



# INNOVATIVE FOODS LIMITED

31st Annual Report 2019-2020



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. P Manoj Kumar	(DIN: 03527923)	Whole-Time Director
Mr. Pranav Kumar Suresh	(DIN: 08380082)	Non-Executive and Nominee Director
Mr. Hari Narayan	(DIN: 07056472)	Non-Executive and Nominee Director
Mr. Mithun Appaiah	(DIN: 08484331)	Director (Executive)
Mr. Mohamed Mansoor Ahmed	(DIN: 06992067)	Independent Director
Mr. Ravinder Kishen Raina	(DIN: 00336340)	Independent Director

### **CHIEF FINANCIAL OFFICER**

Mr. Pradeepta Kumar Jena

### **COMPANY SECRETARY**

Mr. Muhammed Rishwan

<b>STATUTORY AUDITORS</b>	<b>INTERNAL AUDITORS</b>	<b>SECRETARIAL AUDITOR</b>
BSR & Associates LLP Chartered Accountants 3rd Floor, Syama Business Centre, NH Bypass Road, Vyttila, Kochi - 682 019	M/s. PKF Sridhar & Santhanam, LLP, Chartered Accountants KRD GEE GEE Crystal, 7th Floor, 91-92, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004	Mr. A.S. Narayanan, Practicing Company Secretary, VI/331 Aishwaryam, Kottayi Nedumbassery P.O, Aluva 683585
<b>REGISTERED OFFICE</b>	<b>CORPORATE OFFICE</b>	<b>FACTORY</b>
Chakolas Habitat, A Block, 1 C, Thevara Ferry Road, Cochin - 682 013	Greystone ,# 267 ,Ground Floor, 5 <sup>th</sup> Main, 6 <sup>th</sup> Cross , Indiranagar 1 <sup>st</sup> Stage , Bangalore -560 038	1. Ezhupunna.P.O. Alapuzha Dt Kerala-688 537 2. Survey No. 20 & 21, Srini Food Park, Mogil Village, Chittoor, Andra Pradesh

### **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**

Padma TFC Branch, Cochin

### **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](mailto:csdstd@integratedindia.in)

### **Contents**

### **Page No**

Notice to the shareholders	1
Directors' Report	9
Secretarial Audit Report	18
Auditors' Report	22
Balance Sheet	32
Statement of Profit & Loss	33
Cash flow statements	34
Notes to Financial Statements	35



**INNOVATIVE FOODS LIMITED**  
**CIN : U51909KL1989PLC005465**

**Registered Office : Chakolas Habitat, A Block, 1 C, Thevara Ferry Road, Kochi, Kerala - 682013.**  
**Email : cosecy@sumeru.net; Website : www.sumeru.net; Tel : 0478 2872349; Fax : 0478 2874417**

**NOTICE OF THE 31<sup>st</sup> ANNUAL GENERAL MEETING**

To,  
The Members of Innovative Foods Limited

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting will be held on 27<sup>th</sup> November, 2020 at 11.00 AM through video conferencing (VC)/Other Audio Visual Means (OAVM) to be held at the registered office of the Company at Chakolas Habitat, A Block, 1 C, Thevara Ferry Road, Kochi, Kerala - 682013 to transact the following business:

**ORDINARY BUSINESS**

**To consider and, if thought fit, to pass with or without modification(s), the following resolution(s) as an Ordinary Resolution(s):-**

1. To receive, consider and adopt the audited Profit and Loss account for the year ended 31.03.2020 and the Balance Sheet of the company as at 31.03.2020 together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mithun Appaiah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To Appoint Auditors of the Company:

**“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), M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No.: 117366W/ W-100018) Prestige Trade Tower, Level 19,46, Palace Road, High Grounds, Bengaluru – 560 001 Karnataka, India, be and is hereby appointed as the Statutory Auditor of the Company from the conclusion of this Annual General Meeting to hold such office for a period of five years until the conclusion of the Thirty Sixth Annual General Meeting of the Company, 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**

**To consider and if thought fit to pass with or without modification(s) the following resolutions(s) as a Special Resolution(s):-**

4. Re-appointment of and remuneration payable to Mr. P Manoj Kumar as Whole-time Director of the Company:

**“RESOLVED THAT** subject to the provisions of section 196, 197, 198 and 203 and other applicable provisions, if any, of the Companies Act, 2013, read with schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof), the consent of the Company be and hereby accorded for re-appointment of Mr. P Manoj Kumar (DIN: 03527923) as Whole-time Director of the Company for a period of five years with effect from April 14, 2020 to April 13, 2025 on such terms and conditions as set out in the explanatory statement annexed to the notice convening this meeting including remuneration to be paid as approved by the Board and remuneration committee of the Board in the event of loss or in adequacy of profit in any financial year during the period of three years from the date his re-appointment.

**RESOLVED FURTHER THAT** during such time Mr. P Manoj Kumar holds and continues to hold the office of Whole-time Director of the Company and he shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may in their absolute discretion deem necessary, expedient, usual and proper for giving effect to the aforesaid resolution.”

5. To approve remuneration payable to Mr. Mithun Appaiah, Chief Executive Officer and Director of the Company:

**“RESOLVED THAT** subject to the provisions of section 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, read with schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof), the consent of the Company be and hereby accorded to payment of remuneration to Mr. Mithun Appaiah, Chief Executive Officer and Director of the Company, in the event of loss or inadequacy of profits in any financial during the period of three years from the financial year 2020-21 on the terms and conditions, as set out in the Explanatory Statement annexed to the Notice convening this meeting.

**RESOLVED FURTHER THAT** the Mr. P Manoj Kumar be and is hereby authorised to do all such acts, deeds, matters and things as may in their absolute discretion deem necessary, expedient, usual and proper for giving effect to the aforesaid resolution.”

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

**P.Manoj Kumar  
Whole-Time Director  
DIN: 03527923**

**Date : 28.10.2020  
Place: Kochi**

**Note.**

1. Explanatory statement as required under section 102 of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM” or “Meeting”) through Video Conferencing / Other Audio Visual Means (VC / OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”) and MCA circulars, the AGM of the Company is being held through VC /OAVM. The members intending to attend the meeting will be allowed to participate through VC / OAVM details of which are set out hereinafter.
3. As per provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the meeting instead of himself / herself. Since this AGM is being held pursuant to the MCA Circulars on AGM through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, Corporate Members intending to authorize their representatives for attending the AGM are requested to send a scanned certified copy of the board resolution authorizing their representative to attend through VC/OAVM and vote on their behalf in the AGM on cosecy@sumeru.net.
4. 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.
5. In compliance with the aforesaid MCA circular, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company’s website [www.sumeru.net](http://www.sumeru.net).
6. Since the AGM will be conducted through VC/OAVM means, to conduct the AGM in a smooth and Seamless manner only those shareholders will be allowed to speak at the AGM who have pre-registered themselves for the same with the Company. The Company hence requests members to opt any one of the following methods for obtaining answers to their queries / making suggestions:
  - Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 05.00 p.m. on 23<sup>rd</sup> November, 2020 through email on [cosecy@sumeru.net](mailto:cosecy@sumeru.net) and such email shall mandatorily mention the name of the shareholder, demat account number / folio number, email id and contact number of the shareholder. The same will be replied by the Company suitably.
  - Members who intend to speak at the AGM shall register with the Company by sending an email on or before 05.00 p.m. on 23<sup>rd</sup> November, 2020 through email on [cosecy@sumeru.net](mailto:cosecy@sumeru.net).

The Company will allow only the pre-registered members to speak at the AGM.

Members are requested to discuss or ask queries only on the Accounts or business of the Company or any other agenda of the 31<sup>st</sup> AGM so that effective question answer session can take place and queries posed by majority shareholders are addressed. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.

7. The Company has appointed its Secretarial Auditor Mr. A.S. Narayanan as the Scrutinizer for scrutiny of votes casted through e-voting mechanism for the ensuing AGM. The scrutinizer will submit his report and voting results within the statutory time limit.
8. The documents referred to in the Notice, if any, will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
9. Since the AGM is conducted through VC/OAVM, Route map for the venue of AGM is not required and hence not enclosed with this notice.
10. Members are requested to register their e- mail address with the company or the registrar, Integrated Registry Management Services Private Limited, 2<sup>nd</sup> Floor, 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](mailto:csdstd@integratedindia.in)
11. 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.
12. Kindly inform the registrar in case there is a change in your address.
13. The record date for ascertaining the eligible shareholders for the purpose of e-voting shall be '20<sup>th</sup> November, 2020'
14. Shareholders are also requested to submit their physical share certificates for dematerialization at the earliest since physical transfer of shares is no longer permitted under the Companies Act, 2013.

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

##### **Item No. 4 & 5**

As per Schedule V to Section 196 and 197 of the Companies Act, 2013, where in any financial year during the currency of tenure of a managerial person, the company has no profits or its profits are inadequate, the Company is required to pass a special resolution for payment of remuneration to a managerial person. Therefore, the Company is required to pass a special resolution for item No. 4 and 5 as per the above provisions of the Act.

