their being independent as laid down under clause 49. All such declarations are placed before the Board.

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

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management and associates, which may affect independence of the Directors.
- Are not related to promoters or person occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years of the Company.
- Are not partner or executive or were not partner or executive of the Statutory Audit Firm or the Internal Audit Firm and Legal Firms, Consulting Firms, which have association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Directors.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

Information supplied to the Board

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

Compliance reports of all applicable laws to the Company

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

(b) Board Meetings and attendance record of each Director

Five Board Meetings were held during the financial year 2008-2009. The dates on which the meetings were held are, 29th April, 27th June, 30th July, 25th October in the year 2008 and 24th January in the year 2009. 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.)	Total No. of Committee Membership	Committee Chairmanship
Mr. Ashok Chaturvedi	2	No	5	1	1
Mr. S.K. Kaushik	4	Yes	1	2	Nil
Mr. T.N. Pandey	5	Yes	1	3	3
Mr. G.N. Gupta	4	No	2	2	1
Mr. R.K. Jain	5	No	1	2	Nil
Mr. M.G. Gupta	4	No	2	4	1

3. Audit Committee

Presently, the Audit Committee comprises of four Member Directors viz. Mr. T.N. Pandey, Mr. G.N. Gupta, Mr. M.G. Gupta and Mr. R.K. Jain. All the members of the Audit Committee are Non-executive Directors out of which three are independent Directors. Mr. T.N. Pandey is the Chairman of Audit Committee. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 09.08.2008. All the members of the Audit Committee have accounting and financial management expertise.

The terms of reference and role of the Audit Committee as revised and stipulated by the Board of Directors from time to time are in conformity and in line with the statutory and regulatory requirements as prescribed under Section 292A of the Companies Act, 1956 and revised 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, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with Internal Auditors about any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Powers of the Audit Committee

Powers of the Audit Committee are as under :

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.

During the year, the Audit Committee had met five times on 29.04.2008, 27.06.2008, 30.07.2008, 25.10.2008 & 24.01.2009. The attendance of each Committee members is as under:

Name of Director	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	4

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

4. Remuneration Committee

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

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/ Whole-time Director/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 31.03.2009 is given below:



Name	Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)	Service Contract
Mr. Devendra Tiwari*	1114608	981390	Nil	2095998	3 Years

* Mr. Devendra Tiwari has resigned from the Company w.e.f 23.02.2009 and in his place Mr. M.M. Varshney was appointed as Manager under the Companies Act, 1956.

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 Rupees)

Name of Directors	Board Meetings	Committee Meetings	Total
Mr. Ashok Chaturvedi	15000	25000	40000
Mr. T.N. Pandey	35000	60000	95000
Mr. G.N. Gupta	30000	30000	60000
Mr. M.G. Gupta	30000	30000	60000
Mr. R.K. Jain	35000	85000	120000
Mr. S.K. Kaushik	30000	50000	80000

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 27.09.2008 and 28.03.2009.

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 5. Outstanding complaints as on 31.03.2009 were nil. There was no valid share transfer pending for registration for more than 30 days as on the said date.

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

6. Subsidiary Companies

The Company does not have any Subsidiary Company.

7. Board Procedure

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

8. Compliance Certificate

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

9. General Body Meetings

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

AGM	Day, Date & Time	Venue	Special Resolution Passed
16th	Saturday, September 16, 2006 at 3:00 P.M.	Registered Office at: Lal Tappar Indl. Area P.O. Resham Majri Haridwar Road Dehradun, Uttarakhand	Nil
17th	Saturday September 22, 2007 at 3:00 P.M.	Same as above	Nil
18th	Saturday August 9, 2008 at 3:00 P.M.	Same as above	Nil

- (b) Whether Special Resolutions were put through Postal Ballot last year?
Yes
Postal Ballot was conducted for seeking approval of members for delisting of shares from Delhi Stock Exchange Limited.
- (c) Are any 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. Compliance with other mandatory requirements

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.

11. Disclosures

(i) Related Party Transactions

Related party transactions in terms of Accounting Standards 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 & the Board.

All related party transactions are negotiated on arms length basis and are intended to further the interests of the Company.

(ii) 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.

(iii) 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.

(iv) Disclosure of Accounting Treatment

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

(iv) 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 minimizing procedures, which is periodically reviewed by the Audit Committee and the Board.

(v) Code of Conduct

The Company has adopted the code of conduct and ethics for Directors and Senior Management. The code has been circulated to all the members of the Board and Senior Management and the same has been put on the website of the Company i.e. www.flexfoods.net. All Board Members and senior Management have affirmed their compliance with the code and declaration signed by the CEO is annexed to this Report.

(vi) 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, 2009 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

12. CEO/CFO Certifications

Mr. Prabir Ghatak, CEO and Mr. Naval Duseja, Asst. General Manager (Finance & Accounts) who is carrying on the responsibility of CFO, have given CEO/CFO certificate as per format prescribed under Clause No. 49 of the Listing Agreement to the Board at its meeting held on 29.07.2009.

13. 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:

1. Non-Executive Chairman's Office

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.

2. 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".

3. Audit Qualifications

There are no audit qualifications in the Company's financial statements for the year under reference.

4. Training of Board Members

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

5. Tenure of Independent Directors

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

6. Shareholders Rights

The quarterly, half-yearly and annual financial results of the company are published in the newspapers and are also posted on the company's website.

The complete annual report is sent to each and every shareholder of the Company.

7. 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 social expectations. The Non-executive Directors role is evaluated by the Board to reinforce the principle of collective responsibility.

8. Whistle Blower Policy

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

14. Means of Communication

The quarterly un-audited financial results duly approved by the Board of Directors are sent to all the Stock Exchanges where the Company's shares are listed immediately after the Board Meeting. The same are also published in 'Business Standard' (English) and 'Rashtra ka Vidhan' or 'Veer Arjun'(Hindi) within the stipulated period and in the format as prescribed by the Stock Exchanges and the Company posts its financial results on SEBI website, i.e., sebidifar.nic.in for all quarters.

