

# **TWENTY SEVENTH ANNUAL REPORT 2016-17**



**FLEX FOODS LIMITED**



# **FLEX FOODS LIMITED**

(CIN L15133UR1990PLC023970)

## **TWENTY SEVENTH ANNUAL REPORT 2016-2017**

### **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

P.N. SHARMA

SHEFALI DUBEY (Upto 21.02.2017)

### **COMPANY SECRETARY**

RAJESH DHEER

### **AUDITORS**

#### **Statutory Auditor**

JAIN SINGHAL & ASSOCIATES, LLP

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 27<sup>th</sup> Annual General Meeting of the Members of Flex Foods Limited will be held on Saturday, the 12<sup>th</sup> day of August, 2017 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 consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, the reports of the Board of Directors and the Auditors thereon; and
2. To declare the dividend for the year 2016-2017 on the equity shares of the Company.
3. To appoint a Director in place of Shri Ravinder Kumar Jain (DIN: 00024692), who retires by rotation and, being eligible, offers himself for re-appointment.
4. 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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. MJMJ & Associates, LLP, Chartered Accountants (Firm Registration No. 027706N/C400013), be and is hereby appointed as the Statutory Auditors of the Company, in place of M/s. Jain Singhal & Associates, LLP., Chartered Accountants (Firm Registration No. 005839N/N500066), the retiring Statutory Auditors, to hold office for a term of five years from the conclusion of this Annual General Meeting till the conclusion of 32<sup>nd</sup> Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every Annual General Meeting till the 32<sup>nd</sup> Annual General Meeting, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

By Order of the Board

**Rajesh Dheer**

Company Secretary  
FCS No. 3060

Place : NOIDA  
Dated : 29<sup>th</sup> May, 2017

### 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 05.08.2017 to 12.08.2017 (both days inclusive).
2. **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, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT EXCEEDING 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10% 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.

3. 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.
4. 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. 11,49,518/- (Rupees eleven lacs forty nine thousand five hundred eighteen only) being the unpaid and unclaimed dividend amount pertaining to dividend for the year, 2008-09 to the Investor Education and Protection Fund of the Central Government.
5. 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.
6. 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.

7. Electronic copy of the Annual Report of the 27<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of electronic voting ('e-voting') along with Attendance Slip, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company/Depository Participant(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 Notice of the 27<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being sent in the permitted mode.
8. The Company has paid the Annual Listing Fees for the year 2017-2018 to the BSE Limited on which the Company's Securities are presently listed.
9. The Ministry of Corporate Affairs ('MCA') had notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 effective from 7th September, 2016 ('IEPF Rules 2016'). Amongst other things, the Rules provides for the manner of transfer of the unpaid and unclaimed dividends to the IEPF and the manner of transfer of shares in case any dividend has not been encashed by the shareholders on such shares during the last seven years to the designated Suspense Account as prescribed by the IEPF Authority. As per the requirement of Rule 6 of the IEPF Rules 2016, the Company had sent information to all the shareholders who had not claimed/encashed dividends in the last seven years intimating the requirements of the IEPF Rules, 2016 with regard to transfer of shares and that in the event those shareholders do not claim any unclaimed/unpaid dividends for the past seven years, the Company will be required to transfer the respective shares to the IEPF Suspense Account by the due date prescribed as per the IEPF Rules, 2016 or such other extended date as may be notified. The Company also simultaneously published notice in the leading newspaper in English and regional language having wide circulation on 10<sup>th</sup> December, 2016 informing for Transfer of such Shares to IEPF Account. As and when the same will be notified by the Authority, the shares will be transferred / credited in the Demat Account of Authority.
10. In accordance with Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Jain Singhal & Associates LLP, Chartered Accountants, Statutory Auditors of

the Company shall retire at the conclusion of the Annual General Meeting of the Company. Pursuant to the provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Board of Directors has, on recommendation of the Audit Committee, recommended for the appointment of M/s MJMJ & Associates LLP, Chartered Accountants (Firm Registration No. 027706N/C400013) as the Statutory Auditors at the Annual General Meeting for a period of five years i.e. to hold office from the conclusion of this Annual General Meeting till the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors. Consent and certificate u/s 139 of the Companies Act, 2013 have been obtained from M/s MJMJ & Associates LLP, Chartered Accountants, to the effect that their appointment, if made, shall be in accordance with the applicable provisions of the Act and the Rules issued thereunder. As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s MJMJ & Associates LLP, Chartered Accountants, has confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