It is proposed to re-appoint Mr. P Manoj Kumar, whole-time Director for a period of 5 years with effect from 14<sup>th</sup> April, 2020 to 13<sup>th</sup> April, 2025.

Subject to the approval of the shareholders of the Company, the Nomination and Remuneration of Committee and the Board of Directors of the Company had vide resolution passed on 13<sup>th</sup> April, 2020 approved re-appointment of Mr. P Manoj Kumar, Whole-time Director of the Company with effect from 14<sup>th</sup> April, 2020 to 13<sup>th</sup> April, 2025. It is proposed to appoint him for a period of five years and approve his remuneration as whole-time Director for a period of three years. A brief profile of Mr. P Manoj Kumar, in terms of Companies Act, 2013 is provided.

##### **I. General Information:-**

1. **Nature of Industry:** the Company is engaged in the business of manufacture and marketing of Food Processing business.
2. **Date of Commencement of Commercial Production:** The Company is in operation from 1989 onwards
3. **Financial Performance of the Company based on given indicators**

<b>Financial Highlights</b>		
<b>Particulars</b>	<b>Current year (Rs. In Million)</b>	<b>Previous Year (Rs. In Million)</b>
Turnover	798.55	709.14
Other Income	17.60	13.09
Total Revenue	816.15	722.23
Total Expense	949.49	910.20
Profit/Loss before Tax	(133.34)	(187.98)
Profit/Loss after Tax	(133.34)	(187.98)

#### 4. Foreign Investments and Collaborations:

The Company has not made any Foreign Investments and neither entered into any collaboration during the last year.

#### II. Information about Mr. P Manoj Kumar:

1. Background details: Mr. P Manoj Kumar born in 1973 having post graduate qualifications in Social Service and in Human Resource Management. He is a life member of National Institute of Personal Management (NIPM).  
Job Profile: Mr. P. Manoj Kumar joined Innovative Foods Limited in the year of 2006 as Vice President and Head of HR, Admin & Corporate Affairs and subsequently promoted as Senior Vice President. On 13/04/2011 he was appointed as the member of Board of Directors' of the Company and currently holding the position of Whole-time Director of the Company. Mr. P. Manoj Kumar has more than 25 years of experience in Management. He was associated with Taj Group of Hotels (IHCL) as Human Resources Manager in various units for 12 years. He was also associated with Leela Kempinski as HR Manager. Mr. P Manoj Kumar has won several awards and recognition including most talented HR Leaders in India. During the year 2019-20, he has attended all the Meetings of Board of Directors of the Company. He is a member of Stake holder Relationship Committee of the Board of Directors of the Company.
2. Past remuneration: During the financial year ended 31<sup>st</sup> March,2020, Rs. 49,28,310 p.a was paid to Mr. P. Manoj Kumar.
3. Job profile and his suitability: Mr. P Manoj Kumar has more than 25 years of experience in management.
4. Remuneration proposed: Basic Salary of Rs. 29,68,800/- and other Allowances of Rs.25,06,284/-He is also eligible for performance bonus as per Company policy. This performance bonus would be payable subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. Provident fund and gratuity are as per the Act, Un-availed Leave encashment at the end of the financial year, Leave eligibility as per Company Policy subject to a maximum of Rs. 75,00,000/- (Rupees Seventy Five Lakhs only) which is excluding ESUP Units.
5. Comparative Remuneration profile with respect to Industry, Size of the Company, profile of the position and Person:
  - i. Remuneration proposed is comparable with normal salaries that are being paid in the industry and with reference to the size and nature of the industry. The proposed remuneration is optimum for a person with similar profile in food processing industry.
  - ii. In case of expatriates the relevant details would be w.r.t the country of origin:NA
6. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: The Appointee has no pecuniary relationship either directly or indirectly with the Company.

#### II. Information about Mr. Mithun Appaiah:

1. Mr. Mithun Appaiah was appointed as the Director (Executive) with effect from 23<sup>rd</sup> August, 2019. During the year 2019-20, he has attended 3 Meetings of Board of Directors of the Company. Pursuant to Section 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, read with schedule V of the Companies Act, 2013, the Company has to pass a special resolution for payment of remuneration in accordance with Schedule V of the Act.
2. Background details: Mr. Mithun Appaiah was born in 1980. He holds Post Graduate Diploma in Management (MBA) from IFIM Business School. After passing out as topper from IFIM Business School Mr. Appaiah joined Nestle India Ltd handling urban and rural markets building the distribution footprint into urban , rural market expansion into feeder towns. He has worked with large MNC's, Indian FMCG and Alco beverage brands in key roles across departments and channels. He has won several awards and recognitions and has also been a speaker at various industry forums.  
Job Profile: Previously he worked with Britannia Industries Limited. He handled various roles in National channel development, Head of customer marketing and as a Channel head managing the P&L for alternate channels and Modern trade business. Mr. Appaiah was pivotal in building ID fresh foods to nearly 3x revenues within a short period where he was the Vice President managing India and UAE operations. He has been instrumental in strengthening and building the brand in India as well as overseas.
3. Past remuneration: During the financial year ended 31.03.2020, he was paid a remuneration of Rs. 65,11,552/- p.a.
4. Job profile and his suitability: Mr. Appaiah is presently the CEO and Executive Director of the Company. Since his joining the company has seen year on year double digit growths with decrease in costs. He is an expert with Food & Beverage industry expertise across the spectrum of Sales, business strategy, key account management, new product development, logistics, business development, P&L management, developing new business channels, E-commerce and start-up acceleration. He has handled complex business situations and driven growth across organizations.

5. Remuneration proposed: Basic Salary of Rs. 41,75,004/- and other Allowances of Rs.31,31,448/-.He is also eligible for performance bonus as per Company policy. This performance bonus would be payable subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. Provident fund and gratuity are as per the Act, Leave eligibility as per Company Policy and travel Expenses as and when required by the Company for the purpose subject to a maximum of Rs. 1,21,00,000/- p.a (Rupees One Crore Twenty One lakhs only) which is excluding ESUP Units.
6. Comparative Remuneration profile with respect to Industry, Size of the Company, profile of the position and Person:
  - iii. Remuneration proposed is comparable with normal salaries that are being paid in the industry and with reference to the size and nature of the industry. The proposed remuneration is optimum for a person with similar profile in food processing industry.
  - iv. In case of expatriates the relevant details would be w.r.t the country of origin: NA
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Mr. Appaiah has no pecuniary relationship either directly or indirectly with the Company.

### III. Other Information:

1. Reasons of loss or inadequate profits: : Despite the best efforts of the Senior Management, the financial performance of the Company was not as per the expectation and due to high raw material cost, packing material cost and other input cost, rising power & fuel Cost etc. which the industry is currently passing through, the Company had inadequate profits. We are taking necessary steps to bring additional margin and cost under control and push for profitability.
2. Steps taken or proposed to be taken for improvement: The Company is consistently taking strong steps to reduce the costs and increase margins. Controlling employee costs, marketing spends, fixed expenses, better sales mix is helping us to improve positively. The Company has put systems in place to reduce the losses and to get into the path of being positive returns.
3. Expected increase in productivity and profits in measurable terms: With political clarity emerging, the business and consumer confidence are expected to improve in the coming financial year, geared with a streamlined organizational design, the company intends to grow its businesses. The Company expects that with the improvement in consumer sentiment and increased consumer spending will enable the growth momentum to pick up. The management continuous to be cautiously optimistic towards the external economic environment and expects consumer demand to become more consistent and robust in the current financial year. Further, various policy decisions taken would act as growth channel for the Company which would contribute in increased revenues and higher margins.

In accordance with the provisions of Sections 196, 197 & other applicable provisions of the Act, read with Schedule V to the said Act, item No.4 and 5 require approval of members by passing special resolution. Hence, the members are requested to pass the item No.5 and 6 as special resolution.

The Board recommends the Resolution at Item No. 5 and 6 for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives are deemed to be interested or concerned in resolutions set out in item No.5 and 6 except Mr. P Manoj Kumar Mr. Mithun Appaiah respectively.

### **Shareholders Instructions for e-voting**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the EGM/AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing EGM/AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors,

Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the EGM/AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the EGM/AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the EGM/AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the EGM/AGM has been uploaded on the website of the Company at [www.sumeru.net](http://www.sumeru.net). The Notice can also be accessed from the websites of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
7. EGM/AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**THE INTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:**

The remote e-voting period begins on 24<sup>th</sup> November, 2020 at 09:00 A.M. and ends on 26<sup>th</sup>, November, 2020 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

Details on Step 1 is mentioned below:

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company (EVEN Number: 114850) For example if folio number is 001*** and EVEN is 114850 then user ID is 114850001***



5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- a) Click on "[Forgot User Details/Password?](#)"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [narayanan.secretary@gmail.com](mailto:narayanan.secretary@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to (Company email id).  
In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to (Company email id).
2. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

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

**P.Manoj Kumar  
Whole-Time Director  
DIN: 03527923**

**Date : 28.10.2020  
Place: Kochi**

## DIRECTORS REPORT

To,  
Members of Innovative Foods Limited  
Dear Members,

The Directors are pleased to present the 31<sup>st</sup> Annual Report of the company with the audited financial statements of the Company for the Year ended March 31, 2020 ("Year").