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

Date : 30th September, 2009
Day : Wednesday
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 30.06.2009 4th week of July, 2009
- Results for quarter ending 30.09.2009 4th week of October, 2009
- Results for quarter ending 31.12.2009 4th week of January, 2010
- Results for quarter ending 31.03.2010 4th week of April, 2010

(c) Book Closure date

26.09.2009 to 30.09.2009 (both days inclusive)

(d) Dividend

The Directors have recommended, subject to the approval of the members, dividend @ Rs. 2/- (Rupees two only) per equity share.

(e) Listing of Equity Shares on Stock Exchanges

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

The Company has already filed delisting application with Delhi Stock Exchange Limited.

Note : Annual Listing fee for the year 2009-2010 has been duly paid to Bombay Stock Exchange Limited.

(f) Stock Code - Trading symbol - Bombay Stock Exchange Ltd : 523672

(Equity shares) - Trading symbol - Delhi Stock Exchange Ltd. : 06004

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

(h) Stock Market Price for the year 2008-2009 :

Share prices on Bombay Stock Exchange Limited are as under :

(In Rupees)

Month	High	Low
April, 2008	24.00	17.65
May, 2008	29.35	22.90

(In Rupees)

Month	High	Low
June, 2008	24.80	18.05
July, 2008	27.65	22.00
August, 2008	31.75	25.60
September, 2008	27.75	18.30
October, 2008	23.50	16.00
November, 2008	20.40	16.00
December, 2008	19.00	15.35
January, 2009	21.00	16.50
February, 2009	18.90	16.00
March, 2009	18.30	14.05

- (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 31.03.2009**

Range	No. of Shareholders	No. of shares	% of total equity
1 - 500	13327	1723315	13.84
501 - 1000*	409	349470	2.81
1001 - 2000	191	304221	2.44
2001 - 3000	69	184523	1.48
3001 - 4000	42	152287	1.22
4001 - 5000	35	167279	1.34
5001 - 10000	67	493745	3.97
10001 and above	48	9020352	72.46
Transit shares *		54808	0.44
TOTAL	14188	12450000	100.00

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

- (m) **Categories of Shareholders as on 31.03.2009**

Category	No. of shares held	% of shareholding
Promoters & Associates	7343640	58.99
Financial Institutions & Mutual Funds	-	-
Foreign Institutional Investors	-	-
NRIs	6460	0.05
Banks	-	-
GDRs	-	-
Other Corporate Bodies	416789	3.34
Others (General Public)	4628303	37.18
Shares in transit (Demat) *	54808	0.44
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 31.83% of total equity share capital is held in dematerialized form upto 31.03.2009 with NSDL/CDSL. The shares of the Company are presently listed on Bombay Stock Exchange Limited and Delhi Stock Exchange Limited, which provide sufficient liquidity to the investors. However, the Company has applied with the Delhi Stock Exchange Limited for delisting of its equity shares.

(o) Plant Locations

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

(p) Address for Correspondence

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

Beetal Financial & Computer Services Pvt. Ltd.

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

Flex Foods Limited

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

The above report has been placed before the Board at its meeting held on 29th July, 2009 and the same was approved.

AUDITORS' CERTIFICATE

To the Members of
FLEX FOODS LIMITED
New Delhi

We have examined the compliance of conditions of Corporate Governance by Flex Foods Limited for the year ended 31st March, 2009, 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

Place : NOIDA
Dated : 29th July, 2009

Pradeep Beri
Partner
Membership No. 82392

DECLARATION

To the Members of
FLEX FOODS LIMITED

I, Prabir Ghatak, CEO of the Company, hereby certify that the Board Members and Senior Management personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended March, 2009 pursuant to the requirements of Clause 49 of the Listing Agreement.

For **Flex Foods Limited**

Place : NOIDA
Dated : 29th July, 2009

Prabir Ghatak
CEO

AUDITORS' REPORT

To
The Members of
FLEX FOODS LIMITED

1. We have audited the attached Balance Sheet of FLEX FOODS LIMITED as at 31st March 2009, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and (amendment) Order, 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:-
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those Books of Account;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d. In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of Companies Act 1956;
 - e. On the basis of written representations received from Directors, as at 31st March 2009 and taken on record by Board of Directors, we report that none of the directors are disqualified as on 31st March, 2009 for appointment as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with Significant Accounting Policies & Notes thereon, 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:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- ii. in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **JAIN SINGHAL & ASSOCIATES**
Chartered Accountants

Place : NOIDA
Dated : 29th July, 2009

Pradeep Beri
Partner
Membership No.82392

ANNEXURE TO THE AUDITOR'S REPORT OF FLEX FOODS LIMITED FOR THE YEAR ENDED 31ST MARCH 2009 (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

- (i) In respect of Fixed Assets of the Company:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancy has been noticed on such verification as compared to books of account.
 - (c) Substantial part of fixed assets have not been disposed off during the year.
- (ii) In respect of Inventories of the Company:
 - (a) Physical verification of inventory has been conducted at reasonable intervals by the Management.
 - (b) In our opinion, 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. The discrepancies noticed on physical verification of inventory as compared to book records were not significant and were properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loan of Rs.3,00,00,000/- to a company, covered in the register maintained under Section 301 of the Companies Act 1956.
 - (b) The rate of Interest and other terms & conditions of loan given by the company are not prima facie prejudicial to the interest of the Company.
 - (c) There is no overdue amount hence the provision of clause 4(ii)(d) of the Companies (Auditor's Report) Order, 2003 and (amendment) Order, 2004 is not applicable to the company, hence not commented upon.
 - (d) The Company has not taken any loans, secured or unsecured from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Hence

the provision of clause 4(iii)(f) and 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 and (amendment) Order, 2004 is not applicable to the Company, hence not commented upon.

- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) (a) According to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- (vi) The company has not accepted any deposits during the year, under the provisions of Section 58A, 58AA, of the Companies Act, 1956 and rules framed there under.
- (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 internal audit system, commensurate with the size and nature of its business.
- (viii) The maintenance of the cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act 1956, for the products dealt/ manufactured by the Company. Hence the provision of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 and (amendment) Order, 2004 is not applicable.
- (ix) (a) According to the records of the Company, the Company in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investors' Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other applicable statutory dues.
- However the provisions of Employee State Insurance Act' 1948 do not apply to the Company at this stage and therefore deposit of Employees State Insurance dues with the appropriate authorities in time are not applicable to the Company.
- According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Investors' Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other applicable statutory dues as at the year end; for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no pending dues in respect of Sales tax/ Wealth tax / Service tax / Custom duty / Excise duty / Cess which have not been deposited on account of any dispute.
- However following amounts are involved (Gross of Amount deposited under protest) with under-

mentioned forum, in respect of the disputed Income Tax dues: Aggregate Income Tax of Rs. 33.26 lacs, pending before (a) Delhi High Court (Rs. 15.01 lacs) and (b) CIT (Appeals) (Rs. 18.25 lacs).

- (x) The Company has neither accumulated losses as at the year end nor it has incurred cash losses in the financial year under report and in the immediately preceding financial year
- (xi) 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. Therefore the provision of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 and (amendment) Order, 2004 is not applicable to the Company.
- (xiii) The Company is not a Chit Fund, or a Nidhi / Mutual Benefit Fund/ Society. Therefore the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 and (amendment) Order, 2004 are 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 4(xiv) 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 the others, from Banks and Financial Institutions.
- (xvi) The company has not raised any term loans during the year. Further, funds raised during the previous year have 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.
- (xviii) During the year, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) During the year, the Company has not issued any debentures; hence the provision of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 and (amendment) Order, 2004 is not applicable to the Company.
- (xx) The Company has not raised any money by public issues during the year,
- (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

Place : NOIDA
Dated : 29th July, 2009

Pradeep Beri
Partner
Membership No.82392

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule Number	(Rupees)	As At 31.03.09 (Rupees)	(Rupees)	As At 31.03.08 (Rupees)
I. SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1		124,394,000		124,382,000
Reserve & Surplus	2		332,784,842		278,043,485
DEFERRED GOVERNMENT GRANTS	3		10,942,142		11,617,758
LOAN FUNDS					
Secured Loans	4		190,476,469		238,784,822
DEFERRED TAX LIABILITY (Net)			28,574,352		32,822,107
TOTAL			687,171,805		685,650,172
II. APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5		698,654,577	675,740,725	
Less: Depreciation			281,132,971	248,588,484	
Net Block			417,521,606	427,152,241	
Capital Work-in-Progress			261,000	1,460,735	428,612,976
CURRENT ASSETS, LOANS AND ADVANCES					
a) Inventories	6	75,077,630		72,110,331	
b) Sundry Debtors	7	71,159,774		86,534,411	
c) Cash and Bank Balances	8	15,975,145		141,369,587	
d) Loans and Advances	9	199,776,627		33,750,342	
e) Other Current Assets	10	2,798,531		1,639,484	
			364,787,707	335,404,155	
LESS:					
CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	11	61,469,435		44,130,762	
Provisions	12	33,929,073		34,236,197	
			95,398,508	78,366,959	
NET CURRENT ASSETS			269,389,199		257,037,196
TOTAL			687,171,805		685,650,172

NOTES:

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

For and on behalf of the Board of Directors

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

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

Rajesh Dheer
Company Secretary

Naval Duseja
Asst. General Manager (F&A)

For **Jain Singhal & Associates**
Chartered Accountants

Place: NOIDA
Dated: 29th July, 2009

Pradeep Beri
Partner
Membership No. 82392

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule Number	For The Year Ended 31.03.09 (Rupees)	For The Year Ended 31.03.08 (Rupees)
A. INCOME			
Sales		431,051,427	400,671,861
Other Income	13	39,324,220	22,624,378
Increase/(Decrease) in Finished Goods & Work-in-Progress	14	10,277,807	(4,963,603)
TOTAL (A)		480,653,454	418,332,636
B. EXPENDITURE			
Raw Materials Consumed	15	70,637,000	64,589,099
Other Manufacturing Expenses	16	116,563,237	98,157,070
Payments & Benefits to Employees	17	56,447,748	48,686,412
Administrative, Selling & Other Expenses	18	89,290,115	73,544,997
Interest & Financial Charges	19	24,819,700	28,364,125
Depreciation		32,869,400	32,146,744
TOTAL (B)		390,627,200	345,488,447
Profit for the year before taxation	TOTAL (A-B)	90,026,254	72,844,189
(Add)/Less: Provision for Taxation			
- Deferred Income Tax (Credit)		(4,247,755)	(6,166,445)
- Current Tax		10,050,131	7,391,567
- Wealth Tax		42,300	24,000
- Fringe Benefit Tax		658,000	588,950
Profit for the year after taxation		83,523,578	71,006,117
(Less)/Add : (Short)/Excess Provision of earlier year			
For Income Tax		402,911	-
For Wealth Tax		(114)	-
For Fringe Benefit Tax		(53,263)	(390,296)
Profit for the year		83,873,112	70,615,821
Profit brought forward from previous year		271,928,470	241,667,025
Less: Provision for Gratuity of earlier years		- 271,928,470	5,926,434
Profit Available For Appropriations		355,801,582	306,356,412
APPROPRIATIONS			
Proposed Dividend		24,900,000	24,900,000
Proposed Dividend Distribution Tax		4,231,755	4,231,755
General Reserve		30,000,000	5,296,187
Amount Transferred to Balance Sheet		296,669,827	271,928,470
		355,801,582	306,356,412
Number of Weighted Basic and Diluted Equity Shares		12,439,400	12,438,200
Basic & Diluted Earning Per Share (In Rs.)		6.74	5.68

NOTES: 1. Accounting Policies and Notes, forming Part of the Accounts as per the Schedules- 20 and 21 respectively are attached.