#### 11. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of SEBI Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, 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 and 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 **09.08. 2017 (9:00 AM)** and ends on **11.08.2017 (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 **05.08.2017** 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](http://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](http://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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
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"> <li>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.</li> <li>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.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- 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 a print of the votes cast 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) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the**

**instructions as prompted by the mobile app while voting on your mobile.**

- xix) 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](http://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](mailto: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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
- xx) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
13. 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. **05.08.2017**.
14. 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.
15. Shri 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.
16. 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.
17. 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.
18. The Results along with the Scrutinizer's Report shall be placed on the Company's website [www.flexfoodsltd.com](http://www.flexfoodsltd.com) and on the website of CDSL immediately after declaration of results and communicated to the Stock Exchanges.
19. All documents referred to in the Accompanying Notice 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.

By Order of the Board

**Rajesh Dheer**

Company Secretary

FCS No. 3060

Place : NOIDA

Dated : 29<sup>th</sup> May, 2017

**Regd. Office:**

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



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

(Pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

<b>Name of Director</b>	<b>Shri Ravinder Kumar Jain (DIN: 00024692)</b>
<b>Date of Birth</b>	24.09.1954
<b>Date of Appointment</b>	11.08.2000
<b>Experience in specific Functional areas</b>	A Chartered Accountant having more than 37 years of experience particularly in the field of Finance, Taxation and Corporate Matters. Associated with Uflex group almost since inception and as such is quite familiar with the Company's activities.
<b>Qualification</b>	FCA
<b>Directorship in other Public Limited Companies/excluding private companies which are subsidiary of public company</b>	NIL.
<b>Member/Chairman of Committee of the Board of the Public Limited Companies on which he is Director</b>	<p>Audit Committee – Flex Foods Ltd.</p> <p><b>Nomination and Remuneration Committee</b> – Flex Foods Ltd.</p> <p><b>Shareholders' Relationship Committee</b> – Flex Foods Ltd.</p> <p><b>Corporate Social Responsibility Committee</b> – Flex Foods Limited</p>

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 Seventh Annual Report together with Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2017.

**FINANCIAL RESULTS :**

The summarized financial results for the year ended 31<sup>st</sup> March, 2017 and for the previous year ended 31<sup>st</sup> March, 2016 are as follows:

	<b>[Rs. in Lacs]</b>	
	<b>Year Ended 31.03.2017</b>	<b>Year Ended 31.03.2016</b>
<b>Revenue from Operations</b>	8517.25	8268.62
Other Income	186.93	242.30
<b>Total Revenue</b>	8704.18	8510.92
<b>Profit before Finance Cost, Depreciation &amp; Tax</b>	<b>2091.30</b>	<b>2087.13</b>
Finance Cost	482.88	365.57
Depreciation	486.27	431.03
<b>Profit before Tax</b>	<b>1122.15</b>	<b>1290.53</b>
Less : Tax Expenses	337.61	474.02
<b>Profit for the year</b>	<b>784.54</b>	<b>816.51</b>

During the year under review, your Company achieved total revenue and net profit of Rs 8704.18 Lacs and Rs 784.54 Lacs respectively as against total revenue and Net Profit of Rs. 8510.92 Lacs and Rs 816.51 Lacs respectively during the previous financial year ended 31<sup>st</sup> March, 2016.

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

**TRANSFER OF UNCLAIMED DIVIDEND :**

An amount of Rs 1149518/- (Rupees Eleven Lacs Fourty Nine Thousand Five Hundred Eighteen only) 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, 2017 after considering business exigencies.

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 05.08.2017. 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 31<sup>st</sup> March, 2017 was Rs.12.45 Crore. During the year under review, the Company has neither issued Shares with Differential Voting Rights nor granted Stock Options nor Sweat Equity.

