

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. P Manoj Kumar	Whole-Time Director
Mr. Arjun Ananth	Non-Executive and Nominee Director
Mr. Hari Narayan	Non-Executive and Nominee Director
Ms. Riya Bhattacharya	Non-Executive and Nominee Director
Mr. K.S.Narayanan	Independent Director
Mr. Mohamed Mansoor Ahamed	Independent Director

STATUTORY AUDITORS

BSR & Associates LLP
Chartered Accountants
3rd Floor, Syama Business Centre, NH Bypass Road,
Vyttila, Kochi - 682 019

REGISTERED OFFICE

Chakolas Habitat, A Block, 1 C, Thevara Ferry Road
Cochin, Kerala - 682 013

INTERNAL AUDITORS

M/s. PKF Sridhar & Santhanam, LLP
Chartered Accountants
KRD GEE GEECrystal, 7th Floor,
91-92, Dr. Radhakrishnan Salai,
Mylapore, Chennai 600 004

CORPORATE OFFICE

Greystone ,# 267 ,Ground Floor, 5th Main, 6th Cross ,
Indiranagar 1st Stage , Bangalore -560 038

SECRETARIAL AUDITOR

Mr. A.S. Narayanan,
Practicing Company Secretary,
VI/331 Aishwaryam,
Kottayi Nedumbassery P.O, Aluva 683585

FACTORY

- Ezhupunna.P.O.
Alapuzha Dt
Kerala-688 537
- Survey No. 20 & 2,
Srini Food Park,
Mogili Village ,
Bangarupalem Mandal,
Chittoor Dist., PIN-517416,
Andhra Pradesh,India

BANKERS

HDFC Bank Limited

Salco Centre, Richmond Road, Bangalore - 560 025

HDFC Bank

Eramalloor Br, Door No. VIII / 30, Main Road Eramalloor,
Alleppey - 688 537, Kerala, India.

State Bank of India

Overseas Branch, Cochin - 682 003

REGISTRAR AND SHARE TRANSFER AGENT

Integrated Registry Management Services
Private Limited
Kences Towers, 2nd Floor,
No.1, Ramakrishna Street,
Off North Usman Road, T Nagar, Chennai - 600 017.
Ph : 044-28140801-03, Fax : 044-28142479
E-mail : csdstd@integratedindia.in

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INNOVATIVE FOODS LIMITED

CIN : U51909KL1989PLC005465

Registered Office : Chakolas Habitat, A Block, 1 C, Thevara Ferry Road, Kochi, Kerala - 682013.

Email : info@sumeru.net; Website : www.sumeru.net ; Tel : 0478 2872349; Fax : 0478 2874417

NOTICE OF THE 29th ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting will be held on Friday, the 23rd Day of November, 2018 at 10:30 A.M at Riviera Suites, Thevara Water Front, Kochi - 682 013 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss account for the year ended 31.03.2018 and the Balance Sheet of the company as at 31.03.2018 together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Manoj Kumar.P., (DIN: 03527923), Whole Time Director, who retires at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions of the Companies Act, 2013 (the "Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the resolutions passed by the members at the 25th Annual General Meeting of the Company held on 30th September, 2014, the appointment of M/s. BSR & Associates LLP, Chartered Accountants, (Firm Registration No.: 116231W / W-100024) 3rd Floor, Syama Business Centre, NH Bypass Road, Vyttila, Kochi – 682 019, as the Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, be and is hereby ratified at a remuneration to be determined by the Board of Directors in consultation with the said Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS

4. **To consider and if thought fit to pass with or without modification the following as an Ordinary Resolution:**

"RESOLVED THAT Mr. K.S.Narayanan (DIN:08097152), who was appointed as an Additional, Non-Executive and Independent Director of the Company by the Board of Directors in terms of the provisions of Section 160 of the Companies Act, 2013 and the rules made thereunder, be and is hereby appointed as an Independent Non-Executive Director of the Company, to hold office for a period of five consecutive years, whose period of office shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT Mr. P. Manoj Kumar (DIN: 03527923), Whole-Time Director of the company be and is hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

5. **To consider and if thought fit to pass with or without modification the following as an Ordinary Resolution:**

"RESOLVED THAT Mr. Hari Narayan (DIN:07056472), who was appointed as additional Nominee Director of the Company by the Board of Directors in terms of the provisions of Section 160 of the Companies Act, 2013 and the rules made thereunder, be and is hereby appointed as Nominee Director of the Company, whose period of office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT Mr. P. Manoj Kumar (DIN: 03527923), Whole-Time Director of the company be and is hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

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

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the said Act and sub-rule (2) of rule (7) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Rules made thereunder (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force), based on the recommendation of Nomination and Remuneration Committee and approval of the Board, consent of the members of the company be and is hereby accorded to the grant of units under the performance linked equity options to Mr.Mithun Appaiah, CEO of the company as per the agreed vesting schedule and employment agreement”

SL No	Name	Designation	Eligible ESUs	ESUs vested as on 31.03.2018 at the rate of 0.65%
1	Mr.Mithun Appaiah	Chief Executive Officer	1330880	480896

**By the Order of the Board of Directors,
For Innovative Foods Limited**

Date : 10.10.2018

Place: Kochi

Sd/-

P.Manoj Kumar

Whole-Time Director

DIN: 03527923

Note.

- Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting. The proxy need not be a member of the company. The proxy to become effective should be deposited at the registered office of the company at least 48 hours before the meeting.
- A person can act as proxy on behalf of the members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights . A member holding more than 10 percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy of any other member . Proxies submitted on behalf of limited companies, societies ,etc, must be supported by an appropriate resolution/authority as applicable. The proxy-holder shall prove his identity at the time of attending the meeting.
- Explanatory statement as required under section 102 of the Companies Act, 2013 is attached .
- Company is providing e –voting facility for the members to cast their votes electronically. A note on the process and procedure of e-voting is annexed in the explanatory statement.
- Members are requested to register their e- mail address with the company or the registrar, Integrated Enterprises (India) Limited, 2ndFloor, Kences Towers, No.1,Ramakrishna Street, Off: North Usman Road, T.Nagar, Chennai- 600 017. Ph.No: 044-28140801-03; Fax: 044-28142479, E-mail: csdstd@integratedindia.in
- In line with the initiatives of the Government on environmental protection, paper communications could be minimised and electronic communication is appreciated. To support this move, members are welcome to register their email address and full bank particulars.
- Kindly inform the registrar in case there is a change in your address.
- The record date for ascertaining the eligible shareholders for the purpose of e-voting shall be 17th November 2018 and the register of members and share transfer registers will remain closed from 18th November 2018 to 23rd November 2018.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No:4

Your Directors have appointed Mr. K.S.Narayanan as an Additional and Independent Director on the Board of the Company effective from 10th May 2018, pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013. As per the provisions of Section 161 of the Act, Mr. K.S.Narayanan will hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Act, along with a deposit of 1, 00,000/- proposing the candidature of Mr.K.S.Narayanan, as a Non-Executive and Independent Director of the Company to hold office for a period of five consecutive years with effect from 10th May 2018 , whose period of office shall not be liable to retire by rotation.

The Company has received from Mr.K.S.Narayanan, consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 and intimation in Form DIR – 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act. The Company has also intimated Mr. K.S.Narayanan about his duties and functions as provided in Section 166, 149 and Schedule IV of the Companies Act, 2013 and he has accepted the terms and conditions and has consented to be appointed as the Independent Director. In the opinion of the Board Mr. K.S.Narayanan fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Except Mr K.S.Narayanan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4. Your Directors recommend the ordinary resolution set out under item no. 4 of the Notice for approval by the shareholders.

Item No:5

Your Directors have appointed Mr.Hari Narayan,as additional Nominee Director on the Board of the Company effective from 05th June 2018 , pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013. He holds office till the date of this meeting and his appointment is to be regularized at this AGM. The Company has received notice in writing under the provisions of Section 160 of the Act, along with a deposit of 1,00,000/- proposing the candidature of Mr.Hari Narayan as a Non- Executive, Nominee Director of the Company whose period of office Shall not be liable to retire by rotation.

The Company has received from Mr.Hari Narayan, consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 and intimation in Form DIR – 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act.

Except Mr.Hari Narayan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5. Your Directors recommend the ordinary resolution set out under item no. 5 of the Notice for approval by the shareholders.

Item No.6

Company granted and vested Stock units to Mr. Mithun Appaiah, CEO, numbering 480896 Performance linked equity options (ESUs) as approved by the board. The Proposal has already being recommended by the nomination and remuneration committee. In Accordance with Schedule V of Companies act 2013 this requires approval of members in General Meeting.

1. Information relating to Background Details and Job Profile:

Mr.Mithun Appaiah has joined as Chief Executive Officer (CEO) of Innovative Foods Limited with effect from 14th September, 2017. Mr.Mithun has indepth experience in the Food & Beverage industry across a spectrum of roles including sales, marketing , business development and P & L management.

Prior to joining IFL, he was in the leadership team of ID Fresh Foods. He was instrumental in accelerating the topline revenues at ID three fold with 24 months. He has also held key positions in firms such as Britannia industries, United Spirits, Seagrams and Nestle India Ltd.

At Britannia, he handled various roles in National Channel development, as Head of customer marketing for Modern trade. Alternate channels and as a Channel Head – managing the P&L for alternate channels. Mr.Mithun also built the on-trade business of United Spirits, UB group. At Seagrams/ Pernod Ricard he built the institutional sales business, regional marketing and international brand business for the state of Goa.

