

TWENTY SIXTH ANNUAL REPORT 2015-16



FLEX FOODS LIMITED



FLEX FOODS LIMITED

(CIN L15133UR1990PLC023970)

TWENTY SIXTH ANNUAL REPORT 2015-2016

BOARD OF DIRECTORS

ASHOK CHATURVEDI

Chairman

T. N. PANDEY

G. N. GUPTA

M. G. GUPTA

R. K. JAIN

S. K. KAUSHIK

Whole Time Director

ANUPAM AHUJA (Appointed w.e.f. 04.08.2015)

P.N. SHARMA (Appointed w.e.f. 26.05.2016)

SHEFALI DUBEY (Appointed w.e.f. 27.06.2016)

COMPANY SECRETARY

RAJESH DHEER

AUDITORS

Statutory Auditor

JAIN SINGHAL & ASSOCIATES

IIInd Floor, M-6, M Block Market, Greater Kailash-II

New Delhi-110 048

Internal Auditor

VIJAY SEHGAL & CO.

100, New Rajdhani Enclave

Delhi-110 092

Secretarial Auditor

MAHESH GUPTA & CO.

Wadhwa Complex, Chamber No. 110,

Ground Floor, D-288-299/10, Laxmi Nagar,

Delhi-110 092

BANKERS

CANARA BANK

ALLAHABAD BANK

REGISTERED OFFICE

Lal Tappar Industrial Area,

P.O. Resham Majri,

Haridwar Road,

Dehradun (Uttarakhand)

Phone: (0135) 2499234, (0135) 2499262

Fax: (0135) 2499235

SHARE DEPARTMENT

305, Third Floor, Bhanot Corner,

Pamposh Enclave,

Greater Kailash - I

New Delhi - 110048

Phone Nos. : 26440917, 26440925

Fax No. : 26216922

E-mail : flexsec@vsnl.net

REGISTRAR AND SHARE TRANSFER AGENT

Beetal Financial & Computer Services Pvt. Ltd

Beetal House, 3rd Floor

99, Madangiri, Beind Local Shopping Centre

Near Dada Harsnath Das Mandir

New Delhi

Phone Nos. : 011 29961281 - 83

Fax No. : 011 29961284

E-mail : beetal@beetalfinancial.com

WORKS

Lal Tappar Industrial Area,

P.O. Resham Majri,

Haridwar Road,

Dehradun

(Uttarakhand)

Chidderwala

Dehradun

(Uttarakhand)



NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of FLEX FOODS LIMITED will be held on Saturday, the 20th day of August, 2016 at 3:00 P.M. at the Registered Office of the Company at Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun, Uttarakhand for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements the Company for the Financial year ended 31st March 2016 and the Reports of the Board of Directors and Auditors thereon.
2. To declare the dividend for the year 2015-2016 on the equity shares of the Company.
3. To appoint a Director in place of Shri Ashok Chaturvedi (holding DIN 00023452), who retires by rotation and being eligible, offers himself for re-appointment.
4. Ratification of Appointment of Statutory Auditors.

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

“RESOLVED THAT pursuant to the provisions of Section 139 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), the Company hereby ratifies the appointment of M/s. Jain Singhal & Associates., Chartered Accountants (Firm Registration No. 005839N), as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the Annual General Meeting to be held for the financial year 2016-17 on such remuneration as may be determined by the Board of Directors.”

SPECIAL BUSINESS:

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

“RESOLVED THAT, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, and Articles of Association of Company. Shri P.N. Sharma (DIN 00023625), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 26th May, 2016 in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Shri P.N. Sharma as a candidate for the office of Director

of the Company, be and is hereby appointed as an Independent Director of the Company for a term up to 25th May, 2019 and whose office shall not be liable to retire by rotation.

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

“RESOLVED THAT, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, and Articles of Association of Company. Smt. Shefali Dubey (DIN 07553018), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27th June, 2016 in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Smt. Shefali Dubey as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a term up to 26th June, 2019 and whose office shall not be liable to retire by rotation.”

