

# MEGASTAR FOODS LTD.

Registered Office : Plot No. 807 Industrial Area Phase-2, Chandigarh-160 002  
Works : Kurali-Ropar Road, Village Solkhian-140 108, Distt. Roopnagar, Punjab  
Ph. : +91 1881 240401 (6 Lines) E-mail : info@megastarfoods.com



To,

23<sup>th</sup> Day of August, 2019

**The Manager-Listing,  
Bombay Stock exchange Limited,  
Phiroz Jeejeebhoy Towers,  
25<sup>th</sup> Floor, Dalal street,  
Mumbai- 400001**

**Ref: Scrip Code no. 541352**

**Subject: Annual Report for the financial year 2018-19**

Dear Sir/Madam,


We Wish to inform you that the 8<sup>th</sup> Annual General Meeting ("AGM") of the Company will be held on Monday, September 16, 2019 at 11.00 a.m. at Registered Office at Megastar Foods Limited, Plot No. 807, Industrial Area, Phase-II Chandigarh- 160102.

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the financial year 2018-19 which is being dispatched / sent to the members of the Company by permitted mode(s).

Kindly take the same on your records.

Thanking you  
Yours faithfully,

For **MEGASTAR FOODS LIMITED**

**ROBIN KUMAR**  
Company Secretary cum Compliance Officer



Certified by:





# **ANNUAL REPORT** **2018-19**



**MEGASTAR FOODS LTD.**

CIN: L15311CH2011PLC033393



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**DIRECTORS**

**Mr. Vikas Goel**

(Chairman cum Managing Director)

**Mr. Vikas Gupta**

(Whole Time Director)

**Mr. Mudit Goyal**

(Whole Time Director)

**Mr. Prabhat Kumar**

(Non – Executive Independent Director)

**Mr. Amit Mittal**

(Non – Executive Independent Director)

**Ms. Savita Bansal**

(Non- Executive Independent Director)

**Mr. Robin Kumar**

(Company Secretary & Compliance Officer)

**Mr. Vijay Sharma**

(Chief Financial Officer)

**REGISTERED OFFICE**

Plot No.807,IndustrialArea  
Phase II, Chandigarh 160002  
Tel. No. : 01881-240401

**WORKS**

Kurali- Ropar Road,  
Village Solkhian-140108

**AUDITORS**

M/s. Avnish Sharma And Associates

**BANKERS**

Union Bank of India  
SCO 64-65 Bank Square, Sector- 17 B  
Chandigarh- 160017

**REGISTRAR AND SHARE TRANSFER AGENT**

Skyline Financial Services Private Limited  
D-153A, 1st Floor, Okhla Industrial Area Phase-I,  
New Delhi – 110020  
Tel No.: +91 11 64732681-88  
Fax No.: +91 11 26812682  
Email: viren@skylinerta.com



**NOTICE OF EIGHTH ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE EIGHTH (8<sup>TH</sup>) ANNUAL GENERAL MEETING OF THE MEMBERS OF MEGASTAR FOODS LIMITED WILL BE HELD AT 11.00 A.M ON MONDAY, SEPTEMBER 16, 2019 AT REGISTERED OFFICE AT MEGASTAR FOODS LIMITED, PLOT NO. 807, INDUSTRIAL AREA, PHASE-II CHANDIGARH 160102 TO TRANSACT THE FOLLOWING BUSINESS**

**AS ORDINARY BUSINESS:**

1. To consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon.
2. To appoint director in place of Mr. Mudit Goyal (DIN: 08099543) who retires by rotation and being eligible, offers himself for re-appointment as a Director
3. To Re- Appoint M/s Avnish Sharma & Associates as Statutory Auditors of the Company  
To consider and if thought fit, pass, with or without modification, the following as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 139, Section 141 and section 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any re-enactment(s) or modification (s) thereto), and such other applicable provisions, if any, for the time being in force consent of the Members be and is hereby accorded to re- appoint M/s Avnish Sharma & Associates (Firm Registration No. 009398N) as Statutory Auditors of the Company for a term of 4 (Four) years from the Financial Year 2019-20 to Financial Year 2022-23, at a remuneration as may be mutually agreed to, between the Board of Directors and M/s Avnish Sharma & Associates, plus applicable taxes, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them.”

**Date:** 09.08.2019  
**Place:** Chandigarh

**By order of the Board  
For MEGASTAR FOODS LIMITED**

**Robin Kumar  
(Company Secretary)**

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/ AUTHORITY, AS APPLICABLE.
3. Corporate Members intending to send their authorized representative to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
4. Members, Proxies and Authorised representatives are requested to bring to the Meeting, the attendance slips enclosed herewith duly completed and signed mentioning therein details of their DP ID and Client ID/Folio No.
5. In terms of Section 152 of the Act, Mr. Mudit Goyal (DIN 08099543), Director, retires by rotation at the AGM and being eligible has offered himself for re-appointment. A brief resume of Mr. Mudit Goyal, nature of his expertise in specific functional areas, disclosure of his relationship between Directors, inter-se, names of Companies in which he holds the directorship and the membership of Committees of the board and his shareholding as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 is given in the Explanatory Statement.
6. Copy of the Annual Report 2018-19 and the Notice of the 8<sup>th</sup> AGM of the Company, *inter alia*, indicating the process and manner of e-voting along with the Attendance Slip, Proxy Form and route map is being sent by electronic mode to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copy of the Annual Report 2018-19 and the Notice of the AGM are being sent by the permitted mode.
7. Members are informed that in case of joint holders attending the AGM, only such joint holder who is first in the order of names will be entitled to vote.
8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, will be available for inspection by the members at the AGM.
9. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
10. The Company is providing facility for voting by electronic means and the business may be transacted through such voting.
11. Members may also note that the Notice of the 8<sup>th</sup> AGM along with Attendance Slip, Proxy Form, Route Map and the Annual Report for the Financial Year 2018-19 will also be available on the Company's website [www.megastarfoods.com](http://www.megastarfoods.com).
12. The route map showing directions to reach the venue of the AGM is enclosed to this Notice.
13. The physical copies of the AGM Notice and Annual Report for the Financial Year 2018-19 and document(s) referred to in the Explanatory statement to the Notice, will also be available at the Registered Office of the Company for inspection between 11.00 a.m. to 1.00 p.m. on any working day up to the date of AGM.
14. To support the 'Green Initiative', members who have not yet registered their email addresses are requested to register the same with their Depository Participants ("DPs") in case the shares are held by them in electronic form.
15. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form.