Based on the recommendation of the Nomination and Remuneration Committee and Employment agreement with Mr.Mithun Appaiah, CEO ,. He is eligible for performance linked equity options (ESUs) of overall 1.8% of fully paid up shares of the company as on 14th September 2017, ie, 73937780, over three years based on achievement of business plan as approved by the Board of Directors (Split as 0.65% , 0.575% and 0.575% respectively). For Financial year 2018 the 0.65% would not be dependent on achievement of the plan.

Instructions for Voting through electronic mode are as under:-

1. The voting period begins on 20th November 2018 (09.00 a.m.) and ends on 22nd November, 2018 (5.00 p.m.). During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, Thursday, 17th November 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
2. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
3. The Shareholders should log on to the e-voting website (www.evotingindia.com)
4. Click on “Shareholders” tab
5. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
6. Next enter the Image Verification as displayed and Click on Login.
7. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
8. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
	In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction 5.

9. After entering these details appropriately, click on “SUBMIT” tab.
10. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders

for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

11. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
12. Click on the EVSN for the <INNOVATIVE FOODS LIMITED> to vote.
13. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
14. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
15. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
16. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote or cast the vote again.
17. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
18. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
19. Note for Non – Individual Shareholders and Custodians:
 - a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - c) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - d) The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
21. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
22. The following person shall be responsible to address grievances concerned with facility for remote e-voting:

Contact Name – Mr. RakeshDalvi, Designation - Deputy Manager,Address - 16th Floor, PhirozeJeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001.Contact No.18002005533. Email id - helpdesk.evoting@cdslindia.com.

**By the Order of the Board of Directors,
For Innovative Foods Limited**

Date : 10.10.2018
Place: Kochi

Sd/-
P.Manoj Kumar
Whole-Time Director
DIN: 03527923

DIRECTORS REPORT

To,

Members of Innovative Foods Limited

Dear Members,

The Directors are pleased to present the 29th Annual Report of the company with the audited financial statements of the Company for the Year ended March 31, 2018 ("Year").

1. FINANCIAL HIGHLIGHTS

The financial performance of the company for the year ending 31st March 2018 is given below,

Financial highlights		
Particulars	31.03.2018 (Rs. In Million)	31.03.2017(Rs. In Million)
Turnover	567.30	547.67
Other Income	8.45	32.18
Total Revenue	574.21	573.17
Total Expense	829.59	671.57
Profit/Loss before Tax	(255.37)	(98.40)
Profit/Loss after Tax	(255.37)	(98.40)

2. DIVIDEND

Since the company's operations for the year under review has resulted in loss , no dividend can be recommended for the year.

3. ANNUAL RETURN

Pursuant to the provisions of Section 92 (3) and Section 134(3)(a) of Companies Act 2013, Company had placed the copy of Annual return on the website of the company and the web link for the same is <http://www.sumeru.net/media.php>

4. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE FINANCIAL YEAR UNDER REVIEW.

The Company had seven Board meetings, during the financial year under review as detailed below:-

Board Meetings & Attendance details of Directors in the meeting

Name of Director	Date of Board Meeting					
	30.06.2017	06.08.2017	18.08.2017	03.11.2017	08.01.2018	14.03.2018
Mr.V.S.Sitaram	P	LOA	R	NA	NA	NA
Mr.P.Manoj Kumar	P	LOA	P	P	P	P
Mr.Arjun Ananth	P	P	P	P	P	P
Mr.Sreenivasulu Vudayagiri	LOA	LOA	LOA	LOA	P	LOA
Mr.Deepak Mittal	P	P	LOA	P	P	P
Ms.Riya Battacharya	P	P	LOA	LOA	LOA	LOA
Mr. Muhammed Mansoor Ahmed	P	P	P	P	LOA	P
Mr.Ajay Bajjal	P	P	P	P	LOA	LOA

P =Present , LOP =Leave of Absence, R=Resigned, NA=Not Applicable

5. DIRECTORS RESPONSIBILITY STATEMENTS.134(3)c

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:—

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 profit and loss of the company for that period;
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The directors had prepared the annual accounts on a going concern basis; and
- (v) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There were no Frauds Reported during the year.

7. DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149

The Company has received declaration from Independent Directors under Sub-Section (6) of Section 149.

8. BOARD COMMITTEES

a. Audit Committee

The audit committee of the company constitutes the following members:

From 27.04.16 to 01.05.2017	Reconstituted on 02.05.2017
➤ Mr.Mohamed Masoor Ahamed	➤ Mr.Mohamed Masoor Ahamed
➤ Mr.Krishnan Naganathan	➤ Mr.Ajay Baijal
➤ Mr.Venkat Shankar	➤ Mr.Arjun Ananth

b. Nomination Remuneration Committee

The Nomination and Remuneration Committee of the company consisted of the following members

From 27.04.16 to 01.05.2017	Reconstituted on 02.05.2017
➤ Mr.Mohamed Masoor Ahamed	➤ Mr.Mohamed Masoor Ahamed
➤ Mr.Krishnan Naganathan	➤ Mr.Ajay Baijal
➤ Mr.Venkat Shankar	➤ Mr.Arjun Ananth

c. Stakeholder relationship Committee

The Nomination and Remuneration Committee of the company consisted of the following members

From 12.08.16 to 01.05.2017	Reconstituted on 02.05.2017	Reconstituted on 18.08.2017
➤ Mr. V.S.Sitaram	➤ Mr.Arjun Ananth	➤ Mr.Arjun Ananth
➤ Mr.Manoj Kumar.P.	➤ Mr. V.S.Sitaram	➤ Mr.Manoj Kumar.P.
➤ Mr.Somasekhar.V.G.	➤ Mr.Manoj Kumar.P.	➤ Ms.Riya Battacharya

9. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS.

The qualifications, reservations or adverse remarks made by the Practicing Company Secretary in their report and the comments of the Directors :

- a. Point no 1 and no 2 : Appointed Company Secretary and Chief Financial Officer on 14th September 2017
- b. Point no.3 : Necessary steps are taken by the company

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any Loans, guarantees as well as no investment under Sec 186 of Companies Act 2013.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SEC 188(1) COMPANIES ACT 2013: NIL

Form AOC 2 Attached as Annexure 1

12. TRANSFER TO RESERVES

The Company does not have any profits for the year. Hence no transfer to reserves.

13. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 125(2) of the Companies Act, 2013, no unclaimed or unpaid Dividend relating to the financial year is due for remittance to the Investor Education and Protection Fund established by the Central Government.

14. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure 3** and is attached to this report.

16. RISK MANAGEMENT POLICY:-

The Company has a proper risk management policy towards operations and administrative affairs of the Company. The Whole-time Directors will review the Policy at regular intervals of time and ensure proper Implementation of the policy formulated.

17. CORPORATE SOCIAL RESPONSIBILITY U/S 135 OF THE COMPANIES ACT 2013

CSR activity is not applicable to the company.

18. ANNUAL EVALUATION:- .

A separate exercise is carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as levels of engagement and contribution, attendance of Board Meetings and Committee Meetings, independence of judgments, safeguarding the interest of the Company etc.

19. DISCLOSURE UNDER OTHER PROVISIONS OF COMPANIES ACT 2013

i) Share Capital –

- A) Issue of equity shares with differential rights – NIL
- B) Issue of sweat equity shares – NIL
- C) Issue of employee stock options– NIL
- D) Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees – NIL
- E) Private Placement of Equity shares-NIL

The Company has not issued any sweat equity shares, during the financial year under review.

20. REPORT ON VIGIL MECHANISM. S.177(9) & (10)

The company is not required to establish a vigil mechanism.

21. DISCLOSURE S. 197(14)

Disclosure about receipt of any commission by MD/WTD from the company and also receiving commission/ remuneration from its holding or subsidiary: NIL.

22. MANAGERIAL REMUNERATION:

Details of the employee(s) of the Company as required pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Rule 5(1): Not applicable since the company is not listed

Rule 5(2): There are no employees in the company drawing remuneration of more than Rs One crore and two lakh rupees per annum as well as eight lakh and fifty thousand rupees per month as stipulated in the Rule.

23. CORPORATE GOVERNANCE CERTIFICATE:

The Company is not a listed Company. Hence corporate governance as stipulated in Clause 49 of the Listing agreement is not applicable.

24. STATUTORY AUDITORS

It is proposed to ratify and re-appoint the existing Statutory Auditors of the company M/s. BSR & Associates LLP, Chartered Accountants (Firm Registration No.: 116231W / W-100024) 3rd Floor, Syama Business Centre, NH Bypass Road, Vyttila, Kochi - 682 019 for the financial year 2018-19 at remuneration as fixed by the board of Directors.

The Company has received a letter from M/s. BSR & Associates LLP, Chartered Accountants, to the effect that their appointment as Statutory Auditors, if made, would be compliance under section(s) 139 and 141(3)g and applicable provisions of the companies Act 2013 and they are not disqualified for such appointment.