2. The Schedules referred to above, form an integral part of Profit & Loss Account.

For and on behalf of the Board of Directors

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

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

Rajesh Dheer
Company Secretary

Naval Duseja
Asst. General Manager (F&A)

For Jain Singhal & Associates
Chartered Accountants

Place: NOIDA
Dated: 29th July, 2009

Pradeep Beri
Partner
Membership No. 82392

CASH FLOW STATEMENT

	For the Year Ended		For the Year Ended	
	(Rupees)	31.03.2009 (Rupees)	(Rupees)	31.03.2008 (Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		90,026,254		72,844,189
Adjustments for :				
Depreciation	32,869,400		32,146,744	
Proposed Dividend	(24,900,000)		(24,900,000)	
Proposed Dividend Distribution Tax	(4,231,755)		(4,231,755)	
Deferred Income on Capital Subsidy	(675,616)		(675,616)	
Interest Payment	24,819,700		28,364,125	
Loss / (Profit) on sale of Fixed Assets	(48,000)		542,600	
Interest Received	(15,027,325)	12,806,404	(9,205,849)	22,040,249
		102,832,658		94,884,438
Operating Profit before Working Capital Changes				
Adjustments for :				
Trade & Other Receivables	(151,810,695)		32,016,251	
Inventories	(2,967,299)		12,870,267	
Trade & Other Payables	17,031,549	(137,746,445)	16,152,057	61,038,575
Cash Generated from Operating activities		(34,913,787)		155,923,013
Income, Wealth Tax & Fringe Benefit Tax		(10,750,431)		(8,004,517)
Excess Provision of Income Tax	402,911		-	
Short Provision of Wealth Tax	(114)		-	
Short Provision of Fringe Benefit Tax	(53,263)	349,534	(390,296)	(390,296)
Net Cash From Operating Activities TOTAL A		(45,314,684)		147,528,200
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(22,039,030)		(13,670,637)
Capital Subsidy received during the Year		-		5,490,000
Interest Received from Bank & Others		15,027,325		9,205,849
Sale of Fixed Assets		48,000		1,483,001
Net cash used in Investing Activities TOTAL B		(6,963,705)		2,508,213
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Decrease) in Borrowings (Net)		(48,308,353)		(37,735,249)
Interest & Finance charges		(24,819,700)		(28,364,125)
Share Allotment Money Received		12,000		-
Net cash used in Financing Activities TOTAL C		(73,116,053)		(66,099,374)
Net increase in Cash & Cash Equivalents A+B+C		(125,394,442)		83,937,039
Opening Cash & Cash Equivalents		141,369,587		57,432,548
Closing Cash & Cash Equivalents		15,975,145		141,369,587

For and on behalf of the Board of Directors

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

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

Rajesh Dheer
Company Secretary

Naval Duseja
Asst. General Manager (F&A)

For Jain Singhal & Associates
Chartered Accountants

Place: NOIDA
Dated: 29th July, 2009

Pradeep Beri
Partner
Membership No. 82392

	As At 31.03.09 (Rupees)	As At 31.03.08 (Rupees)
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
1,50,00,000 (Previous Year 1,50,00,000)		
Equity shares of Rs.10/- each	150,000,000	150,000,000
5,00,000 (Previous Year 5,00,000)		
Redeemable Preference Shares of Rs.100/- each	<u>50,000,000</u>	<u>50,000,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
1,24,50,000(Previous Year 1,24,50,000)		
Equity shares of Rs.10/- each		
Fully called-up	124,500,000	124,500,000
Less: Allotment Money unpaid	<u>106,000</u>	<u>118,000</u>
	<u>124,394,000</u>	<u>124,382,000</u>
TOTAL	<u>124,394,000</u>	<u>124,382,000</u>

SCHEDULE - 2		
RESERVE & SURPLUS		
GENERAL RESERVE		
Opening balance	6,115,015	818,828
Addition during the Year	<u>30,000,000</u>	<u>5,296,187</u>
	36,115,015	6,115,015
PROFIT & LOSS ACCOUNT		
Transferred from Profit & Loss Account	<u>296,669,827</u>	<u>271,928,470</u>
TOTAL	<u>332,784,842</u>	<u>278,043,485</u>

SCHEDULE -3		
DEFERRED GOVERNMENT GRANTS		
(To the extent pending apportionment to profit & loss account)		
Capital Subsidy on:		
-Cold Storage	1,935,027	2,066,830
-Individually Quick Frozen and Air Dried Plant	9,209,632	9,736,544
-Plastic Crates	<u>473,099</u>	<u>490,000</u>
	11,617,758	12,293,374
Less: Deferred Income Apportioned to Profit & Loss Account	<u>675,616</u>	<u>675,616</u>
TOTAL	<u>10,942,142</u>	<u>11,617,758</u>

SCHEDULE-4		
SECURED LOANS		
TERM LOAN		
From-Canara Bank	100,128,283	144,628,284
Interest Accrued & Due	<u>958,337</u>	<u>1,413,571</u>
	101,086,620	146,041,855
WORKING CAPITAL FACILITIES		
From-Canara Bank	<u>89,389,849</u>	<u>92,742,967</u>
TOTAL	<u>190,476,469</u>	<u>238,784,822</u>

NOTES:

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

SCHEDULE - 5
FIXED ASSETS AS AT 31.03.2009

(Figures in Rupees)