By Order of the Board

RAJESH DHEER
Company Secretary
FCS No. 3060

Place : NOIDA
Date : 27.06.2016

Regd. Office:

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

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 13th August, 2016 to 20th August, 2016 (both days inclusive).
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBER(S) NOT EXCEEDING 50 AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.**

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies,

societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
5. The amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs 10,61,382/- being the unpaid and unclaimed dividend amount pertaining to Dividend, for the year 2007-2008 to the Investor Education and Protection Fund of the Central Government.
6. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
8. Electronic copy of the Annual Report for 2015-16 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-16 is being sent in the permitted mode.
9. The Company has paid the Annual Listing Fees for the year 2016-2017 to the viz. BSE Limited on which the Company's Securities are presently listed.

10. Voting through electronic means

- I. In compliance with provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management & Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Rules, 2015, the Company is providing the shareholders facility to exercise their right to vote on Resolutions proposed to be considered at the forthcoming Annual General Meeting by electronic means and the business may be transacted through e-voting platform provided by Central Depository Services (India) Limited (CDSL).
- II. That the facility for voting, through Ballot Paper shall also be made available at the Meeting & Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.
- III. That the Members who have cast their vote by remote e-voting prior to the Meeting may also attend the meeting but shall not be entitled to cast their vote again.

The process & manner for e-voting are as under :

- i) The voting period begins on **17.08.2016 (9:00 AM)** and ends on **19.08.2016 (5:00 PM)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **13.08.2016** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iii) Click on "Shareholders." Tab.
- iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:



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

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for **FLEX FOODS LIMITED** on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

11. The Voting Rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the *cut-off date* i.e. 13.08.2016

12. A person whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the Depositories as on the *cut-off date* only shall be entitled to avail the facility of remote

e-voting as well as voting in the Annual General Meeting through ballot paper.

13. Mr. Mahesh Gupta, Practicing Company Secretary (Membership No. 2870) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
14. The Chairman shall, at the Annual General Meeting, at the end of discussion on the Resolutions on which voting is to be held, allow voting, with the assistance of Scrutinizer, by use of "ballot paper" or "polling paper" for all those Members who are present at the annual general meeting but have not cast their votes by availing the remote e-voting facility.
15. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company and shall make not later than three days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same and declare the result of voting forthwith.
16. The Results along with the Scrutinizer's Report shall be placed on the Company's website www.flexfoodsltd.com and on the website of CDSL immediately after declaration of results and communicated to the Stock Exchanges.
17. All documents referred to in the Accompanying Notice and the Explanatory Statements shall be open for inspection at the Registered Office of the Company during normal business hour (9.00 AM to 5.00 PM) on all working days, upto and including the date of the Annual General Meeting of the Company

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Shri P.N. Sharma was appointed as an Additional Director (independent) by the Board of Directors with effect from 26th May, 2016 pursuant to Section 161 of the Companies Act, 2013. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri P.N. Sharma will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with requisite deposit proposing the candidature of Shri P.N. Sharma for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Shri P.N. Sharma (i) consent in writing to act as director in Form DIR- 2 pursuant

to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

Shri P.N. Sharma has more than 40 years of experience in the field of Finance, Audit, Export, Personnel & Administration.

The matter regarding appointment of Shri P.N. Sharma as an Additional Director was placed before the Nomination and Remuneration Committee and it has recommended his appointment.

The resolution seeks the approval of members for the appointment of Shri P.N. Sharma as an Independent Director of the Company for a term up to 25th May, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri P.N. Sharma, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management.

No director, key managerial personnel or their relatives, except Shri P.N. Sharma, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 5 for the approval of the members.