25. MATTERS REQUIRED TO DISCLOSED IN ACCORDANCE WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014.

- a) **Financial Performance-Rule 8(1):-**Already given
- b) **Contracts or arrangements with related parties Rule- 8(2) :-**ANNEXURE 1
- c) **Conservation of energy, Technology absorption, Foreign exchange earnings and Outgo- Rule 8(3):**ANNEXURE 2
- d) **Annual evaluation Report made by the Board Rule 8(4)**Already given

Rule 8(5)

- (i) **the financial summary or highlights ;**Already given
- (ii) **the change in the nature of business, if any;** There is no change in the nature of the company's business during the financial year under review
- (iii) **the details of directors or key managerial personnel who were appointed or have resigned during the year;** There are no changes among the directors or key managerial personnel of the company other than those given below:

SI no	Name of Directors	During year 17-18	
		Appointment	Resignation
1	Mr.V.S.Sitaram	-	13.08.2017

Disqualifications of directors-NIL

- (iv) **the names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year;** The company has no subsidiaries/ joint ventures/ associates
- (v) **the details relating to deposits, covered under Chapter V of the Act,-**
- a) accepted during the year; NIL
 - b) remained unpaid or unclaimed as at the end of the year; NIL
 - c) whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved- NIL
- (i) at the beginning of the year; NIL
- (ii) maximum during the year; NOT APPLICABLE
- (iii) at the end of the year; NOT APPLICABLE
- (vi) **the details of deposits which are not in compliance with the requirements of Chapter V of the Act;** NIL
- (vii) **the details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;** There are no significant orders by Regulators impacting the going concern status of the company and company's operations in future
- viii) **Details in respect of adequacy of internal controls with reference to the financial statements :** The company has adequate internal financial controls such as defining authority to authorize financial transactions, Internal Audit and monthly review of financial statement mechanism in vogue. Further the company is not a listed company hence reporting on this clause does not arise

26. DISCLOSURES ABOUT CSR POLICY. Rule 9

CSR activity is not applicable to the company.

27. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PROVISION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed off during each calendar year.

No of complaints received : NIL

No of complaints disposed off : N.A

28. ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

By order of the Board of Directors

Date : 10.10.2018
Place : Kochi

Sd/-
P. Manoj Kumar
Whole-time Director

Sd/-
Arjun Ananth
Nominee Director

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

The Members

Innovative Foods Limited

Kochi

My Secretarial Audit Report of even date is to be read along with this letter.

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

sd/-

A.S.Narayanan

Company Secretary in Practice

ACS M No: 6972

CP No:8147

Place: Aluva

Date: 10.10.2018

FORM NO. MR -3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2018

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

To

The Members

Innovative Foods Limited

Kochi

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Innovative Foods Limited (herein after called the company). Secretarial Audit was conducted for the financial year ended on 31.03.2018 in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my

opinion, the company has, during the audit period covering the financial year ended on 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- i. The Companies Act, 1956 and the rules made there under to the extent applicable;
- ii. The Companies Act, 2013 (the Act) and the rules made there under;
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; Not applicable
- iv. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; ---- Not applicable
- v. Foreign Exchange Management Act 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):Not applicable as this is an unlisted company
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)Guidelines, 1999
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

vii. The following laws, regulations, directions, orders are applicable specifically to the company:-

1. Environmental Protection Act, 1986
2. Food Safety and Standards Act 2006
3. Sale of Goods Act, 1930

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

Secretarial Standards

The company has generally complied with Secretarial Standards 1 & 2 (pertaining to conduct of Meetings of Board, its Committees and General Meetings), during the period under review though in a number of areas, there is scope for improvement in compliance.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. The company did not have Chief Financial Officer (Key Managerial Personnel) during the period from 1st April to 13th September 2017.
2. The company did not have Whole-time Company Secretary (Key Managerial Personnel) during the period from 1st April to 13th September 2017.
3. I understand that the entries in the statutory register need to be updated and maintained in proper form.

I further report that

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The Board is yet to decide on the directors liable to retire by rotation as required under Section 152(6) of the Act. The number of retiring and non-retiring directors is not in accordance with the provisions of clauses (a) and (c) of sub-section 6 of section 152 of the Act. At the extra ordinary general meeting held on 16th March 2017, the Company has inserted an article inter-alia stating that the directors nominated by the promoters will not be liable to retire by rotation and as a result the Company will not be able to comply with the relevant provisions with regard to the determination of directors liable to retire by rotation.

Adequate notice and detailed notes on agenda were not seen given to all directors in respect of certain Board Meetings. It is understood that a system however exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and recorded as part of the minutes. I understand that there were no dissenting views for being captured in the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period covered under the Audit, the company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above.

- a. The members at the Annual General Meeting held on 27th September 2017 have passed a special resolution for approval of the appointment of Mr.P.Manoj Kumar as Whole time Director of the company from April 13, 2017 to April 13,2020 on the terms and conditions specified in the Resolution.

sd/-

A.S.Narayanan

Company Secretary in Practice

ACS M No: 6972

CP No:8147

Place: Aluva

Date: 10.10.2018

ANNEXURE -1**Form AOC – 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

(a)	Name(s) of the related party and nature of relationship	NIL
(b)	Nature of contracts / arrangements / transactions	NIL
(c)	Duration of the contracts / arrangements/transactions	NIL
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
(e)	Justification for entering into such contracts or arrangements or transactions	NIL
(f)	date(s) of approval by the Board	NIL
(g)	Amount paid as advances, if any	NIL
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NIL

2. Details of contracts or arrangements or transactions at arm's length basis :

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	date(s) of approval by the Board	Volume of Transactions as on 31.03.2018	Outstanding balance (Receivables/ (payables)) as on 31.03.2018
Mr.P.Manoj Kumar Whole-Time Director	Remuneration Paid	Remuneration	30.03.2017	5324242	(14213)
Mr.V.S.Sitaram Whole-Time Director & CEO (up to 06.08.2017)	Remuneration Paid	Remuneration	12.08.2016	26869972	(7500000)
Mr.Mithun Appaiah CEO (From 14.09.2017)	Remuneration Paid	Remuneration	18.08.2017	3317345	138385
Mr.Ramanpreet Sohi CFO (from 14.09.2017)	Remuneration Paid	Remuneration	18.08.2017	3969648	-
Ms.Rincy Abubakkar Company Secretary (From 14.09.2017)	Remuneration Paid	Remuneration	18.08.2017	347740	-
Oriental Cuisines PVT LTD (Entity controlled by Peepul Capital III LLC)	Normal Course of business	Revenue from operations	10.10.2018	23064802	6044231
Coastline Gourmet PVT LTD (Entity controlled by Peepul Capital III LLC)	Normal Course of business	Revenue from operations	10.10.2018	2411573	440652

ANNEXURE -2

Conservation of energy

i	the steps taken or impact on reservation of energy;	Power factor Improvement- reduce power consumption- Incentive of avg-Rs:24185/- per month.
ii	the steps taken by the company for utilizing alternate sources of energy;	BioGAS Plant-Biogas from process waste- Cooking fuel for canteen
iii	the capital investment on energy conservation equipment	Rs: 25000/-
B	Technology absorption-	
i	the efforts made towards technology absorption;	The company does not use any foreign technology.
ii	the benefits derived like product improvement, cost reduction, product development or import substitution;	NIL
iii	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	NA
	(a) the details of technology imported;	NA
	(b) the year of import;	NA
	(c) whether the technology been fully absorbed;	NA
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NA
iv	the expenditure incurred on Research and Development.	NA
C	Foreign exchange earnings and Outgo- The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows	<u>Foreign Exchange Earnings:</u> 1. FOB value of exports: Rs.5892834/- 2. Foreign Exchange Outgo: Rs.61239307/-

By order of the Board of Directors

Sd/-

Sd/-

Date : 10.10.2018

P. Manoj Kumar

Arjun Ananth

Place : Kochi

Whole-time Director

Nominee Director

INDEPENDENT AUDITORS' REPORT

To the members of Innovative Foods Limited

Report on the Audit of the Financial Statements (prepared as per Accounting Standards)

We have audited the accompanying financial statements (prepared as per Accounting Standards) of Innovative Foods Limited (the "Company"), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

The Company's management and Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the state of affairs, loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.28 to the financial statements;
 - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

for B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/W-100024

Baby Paul

Partner

Membership number: 218255

Kochi

10 October 2018

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory, except stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained for significant account balances.
- (iii) The Company has not granted any loans secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus paragraph 3 (iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not granted loans, investments, guarantees, and security to companies, firms or other parties and section 185 and 186 of the Act is not applicable to the Company. Thus, paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public and thus paragraph 3(v) of the said Order is not applicable.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, goods and services tax, cess and other material statutory dues have been generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of customs duty, excise duty, service tax, goods and services tax and cess which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of provident fund, employees' state insurance, income tax and sales tax / value added tax have not been deposited on account of dispute.