16. Pursuant to Section 72 of Companies Act, 2013, member(s) of the Company may nominate a person in whom the shares held by him/them shall vest in the event of his/their unfortunate death. Shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank account details by every participant in securities market. Member(s) holding shares of the Company, either in electronic form or physical form are, therefore, requested to submit the PAN and provide Bank account details to their Depository Participants with whom they are maintaining their demat accounts (in case of shares in electronic form) and to the Company/RTA (in case of shares are in physical form).
18. Voting through electronic means
  - (i) In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting service. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited ("CDSL").
  - (ii) 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 shall only be entitled to avail the facility of remote e-voting as well as voting at the AGM. A person, who is not a member as on the Cut-off Date, should treat this Notice for information purpose only.
  - (iii) The facility for voting through ballot or polling paper will be available at the venue of AGM and members attending the meeting who have not cast their vote by remote e-voting will be able to exercise their right at the meeting.
  - (iv) 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.
  - (v) Members can opt for only one mode of voting i.e. either by Ballot Form or remote e-voting. In case members cast their votes through both the modes, voting done by remote e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
  - (vi) The instructions for shareholders voting electronically are as under:
    - i. The remote e-voting period commences on 9.00 a.m. on Friday, September 13, 2019 and ends at 5.00 p.m. on Sunday, September 15, 2019. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the Cut-off Date i.e. Wednesday, July 17, 2019 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
    - ii. Members who have already voted prior to the meeting date would not be entitled to vote at the Meeting venue.
    - iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
    - iv. Click on Shareholders/Members
    - v. 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.
    - vi. Next enter the Image Verification as displayed and Click on Login.
    - vii. 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.
    - viii. 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	<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</li> </ul>

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. 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.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant "Megastar Foods Limited" on which you choose to vote.
- xiii. 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.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. 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.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. 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. iPhone 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.
- xx. 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.
  - 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).
- xxi. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.
- (vii) The voting rights of 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. Monday, September 09, 2019.
- (viii) Mr. Kanwaljit Singh Thanewal, Practicing Company Secretary (M. No. 5901 & C.P No. 5870), has been appointed by the Board of Directors of the Company as the Scrutinizer to scrutinize the remote e-voting process and voting at Annual General Meeting in a fair and transparent manner.
- (ix) The Chairman of the Meeting shall, at the AGM, 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 for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (x) 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 submit a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Meeting or in his absence to the Managing Director or Executive Director of the Company, within a period of not exceeding 48 hours from the conclusion of the Meeting ,who shall countersign the same and declare the result of the voting forthwith.
- (xi) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company ([www.megastarfoods.com](http://www.megastarfoods.com)) and on CDSL evoting website immediately after the declaration of result by the Chairman of the Meeting or a person authorized by him and the same shall be communicated to BSE Limited (BSE).
19. As per section 118(10) of the Companies Act, 2013, read with the Secretarial Standard 2 on General Meetings issued by Institute of Company Secretaries of India, "No gifts, gift coupons or cash in lieu of gifts shall be distributed to members in connection with the meeting".



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### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE ACT**

Pursuant to Section 102 of the Act, the following explanatory statement sets out all material facts relating to Item No. 3 of the Notice

**ITEM No.: 3** In terms of Section 139 of the Companies Act, 2013 ("the Act"), and the Companies (Audit and Auditors) Rules, 2014, made thereunder, M/s Avnish Sharma & Associates (Firm Registration No. 009398N) was appointed for Financial Year 2014-15 to 2018-19 as statutory auditors of the Company and board recommend their re-appointment for further term of 4 years from Financial Year 2019-20 to 2022-23 for approval of Members, at a remuneration as may be mutually agreed to, between the Board of Directors and M/s Avnish Sharma & Associates, plus applicable taxes, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them.

<b>PARTICULARS</b>	<b>DETAILS</b>
Name of the Firm	M/s Avnish Sharma & Associates
FRN No.	009398N
Address	House No. 49, Sushila Villa, Sector 7, Panchkula
Proposed fees payable	4,20,000 P.A.
terms of appointment	Re-appointment for 4 years from Financial Year 2019-20 to 2022-23
Basis of recommendation	Tenure of 5 year from Financial Year 2014-15 to 2018-19 had expired.  Also M/s Avnish Sharma & Associates is having an experience of 25 plus years in the field of Audit, their association with the Company provides fairness and credibility of accounting records and provided suggestion for the company's improvement which will help the company from risk and improves the company's performance and assures the management that their duties in statutory performed perfectly.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are, in anyway, concerned or interested, financially or otherwise, in the aforesaid Resolution set out at Item No. 3 of this Notice.



**ATTENDANCE SLIP**

**CIN: L15311CH2011PLC033393**

**Name of the Company:** Megastar Foods Limited

**Registered office:** Plot No. 807, Industrial Area, Phase II, Chandigarh 160002

**Tel:** 01881-240401 ♦ **Website:** www.megastarfoods.com

**Name of the Member:** \_\_\_\_\_

**Registered Address:** \_\_\_\_\_

**Regd. Folio/ DP ID & Client ID:** \_\_\_\_\_

**No. of Shares:** \_\_\_\_\_

I/We certify that I am/we are, member(s)/proxy/authorized representative for the Member, of the Company.

I/ WE HEREBY RECORD MY/ OUR PRESENCE AT THE 8<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY HELD ON MONDAY, SEPTEMBER 16, 2019 AT 11.00 A.M. AT REGISTERED OFFICE AT MEGASTAR FOODS LIMITED, PLOT NO. 807, INDUSTRIAL AREA, PHASE-II CHANDIGARH 160102

Name of the Shareholder (In Block Letters): \_\_\_\_\_

Name of the Proxy (In Block Letters): \_\_\_\_\_

**Signature of Member/ Proxy**

<b>EVSN (Electronic Voting Sequence Number)</b>	<b>User ID</b>	<b>Password</b>
<b>190814007</b>		

**Note:**

1. Please complete the Folio/DP ID-Client ID No. and name, sign the Attendance Slip and hand it over at the Attendance Verification counter at the entrance of the Meeting Hall.
2. Electronic copy of the Annual Report for the financial period ended on 31.03.2019 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.