### 1. FINANCIAL HIGHLIGHTS

The financial performance of the company for the year ending 31<sup>st</sup> March 2020 is given below:

Financial Highlights		
Particulars	31.03.2020 (Rs. In Million)	31.03.2019 (Rs. In Million )
Turnover	798.55	709.14
Other Income	17.60	13.09
Total Revenue	816.15	722.23
Total Expense	949.49	910.20
<b>Profit/Loss before Tax</b>	<b>(133.34)</b>	<b>(187.98)</b>
<b>Profit/Loss after Tax</b>	<b>(133.34)</b>	<b>(187.98)</b>

### 2. STATE OF COMPANY'S AFFAIRS

#### Brief description of the company's working during the year/state of company's affair

The sales turnover of the Company for the year ended 31st March, 2020 was at Rs.798.55 million as compared to Rs.709.14 million in the previous year – registering a growth of 12.61%. The Company registered a loss of Rs.133.34 million for the year ended 31st March, 2020 against a loss of Rs.187.98 million in the previous year.

The Company had made a better performance relative to the previous year statistics, with a record highest turnover and widening market reach.

### 3. DIVIDEND

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

### 4. 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>

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

The Company had five 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				
	08.05.2019	17.06.2019	23.08.2019	10.12.2019	28.02.2020
Mr. P. Manoj Kumar	P	P	P	P	P
Mr. Arjun Ananth	P	P	P	R	R
Mr. Mohamed Mansoor Ahmed	LOA	LOA	P	P	P
Mr. Pranav Kumar Suresh	P	P	P	P	P

Mr. Mithun Appaiah	NA	NA	NA	P	P
Mr. Ravinder Kishen Raina	NA	LOA	P	P	P
Mr. Hari Narayan	P	P	LOA	LOA	LOA

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

#### **6. DIRECTORS RESPONSIBILITY STATEMENTS-S.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.

#### **7. 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**

The Auditors have not reported any Fraud under Section 143 (12) of the Companies Act, 2013 for the year ended 31.03.2020.

#### **8. DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (7) OF SECTION 149**

Pursuant to Section 149(7) of the Companies Act, 2013, the Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as stipulated under Section 149 of the Companies Act, 2013 and that they have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

#### **9. BOARD COMMITTEES**

##### **a. Audit Committee**

The audit committee of the company constitutes the following members:

As on 01.04.2019	As on 31.03.2020
➤ Mr. Mohamed Mansoor Ahmed	➤ Mr. Mohamed Mansoor Ahmed
➤ Mr. Arjun Ananth	➤ Mr. Ravinder Kishen Raina
	➤ Mr. Pranav Kumar Suresh

##### **b. Nomination Remuneration Committee**

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

As on 01.04.2019	As on 31.03.2020
➤ Mr. Mohamed Mansoor Ahmed	➤ Mr. Mohamed Mansoor Ahmed
➤ Mr. Arjun Ananth	➤ Mr. Ravinder Kishen Raina
	➤ Mr. Pranav Kumar Suresh

### **c. Stakeholder relationship Committee**

The Stakeholders relationship Committee of the company consisted of the following members

<b>As on 01.04.2019</b>	<b>As on 31.03.2020</b>
➤ Mr. Arjun Ananth ➤ Mr. P Manoj Kumar	➤ Mr. P Manoj Kumar ➤ Mr. Pranav Kumar Suresh ➤ Mr. Mohamed Mansoor Ahamed

### **10. 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 Statutory Auditors in their report and the comments of the Directors:

1. Delay Professional tax with delay 11 days.

Comments:-

*Technical glitch in professional tax website of Andhra Pradesh state professional tax website during March, online payment was not possible at the same time due to COVID-19 outbreak we could not able to remit at tax due to close of professional tax offices. Which subsequent paid to department.*

2. According to the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings to financial institutions during the year aggregating to Rs. 1,112,929 for a period up to 3 days.

Comments:-

*Due to technical problem from bank side, EMI delay by 3 days and which subsequently paid by us.*

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

1. The company did not have proper audit committee, remuneration committee and stakeholder relationship committee from 01/04/2020 to 08/05/2020.

Comments:-

*Due to the resignation of Mr. K.S. Narayanan, former Independent Director of the Company, there was an intermittent vacancy of Independent Director in the Board of Directors of the Company and the above committees. The Company had re-constituted the committees post appointment of Mr. Ravinder Kishen Raina, Independent Director and complied with above requirements.*

2. The company did not have Whole-time Company Secretary (Key Managerial Personnel) during the period from 26/09/2019 to 31/03/2020. Even now, there is no full time Company Secretary.

Comments:-

*The Company has inducted an officer to be appointed as Company Secretary immediately after the resignation of previous Company Secretary presuming that new officer will obtain Membership number within 6 months from the date of resignation of previous Company Secretary. However, due to the outbreak of Covid-19, he could not get the membership number as expected. This has resulted in delay in appointment of Company Secretary. The Company has appointed a qualified Company Secretary with effect from 28<sup>th</sup> October, 2020.*

## **11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

Details of the loans given by your Company under Section 186 of the Act during the financial year ended 31st March, 2020 are as follows:

Cura health Care Private Limited – Rs.12,39,396 at an interest rate of 12% per annum.

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

Form AOC 2 Attached as Annexure 1

## **13. TRANSFER TO RESERVES**

The Company does not have any profits for the year ended 2019-2020. Hence, no transfer to reserves.

## **14. 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.

## **15. 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.

## **16 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 2** and is attached to this report.

## **17. RISK MANAGEMENT POLICY:-**

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

## **18 CORPORATE SOCIAL RESPONSIBILITY U/S 135 OF THE COMPANIES ACT 2013**

Provisions of Section 135 of the Companies Act, 2013 pertaining to CSR activities are not applicable to the company.

## **19 ANNUAL EVALUATION:-**

Due to the outbreak of Covid-19 pandemic, the company could not hold a separate meeting independent Directors as required under Companies Act, 2013 during the financial year 2019-20. MCA vide its general circular No.11/2020 dated 24.03.2020 has clarified that if the meeting of Independent Directors has not been held, the same shall not be viewed as a violation. Hence, the Company could not do annual evaluation of its Directors in the financial year 2019-20. However, the Board will take necessary steps to evaluate its Board members in the current financial year.

## **20. 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/Preferential Allotment of Equity shares-Allotment of One Crore equity shares and Fifty lakhs equity shares on preferential basis to Peepul Capital Fund III LLC on 17<sup>th</sup> June, 2019 and 28<sup>th</sup> February, 2020 respectively.

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

#### **21. REPORT ON VIGIL MECHANISM. S.177(9) & (10)**

The company is not required to establish a vigil mechanism.

#### **22. 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.

#### **23. 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 directors 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.

#### **24. STATUTORY AUDITORS**

As per provisions of the Companies Act, 2013, it is mandatory for the Company to rotate auditors of the Company after expiry of their tenure as specified under the Act. In that regards, M/s. BSR & Associates LLP, the existing auditors of the Company have completed their term as mentioned above and will be ceased to be auditors on the date of ensuing Annual General Meeting.

On the recommendation of Audit Committee the Board has proposed the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants having its office at Prestige Trade Tower, Level 19, 46, Palace Road, High Grounds, Bengaluru – 560 001 Karnataka, India from the conclusion of ensuing AGM to the conclusion of sixth consecutive AGM hereof on such remuneration as may be decided by the Board.

The Company has received a letter from M/s. Deloitte Haskins & Sells 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. SECRETARIAL AUDITOR**

Pursuant to Section 204 of the Companies Act, 2013 and allied rules thereof, the Board of Directors has appointed Mr. A.S. Narayanan, Company Secretary in Practice as the Secretarial Auditor for the financial year 2019-20. The Secretarial Audit report for financial year ended 2019-2020 issued by Mr. A.S Narayanan is appended and forms part of this report. The report is self-explanatory.

#### **26. MATTERS REQUIRED TO BE 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:

Sl no	Name of Directors/KMP	DIN	During year 2019-20	
			Appointment	Resignation
1.	Mr. Ravinder Kishen Raina	00336340	08/05/2019	NA
2.	Mr. Mithun Appaiah	08484331	23/08/2019	NA
3.	Mr. Arjun Ananth	01207540	-	17/10/2019
4.	Mr. Vasudevan Namboothiri	-	-	09/09/2019
5.	Mr. Pradeepta Kumar Jena	-	10/12/2019	-
6.	Ms. Anjana Vijayan	-	-	25/09/2019

The Board of Directors of the Company has re-appointed Mr. Manoj Kumar P, Whole-time Director of the Company in its Board meeting held on 13.04.2020 for another period of 5 years. The consent of shareholders for the same would be sought in the ensuing Annual General Meeting of the Company.

Disqualifications of directors-NIL

**(iiia) a statement regarding opinion of the Board with regards to integrity, expertise and experience (including proficiency) of the independent directors appointed during the year**

During the year under review, the Company has appointed Mr. Ravinder Kishen Raina as the Independent Director of the Company. Mr. Raina was the Senior Vice President of Nilgiris from 2009 to 2011. In the opinion of the Board, Mr. Raina is a person of integrity, possessing rich experience and expertise in the field of Food and beverages, FMCG etc.