Name of the statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax and interest	53,690	FY 2007-08	The Assistant Commissioner Income-Tax, Kochi
The Kerala Value Added Tax, 2003	Sales tax demand	4,971,379	FY 2010-11	The Sales Tax Appellate Tribunal, Ernakulam
The Kerala Value Added Tax, 2003	Sales tax and interest	2,951,049	FY 2013-14	The Deputy Commissioner (Appeals), Ernakulam
The Kerala Value Added Tax, 2003	Sales tax and interest	1,571,623	FY 2009-10	The Sales Tax Appellate Tribunal, Ernakulam
Andhra Pradesh Value Added Tax Act, 2005	Sales tax and interest	244,420	FY 2009-10	Commercial Tax Officer, Hyderabad
Maharashtra Value Added Tax Act, 2002	Sales tax and interest	1,041,950	FY 2013-14	Deputy Commissioner of Sales Tax – Appeals, Mumbai
Central Sales Tax Act, 1956	Sales tax and interest	3,282,629	FY 2013-14	Deputy Commissioner of Sales Tax - Appeals, Mumbai
Employees' State Insurance Act, 1948	Employee's state insurance contribution and interest	407,000	FY 2002-03 to 2005-06	Employees' State Insurance Appellate Tribunal
Employees' Provident Fund and Miscellaneous Provisions Act, 1952	Provident fund contribution and interest	2,176,000	Various	Employee Provident Fund Appellate Tribunal
Employees' Provident Fund and Miscellaneous Provisions Act, 1952	Provident fund contribution and interest	1,445,400	FY 2016-17	Employees Provident Fund commissioner, Cochin

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any loans or borrowings from financial institutions, government or debenture holders during the year.
- (ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi

company. Thus, paragraph 3(xii) of the Order is not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/W-100024

Baby Paul

Partner

Membership number: 218255

Kochi

10 October 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Innovative Foods Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

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

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

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

Meaning of internal financial controls with reference to financial statements

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

Inherent limitations of internal financial controls with reference to financial statements

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

Opinion

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

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W/W-100024

Baby Paul

Partner

Kochi

10 October 2018

Membership number: 218255

BALANCE SHEET AS AT 31 MARCH 2018

(All amounts in Indian rupees, except share data and where otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	739,377,800	739,377,800
Reserves and surplus	2.2	(507,667,284)	(252,293,475)
		231,710,516	487,084,325
Non-current liabilities			
Long-term borrowings	2.3	87,087,733	-
Other long-term liabilities	2.4	30,473,690	5,319,061
Long-term provisions	2.5	2,458,980	3,082,554
		120,020,403	8,401,615
Current liabilities			
Short-term borrowings	2.6	85,902,032	26,075,507
Trade payables	2.7		
Total outstanding dues of micro enterprises and small enterprises		1,675,570	1,640,504
Total outstanding dues of creditors other than micro enterprises and small enterprises		50,355,674	39,181,406
Other current liabilities	2.8	130,509,399	90,411,475
Short-term provisions	2.9	6,648,408	7,374,824
		275,091,083	164,683,716
		626,822,002	660,169,656
Assets			
Non-current assets			
Property, plant and equipment	2.10	246,476,604	92,163,815
Intangible assets	2.11	1,578,185	2,100,293
Capital work-in progress		17,910,129	2,420,645
Long-term loans and advances	2.12	24,489,606	29,073,222
Other non-current assets	2.13	24,924,884	2,069,708
		315,379,408	127,827,683
Current assets			
Inventories	2.14	88,354,679	66,190,206
Trade receivables	2.15	113,941,395	99,922,964
Cash and bank balances	2.16	48,575,509	353,919,545
Short-term loans and advances	2.17	42,619,468	10,058,927
Other current assets	2.18	17,951,543	2,250,331
		311,442,594	532,341,973
		626,822,002	660,169,656
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of
Innovative Foods Limited

CIN : U51909KL1989PLC005465

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W /W-100024

Arjun Ananth
Nominee Director
DIN : 01207540

P Manoj Kumar
Whole-time Director
DIN : 03527923

Baby Paul

Partner

Membership No.: 218255

Rincy Abubakkar
Company Secretary
Membership No.: ACS51777

Mithun Appaiah
Chief Executive Officer

Kochi
10 October 2018

Kochi
10 October 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Indian rupees, except share data and where otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations			
Sales, net of sales returns	2.19	567,308,229	547,671,402
Less: excise duty		1,545,402	6,678,464
Net sales		565,762,827	540,992,938
Other income	2.20	8,449,515	32,176,191
Total revenue		574,212,342	573,169,129
Expenses			
Cost of materials consumed	2.21	246,430,946	223,925,274
Purchase of stock-in-trade	2.22	72,196,118	73,271,029
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.23	(1,236,903)	(1,466,295)
Employee benefits expense	2.24	178,063,085	115,867,765
Finance costs	2.25	7,001,140	2,099,337
Depreciation and amortisation	2.26	17,338,261	12,609,094
Other expenses	2.27	309,793,504	245,260,379
Total expenses		829,586,151	671,566,583
Loss before taxes		(255,373,809)	(98,397,454)
Income tax		-	-
Loss after taxes		(255,373,809)	(98,397,454)
Loss per share (equity share of par value Rs 10 each)			
Basic and diluted	2.29	(3.45)	(1.62)
Significant accounting policies	1		

The notes referred above form an integral part of the financial statements

As per our report of even date attached

for B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W /W-100024

Baby Paul

Partner

Membership No.: 218255

Kochi

10 October 2018

for and on behalf of the Board of Directors of

Innovative Foods Limited

CIN : U51909KL1989PLC005465

Arjun Ananth
Nominee Director
DIN : 01207540**P Manoj Kumar**
Whole-time Director
DIN : 03527923**Rincy Abubakkar**
Company Secretary
Membership No.: ACS51777**Mithun Appaiah**
Chief Executive OfficerKochi
10 October 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Indian rupees, except share data and where otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Loss before taxes	(255,373,809)	(98,397,454)
<i>Adjustments for:</i>		
Depreciation and amortisation	17,338,261	12,609,094
Interest income	(6,343,196)	(16,331,119)
Finance cost	7,001,140	2,099,337
Amortisation of government grants	(40,917)	-
Unrealised foreign exchange loss, net	(471,633)	404,821
Profit on sale of property, plant and equipment	-	(11,193,291)
Operating cash flows before working capital changes	(237,890,154)	(110,808,612)
(Increase) in trade receivables	(13,013,659)	(34,596,043)
(Increase) in inventories	(22,164,473)	(5,442,653)
(Increase) in loans and advances and other assets	(75,127,489)	(2,639,922)
Increase in liabilities and provisions	39,448,737	37,676,256
Net cash used in operating activities before taxes	(308,747,038)	(115,810,974)
Income taxes paid (net)	(920,013)	(1,650,582)
Net cash used in operating activities (A)	(309,667,051)	(117,461,556)
Cash flows from investing activities		
Purchase of property, plant and equipment	(169,209,267)	(42,699,548)
Proceeds from sale of property, plant and equipment	-	23,800,000
Receipts of government grants	8,210,000	-
Interest received	8,740,317	15,153,793
Net cash used in investing activities (B)	(152,258,950)	(3,745,755)
Cash flows from financing activities		
Proceeds from issue of shares	-	200,000,007
Long term borrowings availed, net	104,000,000	-
Short term borrowings availed, net	59,583,105	5,057,843
Interest paid	(7,001,140)	(2,099,337)
Net cash generated from financing activities (C)	156,581,965	202,958,513
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(305,344,036)	81,751,202
Cash and cash equivalents at the beginning of year	353,919,545	272,168,343
Cash and cash equivalents at the end of the year (refer note 2.16)	48,575,509	353,919,545
Significant accounting policies	1	

The notes referred above form an integral part of the financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of

Innovative Foods Limited

CIN : U51909KL1989PLC005465

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W /W-100024

Arjun Ananth

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Rincy Abubakkar

Company Secretary

Membership No.: ACS51777

Mithun Appaiah

Chief Executive Officer

Kochi

10 October 2018

Kochi

10 October 2018

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Indian rupees, except share data and where otherwise stated)

1. Significant accounting policies

1.1 Background

Innovative Foods Limited ('the Company') was incorporated in 1989 as Innovative Marine Foods Limited and subsequently changed its name to Innovative Foods Limited. The Company is engaged in the business of manufacture and trading of frozen ready to eat / ready to cook products. The registered office of the Company is at Kochi, Kerala. During the year 2015-16, 98.96% shareholding in the Company was acquired by Peepul Capital Fund III, LLC, Mauritius, the holding company from the erstwhile holding company Avacero Equity Holdings Limited, Mauritius.

1.2 Basis of accounting and preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, as applicable, Accounting Standards issued by the Institute of Chartered Accountants of India and other generally accepted accounting principles in India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. All amounts included in the financial statements are reported in Indian rupees, except share and per share data, and have been rounded off to nearest rupee.

1.3 Going concern

The paid-up equity share capital and the accumulated losses of the Company as 31 March 2018 were Rs. 739,377,800 and Rs. 770,174,113 respectively. The Company has incurred cash losses during the current and previous financial year.

Management, however, believes that the Company will be able to continue its operations on a going concern basis and meet all its liabilities as they fall due for payment in the foreseeable future, at least for a period of twelve months from the balance sheet date based on business strategies and operating plans which will enable the Company to generate positive operating cash flows in the future.

The financial statements have accordingly been prepared on a going concern basis.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

1.5 Revenue recognition

Revenue from sale of goods (including sale of scrap) is recognized on transfer of all significant risks and rewards of ownership to the buyer. The amount recognized as sale is exclusive of sales tax, discounts and sales returns. Revenue from sale of goods is presented both gross and net of excise duty.

Interest on deployment of surplus funds is recognized using the time proportionate method, based on the transactional interest rates.

1.6 Property, plant and equipment and intangible assets

Property, plant and equipment are carried at the cost of acquisition or construction less accumulated depreciation. The cost of property, plant and equipment includes freight, duties, taxes and other incidental expenses related to the acquisition of those property, plant and equipment. In respect of major projects involving construction, related directly attributable costs form part of the value of assets capitalised. Borrowing cost directly attributable to the acquisition/ construction of those property, plant and equipments which necessarily take a substantial period of time to get ready for their intended use is capitalized. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Intangible assets are recorded at their acquisition cost.