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost As At 01.04.2008	Addition During the Year	Deductions During the Year	Cost As At 31.03.2009	As At 01.04.2008	Provided During the Year	Written Back during the year	Upto 31.03.2009	As At 31.03.2009	As At 31.03.2008
A.	LAND	9,969,742	-	-	9,969,742	-	-	-	-	9,969,742	9,969,742
B.	BUILDING										
	- FACTORY	117,148,154	-	-	117,148,154	35,802,408	3,904,630	-	39,707,038	77,441,116	81,345,746
	- ADMINISTRATION	3,878,564	206,412	-	4,084,976	1,319,760	113,651	-	1,433,411	2,651,565	2,558,804
C.	PLANT & MACHINERY										
	- INDIGENOUS	161,914,095	10,284,110	-	172,198,205	66,290,975	7,925,937	-	74,216,912	97,981,293	95,623,120
	- IMPORTED	353,490,064	9,793,640	-	363,283,704	127,543,092	18,963,571	-	146,506,663	216,777,041	225,946,972
D.	ELECTRICAL FITTING & INSTALLATION	14,159,476	-	-	14,159,476	9,627,579	688,001	-	10,315,580	3,843,896	4,531,897
E.	EQUIPMENTS	7,128,747	462,352	-	7,591,099	4,095,040	498,994	-	4,594,034	2,997,065	3,033,707
F.	FURNITURE & FIXTURES	1,006,117	23,630	-	1,029,747	568,040	43,520	-	611,560	418,187	438,077
G.	VEHICLES	7,045,766	2,468,621	324,913	9,189,474	3,341,590	731,096	324,913	3,747,773	5,441,701	3,704,176
	TOTAL (A TO G)	675,740,725	23,238,765	324,913	698,654,577	248,588,484	32,869,400	324,913	281,132,971	417,521,606	427,152,241
						CAPITAL WORK IN PROGRESS				261,000	1,460,735
										417,782,606	428,612,976
	PREVIOUS YEAR	663,353,870	15,601,866	3,215,011	675,740,725	217,631,150	32,146,744	1,189,410	248,588,484		

 As At
31.03.09
 (Rupees)

 As At
 31.03.08
 (Rupees)

SCHEDULE-6
INVENTORIES

(As taken, valued and certified by the Management)

Raw Materials	1,548,434	6,160,997
Consumables	8,010,649	10,066,977
Work - in - Progress	13,226,103	8,844,175
Finished Goods	49,538,347	43,642,468
Packing Material	2,754,097	3,395,714
TOTAL	<u>75,077,630</u>	<u>72,110,331</u>

SCHEDULE-7
SUNDRY DEBTORS

(Unsecured, Considered Good)

Debts outstanding for a period exceeding six months	20,190,876	4,108,795
Other Debts	55,016,130	86,472,848
	<u>75,207,006</u>	<u>90,581,643</u>
Less: Provision for Doubtful Debtors	4,047,232	4,047,232
TOTAL	<u>71,159,774</u>	<u>86,534,411</u>

SCHEDULE - 8
CASH AND BANK BALANCES

Cash in Hand	594,744	725,972
Balances with scheduled Banks on:		
- Current Accounts	2,177,894	3,157,941
- Debenture Interest/Redemption Warrant Account	3,069,668	3,371,486
- Unclaimed Dividend Account	1,121,386	-
- Fixed Deposits with banks		
[Includes Rs. 3,85,453 (Previous Year Rs. 3,00,000)]	9,011,453	134,114,188
Pledged with bank as margin for bank guarantees]		
TOTAL	<u>15,975,145</u>	<u>141,369,587</u>

	<u>As At 31.03.09 (Rupees)</u>	<u>As At 31.03.08 (Rupees)</u>
SCHEDULE - 9		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advance Tax (Net of Provisions)	4,957,915	3,741,744
Advances recoverable in cash or in kind or for value to be received	19,152,246	14,676,866
Balances with Excise Authorities	8,987,670	7,121,286
Security Deposits	5,749,453	7,486,003
Loans to employees	929,343	724,443
Loans to Companies	160,000,000	-
TOTAL	<u>199,776,627</u>	<u>33,750,342</u>

SCHEDULE - 10		
OTHER CURRENT ASSETS		
Interest recoverable on Loans	2,798,531	1,639,484
TOTAL	<u>2,798,531</u>	<u>1,639,484</u>

SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors	28,061,000	22,305,705
Advances from customers	3,061,955	56,238
Retention Money and Security Deposits	1,471,650	1,446,650
Unclaimed Interest \ Redemption Warrant Account *	2,952,412	3,250,938
Unclaimed Dividend Account *	1,121,386	-
Other Liabilities	24,801,032	17,071,231
TOTAL	<u>61,469,435</u>	<u>44,130,762</u>

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

SCHEDULE - 12		
PROVISIONS		
Provision For Current Income Tax (Net of Advance Tax)	-	745,393
Provision For Wealth Tax (Net of Advance Tax)	42,300	24,000
Provision For Fringe Benefit Tax (Net of Advance Tax)	-	66,950
Provision For Gratuity	4,755,018	4,268,099
Proposed Dividend	24,900,000	24,900,000
Proposed Dividend Distribution Tax	4,231,755	4,231,755
TOTAL	<u>33,929,073</u>	<u>34,236,197</u>

	For The Year Ended 31.03.09 (Rupees)	For The Year Ended 31.03.08 (Rupees)
SCHEDULE-13		
OTHER INCOME		
Exchange Rate Fluctuation (Net)	6,458,869	4,497,831
Transport Assistance Scheme	2,861,274	-
Sundry Balance Written Back	7,455	597,606
Export Incentive	11,783,416	4,665,506
Deferred Income on Capital Grant	675,616	675,616
Profit on Sale / Disposal of Fixed Assets	48,000	-
Interest:		
- from Banks	1,839,605	5,124,432
[T.D.S. Rs.3,31,492 (Previous Year Rs.7,74,851)]		
- from Others		
[T.D.S. Rs.29,34,810 (Previous Year Rs.8,71,323)]	13,187,720	4,081,417
Miscellaneous Income	2,462,265	2,981,970
TOTAL	39,324,220	22,624,378

SCHEDULE-14		
INCREASE/(DECREASE) IN FINISHED GOODS & WORK-IN-PROGRESS		
Closing Stocks:		
Finished Goods	49,538,347	43,642,468
Work-in-Progress	13,226,103	8,844,175
	62,764,450	52,486,643
Less: Opening Stocks		
Finished Goods	43,642,468	48,650,893
Work-in-Progress	8,844,175	8,799,353
	52,486,643	57,450,246
TOTAL	10,277,807	(4,963,603)