**(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. The internal control system is designed to ensure that all the financial and other records are reliable for preparing financial statements and for maintaining accountability of the assets. Further the company is not a listed company hence reporting on this clause does not arise.

**ix) the Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act,2013**

**27. DISCLOSURES ABOUT CSR POLICY. Rule 9**

Provisions of Section 135 of the Companies Act, 2013 pertaining to formulation of CSR policy is not applicable to the company.

**28. 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 the year.

- No of complaints received : 0
- No of complaints disposed off : 0

**29. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has complied with the applicable Secretarial Standards to facilitate good corporate governance. Based on the recommendation of Secretarial Auditor, the company will strive to improve its secretarial compliance practices in the year ahead.

**30. 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**

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

**Sd/-**  
**Mithun Appaiah**  
Director and CEO  
DIN: 08484331

Date: 28/10/2020  
Place:Kochi

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	Outstanding balance (Receivables/(payables)) as on 31.03.2020
Oriental Cuisines PVT LTD (Entity controlled by Peepul Capital III LLC)	Normal Course of business	Revenue from operations	23.08.2019	-	57,62,840/-
Peepul Capital Investment Advisors Private Limited	Normal Course of business	Expense reimbursement	28.10.2020	5,29,830/-	1,32,114/-

**By order of the Board of Directors**

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

**Sd/-**  
**Mithun Appaiah**  
Director and CEO  
DIN: 08484331

Date: 28/10/2020  
Place: Kochi

## Annexure -2

	<b>Conservation of energy</b>	
i	the steps taken or impact on reservation of energy;	The operations of the Company are not very power intensive. Nevertheless, the Company continues its efforts to conserve energy wherever practicable by improving efficient use of Power- less power cost, increased productivity - Utilized the maximum capacity of the machines- Maximum output with minimum energy input.
ii	the steps taken by the company for utilizing alternate sources of energy;	Nil
iii	the capital investment on energy conservation equipment	Nil
<b>B</b>	<b>Technology absorption-</b>	
i	the efforts made towards technology absorption;	The company has not availed any foreign technology during the period.
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.	Rs. Nil
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	<b>Foreign Exchange Earnings:</b> 1. FOB value of exports: Rs. 8,50,45,980.00 (FOB) 2. Foreign Exchange Outgo: Rs 4,01,31,507.00 (CIF)

**By order of the Board of Directors**

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

**Sd/-**  
**Mithun Appaiah**  
 Director and CEO  
 DIN: 08484331

Date : 28/10/2020  
 Place: Kochi

**Annexure to Directors' Report for the year ended March 31, 2020**

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  
Membership No: A6972C.P NO: 8147  
UDIN: A006972B001123593

Place: Aluva  
Date: 31.10.2020

**FORM NO. MR -3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2020**

[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 (CIN: U51909KL1989PLC005465) (hereinafter called the company). Secretarial Audit was conducted for the financial year ended on 31.03.2020 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 31.03.2020, 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, 2020, 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 thereunder;
- 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;
- 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
  - 4. The Factories Act, 1948

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 proper audit committee, remuneration committee and stakeholder relationship committee from 01/04/2019 to 08/05/2019.
- 2. The company did not have Whole-time Company Secretary (Key Managerial Personnel) during the period from 26/09/2019 to 31/03/2020. Even now, there is no full time Company Secretary.
- 3. 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 16<sup>th</sup> 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 gathered 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. At the meeting held on 23/08/2019, the Board of Directors appointed Mr. Mithun Appaiah, CEO, as an additional director of the company with effect from 23/08/2019 and his appointment was regularized at the Annual General Meeting held on 24/09/2019 and that his period of office shall be liable for determination of directors by rotation.
- b. At the meeting held on 10/12/2019, the Board of Directors appointed Mr. Pradeepta Kumar Jena, as CFO of the company.
- c. The Company had allotted 1,00,00,000 equity shares of Rs.10/- each aggregating to Rs.10,00,00,000/- (Rupees Ten crores only) to the existing promoters M/s Peepul Capital Fund III LLC, St. Louis Business Center, Mauritius, on 17/06/2019.
- d. The Company further allotted 50,00,000 equity shares of Rs.10/- each aggregating to Rs.5,00,00,000/- (Rupees Five crores only) to the existing promoters M/s Peepul Capital Fund III LLC, St. Louis Business Center, Mauritius on 28/02/2020. Both the allotments were made on a preferential basis, based on special resolution approved by the members at the Extra Ordinary General Meeting held on 13/06/2019 under Sections 39,42 read with Section 62 of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Sd/-

**A. S. Narayanan**

Company Secretary in Practice

M.No. A6972 C.P No.8147

UDIN : A006972B001123593

Place: Aluva

Date: 31.10.2020

## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of Innovative Foods Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Innovative Foods Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("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 2020, and loss and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### **Material uncertainty relating to Going Concern**

As stated in Note 1.3 to the financial statements, the appropriateness of assumption of going concern is dependent upon realisation by management of business strategies and operating plans in an external environment impacted by COVID. These events and conditions indicate an existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

#### **Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under the applicable laws and regulations.

### **Management's and Board of Directors' Responsibility for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/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 of 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 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, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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 statement of cash flows 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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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”.

(B) With respect to the other matters to be included in the Auditors’ 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 as at 31 March 2020 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 - Refer Note 2.28 to the financial statements.
- iii. There were no amounts which were required to be transferred to the to the Investor Education and Protection Fund by the Company.
- iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors’ Report under section 197(16):

In our opinion and according to the information and explanation given to us, during the current year, the remuneration paid by the Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W/W-100024

**Baby Paul**

Partner

Membership number: 218255

Unique Document Identification Number: 20218255AAAABV6645

Kochi

28 October 2020

## 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 2020, we report that:

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for certain particulars including quantitative details for certain assets capitalised during the earlier years, which the management is in the process of updating.
  - (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 three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In 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 is obtained by the management.
- (iii) The Company has granted loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). According to the information and explanations given to us, there are no loans granted to firms, limited liability partnership or other parties listed in the register maintained under Section 189.
  - (a) In our opinion and according to the information and explanations given to us, the terms and conditions on which the loan was granted to the company listed in the Register maintained under Section 189 of the Act are not prejudicial to the interest of the Company.
  - (b) According to the information and explanations given to us, in respect of the loan granted, the schedule of repayment of principal and payment of interest has not been stipulated. In the absence of the same we are unable to make specific comment on the regularity of repayment of principal and payment of interest.
  - (c) In the absence of the schedule of repayment of principal and payment of interest for the loan granted, we are also unable to comment if the loan is overdue.
- (iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act,

any other relevant provisions of the Act and the relevant rules framed thereunder and accordingly paragraph 3(v) of the said order is not applicable.

- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products manufactured/services rendered by the Company.
- (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, goods and services tax, duty of customs, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except profession tax with delay ranging from 1 to 11 days.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, goods and services tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2020 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 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 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
The Kerala Value Added Tax, 2003	Sales tax and interest	10,227,014	FY 2011-12	The Sales Tax Appellate Tribunal, Ernakulam
The Kerala Value Added Tax, 2003	Sales tax and interest	6,014,843	FY 2012-13	The Sales Tax Appellate Tribunal, Ernakulam
The Kerala Value Added Tax, 2003	Sales tax and interest	2,643,523	FY 2014-15	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

- (viii) According to the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings to financial institutions during the year aggregating to Rs. 1,112,929 for a period upto 3 days and there are no amounts in arrears as at the balance sheet date.

The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year

- (ix) According to the information and explanation given to us and based on examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan 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 given to us and based on the examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of 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) According to the information and explanations provided to us, the company has made private placement of equity shares during the year and the requirement of the section 42 of the act have been complied with and the amount used have been used for the purposes for which the funds were raised other than temporary deployment pending application of proceeds

- (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

Unique Document Identification Number : 20218255AAAABV6645

Kochi

28 October 2020

## **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

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

(Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Innovative Foods Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls 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 (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls 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 ("the Act").

### **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 and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether 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 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 such internal financial controls, 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 with reference to financial statements.

### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls 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 controls with reference to financial statements include 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 controls 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.