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**MEGASTAR FOODS LIMITED**  
**Form No. MGT-11**  
**PROXY FORM**  
[Pursuant to Section 105(6) of the Companies Act, 2013 and  
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

<b>CIN</b>	:	<b>L15311CH2011PLC033393</b>
<b>Name of the Company</b>	:	<b>Megastar Foods Limited</b>
<b>Registered Office</b>	:	<b>Plot No. 807, Industrial Area ,Phase II ,Chandigarh - 160102 Tel. No. : 01881-240401 E-mail ID : cs@megastarfoods.com Website: www.megastarfoods.com</b>
<b>Name of the Member(s)</b>	:	
<b>Registered Address</b>	:	
<b>E-mail Id</b>	:	
<b>Folio No. / Client Id</b>	:	
<b>DP ID</b>	:	

I/We, being the member(s) of \_\_\_\_\_ Shares of Megastar Foods Ltd., hereby appoint

<b>1.</b>	<b>Name</b>	
	<b>Address</b>	
	<b>E-mail Id</b>	
	<b>Signature</b>	
<b>or failing him/her</b>		
<b>2.</b>	<b>Name</b>	
	<b>Address</b>	
	<b>E-mail Id</b>	
	<b>Signature</b>	
<b>or failing him/her</b>		
<b>3.</b>	<b>Name</b>	
	<b>Address</b>	
	<b>E-mail Id</b>	
	<b>Signature</b>	

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8<sup>TH</sup> Annual General Meeting of the Company to be held on 16<sup>th</sup> September, 2019 at 11:00 a.m. AT REGISTERED OFFICE AT MEGASTAR FOODS LIMITED, PLOT NO. 807, INDUSTRIAL AREA, PHASE-II CHANDIGARH CH 160102 IN and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my above Proxy to vote in the manner as indicated in the box below:

<b>Resolution No.</b>	<b>Resolution</b>	<b>Optional</b>	
		<b>For</b>	<b>Against</b>
<b>Ordinary Business:</b>			
<b>1.</b>	To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon.		
<b>2.</b>	To appoint Mr. Mudit Goyal (DIN: 08099543) who retires by rotation and being eligible, offers himself for re-appointment as a Director and in this regard.		
<b>3.</b>	To Re- Appoint M/s Avnish Sharma & Associates as Statutory Auditors of the Company from the Financial Year 2019-20 to Financial Year 2022-23.		



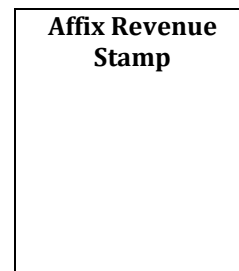
**ANNUAL REPORT 2018-2019**

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Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Shareholder : \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_



**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
4. This is optional. Please put a '√' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
6. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



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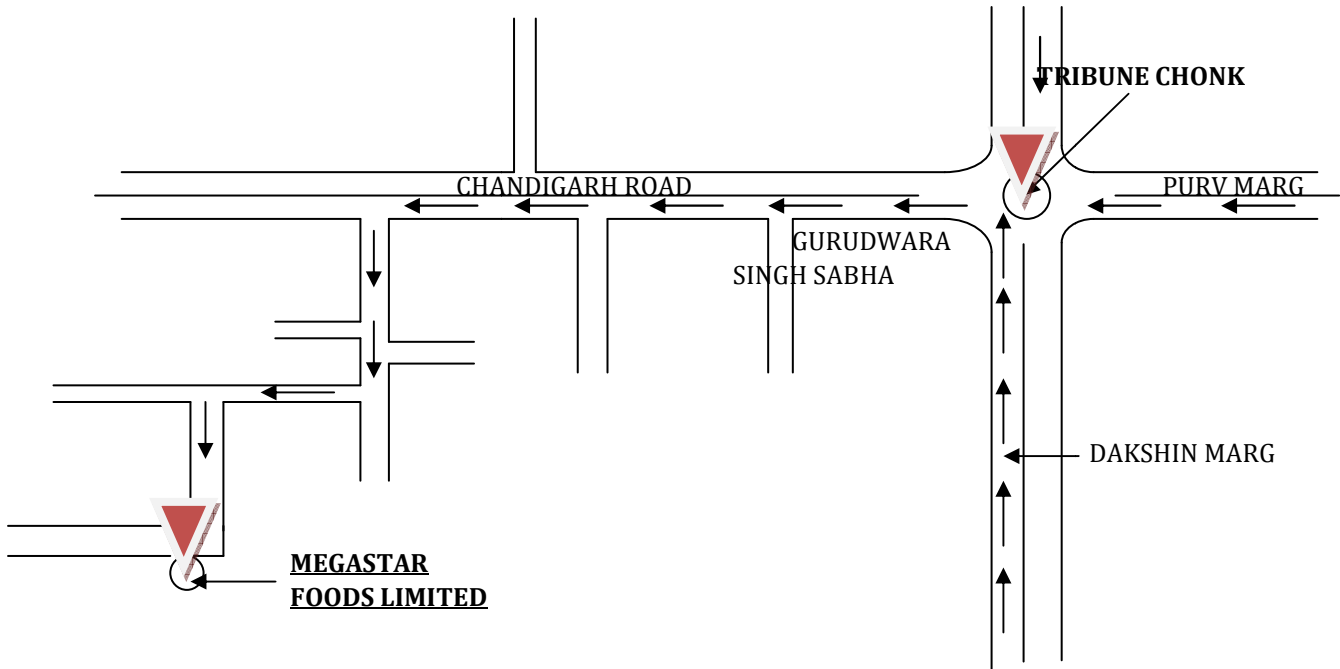
### ANNEXURE TO ITEM No. 2 OF THE NOTICE

#### **APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36 OF THE SEBI (LODR) REGULATIONS, 2015, FORMING PART OF THE CORPORATE GOVERNANCE REPORT**