Advances paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date are shown under long-term loans and advances. The cost of property, plant and equipment not ready for its intended use at each balance sheet date are disclosed as capital work-in-progress.

1.7 Depreciation and amortisation

Depreciation on property, plant and equipment is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Leasehold improvements are amortised over the lease term or useful lives of assets, whichever is lower. Intangible assets are amortised over their estimated useful lives, which range from five years to ten years, respectively, from the date such assets are available for use.

The management estimates the useful lives for the property, plant and equipment as under:

Class of assets	Years
Buildings: Factory	30
Buildings: Others	60
Plant and machinery*	5-15
Computers	3
Servers and networks	6
Office equipment	5
Furniture and fixtures	10
Vehicles	8

Depreciation and amortisation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

**For these class of assets, based on internal assessment, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.*

1.8 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset forming part of its cash generating units may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset or the group of assets comprising a cash generating unit. For an asset or a group of assets that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the book value that would have been determined; if no impairment loss has been recognized.

1.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost comprises purchase price, cost of conversion and other costs incurred in bringing the inventory to its present location and condition. The cost is calculated using the weighted average cost method. Production overheads used for the valuation of finished goods are allocated on the basis of normal capacity of production facilities.

The comparison of cost and net realisable value of inventory is made on an item by item basis. The net realisable value of work in progress is determined with reference to the selling prices of related finished goods. Raw material and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished goods will exceed their net realisable value.

The provision for inventory obsolescence is assessed annually and is provided as considered necessary.

1.10 Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the statement of profit and loss of the period.

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in the statement of profit or loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

1.11 Employee benefits

a) *Short-term employee benefits*

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

b) *Post-employment benefits*

(i) *Defined contribution plans*

Contributions payable to the recognized provident fund, which is a defined contribution scheme, is made monthly at predetermined rates to the appropriate authorities and charged to the statement of profit and loss on an accrual basis. There are no other obligations other than the contribution payable to the respective fund.

(ii) *Defined benefit plans*

Gratuity, a defined benefit scheme, is accrued based on an actuarial valuation at the balance-sheet date, carried out by an independent actuary. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional units of employee benefit entitlement and measures each unit separately to build up the final obligation.

The defined benefit plan surplus or deficit on the balance sheet date comprises fair value of plan assets less the present value of the defined benefit liabilities (using a discount rate by reference to market yields on government bonds at the end of the reporting period). The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

(iii) *Compensated absences*

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

1.12 Income taxes

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company in India.

Deferred tax charge or credit is recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

1.13 Loss per share

The basic and diluted loss per share is computed by dividing the net loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earnings per share, only potential equity shares that are dilutive, i.e. which reduces earnings per share or increases loss per share are included.

1.14 Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

1.15 Provisions and contingencies

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources, in case of a possible obligation or a present obligation is remote no provision or disclosure is made.

Provision for onerous contracts i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is possible that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

1.16 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Grants related to specific fixed assets are treated as deferred income which is recognised in the statement of profit or loss on a systematic and rational basis over the useful life of the asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2	Share capital	As at 31 March 2018		As at 31 March 2017	
		Number of shares	Amount	Number of shares	Amount
	Authorised				
	Equity shares of Rs. 10 each *	115,000,000	1,150,000,000	115,000,000	1,150,000,000
		115,000,000	1,150,000,000	115,000,000	1,150,000,000
	Issued, subscribed and paid-up				
	Equity shares of Rs. 10 each fully paid-up *				
	At the beginning and end of the year	73,937,780	739,377,800	60,783,260	607,832,600
	Issued during the year	-	-	13,154,520	131,545,200
	At the end of the year	73,937,780	739,377,800	73,937,780	739,377,800

* The Company has only one class of shares referred to as equity shares having a par value of Rs.10. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(a) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
<i>Equity shares of Rs. 10 each fully paid up held by:</i>				
Peepul Capital Fund III, LLC, Mauritius (Ultimate Holding Company)	73,168,586	731,685,860	73,168,586	731,685,860

(b) Details of shareholders holding more than 5% shares of the Company

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% holding	Number of shares	% holding
Peepul Capital Fund III, LLC, Mauritius (Ultimate Holding Company)	73,168,586	98.96%	73,168,586	98.96%

(c) Details of buyback, bonus shares issued, issue of shares for consideration other than for cash for past 5 years

The Company has not allotted any fully paid-up equity shares by way of bonus shares nor has bought back any class of equity shares nor has there been any issue of shares for consideration other than for cash during the period of five years immediately preceding the balance sheet date.

(d) Other matters

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Note 1: 9,758,262 shares of Rs.10 each have been allotted to the erstwhile members of Amalgam Foods and Beverages Limited pursuant to the scheme of amalgamation approved by the Board of Industrial and Financial Reconstruction, by its order dated 8 December 2006. In addition, 111 shares were issued to certain shareholders of the Company to round off fractional entitlements.

Note 2: The issued, subscribed and paid-up share capital of the Company was reduced by 90% from the share capital Rs.185,000,000 as per the scheme approved by the Board for Industrial and Financial Reconstruction, during the year 2006-07 and effective from 30 March 2007.

	As at 31 March 2018	As at 31 March 2017
2.2 Reserves and surplus		
<i>Securities premium</i>		
Balance at the beginning of the year	262,506,829	194,052,022
Add: additions during the year	-	68,454,807
Balance at the end of the year	262,506,829	262,506,829
<i>Deficit in the statement of profit and loss</i>		
Balance at the beginning of the year	(514,800,304)	(416,402,850)
Add: net loss for the year	(255,373,809)	(98,397,454)
Balance at the end of the year	(770,174,113)	(514,800,304)
	(507,667,284)	(252,293,475)
	As at 31 March 2018	As at 31 March 2017
2.3 Long-term borrowings		
<i>Secured</i>		
Term loan from banks	87,087,733	-
	87,087,733	-

Details of securities, terms and conditions on term loans

Lenders' name	Security terms	Tenure	Existing interest rate (p.a)
HDFC Bank Limited	Secured by exclusive charge on factory land and building located at Sy no 287/29 & 288/1, 2 & 3 at Ezhupunna village, Sy no 287/17A, 20 at Ezhupunna village, all movable fixed assets of the company (present and future) and stock and receivables of the Company.	44 months	10%
	Secured by exclusive charge on factory building located at Sy no 20 and 21(part), Srinivasa Food Park, Mogili village, all movable fixed assets for the projects and of Chittoor factory and current assets of Chittoor factory.	72 months	10%

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2018	As at 31 March 2017
2.4 Other long-term liabilities		
Deferred grant	22,924,384	-
Security deposits from customers	7,549,306	5,319,061
	<u>30,473,690</u>	<u>5,319,061</u>
2.5 Long-term provisions		
<i>Provision for employee benefits</i>		
Compensated absences	2,458,980	3,082,554
	<u>2,458,980</u>	<u>3,082,554</u>
2.6 Short term borrowings		
<i>Secured</i>		
Cash credit	85,902,032	20,227,747
Export bill discounted	-	5,847,760
	<u>85,902,032</u>	<u>26,075,507</u>

- 1) The cash credit from HDFC Bank carries interest rate of 10.15% per annum and is repayable on demand. Cash credit is secured by :
 - a) exclusive charge on stock, receivables and movable fixed assets of the Company, both present and future; and
 - b) equitable mortgage of factory land and building of the Company located at Ezhupunna.
- 2) Bill discounting facility is availed from HDFC Bank Limited for export invoices raised on Malabar Food Products LLC for the month of January 2017. The discounting arrangement is financed at 10.5% interest per annum and the security is the same as mentioned in Note 1.

2.7 Trade payables

Total outstanding dues of micro enterprises and small enterprises*	1,675,570	1,640,504
Total outstanding dues of creditors other than micro enterprises and small enterprises	50,355,674	39,181,406
	<u>52,031,244</u>	<u>40,821,910</u>

* Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

The principal amount remaining unpaid to any supplier as at the end of the year	1,675,570	1,640,504
The interest due on the principal remaining outstanding as at the end of the year	617,614	456,797
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year		

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	617,614	456,797
The amount of interest accrued and remaining unpaid at the end of the year	617,614	456,797
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	Interest due up to 31 March 2018 has been accrued	Interest due up to 31 March 2017 has been accrued
2.8 Other current liabilities		
Current maturities of long term borrowings	16,912,267	-
Accrued expenses and dues to other creditors	65,676,216	66,978,060
Advances received from customers	2,927,165	920,992
Dues to creditors for capital goods	14,874,183	4,410,000
Accrued salaries and benefits	24,943,280	12,697,848
Deferred grant	1,665,699	-
Withholding taxes and statutory dues	3,510,589	5,404,575
	130,509,399	90,411,475
2.9 Short-term provisions		
<i>Provision for employee benefits</i>		
Compensated absences	605,347	605,347
Gratuity	-	389,334
Provision for disputed claims (refer note 2.42)	6,043,061	6,380,143
	6,648,408	7,374,824

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.10 Property plant and equipment*