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W/W-100024

**Baby Paul**

Partner

Membership number: 218255

Unique Document Identification Number : 20218255AAAABV6645

Kochi

28 October 2020

**Innovative Foods Limited**  
**Balance sheet as at 31 March 2020**

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

	Notes	As at 31 March 2020	As at 31 March 2019
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	1,089,377,800	939,377,800
Reserves and surplus	2.2	(828,983,858)	(695,646,439)
		<b>260,393,942</b>	<b>243,731,361</b>
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	62,932,487	76,814,328
Other long-term liabilities	2.4	31,806,139	34,758,773
Long-term provisions	2.5	2,972,312	2,225,534
		<b>97,710,938</b>	<b>113,798,635</b>
<b>Current liabilities</b>			
Short-term borrowings	2.6	91,180,785	85,031,766
Trade payables	2.7		
Total outstanding dues of micro enterprises and small enterprises; and		1,577,964	2,262,309
Total outstanding dues of creditors other than micro enterprises		89,182,418	79,496,339
and small enterprises			
Other current liabilities	2.8	103,034,096	133,220,787
Short-term provisions	2.9	5,899,290	8,766,201
		<b>290,874,553</b>	<b>308,777,402</b>
		<b>648,979,433</b>	<b>666,307,398</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Tangible Assets	2.10	255,386,175	277,466,223
Intangible Assets	2.11	727,381	1,098,375
Capital work-in-progress		2,766,787	-
Long-term loans and advances	2.12	14,788,759	18,563,329
Other non-current assets	2.13	28,739,534	26,538,047
		<b>302,408,636</b>	<b>323,665,974</b>
<b>Current assets</b>			
Inventories	2.14	80,365,959	78,658,649
Trade receivables	2.15	162,651,942	170,247,997
Cash and bank balances	2.16	51,499,063	35,793,321
Short-term loans and advances	2.17	43,137,231	49,134,046
Other current assets	2.18	8,916,602	8,807,411
		<b>346,570,797</b>	<b>342,641,424</b>
		<b>648,979,433</b>	<b>666,307,398</b>

**Significant accounting policies**

1

The notes referred to above form an integral part of the balance sheet

As per our report of even date attached  
for **B S R & Associates LLP**  
Chartered Accountants  
Firm registration number: 116231W /W-100024

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

**Baby Paul**  
Partner  
Membership No.: 218255  
Kochi  
28 October 2020

**Mithun Appaiah**  
Director and Chief Executive Officer  
DIN : 08484331  
Bengaluru  
28 October 2020

**P Manoj Kumar**  
Whole Time Director  
DIN : 03527923  
Kochi  
28 October 2020

**Pradeepta Kumar Jena**  
Chief Financial Officer  
Bengaluru  
28 October 2020

**Muhammed Rishwan**  
Company Secretary  
Membership No: 62026  
Kochi  
28 October 2020

**Innovative Foods Limited****Statement of profit and loss for the year ended 31 March 2020**

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

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue from operations</b>			
Sales, net of sales returns	2.19	798,551,349	709,139,811
Other income	2.20	17,600,332	13,086,422
<b>Total revenue</b>		<b>816,151,681</b>	<b>722,226,233</b>
<b>Expenses</b>			
Cost of materials consumed	2.21	369,367,776	314,775,848
Purchase of stock-in-trade	2.22	81,532,367	63,619,085
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.23	(1,511,744)	12,411,938
Employee benefits expense	2.24	130,042,442	145,992,620
Finance costs	2.25	17,781,582	20,129,780
Depreciation and amortisation	2.26	29,611,882	24,839,221
Other expenses	2.27	322,664,798	328,436,896
<b>Total expenses</b>		<b>949,489,103</b>	<b>910,205,388</b>
<b>Loss before taxes</b>		<b>(133,337,422)</b>	<b>(187,979,155)</b>
Tax expense		-	-
<b>Loss after taxes</b>		<b>(133,337,422)</b>	<b>(187,979,155)</b>
<b>Loss per share</b> (equity share of par value Rs 10 each)			
Basic and diluted	2.29	(1.30)	(2.06)

**Significant accounting policies****1**

The notes referred above form an integral part of the statement of profit and loss

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W /W-100024

for and on behalf of the Board of Directors of

**Innovative Foods Limited**

CIN : U51909KL1989PLC005465

**Baby Paul**

Partner

Membership No.: 218255

Kochi

28 October 2020

**Mithun Appaiah**

Director and Chief Executive Officer

DIN : 08484331

Bengaluru

28 October 2020

**P Manoj Kumar**

Whole Time Director

DIN : 03527923

Kochi

28 October 2020

**Pradeepta Kumar Jena**

Chief Financial Officer

Bengaluru

28 October 2020

**Muhammed Rishwan**

Company Secretary

Membership No: 62026

Kochi

28 October 2020

**Innovative Foods Limited****Cash flow statement for the year ended 31 March 2020**

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

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Cash flows from operating activities</b>		
Loss before taxes	(133,337,422)	(187,979,155)
<i>Adjustments for:</i>		
Depreciation and amortisation	29,611,882	24,839,221
Finance cost	17,781,582	20,129,780
Interest income	(4,512,432)	(9,422,231)
Provision for doubtful debts and advances	12,834,207	6,887,467
Liabilities no longer required written back	(9,768,575)	-
Deferred income on government grant	(1,901,196)	(1,904,758)
Unrealised foreign exchange gain, net	(839,809)	(1,362,694)
Profit on sale of property, plant and equipment	-	(369,373)
<b>Operating cash flows before working capital changes</b>	<b>(90,131,763)</b>	<b>(149,181,743)</b>
Increase in trade receivables	(3,158,947)	(54,808,426)
(Increase)/decrease in inventories	(1,707,310)	9,696,030
(Increase)/decrease in loans and advances, other assets and deposits	(5,664,920)	1,062,041
Increase in liabilities and provisions	10,478,548	23,676,506
<b>Net cash used in operating activities before taxes</b>	<b>(90,184,392)</b>	<b>(169,555,592)</b>
Income taxes refund (net)	540,012	2,047,648
<b>Net cash used in operating activities (A)</b>	<b>(89,644,380)</b>	<b>(167,507,944)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(16,063,230)	(37,238,978)
Proceeds from sale of property, plant and equipment	-	1,938,857
Receipts of government grants	-	8,210,000
Interest received	4,403,241	8,829,518
<b>Net cash used in investing activities (B)</b>	<b>(11,659,989)</b>	<b>(18,260,603)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	150,000,000	200,000,000
Long term borrowings availed/( repaid), net	(29,063,611)	3,122,225
Short term borrowings availed/(repaid), net	6,149,019	(870,266)
Interest paid	(17,587,652)	(19,917,356)
<b>Net cash generated from financing activities ( C )</b>	<b>109,497,756</b>	<b>182,334,603</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>8,193,387</b>	<b>(3,433,944)</b>
Cash and cash equivalents at the beginning of year	5,595,070	9,029,014
<b>Cash and cash equivalents at the end of the year</b> (refer note 2.16)	<b>13,788,457</b>	<b>5,595,070</b>

**Significant accounting policies** (refer note 1)

The notes referred above form an integral part of the cash flow statement

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W /W-100024

for and on behalf of the Board of Directors of

**Innovative Foods Limited**

CIN : U51909KL1989PLC005465

**Baby Paul**

Partner

Membership No.: 218255

Kochi

28 October 2020

**Mithun Appaiah**

Director and Chief Executive Officer

DIN : 08484331

Bengaluru

28 October 2020

**P Manoj Kumar**

Whole Time Director

DIN : 03527923

Kochi

28 October 2020

**Pradepta Kumar Jena**

Chief Financial Officer

Bengaluru

28 October 2020

**Muhammed Rishwan**

Company Secretary

Membership No: 62026

Kochi

28 October 2020

**Innovative Foods Limited**  
**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. Peepul Capital Fund III, LLC, Mauritius, is the holding company and ultimate holding company.

**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 2020 were Rs. 1,089,377,800 and Rs. 828,983,858 respectively. The Current year losses of the Company is Rs 133,337,422. 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.

**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 goods and service tax, discounts and sales returns.

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

## Innovative Foods Limited

### Notes to the financial statements (continued)

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

#### 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.

*\*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.

## **Innovative Foods Limited**

### **Notes to the financial statements (continued)**

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

#### **1.8 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.

#### **1.9 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.

#### **1.10 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.

## **Innovative Foods Limited**

### **Notes to the financial statements (continued)**

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

#### **1.11 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.

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.

#### **1.12 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.

#### **1.13 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.

#### **1.14 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.

#### **1.15 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.

#### **1.16 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.

#### **1.17 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.



**Innovative Foods Limited****Notes to the financial statements (continued)**

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

2.1 Share capital	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of Rs. 10 each *	115,000,000	1,150,000,000	115,000,000	1,150,000,000
	<u>115,000,000</u>	<u>1,150,000,000</u>	<u>115,000,000</u>	<u>1,150,000,000</u>
<b>Issued, subscribed and paid-up</b>				
Equity shares of Rs. 10 each fully paid-up *				
At the beginning and end of the year	93,937,780	939,377,800	73,937,780	739,377,800
Issued during the year	15,000,000	150,000,000	20,000,000	200,000,000
At the end of the year	<u>108,937,780</u>	<u>1,089,377,800</u>	<u>93,937,780</u>	<u>939,377,800</u>

\* 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 2020		As at 31 March 2019	
	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)	108,168,586	1,081,685,860	93,168,586	931,685,860

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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% holding	Number of shares	% holding
Peepul Capital Fund III, LLC, Mauritius (Ultimate Holding Company)	108,168,586	99.29%	93,168,586	99.18%