<b>Name of Director</b>	Mr. Mudit Goyal (DIN:08099543)
<b>Age</b>	25
<b>Date of Birth</b>	05/12/1993
<b>Original Date of appointment</b>	31/03/2018
<b>Qualification</b>	Master of Business Administration (MBA) from AMITY GLOBAL
<b>Experience and expertise in specific functional area</b>	Mr. Mudit Goyal is a prominent businessman having an experience of 2 years in Management.
<b>Terms and Conditions of Appointment / Reappointment</b>	As per the resolution passed by the shareholders at the Extra Ordinary General Meeting held on April 04, 2018, Mr. Mudit Goyal was appointed as a Whole Time Director, liable to retire by rotation
<b>Remuneration last drawn</b>	21.10 Lakh p.a.
<b>Remuneration proposed to be paid</b>	21.10 Lakh p.a.
<b>Shareholding in Megastar Foods Limited as on 31<sup>st</sup> March, 2019</b>	1,81,500
<b>Relationship with other Directors/Key Managerial Personnel</b>	Mr. Mudit Goyal is son of Mr. Vikas Goel
<b>Number of meetings of the Board attended during the year</b>	11
<b>Chairmanship/ Memberships of Committees of other public limited Companies</b>	NIL
<b>Directorship of other public limited Companies</b>	*Megapacific Ventures Private Limited

*\*Megapacific Ventures Private Limited (Wholly Owned Subsidiary of Megastar Foods Limited) and a Deemed Public Company as per Section 2 (71) of Companies Act, 2013*

**ROUTE MAP**







## **ANNUAL REPORT 2018-2019**

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### **CHAIRMAN'S MESSAGE:**

Dear Shareholders,

It is my honour and privilege to address with you all as the Chairman cum Managing Director of Megastar Foods Limited. At the very onset, I take this opportunity to express my deep gratitude and appreciation to all the stakeholders of the company, who have shown their trust and faith in the management over the past years.

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry.

Firstly, I would like to briefly apprise about the performance of the company during the year. I am delighted to share with you that the company's investment in its ongoing project reached a level of Rs. 1929.58 lakhs (including capital work in progress) as on 31<sup>st</sup> March, 2019 as compared to Rs. 991.44 lakhs as on 31<sup>st</sup> March, 2014, which was the first year of commercial operations of the company. The plans for further investment of Rs. 155 Lakhs have been finalised for the current financial year, and I believe that similar expansions shall continue in the coming years as well. As a result of the untiring and dedicated efforts of the management team, the company has recorded an upward trend in revenues as well.

The financial year 2018-19 was very important for the Company as the Company launched its IPO during the financial year. The company was given the status of a public limited company on March 16, 2018 and subsequently the process of the Initial Public Offer by the company was completed on May 24, 2018. The company's shares were listed on the SME Exchange of BSE Limited w.e.f. May 24, 2018.

The management team of the company strongly feels that in the prevailing economy, business turnaround is the need of the hour and management is working with renewed focus and energy to improve our market share, reduce our cost base, and focus on the customer satisfaction.

I would like to thank our employees, bankers and other stakeholders for their hard work and commitment in this phase of Megastar Foods Limited.

Finally, I thank you for your continued trust, confidence and support.



## ANNUAL REPORT 2018-2019

### **REPORTS OF THE DIRECTORS TO THE MEMBERS**

The Directors are pleased to present the 8<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended March 31, 2019.

### **GENERAL OUTLOOK OF THE COMPANY**

Our Company is having state of the art modern machinery at its wheat processing plant in Punjab, India, with an installed capacity of 84000 MT for the Financial Year 2018-19. It has been our constant endeavour at all the levels to ensure processing of wheat with quality, undertaking testing and exploring new possibilities by our team of highly skilled people. It has been our hallmark in our organization to strictly follow the Good Manufacturing Practices (GMP), Good Laboratory Practices (GLP) to ensure the high standards of food safety, quality & hygiene. At present we are catering primarily to MNC's in India and also exporting some of our products to United Nations Organization, Europe, United States & Middle East.

Our company's main aim is to maintain and deepen relationships with our customers to which we can serve successfully by providing them a point of difference, adding value and ultimately, providing profitable growth for both parties. Our customers are supported by a highly skilled, enthusiastic, can-do culture team throughout the whole business. Our endeavour is to maintain an efficiently sound business in order to provide a secured future to our fellow employees while stressing on the continual improvement of our highly ranked products for a constantly enhanced customer satisfaction.

For the financial year ended on March 31, 2019 the company has earned a net profit of Rs. 242.56 Lakh as compared to the net profit of Rs. 130.49 Lakh, for the previous year ended on March 31, 2018.

### **FINANCIAL PERFORMANCE**

The financial position of the company for the financial year ended on March 31, 2019 is summarised below:

<b>PARTICULARS</b>	<b>2018-19</b>	<b>2017-18</b>
Revenue from Operations	14233.16	10294.06
Other Income	4.15	4.36
Total Revenue	14237.31	10298.42
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	751.63	498.97
Finance Cost	(311.15)	(266.34)
Depreciation and Amortization expenses	(98.25)	(86.59)
Prior period expenses	(2.31)	0.00
Profit before Tax	339.92	146.04
Tax	(97.35)	(15.55)
Profit After Tax	242.56	130.49
Earning Per Share:		
Basic	2.55	2.16
Diluted	2.55	2.16

### **OPERATIONS**

The company's operations are managed by a highly qualified and dedicated team of professionals. Under the abled guidance of the professional team,

The revenue from Sales for the Company increased from Rs. 10294.06 lakh in the previous year to Rs. 14233.16 lakh during the financial year ended on March 31, 2019.

### **DIVIDEND**

Your Directors have decided to plough back the earnings in the growth of business and for this reason, have decided to not to recommend any Dividend for the year under review.

### **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

Management Discussion & Analysis Report for the year under review which also covers the performance of the company is presented in a separate section and forms a part of this Annual Report.

**CORPORATE GOVERNANCE**

The compliance with the corporate governance provisions as specified in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 are not applicable to your Company, as the Company is listed on BSE SME exchange. However, the company has voluntarily adopted majority of the provisions of the said regulations as a part of its endeavour towards good corporate governance practice. A report on Corporate Governance has been submitted by the company as a part of this report.

**INDUSTRIAL RELATIONS**

Industrial relations and work atmosphere remained cordial throughout the year with sustained communication and engagement with workforce through various forums.