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2017	Additions	Deletions	As at 31 March 2018	As at 1 April 2017	For the year	Deletions	As at 31 March 2018	As at 31 March 2017
Freehold land	6,678,513	-	-	6,678,513	-	-	-	6,678,513	6,678,513
Leasehold land	10,458,513	-	3,780,000	6,678,513	-	-	-	6,678,513	10,458,513
	8,772,200	-	-	8,772,200	24,677	84,178	-	108,855	8,663,345
	-	8,772,200	-	8,772,200	-	24,677	-	24,677	8,747,523
Buildings: Factory	35,577,404	56,081,463	-	91,658,867	17,728,335	783,731	-	18,512,066	17,849,069
	40,421,485	4,243,111	9,087,192	35,577,404	19,895,014	749,190	2,915,869	17,728,335	20,526,471
Buildings: Others	350,546	475,000	-	825,546	19,037	9,320	-	28,357	331,509
	350,546	-	-	350,546	13,487	5,550	-	19,037	337,059
Plant and machinery	160,738,995	99,843,848	-	260,582,843	107,865,345	13,982,528	-	121,847,873	52,873,650
	155,199,790	12,918,864	7,379,659	160,738,995	102,716,742	9,872,876	4,724,273	107,865,345	52,483,048
Computer	5,920,455	955,796	-	6,876,251	4,684,571	583,659	-	5,268,230	1,235,884
	4,559,447	1,361,008	-	5,920,455	4,442,753	241,818	-	4,684,571	116,694
Office equipments	9,451,225	11,005,113	-	20,456,338	6,315,433	695,235	-	7,010,668	3,135,792
	8,663,757	787,468	-	9,451,225	5,921,257	394,176	-	6,315,433	2,742,500
Furniture & Fittings	3,114,571	2,533,020	-	5,647,591	2,679,490	88,053	-	2,767,543	435,081
	3,114,571	-	-	3,114,571	2,590,055	89,435	-	2,679,490	524,516
Vehicles	2,670,662	-	-	2,670,662	1,793,868	354,747	-	2,148,615	876,794
	2,670,662	-	-	2,670,662	1,439,121	354,747	-	1,793,868	1,231,541
Total	233,274,571	170,894,240	-	404,168,811	141,110,756	16,581,451	-	157,692,207	92,163,815
Previous year	225,438,771	28,082,651	20,246,851	233,274,571	137,018,429	11,732,469	7,640,142	92,163,815	88,420,342

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.11 Intangible assets*

Particulars	Gross block			Accumulated amortisation				Net block	
	As at 1 April 2017	Additions	Deletions	As at 31 March 2018	As at 1 April 2017	For the year	Deletions	As at 31 March 2018	As at 31 March 2017
Software	3,807,905	234,702	-	4,042,607	1,707,612	756,810	-	2,464,422	2,100,293
	3,341,305	466,600	-	3,807,905	830,987	876,625	-	1,707,612	2,510,318
Brand	40,660,000	-	-	40,660,000	40,660,000	-	-	40,660,000	-
	40,660,000	-	-	40,660,000	40,660,000	-	-	40,660,000	-
Total	44,467,905	234,702	-	44,702,607	42,367,612	756,810	-	43,124,422	2,100,293
Previous year	44,001,305	466,600	-	44,467,905	41,490,987	876,625	-	42,367,612	2,510,318

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2018	As at 31 March 2017
2.12 Long-term loans and advances		
<i>Unsecured, considered good</i>		
Rent and other deposits	8,439,737	6,826,298
Advance for capital goods	9,506,991	16,624,059
Income taxes deducted at source	6,542,878	5,622,865
	<u>24,489,606</u>	<u>29,073,222</u>
2.13 Other non-current assets		
Balance in banks as margin money deposits	24,924,884	1,919,220
Interest accrued on above deposits	-	150,488
	<u>24,924,884</u>	<u>2,069,708</u>
2.14 Inventories		
Stores and spares	2,796,792	2,792,833
Raw materials and packing materials		
Crumbs	1,556,239	1,411,298
Others *	22,750,539	4,860,796
Packing materials	6,325,305	6,467,142
	<u>30,632,083</u>	<u>12,739,236</u>
Work-in-progress		
Marine products	391,971	2,735,041
Others *	3,083,118	4,278,842
	<u>3,475,089</u>	<u>7,013,883</u>
Finished goods		
Marine products	7,952,923	6,621,928
Parathas	8,385,314	8,655,757
Others *	18,577,513	15,411,402
	<u>34,915,750</u>	<u>30,689,087</u>
Less : provision for obsolete inventory	<u>(500,938)</u>	<u>(3,531,702)</u>
	<u>34,414,812</u>	<u>27,157,385</u>
Stock-in-trade	17,035,903	16,486,869
	<u>88,354,679</u>	<u>66,190,206</u>

* Do not individually exceed 10% of the total value of inventory

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2018	As at 31 March 2017
2.15 Trade receivables		
<i>Unsecured</i>		
Debts outstanding for a period exceeding six months from the day they are due for payment		
considered good	7,765,990	6,709,706
considered doubtful	8,935,251	3,512,817
Less : Provision for doubtful trade receivables	(8,935,251)	(3,512,817)
	<u>7,765,990</u>	<u>6,709,706</u>
Other receivables		
considered good	106,175,405	93,213,258
	<u>113,941,395</u>	<u>99,922,964</u>
2.16 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	341,427	85,085
Balances with banks		
In current accounts	8,687,587	203,178,259
In deposit accounts	39,546,495	150,656,201
	<u>48,575,509</u>	<u>353,919,545</u>
2.17 Short-term loans and advances		
<i>Unsecured, considered good</i>		
Advance to staff	832,825	592,772
Advance for supply of goods and rendering of services	6,966,879	4,617,539
Prepaid expenses	2,361,656	1,509,443
Balance with government authorities	32,458,108	3,339,173
	<u>42,619,468</u>	<u>10,058,927</u>
2.18 Other current assets		
<i>Unsecured, considered good</i>		
Interest accrued on fixed deposits	3,698	2,250,331
Deferred grant receivable	16,421,000	-
Gratuity	1,526,845	-
	<u>17,951,543</u>	<u>2,250,331</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
2.19 Revenue from operations		
Sale of products		
Own manufactured	442,781,490	443,937,124
Traded	124,526,739	103,734,278
	<u>567,308,229</u>	<u>547,671,402</u>
Less: excise duty	1,545,402	6,678,464
	<u>565,762,827</u>	<u>540,992,938</u>
<i>Own manufactured</i>		
Marine products	83,060,104	110,957,116
Parathas	123,541,310	104,894,862
Others *	236,180,076	228,085,146
	<u>442,781,490</u>	<u>443,937,124</u>
Less: excise duty	1,545,402	6,678,464
	<u>441,236,088</u>	<u>437,258,660</u>
<i>Traded</i>		
Sausages	90,852,578	94,568,851
Others *	33,674,161	9,165,427
	<u>124,526,739</u>	<u>103,734,278</u>
	<u>565,762,827</u>	<u>540,992,938</u>
* Do not individually exceed 10% of the total sales		
2.20 Other income		
Interest income on bank deposits	6,343,196	16,331,119
Export incentives	1,551,682	3,724,556
Deferred income on government grant	40,917	-
Profit on sale of property, plant and equipment, net	-	11,193,291
Miscellaneous income	513,720	927,225
	<u>8,449,515</u>	<u>32,176,191</u>
2.21 Cost of materials consumed (including packing material consumed)		
Inventory of materials at the beginning of the year	12,739,236	8,972,770
Purchases		
Marine products	44,854,916	58,893,065

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Others *	219,468,877	168,798,675
Inventory of materials at the end of the year	(30,632,083)	(12,739,236)
	246,430,946	223,925,274
* Do not individually exceed 10% of the total purchases		
2.22 Purchase of stock-in-trade		
Sausages	63,134,239	71,262,744
Others *	9,061,879	2,008,285
	72,196,118	73,271,029
2.23 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock		
Finished goods	30,689,087	25,588,520
Work-in-progress	7,013,883	15,130,690
Stock-in-trade	16,486,869	10,855,932
	54,189,839	51,575,142
Closing stock		
Finished goods	34,915,750	30,689,087
Work-in-progress	3,475,089	7,013,883
Stock-in-trade	17,035,903	16,486,869
	55,426,742	54,189,839
Provision for obsolete inventory	-	(1,148,402)
Net decrease in inventories of finished goods, work-in-progress and stock-in-trade	(1,236,903)	(1,466,295)
2.24 Employee benefits expense		
Salaries, wages and bonus	161,485,172	104,800,972
Contribution to provident and other funds	8,659,137	7,845,015
Staff welfare expenses	7,918,776	3,221,778
	178,063,085	115,867,765
2.25 Finance costs		
Interest on borrowings	7,001,140	2,099,337
	7,001,140	2,099,337

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
2.26 Depreciation and amortisation		
Depreciation on property, plant and equipment	16,581,451	11,732,469
Amortisation on intangible assets	756,810	876,625
	17,338,261	12,609,094
2.27 Other expenses		
Contract manufacturing	52,315,626	44,337,557
Power and fuel	18,936,385	15,974,814
Storage and freezing	15,610,968	11,990,670
Freight, transport and distribution	45,544,007	44,821,540
Rent	5,880,656	6,019,927
Repairs and maintenance	8,943,988	11,259,230
Insurance	2,121,240	2,281,236
Rates and taxes	889,776	4,717,389
Marketing and sales promotion	111,757,931	57,914,705
Travelling and conveyance	22,612,093	21,838,050
Legal, professional and consultancy	5,217,826	5,056,323
Communication expenses	1,940,943	1,739,440
Inventory write down (obsolete, damaged and expired stock)	8,026,255	6,868,698
Bank charges	709,331	468,648
Foreign exchange fluctuations, net	471,633	1,388,985
Miscellaneous expenses	8,814,846	8,583,167
	309,793,504	245,260,379