**(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**

**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.

2.2 Reserves and surplus	As at	As at
	31 March 2020	31 March 2019
<i>Securities premium</i>		
Balance at the beginning and end of the year	262,506,829	262,506,829
	<u>262,506,829</u>	<u>262,506,829</u>
<i>Deficit in the statement of profit and loss</i>		
Balance at the beginning of the year	(958,153,265)	(770,174,113)
Add: net loss for the year	(133,337,422)	(187,979,155)
Balance at the end of the year	<u>(1,091,490,687)</u>	<u>(958,153,268)</u>
	<u>(828,983,858)</u>	<u>(695,646,439)</u>

**Innovative Foods Limited****Notes to the financial statements (continued)**

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

	As at 31 March 2020	As at 31 March 2019
<b>2.3 Long-term borrowings</b>		
<i>Secured</i>		
Term loan from banks	59,985,126	72,888,879
Vehicle loans	2,947,361	3,925,449
	<u>62,932,487</u>	<u>76,814,328</u>
 <i>Details of securities, terms and conditions on term loans</i>		
Note 1: Term loans from banks in Indian rupees are 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 and Secured by exclusive charge on factory building located at Sy no 20 and 21(part), Srimi Food Park, Mogili village, all movable fixed assets for the projects and of Chittoor factory and current assets of Chittoor factory. The rate of interest ranges between 10% - 10.45% per annum. Loans are repayable in monthly/ quarterly instalments over a period of 44 to 72 months.		
Note 2: Vehicle loans from banks are secured by hypothecation of the respective motor vehicles and the interest rate of per annum. Loan is repayable in 55- 60 monthly instalments starting from November 2018 and April 2019.		
<b>2.4 Other long-term liabilities</b>		
Deferred grant	27,093,933	28,991,567
Security deposits from customers	4,712,206	5,767,206
	<u>31,806,139</u>	<u>34,758,773</u>
<b>2.5 Long-term provisions</b>		
<i>Provision for employee benefits</i>		
Compensated absences	2,972,312	2,225,534
	<u>2,972,312</u>	<u>2,225,534</u>
<b>2.6 Short term borrowings</b>		
<i>Secured</i>		
Cash credit	91,180,785	85,031,766
	<u>91,180,785</u>	<u>85,031,766</u>

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.

**Innovative Foods Limited****Notes to the financial statements (continued)**

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

	As at 31 March 2020	As at 31 March 2019
<b>2.7 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises*	1,577,964	2,262,309
Total outstanding dues of creditors other than micro enterprises and small enterprises	89,182,418	79,496,339
	<b><u>90,760,382</u></b>	<b><u>81,758,648</u></b>
* 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	1,577,964	2,262,309
The interest due on the principal remaining outstanding as at the end of the year	689,635	672,026
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year		
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	689,635	672,026
The amount of interest accrued and remaining unpaid at the end of the year	689,635	672,026
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 2020 has been accrued	Interest due up to 31 March 2019 has been accrued
<b>2.8 Other current liabilities</b>		
Current maturities of long term borrowings	15,126,127	30,307,897
Interest accrued on borrowings	1,289,641	1,095,711
Accrued expenses and dues to other creditors	35,212,878	36,007,396
Advances received from customers	3,478,825	1,812,661
Dues to creditors for capital goods	1,060,995	11,139,653
Accrued salaries and benefits	42,422,471	47,827,859
Deferred grant	1,901,196	1,904,758
Withholding taxes and statutory dues	2,541,963	3,124,852
	<b><u>103,034,096</u></b>	<b><u>133,220,787</u></b>
<b>2.9 Short-term provisions</b>		
<i>Provision for employee benefits</i>		
Compensated absences	1,378,621	1,888,666
Gratuity	2,101,832	834,474
Provision for disputed claims (refer note 2.42)	2,418,837	6,043,061
	<b><u>5,899,290</u></b>	<b><u>8,766,201</u></b>

**Innovative Foods Limited**
**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 2019	Additions	Deletions	As at 31 March 2020	As at 1 April 2019	For the year	Deletions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Freehold land	6,678,513	-	-	6,678,513	-	-	-	-	6,678,513	6,678,513
	<i>6,678,513</i>	-	-	<i>6,678,513</i>	-	-	-	-	<i>6,678,513</i>	
Leasehold land	8,772,200	-	-	8,772,200	193,033	84,408	-	277,441	8,494,759	8,579,167
	<i>8,772,200</i>	-	-	<i>8,772,200</i>	<i>108,855</i>	<i>84,178</i>	-	<i>193,033</i>	<i>8,579,167</i>	
Bulidings: Factory	96,040,355	1,657,050	-	97,697,405	21,065,773	2,659,050	-	23,724,823	73,972,582	74,974,582
	<i>91,658,867</i>	<i>4,381,488</i>	-	<i>96,040,355</i>	<i>18,512,066</i>	<i>2,553,706</i>	-	<i>21,065,773</i>	<i>74,974,582</i>	
Bulidings: Others	825,546	-	-	825,546	41,427	13,106	-	54,533	771,013	784,119
	<i>825,546</i>	-	-	<i>825,546</i>	<i>28,357</i>	<i>13,070</i>	-	<i>41,427</i>	<i>784,119</i>	
Plant and machinery	298,710,899	4,806,069	-	303,516,968	136,241,997	22,374,279	-	158,616,276	144,900,692	162,468,902
	<i>260,582,846</i>	<i>43,600,034</i>	<i>5,471,980</i>	<i>298,710,899</i>	<i>121,847,873</i>	<i>18,296,620</i>	<i>3,902,496</i>	<i>136,241,997</i>	<i>162,468,902</i>	
Computer	7,288,199	411,324	-	7,699,523	6,056,707	788,778	-	6,845,485	854,038	1,231,492
	<i>6,876,250</i>	<i>411,949</i>	-	<i>7,288,199</i>	<i>5,268,230</i>	<i>788,477</i>	-	<i>6,056,707</i>	<i>1,231,492</i>	
Office equipments	21,180,909	55,020	-	21,235,929	8,740,756	1,921,265	-	10,662,021	10,573,908	12,440,153
	<i>20,456,337</i>	<i>724,573</i>	-	<i>21,180,909</i>	<i>7,010,668</i>	<i>1,730,088</i>	-	<i>8,740,756</i>	<i>12,440,153</i>	
Furniture & Fittings	7,613,736	33,077	-	7,646,813	3,183,128	493,116	-	3,676,244	3,970,569	4,430,608
	<i>5,647,591</i>	<i>1,966,145</i>	-	<i>7,613,736</i>	<i>2,767,543</i>	<i>415,585</i>	-	<i>3,183,128</i>	<i>4,430,608</i>	
Vehicles	8,346,279	-	-	8,346,279	2,467,592	708,586	-	3,176,178	5,170,101	5,878,687
	<i>2,670,662</i>	<i>5,675,617</i>	-	<i>8,346,279</i>	<i>2,148,615</i>	<i>318,977</i>	-	<i>2,467,592</i>	<i>5,878,687</i>	
<b>Total</b>	<b>455,456,636</b>	<b>6,962,540</b>	<b>-</b>	<b>462,419,176</b>	<b>177,990,413</b>	<b>29,042,588</b>	<b>-</b>	<b>207,033,001</b>	<b>255,386,175</b>	<b>277,466,223</b>
Previous year	<i>404,168,811</i>	<i>56,759,805</i>	<i>5,471,980</i>	<i>455,456,636</i>	<i>157,692,208</i>	<i>24,200,702</i>	<i>3,902,496</i>	<i>177,990,413</i>	<i>277,466,223</i>	

**2.11 Intangible assets\***

Particulars	Gross block			Accumulated amortisation				Net block		
	As at 1 April 2019	Additions	Deletions	As at 31 March 2020	As at 1 April 2019	For the year	Deletions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Software	4,201,318	198,300	-	4,399,618	3,102,943	569,294	-	3,672,237	727,381	1,098,375
	<i>4,042,607</i>	<i>158,711</i>	-	<i>4,201,318</i>	<i>2,464,424</i>	<i>638,519</i>	-	<i>3,102,943</i>	<i>1,098,375</i>	<i>1,578,183</i>
Brand	40,660,000	-	-	40,660,000	40,660,000	-	-	40,660,000	-	-
	<i>40,660,000</i>	-	-	<i>40,660,000</i>	<i>40,660,000</i>	-	-	<i>40,660,000</i>	-	-
<b>Total</b>	<b>44,861,318</b>	<b>198,300</b>	<b>-</b>	<b>45,059,618</b>	<b>43,762,943</b>	<b>569,294</b>	<b>-</b>	<b>44,332,237</b>	<b>727,381</b>	<b>1,098,375</b>
Previous year	<i>44,702,607</i>	<i>158,711</i>	-	<i>44,861,318</i>	<i>43,124,424</i>	<i>638,519</i>	-	<i>43,762,943</i>	<i>1,098,375</i>	