**CREDIT RATING**

The Company enjoys a credit rating provided by CRISIL BB+/Stable for long term and CRISIL A4+ for short term which is assured to be substantially improved on the basis of current results. The Company has not defaulted in payment of its obligations to any financial institutions during FY 2018-19.

However, after the closure of Financial Year, the Company is awarded improved credit rating provided by Brickwork BWR BBB- for long term and BWR A3 for short term.

**SAFETY, HEALTH AND ENVIRONMENT**

The Company continues to demonstrate strong commitment to safety, health and environment which have been adopted as core organizational values. The Company assures safety and facilities in accordance with statutory and regulatory requirements. Employees are continuously made aware of hazards / risks associated with their job and their knowledge and skills are updated through requisite training to meet any emergency. Medical and occupational check-ups of employees and eco-friendly activities are promoted. The Company does not produce any kind of hazardous waste.

**FINANCE**

Increase in sales and elongated working capital cycle during the year are the major causes for an increased finance cost during the year. The finance cost for the year ended on March 31, 2019 was Rs. 311.15 lakhs. The Company managed to procure enough lines of credit to ensure a smooth flow of operations. The free reserve of the Company as on 31<sup>st</sup> March, 2019 increased from Rs. 143.05 lakhs to 880.21 lakhs.

**BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As at the end of the financial year 2018-19, the company had 6 Directors and 2 Key Managerial Personnel.

<b>S. No.</b>	<b>NAME</b>	<b>DESIGNATION</b>	<b>DATE OF APPOINTMENT</b>
1.	Mr. Vikas Goel	Chairman cum Managing Director (CMD)	28/11/2011
2.	Mr. Vikas Gupta	Whole Time Director (WTD)	28/11/2011
3.	Mr. Mudit Goyal	Whole Time Director (WTD)	31/03/2018
4.	Mr. Amit Mittal	Non-Executive Independent Director (NEID)	04/04/2018
5.	Mr. Prabhat Kumar	Non-Executive Independent Director (NEID)	04/04/2018
6.	Ms. Savita Bansal	Non-Executive Independent Director (NEID)	04/04/2018
7.	Mr. Robin Kumar	Company Secretary (KMP)	27/02/2019
8.	Mr. Vijay Sharma	Chief Financial Officer (KMP)	31/03/2018

The independent Directors are entitled to hold office for a term of 5 years and are not liable to retire by rotation.

Mr. Mudit Goyal (DIN: 08099543) Whole Time Director of the Company retires by rotation at the ensuing 8<sup>th</sup> Annual General Meeting of the company and being eligible, offers himself for reappointment. Though, such determination of office by retirement and then re-appointment would not constitute a break in his tenure of service as the Whole Time Director of the Company.

In the beginning of the financial year under review, Mr. Prabhat Kumar, Mr. Amit Mittal and Ms. Savita Bansal were appointed as Non-Executive Independent Directors of the Company on April 04, 2018. The independent Directors are entitled to hold office for a term of 5 years and are not liable to retire by rotation.



## **ANNUAL REPORT 2018-2019**

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Mr. Vijay Sharma was appointed as the Chief Financial Officer w.e.f. 31.03.2018 and Mr. Robin Kumar was appointed as the Company Secretary w.e.f. 27.02.2019 in place of Ms. Neharika Sodhi who was appointed as the Company Secretary of the company on 27.11.2017. Both of them hold the positions of Key Managerial Personnel of the company as per Section 203 of the Companies Act, 2013.

None of the Directors of your Company is disqualified under the provisions of Section 164(2)(a) and (b) of the Companies Act, 2013. During the period under review, none of the Non- Executive Directors of the Company had any pecuniary relationship or transactions with the Company. Further, none of the Non-Executive Directors of the company have any shareholding in the company.

The details of the Directors being recommended for appointment / re-appointment are contained in the Notice convening the forthcoming Annual General Meeting of the Company

### **DECLARATION OF INDEPENDENCE**

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with rules made thereunder.

### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company has no Subsidiary, Joint Venture or Associate Company in the Financial Year 2018-19.

However, after the closure of the financial year, the company acquired a Wholly Owned Subsidiary (WOS) in the name and style of M/s Megapacific Ventures Private Limited

### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92 (3) of the Act and Rule 12 (1) of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 is attached as ANNEXURE-1.

<https://www.megastarfoods.com/Other-stock-exchange-compliances>

### **PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES**

All related party transactions entered into during FY 2018-19 were on an arm's length basis and in the ordinary course of business. During FY 2018-19, the Company has not entered into any material related party transaction and Particulars of contracts or arrangements with related parties referred to in section 188 (1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as ANNEXURE-2 to the Board's Report.

The Company has formulated a policy on dealing with related party transactions which is posted on the website of the Company at the web link <https://www.megastarfoods.com/assets/pdf/Policy-on-related-party-transactions.pdf>

### **NUMBER OF BOARD MEETINGS AND COMMITTEE MEETINGS**

During the year under review, 11 (Eleven) Board meetings, 5 (Five) Audit Committee meetings, 5 (Five) Stakeholders Relationship Committee meetings, 2 (Two) Nomination & Remuneration Committee meetings and 1 (One) Corporate Social responsibility Committee meeting were convened and held. Details and attendance of such Board & Committees meetings are mentioned in Corporate Governance Report.

Pursuant to clause VII (1) of Schedule IV of the Companies Act, 2013, the Independent Directors had a separate meeting on 27.02.2019.

### **PROGRAMME FOR FAMILIARISATION OF INDEPENDENT DIRECTORS**

The details of programme for familiarization of independent directors of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company's website [www.megastarfoods.com](http://www.megastarfoods.com)

### **PARTICULARS OF LOANS/ ADVANCES/ INVESTMENTS MADE DURING THE FINANCIAL YEAR**

Particulars of loans, guarantees, investments and securities provided during the financial year under review, covered under the provisions of Section 186 of the Companies Act, 2013, have been provided in the Financial Statements which forms part of the Annual Report and there is no any amount of loans, guarantees and investments made during the financial year 2018-19.