SCHEDULE - 15		
RAW MATERIALS CONSUMED		
Opening Stock	6,160,997	15,994,719
Add: Purchases	66,024,437	54,755,377
	72,185,434	70,750,096
Less: Closing Stock	1,548,434	6,160,997
Raw Material Consumed	70,637,000	64,589,099

SCHEDULE - 16		
OTHER MANUFACTURING EXPENSES		
Power & Fuel Consumed	74,246,084	58,761,678
Repairs & Maintenance - Machineries	13,380,055	13,041,551
Stores, Spares, Tools, Jigs & Dies Consumed	8,538,880	8,528,640
Processing Charges	362,974	388,800
Freight & Cartage Inward	617,319	454,003
Labour Charges	3,777,026	4,625,780
Lab. Expenses	249,969	164,791
Testing Charges	467,019	106,720
Sorting & Picking Charges	7,076,048	5,119,675
Tractor Hire & Shifting Charges	7,847,863	6,965,432
TOTAL	116,563,237	98,157,070

SCHEDULE - 17		
PAYMENTS & BENEFITS TO EMPLOYEES		
Salaries, Wages, Benefits & Amenities	50,853,745	45,406,887
Contribution to Provident Fund and Other Fund	4,979,658	2,703,234
Employees Welfare Expenses	614,345	576,291
TOTAL	56,447,748	48,686,412

**For The
Year Ended
31.03.09
(Rupees)**

**For The
Year Ended
31.03.08
(Rupees)**

SCHEDULE - 18

ADMINISTRATIVE, SELLING & OTHER EXPENSES

Rent	-	6,000
Insurance Charges	3,629,252	3,162,953
Water & Electricity Expenses	11,616	6,045
Printing & Stationery	605,483	587,404
Postage, Telegram & Telephone Expenses	1,132,037	1,059,386
Vehicle Hire, Running & Maintenance Expenses	1,838,866	1,793,247
Conveyance & Travelling Expenses	4,619,573	3,879,348
Repair & Maintenance		
- Building	1,982,853	2,177,830
- Others	1,090,575	1,335,234
Legal & Professional Charges	4,086,344	3,108,827
General Expenses	2,475,937	2,078,586
Entertainment Expenses	374,227	164,464
Charity & Donation	36,951	21,951
Rates & Taxes	157,252	146,820
Research & Development	24,287	9,626
Advertisement, Publicity, Exhibition & Display Expenses	2,769,290	5,540,597
Loading & Unloading Charges	182,302	139,390
Loss on Sale / Disposal of Fixed Assets (Net)	-	542,600
Sundry Balance written off	23,953	175,779
Commission on Sale	3,685,552	1,130,400
Rebate & Discount	7,460,876	538,042
Sorting & Testing Charges	940,348	504,547
Packing & Forwarding Charges	16,584,526	14,550,343
Freight Outward	35,578,015	30,885,578
TOTAL	89,290,115	73,544,997

SCHEDULE - 19

INTEREST & FINANCIAL CHARGES

INTEREST

On Secured Loans	13,946,947	19,289,106
On Working Capital	2,416,065	2,454,713
Discounting & Bank Charges	8,456,688	6,620,306
TOTAL	24,819,700	28,364,125

SCHEDULE - 20

ACCOUNTING POLICIES

1) CLASSIFICATION OF EXPENDITURE/INCOME

Except Otherwise Indicated.

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

2) VALUATION

(i) Fixed Assets

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

(ii) Raw Materials and Packing Materials

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

(iii) Finished Goods

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

(iv) Work-in-Progress

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

(v) Cost of Consumable Stores

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

3) FOREIGN CURRENCY TRANSACTIONS

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

4) DEPRECIATION

- (i) Normal depreciation on all Fixed Assets except Land are provided on Straight Line Method at the rates prescribed in Schedule-XIV to The Companies Act, 1956.
- (ii) Depreciation on additions/deletions to Fixed Assets are provided on pro-rata basis from/to the date of addition/deletions.
- (iii) Depreciation on additions/deletions to the Fixed Assets due to exchange fluctuation rate are provided on pro-rata basis since inception.

5) IMPAIRMENTS

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

6) GOVERNMENT GRANTS

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

7) SALES

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

8) PURCHASES

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

9) Employee Benefits

- (i) Defined Long Term benefit (other than leave encashment) is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit & Loss Account.

- (ii) Defined long term benefits in respect of leave encashment is charged to profit & loss account based on the leave entitlement of employees remaining unutilised at the end of the year , at the undiscounted amount.
- (iii) Defined Contribution Plans are charged to profit & loss account based on the contribution made to the specified fund.
- (iv) Short term employee benefits are charged to Profit & Loss Account at the undiscounted amount in the year in which the related service is rendered.

10) INCOME TAX

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

11) CLAIMS BY/AGAINST THE COMPANY

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

12) RESEARCH & DEVELOPMENT EXPENSES

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

13) BORROWING COST

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

14) EARNING PER SHARE

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

15) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

SCHEDULE – 21

NOTES FORMING PART OF THE ACCOUNTS

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

2) Contingent Liabilities: -

	As at 31-03-2009 (Rupees)	As at 31-03-2008 (Rupees)
(a) Amount of Custom Duty (including CVD) payable in respect of import of capital goods by the Company against bond in case of non-fulfillment of conditions imposed on 100% Export Oriented Unit.	5,13,40,900	7,44,47,015
(b) Bank Guarantees Outstanding (Net of Margin)	14,64,547	13,50,000
(c) Legal Case pending with Doon Ghati Special Area Development Authority	20,86,422	20,86,422
(d) Outstanding Demand under Appeal before Income Tax Authorities.	33,25,732	33,25,732

3) Capital Commitments:

The estimated amount of contracts including under letters of Credit remaining to be executed on capital account (Net of Advances) and not provided for: 3,04,751 92,67,402

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

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

(A) List of Related Parties

- i) Enterprise for which Reporting Enterprise is an Associate: UFlex Limited.
- ii) Individual owning indirect interest in voting power of the company: Shri.Ashok Chaturvedi (Chairman)
- iii) Key Management Personnel: Shri Devendra Tiwari ("Manager" under The Companies Act, 1956) resigned and relieved on 23.02.2009.
- iv) Enterprises in which person referred in clause A (ii) along with their relatives exercise significant influence: A.R. Leasing Private Ltd. & Anshika Investments Private Ltd.