\* Previous year figures are shown in italics

**Innovative Foods Limited****Notes to the financial statements (continued)**

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

	As at 31 March 2020	As at 31 March 2019
<b>2.12 Long-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Rent and other deposits	10,833,541	10,125,044
Advance for capital goods	-	3,943,055
Income taxes deducted at source	3,955,218	4,495,230
	<u>14,788,759</u>	<u>18,563,329</u>
<b>2.13 Other non-current assets</b>		
Balance in banks as margin money deposits	28,739,534	26,538,047
	<u>28,739,534</u>	<u>26,538,047</u>
<b>2.14 Inventories</b>		
Stores and spares	3,496,911	2,580,778
Raw materials and packing materials		
Raw materials*	24,123,164	25,943,868
Packing materials*	8,950,596	7,792,824
	<u>33,073,760</u>	<u>33,736,692</u>
Work-in-progress		
Marine products	-	442,716
Others *	-	1,695,896
	<u>-</u>	<u>2,138,612</u>
Finished goods		
Marine products	4,870,333	3,251,122
Parathas	12,006,245	9,055,673
Others *	22,085,734	18,366,067
	<u>38,962,312</u>	<u>30,672,862</u>
Less : provision for obsolete inventory	(731,261)	(673,625)
	<u>38,231,051</u>	<u>29,999,237</u>
Stock-in-trade	5,564,237	10,203,330
	<u>80,365,959</u>	<u>78,658,649</u>
* Do not individually exceed 10% of the total value of inventory		
<b>2.15 Trade receivables</b>		
<i>Unsecured</i>		
Debts outstanding for a period exceeding six months from the day they are due for payment		
considered good	10,207,560	2,162,794
considered doubtful	23,587,149	15,822,718
Less : Provision for doubtful trade receivables	(23,587,149)	(15,822,718)
	<u>10,207,560</u>	<u>2,162,794</u>
Other receivables		
considered good	152,444,382	168,085,203
	<u>162,651,942</u>	<u>170,247,997</u>
<b>2.16 Cash and bank balances</b>		
Cash and cash equivalents		
Cash on hand	72,787	287,188
Balances with banks		
In current accounts	3,715,670	5,307,882
In deposit accounts ( with original maturity of 3 months or less)	10,000,000	-
	<u>13,788,457</u>	<u>5,595,070</u>
Other bank balances		
In deposit accounts (with original maturity more than 3 months)	37,710,606	30,198,251
	<u>51,499,063</u>	<u>35,793,321</u>
<b>2.17 Short-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Advance for supply of goods and rendering of services	6,033,503	8,030,860
Prepaid expenses	2,339,219	2,970,911
Balance with government authorities	34,764,509	38,132,275
	<u>43,137,231</u>	<u>49,134,046</u>
<b>2.18 Other current assets</b>		
<i>Unsecured, considered good</i>		
Interest accrued on fixed deposits	705,602	596,411
Deferred grant receivable	8,211,000	8,211,000
	<u>8,916,602</u>	<u>8,807,411</u>

**Innovative Foods Limited****Notes to the financial statements (continued)**

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

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
<b>2.19 Revenue from operations</b>		
Sale of products		
Own manufactured	695,742,289	601,910,977
Traded	94,613,303	100,672,099
	<u><b>790,355,592</b></u>	<u><b>702,583,076</b></u>
<i>Other operating income</i>		
Export incentives	6,294,561	4,651,977
Deferred income on government grant	1,901,196	1,904,758
	<u>8,195,757</u>	<u>6,556,735</u>
<b>Revenue from operations</b>	<u><b>798,551,349</b></u>	<u><b>709,139,811</b></u>
<i>Own manufactured</i>		
Marine products	89,084,894	102,845,030
Parathas	178,120,776	158,774,197
Chicken Products	140,714,526	70,313,519
Others *	287,822,093	269,978,231
	<u><b>695,742,289</b></u>	<u><b>601,910,977</b></u>
<i>Traded</i>		
Sausages	64,185,063	82,330,145
Others *	30,428,240	18,341,954
	<u><b>94,613,303</b></u>	<u><b>100,672,099</b></u>
	<u><b>790,355,592</b></u>	<u><b>702,583,076</b></u>
* Do not individually exceed 10% of the total sales		
<b>2.20 Other income</b>		
Interest income on bank deposits	4,512,432	9,422,231
Foreign exchange fluctuations, net	2,791,171	1,362,694
Profit on sale of property, plant and equipment, net	-	369,373
Unclaimed Liabilities written back	9,768,575	
Miscellaneous income	528,154	1,932,124
	<u><b>17,600,332</b></u>	<u><b>13,086,422</b></u>
<b>2.21 Cost of materials consumed</b> (including packing material consumed)		
Inventory of materials at the beginning of the year	33,736,693	30,632,083
Purchases		
Marine products	53,169,611	53,611,435
Meat products	60,240,370	32,979,836
Parathas	41,704,097	25,439,802
Others *	213,590,765	205,849,385
Inventory of materials at the end of the year	(33,073,760)	(33,736,692)
	<u><b>369,367,776</b></u>	<u><b>314,775,848</b></u>
* Do not individually exceed 10% of the total purchases		
<b>2.22 Purchase of stock-in-trade</b>		
Sausages	32,040,882	44,278,418
Others *	49,491,485	19,340,667
	<u><b>81,532,367</b></u>	<u><b>63,619,085</b></u>
* Do not individually exceed 10% of the total purchases		

**Innovative Foods Limited****Notes to the financial statements (continued)**

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

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
<b>2.23 Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Opening stock		
Finished goods	30,672,863	34,915,750
Work-in-progress	2,138,612	3,475,089
Stock-in-trade	10,203,330	17,035,903
	<b>43,014,805</b>	<b>55,426,742</b>
Closing stock		
Finished goods	38,962,312	30,672,862
Work-in-progress	-	2,138,612
Stock-in-trade	5,564,237	10,203,330
	<b>44,526,549</b>	<b>43,014,804</b>
<b>Net (increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>(1,511,744)</b>	<b>12,411,938</b>
<b>2.24 Employee benefits expense</b>		
Salaries, wages and bonus	117,799,299	133,704,206
Contribution to provident and other funds	8,896,279	9,371,279
Staff welfare expenses	3,346,864	2,917,135
	<b>130,042,442</b>	<b>145,992,620</b>
<b>2.25 Finance costs</b>		
Interest on borrowings	17,781,582	20,129,780
	<b>17,781,582</b>	<b>20,129,780</b>
<b>2.26 Depreciation and amortisation</b>		
Depreciation on property, plant and equipment	29,042,588	24,200,702
Amortisation on intangible assets	569,294	638,519
	<b>29,611,882</b>	<b>24,839,221</b>
<b>2.27 Other expenses</b>		
Contract manufacturing	63,254,418	61,550,840
Power and fuel	26,364,104	26,186,661
Storage and freezing	11,050,182	9,945,229
Freight, transport and distribution	48,766,487	63,593,331
Rent	4,080,734	4,810,310
Repairs and maintenance	13,615,059	10,262,648
Insurance	3,100,785	3,018,544
Rates and taxes	1,567,382	1,179,364
Marketing and sales promotion	104,418,198	97,746,429
Travelling and conveyance	16,709,130	17,941,485
Legal, professional and consultancy	6,676,592	11,005,286
Communication expenses	1,212,798	1,661,178
Inventory write down (obsolete, damaged and expired stock)	1,324,328	7,216,000
Bank charges	446,360	429,037
Provision for doubtful debts and advances	12,834,207	6,887,467
Miscellaneous expenses	7,244,034	5,003,087
	<b>322,664,798</b>	<b>328,436,896</b>

**Innovative Foods Limited****Notes to the financial statements (continued)**

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

**2.28 Capital commitments and contingent liabilities**

Particulars	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	218,237	1,075,405
Income tax demand under appeal (see note 1 below)	53,690	53,690
Sales tax demand under appeal (see note 1 below)	27,732,631	32,704,010
Commitment under Export Promotion Capital Goods (EPCG) scheme (see note 2 below)	89,575,320	89,575,320
Guarantees issued by banks	937,150	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 below)	2,176,000	2,176,000
Severance compensation (see note 5 below)	45,718,955	45,718,955

**Notes:**

- 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.
- 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 2020, export obligations remaining to the fulfilled amounts to Rs 89,575,320 (Previous year: Rs 89,575,320). 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.
- 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.
- 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.
- 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 Hon'ble High Court of Karnataka passed an order to appoint an arbitrator to settle the dispute between the parties wide the order no. dated 7 December 2018. The dispute pertains to the amount of severance compensation payable upon his termination.
- On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis this judgment, the Company has re-computed its liability towards PF for the month of March 2019. In respect of the earlier periods/years, the Company has been legally advised that there are numerous interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is impracticable at this stage to reliably measure the provision required, if any, and accordingly, no provision has been made towards the same. Necessary adjustments, if any, will be made to the books as more clarity emerges on this subject.
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

**2.29 Loss per share**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net loss attributable to equity share holders	(133,337,422)	(187,979,155)
Weighted average number of equity shares of Rs. 10 each	102,266,547	91,033,670
Earnings per equity share of face value Rs 10 each	(1.30)	(2.06)

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	Year ended 31 March 2020	Year ended 31 March 2019
Statutory audit	1,017,500	1,017,500
Tax audit	117,500	117,500
<b>Total</b>	<b>1,135,000</b>	<b>1,135,000</b>

**2.31 Expenditure in foreign currency**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Travelling and conveyance	679,848	947,468
<b>Total</b>	<b>679,848</b>	<b>947,468</b>