Item No. 6

Smt. Shefali Dubey was appointed as an Additional Director (independent) by the Board of Directors with effect from 27th June, 2016 pursuant to Section 161 of the Companies Act, 2013. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Smt. Shefali Dubey shall hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with requisite deposit proposing the candidature of Smt. Shefali Dubey for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Smt. Shefali Dubey (i) consent in writing to act as director in Form DIR- 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

Smt. Shefali Dubey has rich experience in marketing and business development.

The matter regarding appointment of Smt. Shefali Dubey as an Additional Director was placed before the Nomination and Remuneration Committee and it has recommended her appointment.

The resolution seeks the approval of members for the appointment of Smt. Shefali Dubey as an Independent Director of the Company for a term up to 26th June, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. She is not liable to retire by rotation.

In the opinion of the Board of Directors, Smt. Shefali Dubey, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and she is independent of the Management.

No director, key managerial personnel or their relatives, except Smt. Shefali Dubey, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members.

By Order of the Board

RAJESH DHEER

Company Secretary

FCS No. 3060

Place : NOIDA

Date : 27.06.2016

Regd. Office:

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

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

(As per Regulations 36(3) of SEBI (Listing Obligations and Discloser Requirements) Regulations, 2015)

Name of Director	Shri Ashok Chaturvedi	Shri P.N. Sharma	Smt. Shefali Dubey
Date of Birth	15.10.1956	15.08.1949	01.08.1968
Date of Appointment	05.02.1990	26.05.2016	27.06.2016
Experience in specific Functional areas	Chief Promoter of UFLEX Group of Companies who had set up the business himself being the first generation entrepreneur and has in depth knowledge of business of the company.	He is Chartered Accountant having wide and varied experience in the field of Finance and other related areas.	She is Commerce graduate having rich experience in marketing and business development.
Qualification	B.Sc.	Chartered Accountant	B.Com
Directorship in other Public Limited Companies/excluding private companies which are subsidiary of public company	1. UFLEX Ltd. 2. UTech Developers Ltd.	1 Singer India Ltd. 2. Baidyanath Finance and Leasing Ltd.	-
Member/Chairman of Committee of the Board of the Public Limited Companies on which he is Director	Audit Committee: 1. UTech Developers Ltd. (Chairman)	Audit Committee: 1 Singer India Ltd (Chairman) Stakeholders' Relationship Committee 1 Singer India Limited	-

None of the Non-executive Directors of the Company hold any share / convertible bond instrument in the Company except Shri Ashok Chaturvedi (Non-executive Director) who holds 7610 equity shares of the Company

**DIRECTORS' REPORT****To the Members,**

Your Directors have pleasure in presenting this Twenty Sixth Annual Report together with Audited Accounts of the Company for the Financial Year ended 31st March, 2016.

FINANCIAL RESULTS :

The summarized financial results for the year ended 31st March, 2016 and for the previous year ended 31st March, 2015 are as follows:

	[Rs. in Lacs]	
	Year Ended 31.03.2016	Year Ended 31.03.2015
Revenue from Operations	8286.42	7245.20
Other Income	242.30	245.88
Total Revenue	8528.72	7491.08
Profit before Finance Cost, Depreciation & Tax	2075.02	2116.28
Finance Cost	365.57	286.28
Depreciation	431.03	389.15
Profit before Tax	1278.42	1440.85
Less : Tax Expenses	469.82	499.51
Profit for the year	808.60	941.34

During the year under review, your Company achieved total revenue and net profit of Rs 8528.72 Lacs and Rs 808.60 Lacs respectively as against total revenue and net profit of Rs. 7,491,08 Lacs and Rs. 941.34 Lacs respectively during the previous financial year ended 31st March, 2015.

The comprehensive details of performance of the Company has been given in the Management Discussion and Analysis Report appended hereto.

TRANSFER TO RESERVES :

An amount of Rs.80.86 Lacs has been transferred to General Reserve for the Financial Year ended 31st March 2016.

TRANSFER OF UNCLAIMED DIVIDEND :

An amount of Rs. 10,61,382/- was transferred to Investor Education and Protection Fund (IEPF) during the year under review.