## **ANNUAL REPORT 2018-2019**

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### **RESERVES**

Entire amount of Net Profit of Rs. 242.56 Lakhs for the financial year has been transferred to Profit and Loss Surplus account, which appears under the head "Reserves and Surplus." No amount has been transferred to any other reserves.

### **MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF FINANCIAL YEAR AND TILL THE DATE OF THIS REPORT**

no material changes and commitments which could affect the Company's financial position have occurred since the close of the financial year on March 31, 2019 till the date of this Board's Report. Further it is hereby confirmed that there has been no change in the nature of business of the Company during the financial year 2018-19.

### **SUSTAINABILITY INITIATIVE**

Your Company is conscious of its responsibility towards preservation of natural resources and continuously takes initiatives to reduce consumption of electricity and water.

### **RISK MANAGEMENT**

The primary objective of risk management is to protect the Company against risks to the value of the business, its capital and its continuity. In order to achieve the objective and for better governance, the Company has adopted a formal Risk Management Policy and also posted on the Company website: [www.megastarfoods.com](http://www.megastarfoods.com). The Policy sets out key risk areas - financial risks (including risk to assets), legislative and regulatory risks, environmental risks (including natural disasters), operational risks (markets, production, technology, etc.), risks relating to employment and manpower, and individual large transactional risks.

The Chairman-cum-Managing Director of the company identifies and proposes action in respect of all risks through his Management team as and when any are perceived or foreseen or inherent in operations; analyses these, and then recommend it to Audit Committee for its review and further mitigation measures.

### **CHANGE IN THE NATURE OF BUSINESS**

There has been no change in the nature of business of the Company during the year.

### **SHARE CAPITAL**

The authorised share capital of the company at the end of the Financial Year 2018-19 was Rs. 15,00,00,000/- comprising of 1,50,00,000 equity shares of Rs. 10/- each.

During the financial year ended March 31, 2019, Company issued 26,80,000 (Twenty Six Lakh Eighty Thousand) Equity shares through Initial Public Offer (IPO) at Rs. 30 (INR Thirty Only) each including premium of Rs. 20 (INR Twenty Only) each, with this issue the Equity share paid up Capital of the Company increased from Rs. 7,22,37,000 (INR Seven Crore Twenty Two Lakh Thirty Seven Thousand Only) to Rs. 9,90,37,000 (INR Nine Crore Ninety Lakh Thirty Seven Thousand Only). Further, during the financial year, the shares of the company were listed on the SME Exchange of BSE Limited with effect from 24.05.2018.

### **DEPOSITS**

The Company has neither accepted nor renewed any fixed deposits from the public or the Members, within the meaning of Section 73 of the Companies Act, 2013, read with Chapter V of the Companies Act, 2013 and the Companies Acceptance of Deposits) Rules, 2014, during the financial year 2018-19, and as such, no amount of principal or interest on deposits from public or the Members, was outstanding as of the Balance Sheet date.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL**

There are no significant and/or material orders passed by the Regulator(s) or Court(s) or Tribunal(s) impacting the going concern status of the Company and its business operations in near future.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

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



## ANNUAL REPORT 2018-2019

### **HUMAN RESOURCES AND EMPLOYEE RELATIONS**

There is an on-going emphasis on building a progressive Human Resources culture within the Organisation. Structured initiatives to nurture talent and create a working environment that fosters motivation, team-work and result orientation continue to be addressed. Productivity level continued to be subject to continuous monitoring.

Employee strength as on March 31, 2019 was 177 as compared to 86 in the previous year.

### **DISCLOSURE OF INTERNAL FINANCIAL CONTROLS**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate and commensurate with the size, scale and complexity of its operation. The internal controls are tested for adequacy, efficiency and effectiveness through audits by the in-house internal audit department and the observations, corrective and preventative actions are reviewed by the management and Audit committee of the Board of Directors.

During financial year under review, no material or serious observation has been received from the Internal Auditors of the Company for inadequacy or ineffectiveness of such controls.

### **VIGIL MECHANISM POLICY**

The Company has in place a Vigil Mechanism/Whistle Blower Policy, in terms of provisions of Section 178(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its powers) Rules, 2014 which was approved by the Board of Directors on 4<sup>th</sup> April, 2018. The Company's personnel have direct access to the chairman of the Audit Committee to report concerns about unethical behaviour (actual or suspected), frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee. Adequate safeguards are being provided against victimization of whistle blowers availing of such mechanism.

Whistle Blower Policy of the Company is posted on the website of the Company at the web link <http://megastarfoods.com/whistle-blower>

### **CERTIFICATIONS**

Your company is having following certificates: BRC FOOD, INDIA ORGANIC NPOP/NAB/002, HALAL INDIA and SEDEX (enabling responsible supply chains) for its quality management systems and supplies employed at every level of the organization.

### **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

Your Company has zero tolerance policy in case of sexual harassment at workplace and is committed to provide a healthy environment to each and every employee of the Company. The Company has in place '**Policy for Prevention and Redressal of Sexual Harassment**' in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 (hereinafter referred "as the said act") and Rules made there under. As per the provisions of Section 4 of the said Act, the Board of Directors has constituted the Internal Complaints Committee ('ICC') at the Registered Office, Works to deal with the Complaints received by the Company pertaining to gender discrimination and sexual harassment at workplace.

Further, as per the provisions of Section 21 & 22 of the said Act, the Report on the details of the number of cases filed under Sexual Harassment and their disposal for the financial year under review, is as under:

Sr. No.	No. of cases pending as on the beginning of the financial year under review	No. of complaints filed during the financial year under review	No. of cases pending as on the end of the financial year under review
NIL			

### **SECRETARIAL STANDARDS**

The Company has duly complied with the applicable Secretarial Standards on Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).



## **ANNUAL REPORT 2018-2019**

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### **DIRECTOR'S RESPONSIBILITY STATEMENT**

In terms of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. Such accounting policies have been selected and applied consistently and the Directors have made judgements 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 March 31<sup>st</sup>, 2019 and of the Profit and Loss of the Company for the year ended on that date;
- c. Proper and sufficient care has been taken 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;
- d. The annual accounts of the Company have been prepared on a going concern basis;
- e. Internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **ALTERATION OF MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION**

During the financial year under review, the company has not carried out any amendment to the Memorandum of Association and Articles of Association of the company.