As on 31<sup>st</sup> March, 2017 none of the Directors of the Company except the following held shares or convertible instruments of the Company:

Mr. Ashok Chaturvedi - 7610 Equity shares

**FIXED DEPOSITS**

The Company neither had any fixed deposits outstanding as at 31<sup>st</sup> March 2017 nor any fresh/renewal of deposits were accepted during the financial year 2016-17. There were no unclaimed deposits as at March 31, 2017.

**DIRECTORS**

During the year under review Mrs. Shefali Dubey resigned from the Board of Directors due to her personal reason w.e.f. 21.02.2017. The Board of Directors placed on record their appreciations for the contribution made by Mrs. Shefali Dubey during her tenure as Director of the Company.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. R.K. Jain (DIN:00024692) of the Company retire by rotation and being eligible, offers himself for reappointment. The brief Resume and other details as required under Securities & Exchange 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 Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of Familiarization Programme to Independent Directors of the Company are put up on the website of the Company at the link <http://www.flexfoodsltd.com/pdf/FAMILIRISATION%20PROGRAM%20FORIDs.pdf>



**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 Financial Statements for the year ended 31<sup>st</sup> March, 2017, 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 consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2017 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 financial statements 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**

As per Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the term of M/s. Jain Singhal & Associates LLP, Chartered Accountants (Firm Registration No. 005639N/N500066), New Delhi as the Statutory Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company.

The Board of Directors of the Company at their meeting held on 29<sup>th</sup> May, 2017, on the recommendation of the Audit Committee, have made its recommendation for appointment of MJMJ & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company by the Members at the 27<sup>th</sup> Annual General Meeting of the Company for an initial term of five years. Accordingly, a resolution, proposing appointment of MJMJ & Associates LLP, Chartered Accountants (Firm Registration No. 027706N/C400013), as the Statutory Auditors of the Company for a term of five consecutive years i.e. from the conclusion of 27<sup>th</sup> Annual General Meeting till the conclusion of 32<sup>nd</sup> Annual General Meeting of the Company pursuant to Section 139 of the Companies Act, 2013, forms part of the Notice of the 27<sup>th</sup> Annual General Meeting of the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

The Report given by M/s Jain Singhal & Associates LLP, Chartered Accountants (Firm Registration No. 005839N/N500066), Statutory Auditors on the financial statement of the Company for the year 2016-17 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) of the Act. M/s. Jain Singhal & Associates LLP, over many years have successfully met the challenge that the size and scale of the Company's operations pose for auditors and have maintained the highest level of governance, ethical standards, rigour and quality in their audit. The Board place on record its appreciation for the services rendered by M/s. Jain Singhal & Associates LLP, as the Statutory Auditors of the Company.

The Report of the Auditors on the financial statements including relevant notes on the accounts for the Financial Year ended 31<sup>st</sup> March, 2017 are self-explanatory and therefore do not call for any further comments.

**Internal Auditors**

The Board of Directors of your Company has re-appointed M/s. Vijay Sehgal & Co., Chartered Accountants, New Delhi (Firm Registration No.000374N) as Internal Auditors pursuant to the provisions of Section 138 of the Companies Act, 2013 for the financial year 2017-2018.

**Secretarial Auditors**

The Board had appointed M/s Mahesh Gupta & Co., Practicing Company Secretaries, Delhi as Secretarial Auditor 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>.

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 with the Stock Exchanges.

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’**.

**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, M. G.N. Gupta, Mrs. Anupam Ahuja, Mr. P.N. Sharma 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 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).

[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>

**(v) Particulars of Loans, Guarantees and Investments**

Details of Loans, Guarantees and Investments 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](http://www.flexfoodsltd.com/pdf/whistleblowerpolicy.pdf) at weblink <http://www.flexfoodsltd.com/pdf/whistleblowerpolicy.pdf>

**BOARD EVALUATION :**

Pursuant to the Provisions of the Companies Act, 2013 and under Securities & Exchange 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 2016-2017 and hence no complaint is outstanding as on 31.03.2017 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**