(B) Transaction with Related Parties

Nature of Transaction	(In Rupees)		
	Enterprise for which Reporting Enterprise is an Associate Company	Key Management Personnel	Enterprises as referred in clause A (iv)
Purchase of Packing Material	22,71,685 (18,51,825)	-	-
Loan given	3,00,00,000 (4,00,00,000)	3,00,000 (-)	-
Interest Received on Loan	72,329 (15,06,849)	-	-
Amount Received for Loan Given	-	3,00,000 (-)	-
Remuneration	-	20,95,998 (21,89,732)	-
Balance Outstanding at the end of the year (Credit)	3,04,16,333 (32143)	-	-

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

6) Legal & Professional charges includes payment to auditors as per details below: -

	For the Year Ended 31-03-2009 (Rupees)	For the Year Ended 31-03-2008 (Rupees)
Audit Fee	3,00,000	2,75,000
Tax Audit Fee	60,000	50,000
Other Services	1,15,000	1,05,000
Out of Pocket expenses	47,623	32,859
Total	5,22,623	4,62,859

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

	As at 31-03-2009 (Rupees)	As at 31-03-2008 (Rupees)
(a) Deferred Tax Assets		
Others	1,98,62,845	1,71,20,504
	1,98,62,845	1,71,20,504
(b) Deferred Tax Liability		
Related to Fixed Assets	5,92,59,760	5,81,83,010
Others	(1,08,22,563)	(82,40,399)
	4,84,37,197	4,99,42,611
Net Opening Deferred Tax Assets / (Liabilities)	(3,28,22,107)	(3,89,88,552)
Less: Net deferred Tax Provision for the year	42,47,755	61,66,445
Net Closing Deferred Tax Asset / (Liability)	(2,85,74,352)	(3,28,22,107)

8) Earnings per share (EPS)

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

	For the Year Ended 31-03-2009	For the Year Ended 31-03-2008
a) Profit for the year (in Rs.)	8,38,73,112	7,06,15,821
b) Fully Paid up Equity shares of Rs.10/-each (in nos.)	1,24,28,800	1,24,26,400
Partly Paid up Equity shares of Rs.10/-each (Rs.5/-paid) (in nos.)	21,200	23,600
Weighted Basic and Diluted Equity shares for the purpose of EPS	1,24,39,400	1,24,38,200
c) Nominal value per share (in Rs.)	10/-	10/-
d) Basic & Diluted Earning Per Shares (in Rs.)	6.74	5.68

9) Managerial Remuneration

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

	For the Year Ended 31-03-2009 (Rupees)	For the Year Ended 31-03-2008 (Rupees)
i) Salaries	11,14,608	11,88,000
ii) Management Allowance	8,65,714	9,42,000
iii) Reimbursement of Medical Expenses	21,643	29,724
vi) Ex-gratia	8,400	4,308
v) Earned Leave	41,500	-
vi) Leave Travelling Allowance	27,550	25,700
vii) Perquisite value of Interest Free Loan	16,583	-
Total	20,95,998	21,89,732

(b) Included under General Expenses

Directors Sitting Fees	4,55,000	3,05,000
------------------------	-----------------	----------

10) Gratuity

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

	For the Year Ended 31-03-09 (Rupees)	For the Year Ended 31-03-08 (Rupees)
a. Reconciliation of opening and closing balances of obligation		
Obligation at beginning of the year	1,02,67,883	1,05,30,897
Current Service Cost	9,29,973	7,80,486
Interest Cost	8,45,061	7,89,817
Actuarial (gain) /loss	5,77,960	(12,24,242)
Less: Benefits paid	3,56,953	6,09,075
Obligation at the end of the year	1,22,63,924	1,02,67,883
b. Reconciliation of opening and closing balances of fair value assets		
Fair value of plan assets at beginning of the year	59,99,784	46,04,463
Employer contribution	12,28,593	14,95,042
Less: Benefits Paid	(3,56,953)	(6,09,075)
Add: Expected return on plan assets	6,37,482	5,09,354
Fair value of plan assets at the end of the year	75,08,906	59,99,784
c. Amount Recognized in Balance Sheet		
Present value of obligation	1,22,63,924	1,02,67,883
Fair value of plan assets	75,08,906	59,99,784
Amount recognized in Balance Sheet	47,55,018	42,68,099
d. Gratuity cost for the period		
Current Service Cost	9,29,973	7,80,486
Interest Cost	8,45,061	7,89,817
Expected return on plan assets	(6,37,482)	(5,09,354)
Actuarial (gain) /loss	5,77,960	(12,24,242)
Net Gratuity cost	17,15,512	(1,63,293)

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

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

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

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

Note : Previous year figures have been given in brackets.

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

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

(i) **Production of Finished Goods**

Description	Current Year Qty. (in kgs.)	Previous Year Qty. (in kgs.)
Freeze Dried Mushroom, Herbs, Vegetables & Fruit	1,66,719	1,96,632
Processed Food viz Mushroom Fresh & Processed (Including Canned)	11,86,220	12,76,983
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	11,79,732	9,14,831
Air Dried Fruits, Vegetables, Mushroom & Herbs	97,991	1,28,328
Others	-	-
Total	26,30,662	25,16,774

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

(ii) **Sales of Finished Goods**

Description	Current Year		Previous Year	
	Qty (In Kgs.)	Value (Rs.)	Qty (In Kgs.)	Value (Rs.)
Freeze Dried Mushroom Herbs, Vegetables & Fruit	1,49,740	21,13,06,048	2,01,506	22,96,56,778
Processed Food Viz Mushroom Fresh & Processed (Including Canned)	12,12,948	7,69,54,026	12,92,673	7,95,53,604
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	11,53,833	11,92,53,152	8,92,863	7,17,92,224
Air Dried Fruits, Vegetables, Mushroom & Herbs	1,03,331	2,14,28,646	1,23,486	1,85,76,261
Others	-	21,09,555	-	10,92,994
	26,19,852	43,10,51,427	25,10,528	40,06,71,861