### **COMMITTEES OF BOARD OF DIRECTORS**

The Board of directors have the following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee

Apart from above, the Board has constituted 1 (non-statutory) committee namely Finance and Investment Committee.

The Composition, terms of reference and number of meetings of the Committees during the period under review is covered in the enclosed Corporate Governance Report.

### **STATUTORY AUDITOR AND THEIR REPORT**

M/s Avnish Sharma & Associates (Firm Reg. No.009398N), Chartered Accountants, Chandigarh, were appointed in the 4<sup>th</sup> the Annual general Meeting held on 30<sup>th</sup> September, 2014 for a term of 5 (Five) years to hold office upto the 8<sup>th</sup> Annual General Meeting. Being eligible and qualified, M/s Avnish Sharma & Associates are proposed to be re-appointed for another term of (Four) years at the ensuing 8<sup>th</sup> Annual General Meeting to hold office from the conclusion of the 8<sup>th</sup> AGM upto the conclusion of the 12<sup>th</sup> Annual General Meeting of the company

The Auditors' Report is having one adverse remark related to delay in payment of Provident Fund for the month of November and February which is deposited on 17<sup>th</sup> December, 2018 and 19<sup>th</sup> March, 2019 instead of 15<sup>th</sup> December, 2018 and 15<sup>th</sup> March, 2019 respectively which is not material in nature and reason of delay in payment being slowdown of the web server of concerned government website, as the Company has made all the efforts for making the payment on time, apart from the above said remark, there is no any other reservations, qualifications, adverse remarks or Modified opinion in the Audit Reports issued by them in respect of Financial Statements of the Company for the Financial Year 2018-19.

### **HUMAN RESOURCES DEVELOPMENT**

It is a proud statement in itself that your Company continues to be an Employer of choice for a host of workforce. Value based HR programs unleashed by the Company from time to time have enabled the company's HR team to contribute substantially to the overall growth of the Company. In order to keep pace with the ever evolving demands of the existing business and the gamut of activities in Digital space, HR has been placing tremendous focus on capability building in newer areas with an objective to predict, diagnose, and take actions that will improve business performance. Further discussion on this subject is included in the Management Discussion and Analysis Report forming part of this report.

**NOMINATION & REMUNERATION POLICY AND BOARD EVALUATION**

Pursuant to the requirement of Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the Board has on the recommendation of the Nomination and Remuneration Committee, framed a policy on appointment of Directors including criteria for determining qualifications, positive attributes, independence of a Director and the policy on remuneration of Directors, KMP and other senior management. Remuneration policy in the Company is designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our Business Model promotes customer centricity and requires employee mobility to address project needs. The remuneration policy supports such mobility through pay models that are compliant to applicable rules and regulation.

The Company pays remuneration by way of salary, benefits, perquisites and allowances and commission, if approved by the Board to its Managing Director and the Whole Time Directors. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective April 1, each year. The Nomination and Remuneration Committee decides on the commission payable to the Managing Director and the Whole Time Directors out of the profits for the financial year and within the ceilings prescribed under the Act based on the performance of the Company as well as that of the Managing Director and each Whole Time Director.

**Managerial Remuneration:**
**a. Remuneration of Chairman & Managing Director and Whole Time Directors**

The details of remuneration paid to Chairman & Managing Director and Whole Time Directors of the Company for the financial year 2018-19 are as under:

<b>PARTICULARS</b>	<b>Mr. Vikas Goel</b>	<b>Mr. Vikas Gupta</b>	<b>Mr. Mudit Goyal</b>
Salary (In Lakhs)	41.80	41.80	21.10
Contribution to PF & Other Funds	---	---	---
<b>Total (In Lakhs)</b>	<b>41.80</b>	<b>41.80</b>	<b>21.10</b>

**b. Non-Executive Independent Directors (NEIDs):**

During the year, the NEIDs were neither paid any remuneration nor granted any loans or advances. the Non-Executive Directors were eligible for sitting fees for each meeting of the Board attended by him/her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. A Non-Executive Director is also eligible for reimbursement the expenses incurred by him for attending the Board and / or Committee of Board meetings, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2019.

The details of sitting fees paid to the Non-Executive Directors during the financial year 2018-19 are given below:

<b>S. No.</b>	<b>Name of the Non- Executive Director</b>	<b>Sitting Fees (in Rs.)</b>
1.	Mr. Prabhat Kumar	20,000
2.	Mr. Amit Mittal	20,000
3.	Ms. Savita Bansal	20,000
<b>Total</b>		<b>60,000</b>

**c. Details of shares of the Company held by the Directors as on March 31, 2019 are given below:**

<b>S. No.</b>	<b>Name of the Director</b>	<b>No. of Equity Shares Held</b>
1.	Mr. Vikas Goel	2492660
2.	Mr. Vikas Gupta	2139900
3.	Mr. Mudit Goyal	181500
4.	Mr. Prabhat Kumar	Nil
5.	Mr. Amit Mittal	Nil
6.	Ms. Savita Bansal	Nil





## **ANNUAL REPORT 2018-2019**

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### **DISCLOSURE PERTAINING TO MANAGERIAL REMUNERATION**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as per **ANNEXURE- 4**.

### **SECRETARIAL AUDITOR AND AUDIT REPORT**

The Board had appointed Mr. Kanwaljit Singh Thanewal, Practicing Company Secretary (M. No. 5901 & C.P No. 5870), as Secretarial Auditor to conduct the secretarial audit of the company for the financial year 2018-19, pursuant to the provisions of Section 204 of the Companies Act, 2013. The Report of the Secretarial Auditor forms part of the Board's Report as **ANNEXURE 'A'**. The said report of the Secretarial Auditor contains no qualifications or adverse remarks.

### **REPORTING OF FRAUDS**

There has been no frauds reported by the Auditors, under sub section (12) of Section 143 of the Companies Act, 2013(including amendments), during the financial year under review, to the Board of Directors and hence, as such there is nothing to report by the Board under Section 134(3)(ca) of the Companies Act, 2013.

### **COST AUDIT**

As per the provisions of Section 148 read with the Cost Audit Rules, the provisions regarding Cost Audit is not applicable to the Company.