DIVIDEND :

Your Directors are pleased to recommend a dividend @ Rs. 2.50 (25%) per share for the financial year ended March

31, 2016 after considering future needs of the company for growth.

The dividend, if approved at the forthcoming Annual General Meeting will be paid to Members whose names appear in the Register of Members as on 13.08.2016. In respect of shares held in dematerialized form, it will be paid to those Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owner.

CHANGE IN NATURE OF BUSINESS :

There is no change in the nature of business of the Company.

SHARE CAPITAL :

The paid-up equity share capital outstanding as on 31st March, 2016 was Rs.12.45 Crores. During the year under review, the Company has neither issued Shares with Differential Voting Rights nor granted Stock Options nor Sweat Equity.

As on 31st March, 2016 none of the Directors of the Company except the following held shares or convertible instruments of the Company:

Mr. Ashok Chaturvedi, Chairman 7,610 Equity Shares

FIXED DEPOSITS :

The company neither had any fixed deposits outstanding as at 31st March 2016 nor any fresh/renewal of deposits were accepted during the financial year 2015-16. There were no unclaimed deposits as at March 31, 2016.

DIRECTORS :

During the year, Mr. S.K. Kaushik, Director (DIN: 00027035) has been appointed as Whole-time Director on the Board of the Company w.e.f. 1st March, 2016. Your Directors welcome Mr. Kaushik on the Board of the Company as Whole Time Director. His appointment has been approved by the members of the company through Postal Ballot.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Ashok Chaturvedi, Chairman (DIN 00023452) of the Company retire by rotation and being eligible, offers himself for reappointment.

Mr. P.N. Sharma has been appointed as an Additional Director on the Board w.e.f. 26th May, 2016. Your Directors welcome Mr. P.N. Sharma on the Board of the Company.

The brief Resume and other details as required under the Securities & Exchange of Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 are provided in the Notice of Annual General Meeting of the Company.

All the Independent Directors of your Company have given declarations confirming that they meet the criteria

of Independence as prescribed both under the Act and Securities & Exchange of Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

RELATIONSHIP BETWEEN DIRECTORS INTER-SE :

None of the Directors are related to each other within the meaning of the term "relative" as per Section 2(77) of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT :

On the basis of compliance certificates received from the Executives of the Company, subject to disclosures in the Annual Accounts and also on the basis of the discussion with the Statutory Auditors/Internal Auditors of the Company from time to time, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the Annual Accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that the Company has 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 as at 31st March, 2016 and of the Profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual accounts have been prepared on a going concern basis;
- e. that proper Internal Financial Controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

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

STATUTORY AUDIT & AUDITORS :

The Statutory Auditors of the Company, M/s. Jain Singhal & Associates., Chartered Accountants, New Delhi (Firm Registration No.005839N), were appointed as Statutory

Auditors by the members for three years. Their appointment would be ratified at the ensuing Annual General Meeting.

The Report of the Auditors on the Financial Statements including relevant notes on the accounts for the Financial Year ended on 31.03.2016 are self-explanatory and therefore do not call for any further comments.

During the year under review, the Auditors had not reported any matter under Section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under Section 134(3) of the Act.

INTERNAL AUDITORS

The Board of Directors of your Company has re-appointed M/s. Vijay Sehgal & Co, Chartered Accountants, Delhi (Firm Registration No.000374N) as Internal Auditors pursuant to the provisions of Section 138 of the Companies Act, 2013 for the financial year 2016-2017.

SECRETARIAL AUDITORS :

The Board had appointed M/s Mahesh Gupta & Co., Practicing Company Secretaries, Delhi as Secretarial Auditors pursuant to the provisions of Section 204 of the Companies Act, 2013. The Report of the Secretarial Auditor is annexed to the Report as per **Annexure 'A'**.