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

Description	Opening Stock		Closing Stock	
	Qty (In Kgs.)	Value (Rs.)	Qty (In Kgs.)	Value (Rs.)
Freeze Dried Mushroom Herbs, vegetables & Fruit	7,102	57,06,479	24,081	1,42,75,102
Processed Food viz Mushroom Fresh & Processed (Including Canned)	43,996	33,95,533	17,268	15,26,638
Frozen / Individually Quick Frozen Fruits, Vegetables, Mushroom & Herbs	3,45,201	1,44,59,628	3,71,100	1,45,26,932
Air Dried Fruits, Vegetables, Mushroom & Herbs	1,13,769	1,52,35,751	1,08,429	1,41,54,490
Others	-	48,45,077	-	50,55,185
	5,10,068	4,36,42,468	5,20,878	4,95,38,347

c) Information in respect of raw material consumed:

Description	Unit	Current Year		Previous Year	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Straw	MT	3924.14	1,21,07,294	3909.93	1,17,97,603
Sugar Cane -Baggase	MT	-	-	18.97	30,233
Chicken Manure	MT	3248.00	36,81,611	3224.21	34,69,524
Green Pepper	MT	14.27	15,34,682	119.06	1,07,26,716
Herbs	MT	4768.92	4,11,25,038	3483.14	2,71,04,254
Vegetables	MT	330.08	41,52,937	797.27	53,90,714
Other Raw Material		-	80,35,438	-	60,70,055
			<u>7,06,37,000</u>		<u>6,45,89,099</u>

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

Description	Current Year		Previous Year	
	Value (in Rs.)	%age	Value (in Rs.)	%age
Raw Material Consumed				
Imported	39,15,495	5.54	28,04,900	4.34
Indigenous	6,67,21,505	94.46	6,17,84,199	95.66
	<u>7,06,37,000</u>	<u>100.00</u>	<u>6,45,89,099</u>	<u>100.00</u>
Spare parts and components consumed				
Imported	13,37,394	9.99	18,76,849	14.39
Indigenous	1,20,42,661	90.01	1,11,64,702	85.61
	<u>1,33,80,055</u>	<u>100.00</u>	<u>1,30,41,551</u>	<u>100.00</u>

e) Other Particulars

	For the Year Ended 31-03-2009 (Rupees)	For the Year Ended 31-03-2008 (Rupees)
(i) Value of imports calculated on CIF basis by the company during the financial Year		
1 Raw Materials	25,82,036	17,35,447
2 Components & Spare Parts	4,12,041	20,26,674
3 Capital Goods (P & M)	92,28,058	71,34,387
(ii) Expenditure in Foreign Currency During the year :		
Travelling	3,66,147	5,01,721
Sorting & Testing	9,40,348	5,04,547
Rebate & Discount	70,03,481	3,65,490
Commission on sale	36,85,552	11,30,400
Others	8,018	1,00,128
(iii) Earnings in Foreign Exchange:		
Exports of Manufactured/Traded Goods FOB basis Rs. 32,54,76,613/- (Previous year Rs.30,72,61,714/-)		

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

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

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

Notes: Signatories to Schedule 1 to 21

For and on behalf of the Board of Directors

Ashok Chaturvedi
Chairman

S.K. Kaushik
Director

M.M. Varshney
Vice President

"As per our Report attached of even date"

Rajesh Dheer
Company Secretary

Naval Duseja
Asst. General Manager (F&A)

For **Jain Singhal & Associates**
Chartered Accountants

Place: NOIDA
Dated: 29th July, 2009

Pradeep Beri
Partner
Membership No. 82392

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

Registration No. 0 2 3 9 7 0

State code 2 0

Balance Sheet Date 3 1 0 3 2 0 0 9

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

Public Issue

NIL

Private Placement

NIL

Bonus Issue

NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)Total Liabilities
6 8 7 1 7 2Total Assets
6 8 7 1 7 2**Sources of Funds**Paid-up Capital
1 2 4 3 9 4Reserve & Surplus
3 3 2 7 8 5Secured Loans
1 9 0 4 7 6Unsecured Loans
NILDeferred Govt. Grant
1 0 9 4 2Deferred Tax Liability (Net)
2 8 5 7 4**Application of Funds**Net Fixed Assets
4 1 7 7 8 3Investments
NILNet Current Assets
2 6 9 3 8 9Misc. Expenditure
NIL**IV. Performance of Company (Amount in Rs. Thousands)**Turnover (Including Other Income)
4 8 0 6 5 3Total Expenditure
3 9 0 6 2 7Profit before Tax
9 0 0 2 6Net Profit After tax
8 3 5 2 4Earning Per Share (in Rs.)
6 . 7 4Dividend Rate %
2 0**V. Generic Names of Principal Products/ Services of Company (as per monetary terms)**

Item Code No. (ITC Code) 0 7 1 2 . 3 0

Product Description FREEZE DRIED MUSHROOM

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

Product Description INDIVIDUAL QUICK
FROZEN PRODUCTS

Item Code No. (ITC Code) CHAPTER-07

Product Description FREEZE DRIED HERBS



FLEX FOODS LIMITED

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

DP ID*	
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Client ID*	
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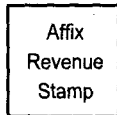
PROXY FORM

Proxy No. :

Regd. Folio No. No. of shares held I/We
of in the district
of being a Member/Members of the above named
Company hereby appoint
of in the district of
..... or failing him/her of in
the district of as my/our proxy to vote for me/us on my/our behalf at the 19th Annual General
Meeting of the Company to be held on **Wednesday, the 30th September, 2009 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 2009.

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 19th 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 **Wednesday, the 30th September, 2009 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

BOOK-POST
PRINTED MATTER

If undelivered, please return to:



FLEX FOODS LIMITED

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