2.28 Capital commitments and contingent liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	3,965,996	2,420,645
Income tax demand under appeal (see note 1 below)	53,690	53,690
Sales tax demand under appeal (see note 1 below)	14,063,059	9,287,447
Commitment under Export Promotion Capital Goods (EPCG) scheme (see note 2 below)	83,642,520	2,912,563
Guarantees issued by banks (inclusive of guarantees given for EPCG scheme)	1,092,150	1,092,150
Claims against the Company not acknowledged as debts		
Employee state insurance (see note 3 below)	407,000	407,000
Employee provident fund (see note 4 and 5 below)	3,621,400	3,621,400
Severance compensation (see note 6 below)	45,718,955	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Notes:

- 1 Management believes that the position taken by it on the above matters are tenable and hence, no adjustment has been made to the financial statements. Future cash flows relating to above are determinable only on the receipt of judgment decision from relevant forum/authorities.
- 2 The Company had obtained duty free/ concessional duty licenses for import of capital goods by undertaking export obligations under the EPCG scheme. As at 31 March 2018, export obligations remaining to be fulfilled amounts to Rs 83,642,520 (Previous year: Rs 2,912,563). In the event that export obligations are not fulfilled, the Company would be liable to levies and liquidated damages. The Company's bankers have provided guarantees to the customs authorities in this regard.
- 3 The Company had received a notice from the Employees State Insurance Appellate Tribunal (Period 2002-03 to 2005-06) wherein a demand of Rs. 407,000 (including interest estimated) has been raised against the Company on account of non - deduction of ESI on wages paid to factory workers under the heads repair and maintenance of building, others, transportation charges, staff welfare etc.
- 4 The Company had received a notice from the Employees Provident Fund Appellate Tribunal wherein a demand of Rs. 2,176,000 has been raised against the Company on account of the non-deduction of provident fund on wages paid to the employees working in the peeling section in the factory. The tribunal has directed the provident fund authorities to find out the beneficiaries for the Company to remit the amount in their names. The Employee Provident Fund authorities have not taken any steps in this regard.
- 5 The Company had received a notice from Employees Provident Fund commissioner, Cochin wherein a demand of Rs 1,445,400 has been raised against the Company on account of the non-deduction of PF on wages paid to employees drawing salary below ceiling limit on additional allowances. The Company had challenged the findings and accordingly Employees Provident Fund Commissioner had called for hearing on 8 September 2017 and further proceeding are pending at this stage.
- 6 V.S.Sitaram who ceased to be the CEO & Managing Director with effect from 25 July 2017, has filed an arbitration application against the Company before the Hon'ble City Civil Court at Bangalore and also filed Civil Miscellaneous Petition before the Hon'ble High Court of Karnataka, seeking for appointment of an Arbitrator. The dispute pertains to the amount of severance compensation payable upon his termination.

2.29 Loss per share

Particulars	As at 31 March 2018	As at 31 March 2017
Net loss attributable to equity share holders	(255,373,809)	(98,397,454)
Weighted average number of equity shares of Rs. 10 each	73,937,780	60,783,260
Earnings per equity share of face value Rs 10 each	(3.45)	(1.62)

The Company has no potentially dilutive equity shares as at the year end.

2.30 Auditors' remuneration (included in legal and professional fees, excluding applicable taxes)

Particulars	As at 31 March 2018	As at 31 March 2017
Statutory audit	925,000	925,000
Tax audit	100,000	100,000
Total	1,025,000	1,025,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.31 Expenditure in foreign currency

Particulars	As at 31 March 2018	As at 31 March 2017
Travelling and conveyance	956,103	735,510
Total	956,103	735,510

2.32 Earnings in foreign currency

Particulars	As at 31 March 2018	As at 31 March 2017
FOB value of exports	58,928,341	68,620,701
Total	58,928,341	68,620,701

2.33 Value of imports on C.I.F. basis

Particulars	As at 31 March 2018	As at 31 March 2017
Raw material, packing materials and traded goods	42,984,008	68,544,855
Components and spare parts	266,769	658,514
Total	43,250,777	69,203,369

2.34 Consumption of imported and indigenous raw materials and packing materials

Particulars	Year ended 31 March 2018	Year ended 31 March 2017		
	%	Value (Rs)	%	Value (Rs)
Raw materials and packing materials				
- Imported	8%	20,339,222	24%	40,778,889
- Indigenous	92%	226,091,724	76%	183,146,385
Total		246,430,946		223,925,274

2.35 Segmental information

The Company's operations pre-dominantly relate to manufacture and sale of frozen ready to eat / ready to cook foods. Accordingly, there are no separate reportable business segments.

However, the Company operates both in the India and also exports its products. Accordingly, secondary segment reporting has been disclosed based on the geographical location of the customers. All of the Company's assets other than trade receivables are located in India.

Revenue	As at 31 March 2018	As at 31 March 2017
India	490,174,217	462,431,613
Rest of the world	75,588,610	78,561,325
Total	565,762,827	540,992,938

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Debtors	As at 31 March 2018	As at 31 March 2017
India	95,376,323	83,334,538
Rest of the world	18,565,073	16,588,426
Total	113,941,395	99,922,964

2.36 Leases

The Company is obligated under non-cancellable operating lease for factory, office and residential space. Total rental expense under such operating leases during the year was Rs. 2,382,361 (previous year Rs. 3,684,543).

The Company is also obligated under cancellable operating leases for factory, office and residential space. Total rental expense under cancellable operating leases during the year was Rs. 3,498,295 (Previous year: Rs 2,335,384).

2.37 Employee benefits**(a) Defined contribution plans**

The Company makes contribution towards provident fund which is a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. An amount of Rs. 6,628,344 (previous year: Rs. 5,901,075) has been recognised and included in "Contribution to provident and other funds" in the statement of profit and loss on account of provident fund, superannuation and other retirement benefits.

(b) Gratuity

The following tables set out the status of the gratuity plan as required under Accounting Standard-15.

Particulars	As at 31 March 2018	As at 31 March 2017
Obligations at the beginning of the year	6,653,832	5,562,717
Current service cost	598,569	507,152
Interest cost	415,463	343,947
Actuarial (gain) / loss	(1,434,563)	879,246
Past service cost	835,057	-
Benefits paid	(1,734,878)	(639,230)
Obligations at the end of the year	5,333,480	6,653,832
Change in plan assets		
Plans assets at the beginning of the year, at fair value	6,264,498	4,316,576
Expected return on plan assets	492,181	396,790
Actuarial gain / (loss)	(15,367)	36,686
Contributions	1,853,891	2,153,676
Benefits paid	(1,734,878)	(639,230)
Plans assets at the end of the year, at fair value	6,860,325	6,264,498
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	6,860,325	6,264,498
Present value of the defined benefit obligations at the end of the year	5,333,480	6,653,832

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
Net liability / (asset) recognized in the balance sheet	(1,526,845)	389,334
Gratuity cost for the year ended		
Current service cost	598,569	507,152
Interest cost	415,463	343,947
Expected return on plan assets	(492,181)	(396,790)
Actuarial (gain) / loss	(1,419,196)	842,560
Past service cost	835,057	-
Net gratuity cost	(62,288)	1,296,869
Discount rate	7.18%	6.56%
Expected rate of return on plan assets	7.50%	7.50%
Expected rate of salary increase	9.00%	8.00%
Retirement age	58 years	58 years
Attrition	30%	30%

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Details of experience adjustments – gratuity

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Defined benefit obligation	5,333,480	6,653,832	5,562,717	4,416,179	4,160,854
Plan assets	6,860,325	6,264,498	4,316,576	4,321,484	4,014,910
Surplus/(deficit)	(1,526,845)	389,334	(1,246,141)	(94,695)	145,944
Experience adjustment on plan liabilities	(1,356,898)	586,737	1,220,720	(492,043)	(442,536)
Experience adjustment on plan assets	(48,179)	10,233	(36,817)	(6,174)	(47,297)

(c) Compensated absences

Assumptions:	31 March 2018	31 March 2017
Discount rate	7.18%	6.97%
Expected rate of salary increase	9%	8%
Retirement age	58 years	58 years
Maximum accumulation of leave	90 days	90 days
Attrition rate	30%	30%

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.38 Derivatives

a) The Company has not entered into any derivative contract during the year.

b) Particulars of un-hedged foreign currency exposure as at the balance sheet date.