CORPORATE SOCIAL RESPONSIBILITY :

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has a Corporate Social Responsibility (CSR) Committee, which comprises Mr. M.G. Gupta, Chairman, Mr. R. K. Jain, Member and Mr. S.K. Kaushik, Member. The terms of reference of the Corporate Social Responsibility (CSR) Committee is provided in the Corporate Governance Report. Your Company has also formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at <http://www.flexfoodsLtd.com/pdf/CSRPoly.pdf>.

The Company was required to spend an amount of Rs. 23.57 Lacs for the financial year 2015-16 on CSR out of which an amount of Rs. 19.58 Lacs was spent during the year.. The balance amount of Rs. 3.99 lacs will be spent in the future.

Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure –"B"** and forms integral part of this Report.

CORPORATE GOVERNANCE :

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

A separate Report on Corporate Governance along with Report on Management Discussion and Analysis is enclosed as part of this Report as **Annexure 'C' & 'D'** respectively.

Disclosure under Companies Act, 2013 :
(i) Extracts of Annual Return

The details forming Part of the Extracts of Annual Return is annexed as per **Annexure 'E'**.

(ii) Meetings

During the year, Five Board Meetings and Four Audit Committee Meetings were convened and held. The details of which are given in Corporate Governance Report appended hereto.

(iii) Composition of Audit Committee

The Board has constituted a Audit Committee, which comprises of Mr. T.N. Pandey as the Chairman, Mr. M.G. Gupta, Mr. G.N. Gupta, Mrs. Anupam Ahuja and Mr. R.K. Jain as the Members. More details about the Committee are given in the Corporate Governance Report appended hereto.

(iv) Related Party Transactions

All related party transactions are negotiated on an arms-length basis and are in ordinary course of business. Therefore, the Provisions of Section 188(1) of the Companies Act, 2013 are not applicable. However, suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website [www.flexfoodsltd.com](http://www.flexfoodsltd.com/b2c-policy-on-related-party-transactions.php). at the weblink <http://www.flexfoodsltd.com/b2c-policy-on-related-party-transactions.php>

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the Provisions of Section 186 of the Companies Act, 2013 are given in the accompanying Financial Statements.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS :

There are no significant and material orders passed by any Regulator or Court, which would impact the going concern status of the Company and its future operations.

INTERNAL FINANCIAL CONTROLS:

A detailed note has been provided under Management Discussion and Analysis Report appended hereto.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY :

Fraud-free and corruption-free work culture has been the core of the Company's functioning. In view of the potential risk of fraud and corruption due to rapid growth and geographical

spread of operations, the company has put even greater emphasis to address this risk.

To meet this objective, a Whistle Blower Policy has been laid down. The same policy as approved by the Board was uploaded on the Company's website www.flexfoodsltd.com at weblink <http://www.flexfoodsltd.com/pdf/whistleblowerpolicy.pdf>

BOARD EVALUATION :

Pursuant to the Provisions of the Companies Act, 2013 and under Securities & Exchange of Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board has carried out an Annual Performance Evaluation of its own performance and all the Directors individually.

The evaluation of Non-Independent Directors, Chairman and the Board as a whole was done at a separate meeting by the Independent Directors.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 :

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. There were no complaint received from any employee during the financial year 2015-2016 and hence no complaint is outstanding as on 31.03.2016 for redressal.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT :

There has been no material change and commitments occurred, between the end of the financial year of the Company i.e. 31st March, 2016 and the date of this report affecting financial position of the Company.

RISK MANAGEMENT POLICY :

Risk Management is a very important part of any business. Company's Risk Management Policy divides Risk into two broad categories; one Risk Associated at the Transactional Level and the other Risk Associated at the Decision Making Level.

In respect of the Risk Associated at Transactional Level, the company has appropriate control mechanism and operating effectiveness of the Internal Financial Controls and Legal Compliance System. The company has created appropriate structures with proper delegation of duties and responsibilities of employee at each level on enterprise basis for compliances thereof.

In respect of Risk Associated at Decision Making level like political, social & economic, market, technology, capital