**Innovative Foods Limited****Notes to the financial statements (continued)**

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

**2.32 Earnings in foreign currency**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
FOB value of exports	85,045,980	80,028,178
<b>Total</b>	<b>85,045,980</b>	<b>80,028,178</b>

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Raw material, packing materials and traded goods	39,133,487	44,994,453
Components and spare parts	998,020	1,637,960
<b>Total</b>	<b>40,131,507</b>	<b>46,632,413</b>

**2.34 Consumption of imported and indigenous raw materials and packing materials**

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	%	Value (Rs)	%	Value (Rs)
Raw materials and packing materials				
- Imported	10%	36,736,473	9%	29,307,565
- Indigenous	90%	332,631,303	91%	285,468,283
<b>Total</b>		<b>369,367,776</b>		<b>314,775,848</b>

**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	Year ended 31 March 2020	Year ended 31 March 2019
India	705,797,233	603,171,165
Rest of the world	92,754,116	105,968,646
<b>Total</b>	<b>798,551,349</b>	<b>709,139,811</b>

Trade receivables	Year ended 31 March 2020	Year ended 31 March 2019
India	128,175,392	138,560,686
Rest of the world	34,476,550	31,687,311
<b>Total</b>	<b>162,651,942</b>	<b>170,247,997</b>

**2.36 Leases**

The Company is also obligated under cancellable operating leases for office and residential space. Total rental expense under cancellable operating leases during the year was Rs. 4,080,734 (Previous year: Rs 4,810,310).

**Innovative Foods Limited**
**Notes to the financial statements (continued)**

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

**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.6,211,596 (previous year: Rs. 6,188,2695) 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	Year ended 31 March 2020	Year ended 31 March 2019
<b>Obligations at the beginning of the year</b>	<b>7,394,793</b>	<b>5,333,480</b>
Current service cost	1,457,849	722,497
Interest cost	493,433	320,692
Actuarial (gain) / loss	25,809	2,197,153
Past service cost		-
Benefits paid	(190,984)	(1,179,029)
<b>Obligations at the end of the year</b>	<b>9,180,900</b>	<b>7,394,793</b>
<b>Change in plan assets</b>		
Plans assets at the beginning of the year, at fair value	6,560,319	6,860,325
Expected return on plan assets	446,673	503,274
Actuarial gain / (loss)	(22,478)	(107,995)
Contributions	285,538	483,744
Benefits paid	(190,984)	(1,179,029)
<b>Plans assets at the end of the year, at fair value</b>	<b>7,079,068</b>	<b>6,560,319</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets:</b>		
Fair value of plan assets at the end of the year	7,079,068	6,560,319
Present value of the defined benefit obligations at the end of the year	9,180,900	7,394,793
<b>Net liability / (asset) recognized in the balance sheet</b>	<b>2,101,832</b>	<b>834,474</b>
<b>Gratuity cost for the year ended</b>		
Current service cost	1,457,849	722,497
Interest cost	493,433	320,692
Expected return on plan assets	(446,673)	(503,274)
Actuarial (gain) / loss	48,287	2,305,148
Past service cost		-
<b>Net gratuity cost</b>	<b>1,552,896</b>	<b>2,845,063</b>
Discount rate	5.72%	6.76%
Expected rate of return on plan assets	6.76%	7.50%
Expected rate of salary increase	4.00%	8%
Retirement age	55 or 58 years	58 years
Attrition	Graded rates from Age 35 - 25%, From Age 40 - 16.67%, From Age 45 - 8.33%, From Age 50	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				
	2020	2019	2018	2017	2016
Defined benefit obligation	9,180,900	7,394,793	5,333,480	6,653,832	5,562,717
Plan assets	7,079,068	6,560,319	6,860,325	6,264,498	4,316,576
Surplus/(deficit)	(2,101,832)	(834,474)	(1,526,845)	389,334	(1,246,141)
Experience adjustment on plan liabilities	881,121	2,209,195	(1,356,898)	586,737	1,220,720
Experience adjustment on plan assets	22,478	(141,547)	(48,179)	10,233	(36,817)

**(c) Compensated absences**

Assumptions:	31 March 2020	31 March 2019
Discount rate	5.72%	6.76%
Expected rate of salary increase	4%	8%
Retirement age	55 or 58 years	58 years
Maximum accumulation of leave	90 days	90 days
Attrition rate	Graded rates from Age 35 - 25%, From Age 40 - 16.67%, From Age 45 - 8.33%, From Age 50	30%

**Innovative Foods Limited**
**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	-	-	468,622	34,476,550
Previous Year	78,857	5,519,232	471,467	31,687,311

\* 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  
Peepul Capital Investment Advisors Private Limited  
Coastline Gourmet Private Limited  
Unibcs Foods India Private Limited  
Cura Healthcare Private Limited

(b) Key management personnel

Whole time Director  
Chief Executive Officer  
Chief Financial Officer  
Chief Financial Officer  
Company Secretary

P Manoj Kumar  
Mithun Appaiah  
Vasudevan Namboothiri (w.e.f 1 April 2019 to 9 Sep 2019)  
Pradeepta Kumar Jena (w.e.f 10 December 2019)  
Anjana Vijayn ( till 25 September 2019 )

Name of related party	Nature of transaction	Volume of transactions		Outstanding balance [receivable / (payable)]	
		Year ended 31 March 2020	Year ended 31 March 2019	As at 31 March 2020	As at 31 March 2019
Manoj Kumar	Remuneration paid	4,928,310	6,962,738	(271,382)	14,588
Mithun Appaiah	Remuneration paid	6,511,552	12,016,178	(245,994)	(181,541)
Vasudevan Namboothiri	Remuneration paid	671,034	-	-	-
Pradeepta Kumar Jena	Remuneration paid	1,127,457	-	-	-
Anjana Vijayan	Remuneration paid	194,833	385,709	-	-
Oriental Cuisines Private Limited**	Revenue from operation	-	184,454	5,762,840	6,044,231
Unibcs Foods india Private Limited	Revenue from operation	-	967,718	-	-
Cura Healthcare Private Limited*	Advance	1,239,396	-	1,239,396	-
Peepul Capital Investment Advisors Private Limited	Expense reimbursement	529,830	-	132,114	-
Peepul Capital Fund III , LLC , Mauritius	Equity shares allotted	150,000,000	200,000,000	-	-

\*The Company has advanced an amount of Rs. 1,239,396 to Cura Health care Limited on 18 October 2019. This entry under corporate insolvency resolution process and accordingly the amount has been provided in statement of profit and loss account on a conservative basis

\*\*The amount is outstanding for more than six months as on 31 March 2020. These are considered recoverable, but on a prudent basis, provision is made against outstanding balance in the books of accounts.

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.

**2.40 Employee stock units program**

The Company has 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 2020	Year ended 31 March 2019
<i>Deferred tax liability</i>		
Arising from timing difference in respect of: Property, plant and equipment and intangible assets	23,370,960	14,691,723
<i>Deferred tax assets</i>		
Unabsorbed depreciation and business loss	23,370,960	14,691,723
<b>Net deferred tax asset / (liability)</b>	-	-

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.

**Innovative Foods Limited****Notes to the financial statements (continued)**

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

**2.42 Provision for disputed claims**

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
Opening balance	6,043,061	6,043,061
Charge for the year	-	-
Amount written back/ utilised	3,624,224	-
Closing balance	2,418,837	6,043,061

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 Impact of Covid 19**

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. This pandemic has resulted in disruption to regular business operations due to lockdown, disruptions in transportation, travel bans, quarantines, social distancing and other emergency measures imposed by the government. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company believes that the COVID 19 pandemic will only have a short term impact on its operations and after easing of the lockdown restrictions, the business is expected to return to normal. The Company has considered available internal and external information while finalising various estimates in relation to its financial results up to the date of approval of the financial results by the Board of Directors. Further, the Company has taken various measures to optimize its fixed cost. Accordingly, the Management believes that the Company will not have any challenge in meeting its financial obligations for the next 12 months based on the financial position and liquidity as on the date of the balance sheet and as on date of signing of these financial results. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID - 19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions. However, the pandemic did not have any material impact on the financial statements for year ended 31 March 2020.

**2.44** 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

for and on behalf of the Board of Directors of

**Innovative Foods Limited**

CIN : U51909KL1989PLC005465

**Baby Paul**

Partner

Membership No.: 218255

Kochi

28 October 2020

**Mithun Appaiah**

Director and Chief Executive Officer

DIN : 08484331

Bengaluru

28 October 2020

**P Manoj Kumar**

Whole Time Director

DIN : 03527923

Kochi

28 October 2020

**Pradepta Kumar Jena**

Chief Financial Officer

Bengaluru

28 October 2020

**Muhammed Rishwan**

Company Secretary

Membership No: 62026

Kochi

28 October 2020



**INNOVATIVE FOODS LIMITED**

**Registered Office:**

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

Tel: 04782872349, E-mail: [cosecy@sumeru.net](mailto:cosecy@sumeru.net)

Website: [www.sumeru.net](http://www.sumeru.net)