Particulars	Un-hedged payables *	Un-hedged receivables **		
	Foreign currency	Rs	Foreign currency	Rs
USD and Rupee equivalent	114,830	7,604,021	291,286	18,554,933
<i>Previous Year</i>	<i>71,059</i>	<i>4,687,038</i>	<i>261,565</i>	<i>16,588,426</i>

* Un-hedged payables includes trade payables

** Un-hedged receivables includes trade receivables

2.39 Related parties

Names of related parties and description of relationship with the Company

I) Enterprises where control exists

Holding and ultimate holding company Peepul Capital Fund III , LLC , Mauritius

II) Other related parties with whom the group had transactions during the year(a) Entities under common control Oriental Cuisines Private Limited
Coastline Gourmet Private Limited

(b) Key management personnel

Chief Executive Officer and Whole Time Director V S Sitaram (upto 6 August 2017)
Chief Executive Officer Mithun Appaiah (from 14 September 2017)
Whole time Director P Manoj Kumar
Chief Financial Officer Ramanpreet Sohi (from 14 September 2017)
Company Secretary Rincy Abubakkar (from 14 September 2017)

Name of related party	Volume of transactions	Outstanding balance [receivable / (payable)]		
	Year ended 31 March 2018	Year ended 31 March 2017	As at 31 March 2018	As at 31 March 2017
Remuneration paid				
Manoj Kumar	5,324,242	4,256,631	(14,213)	-
V.S.Sitaram	26,869,972	14,728,273	(7,500,000)	-
Mithun Appaiah	3,317,345	-	138,385	-
Ramanpreet Sohi	3,969,648	-	-	-
Rincy Abubakkar	347,740	-	-	-
Revenue from operations				
Oriental Cuisines Private Limited	23,064,802	-	6,044,231	-
Coastline Gourmet Private Limited	2,411,573	-	440,652	-

Note: Managerial remuneration does not include cost of retirement benefit such as gratuity and compensated absences since provision for the same are based on actuarial valuations carried out for the Company as a whole.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.40 Employee stock units program

The Company has introduced new employee stock units (ESUs) program by which ESU's are awarded to key employees as determined by the management. These are to provide equity linked incentives to key employees identified on a yearly basis wherein the cash equivalent of the ESU's awarded will be paid to such employees. The amounts payable to employees under this program is underwritten by the holding company out of the amount due to be realised by the holding company contingent upon occurrence of the liquidity event as defined in the program. The ESU's are used only for the purpose of calculating the economics associated with the performance and does not imply an equity share or any rights that are associated with the same. This arrangement is in the nature of a cash settled employee share based payment program and since such right to receive amounts vests only on the occurrence of the liquidity event as defined in the program. Given that the plan is underwritten by the holding company and the occurrence of the required event with respect to ESU's granted is considered as remote, the Company has not considered any impact in these financial statements.

2.41 Deferred taxes

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<i>Deferred tax liability</i>		
Arising from timing difference in respect of:		
Property, plant and equipment and intangible assets	13,190,627	10,115,979
<i>Deferred tax assets</i>		
Unabsorbed depreciation and business loss	13,190,627	10,115,979
Net deferred tax asset / (liability)	-	-

In accordance with AS 22 – “Accounting for taxes on income” prescribed by the Companies (Accounting Standards) Rules, 2006, deferred tax assets on unabsorbed depreciation and carry forward losses have been recognised on the basis of prudence, only to the extent of above mentioned net deferred tax liability.

2.42 Provision for disputed claims

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance	6,380,143	5,736,458
Charge for the year	-	616,685
Amount written back/ utilised	337,082	-
Closing balance	6,043,061	6,380,143

Note: Provision for disputed claims represents provisions created against certain statutory and other claims where the outflow of economic benefits is considered as probable and the measurement has been done using a substantial degree of estimation.

2.43 Previous year figures have been regrouped/ reclassified wherever necessary to confirm to the current year's presentation.

As per our report of even date attached

for B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W /W-100024

Baby Paul
Partner
Membership No.: 218255

Kochi
10 October 2018

for and on behalf of the Board of Directors of
Innovative Foods Limited
CIN : U51909KL1989PLC005465

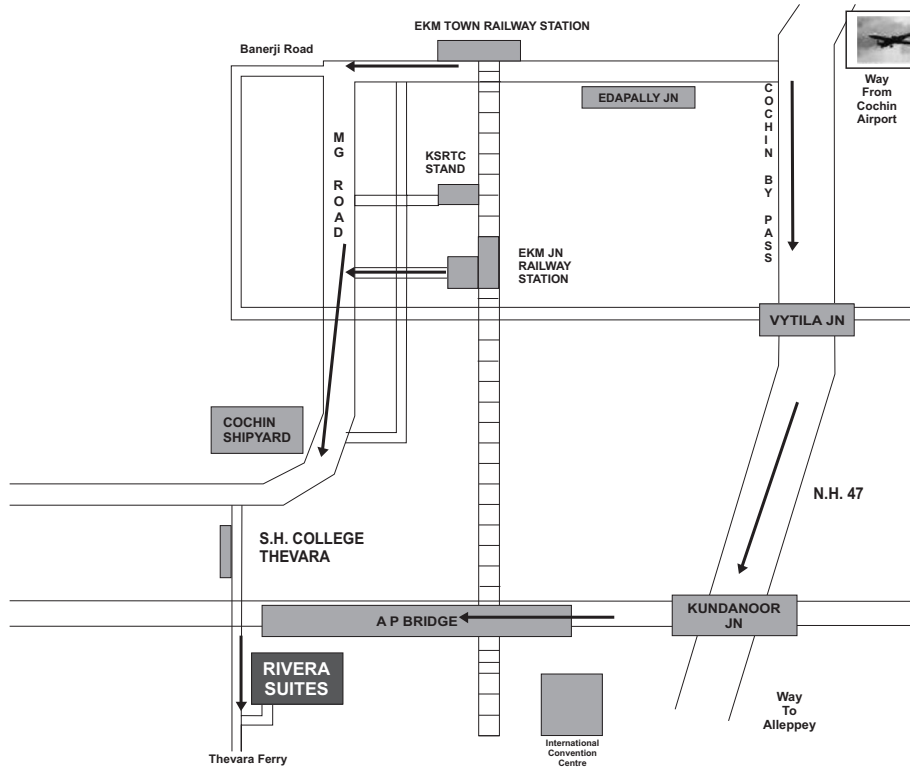
Arjun Ananth
Nominee Director
DIN : 01207540

Rincy Abubakkar
Company Secretary
Membership No.: ACS51777

Kochi
10 October 2018

P Manoj Kumar
Whole-time Director
DIN : 03527923

Mithun Appaiah
Chief Executive Officer



INNOVATIVE FOODS LIMITED

CIN: U51909KL1989PLC005465

Chakolas Habitat, A Block, 1 C, Thevara Ferry Road, Cochin, Kerala, India – 682013

Dear Sir/Madam

Pursuant to the green initiative in the Corporate Governance initiated by the Ministry of Corporate Affairs, our company has proposed to send the Notice / Annual Report / documents through electronic mode to the shareholders.

This, you will appreciate, would facilitate fast, secured communication and contribute towards improved environment.

Shareholders, who are holding the shares in Physical Form, are requested to send the following details to our Registrar and Share Transfer Agent which will be considered by the Company/Registrar for sending the future communication through Email

Innovative Foods Limited		
Folio Number		PAN (Optional)
Name (First / Sole Holder)		
Email Id		Mobile No.
Signature of First / Sole Holder		

Shareholders, who are holding the shares in Electronic form are requested to update their Email IDs with the concerned Demat account, to enable the Company / Registrar to send communications through E-mail.

In case you wish to get the Hard copies of Notices/Documents/Reports, you need not send the above details. Company will send the Notices/Documents/Reports to the Registered address of the shareholders.

FORM NO. MGT-11
INNOVATIVE FOODS LIMITED

CIN: U51909KL1989PLC005465
Chakolas Habitat, A Block, 1 C, Thevara Ferry Road, Cochin, Kerala, India – 682013

PROXY FORM

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

Name of the member (s) : _____ Registered address : _____

E-mail Id : _____ Folio No : _____

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

1. Name :	2. Name :	3. Name :
Address :	Address :	Address :
E-mail Id :	E-mail Id :	E-mail Id :
Signature :, or failing him	Signature :, or failing him	Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at Annual general meeting of the company, to be held on **Friday, the 23rd day of November, 2018** at Riviera Suites, Thevara Water Front, Ernakulam- 682 013 at 10.30 AM and at any adjournment thereof in respect of such resolutions as are indicated below:

	ORDINARY BUSINESS	Tick
1	Adoption of Financial statement for the year 2017-18	For / Against
2	Re-appointment of Mr. P. Manoj Kumar, who retire by rotation	For / Against
3	Ratification of appointment of M/s. BSR & Associates LLP, Chartered Accountants as Auditors	For / Against
	SPECIAL BUSINESS	
4	Regularise Mr. K.S.Narayanan as Non-Executive and Independent Director	For / Against
5	Regularise Mr.Hari Narayanan as Non-Executive and Nominee Director	For / Against
6	Granting and vesting of ESUP to Mr.Mithun Appaiah, Chief Executive Officer of the company as per employment agreement	For / Against

Signed this _____ day of _____ 20_____

Affix
Revenue
Stamp

Signature of Shareholder _____ Signature of Proxy holder(s) _____

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

INNOVATIVE FOODS LIMITED

CIN: U51909KL1989PLC005465
Chakolas Habitat, A Block, 1 C, Thevara Ferry Road, Cochin, Kerala, India – 682013

ATTENDANCE SLIP

Registered Folio No.	
No. of Shares Held	

I certify that I am a registered Shareholder/ Proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company at Riviera Suites, Thevara Water Front, Ernakulam- 682 013 at 10.30 AM on Friday, 23rd November 2018.

Member's Name: _____ Proxy's Name: _____

Member's/ Proxy's Signature

Note:

- Please fill this attendance slip and hand over at the entrance of the Hall
- Members/ Proxy Holders/ Authorised Representatives are requested to show their Photo ID Proof for attending the Meeting
- Authorised Representatives of Corporate members shall produce proper authorisation issued in their favour.

REGISTERED BOOK POST

If undelivered please return to:

INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED

2nd Floor, Kences Towers,
No. 1, Ramakrishna Street, Off: North Usman Road,
T. Nagar, Chennai - 600 017.