### **AMOUNTS DUE TO MICRO, SMALL AND MEDIUM ENTERPRISES**

During the Financial Year 2018-19 there being no amount outstanding for more than 45 days as per the provisions prescribed in The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

### **ACKNOWLEDGEMENT**

Employee relations throughout the Company were harmonious. The Board wishes to place on record its appreciation to all employees in the Company, for their sustained efforts and immense contribution to the good levels of performance and growth that the Company has achieved during the financial year under review.

Your Directors also place on record their sincere thanks and appreciation for the continuing support and assistance received from the financial institutions, banks, Government as well as non -government authorities, customers, vendors, and members during the financial year under review.

Date: 09.08.2019  
Place: Chandigarh

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**MEGASTAR FOODS LIMITED**

**VIKAS GOEL**  
Chairman-cum-Managing Director  
(DIN: 05122585)

**VIKAS GUPTA**  
Whole Time Director  
(DIN: 05123386)



FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L15311CH2011PLC033393
2.	Registration Date	28/11/2011
3.	Name of the Company	MEGASTAR FOODS LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-Government Company
5.	Address of the Registered office & contact details	PLOT NO. 807, INDUSTRIAL AREA, PHASE-II CHANDIGARH, E-mail ID: <a href="mailto:cs@megastarfoods.com">cs@megastarfoods.com</a>
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	SKYLINE FINANCIAL SERVICES PRIVATE LIMITED D-153A, 1st Floor, Okhla Industrial Area Phase-I, New Delhi - 110020 Tel No.: +91 11 64732681-88 Fax No.: +91 11 26812682 Email: <a href="mailto:viren@skylinerta.com">viren@skylinerta.com</a> ;

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Flour milling	10611	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name & Address of the company	CIN/GLN	Holding/ Associate	Subsidiary/	% of Shares Held	Applicable Section
NIL						

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	6705700	--	6705700	92.83	6741700	--	6741700	68.07	(24.76)
b) Central Govt									
c) State Govt(s)									

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d) Bodies Corp.									
e) Banks / FI									
f) Any other									
<b>Sub Total (A) (1)</b>	6705700	--	6705700	92.83	6741700	--	6741700	68.07	(24.76)
<b>(2) Foreign</b>									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks/ FI									
e) Any Other									
<b>Sub Total (A) (2)</b>	--	--	--	--	--	--	--	--	--
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	6705700	--	6705700	92.83	6741700	--	6741700	68.07	(24.76)
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	--	--	--	--	--	--	--	--	--
<b>2.Non-Institutions</b>									
a) Bodies Corp.									
i) Indian					260000		260000	2.63	2.63
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs 2 lakh					338000		338000	3.41	3.41
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	518000	--	518000	7.17	2538000	--	2538000	25.63	18.46
c) Others (specify)									
a. NRI					2000		2000	0.02	0.02
b. HUF					24000		24000	0.24	0.24
<b>Sub-total (B)(2):-</b>	518000	--	518000	7.17	3162000	--	3162000	31.93	24.76
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	518000	--	518000	7.17	3162000	--	3162000	31.93	24.76

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C. Shares held by Custodian for GDRs & ADRs	-	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	<b>7223700</b>	<b>--</b>	<b>7223700</b>	<b>100</b>	<b>9903700</b>	<b>--</b>	<b>9903700</b>	<b>100</b>	<b>--</b>

**(ii) Shareholding of Promoter-**

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Vikas Goel	2492660	34.51	--	2492660	25.17	--	(9.34)
2	Vikas Gupta	2103900	29.12	--	2139900	21.61	--	(7.51)
3	Indira Rani	Nil	---	--	242000	2.44	--	2.44
4	Mudit Goyal	181500	2.51	--	181500	1.83	--	(0.68)
5	Pankaj Goyal	1121054	15.52	--	1121054	11.32	--	(4.20)
6	Sat Pal Gupta	302500	4.18	--	302500	3.05	--	(1.13)
7	Shivani Gupta	262086	3.63	--	262086	2.65	--	(0.98)
8	Madan Lal Aggarwal	242000	3.35	--	--	--	--	(3.35)

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

S. No.	Particulars	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Date of transaction	No. of shares	No. of shares	% of total shares of the company
1.	<b>INDIRA RANI</b>						
	At the beginning of the year	Nil	--				
	Date wise Increase / Decrease in Promoters Shareholding Add: Shares Transferred from Mr. Madan Lal Aggarwal dated 05.05.2018			05/05/2018	242000	242000	2.44
	At the end of the year					242000	2.44
2.	<b>MADAN LAL AGGARWAL</b>						
	At the beginning of the year	242000	3.35				
	Date wise Increase / Decrease in Promoters Shareholding Less: Share Transferred to Mrs. Indira Rani dated 05.05.2018			05/05/2018	(242000)	(242000)	(3.35)
	At the end of the year					Nil	--
3.	<b>VIKAS GUPTA</b>						
	At the beginning of the year	210390	29.12				

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		0					
	Date wise Increase / Decrease in Promoters Shareholding						
	Add: purchase from open market dated: 16.11.2018			16/11/2018	12000	2115900	21.36
	Add: purchase from open market dated: 07.12.2018			07/12/2018	8000	2123900	21.44
	Add: purchase from open market dated: 11.01.2019			11/01/2019	14000	2137900	21.59
	Add: purchase from open market dated: 25.01.2019			25/01/2019	2000	2139900	21.61
	At the end of the year					2139900	21.61

**(iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No	Particulars	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Date of transaction	No. of shares	No. of shares	% of total shares of the company
1.	<b>ROOPKANTA ARUN RAJ</b>						
	At the beginning of the year	468000	6.48				
	Date wise Increase / Decrease in Promoters Shareholding			--	--	--	--
	At the end of the year					468000	4.73
2.	<b>SANDEEP GOYAL</b>						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease Add: Trade in open market			30/08/2018 21/12/2018	100000 276000	100000 376000	1.00 3.80
	At the end of the year					376000	3.80
3.	<b>BEELINE BROKING LIMITED</b>						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease Add: trade in open market			03/08/2018 10/08/2018 17/08/2018 24/08/2018 07/09/2018 28/09/2018 05/10/2018 02/11/2018 09/11/2018 16/11/2018	772000 12000 12000 8000 4000 8000 4000 4000 (4000) 2000	772000 784000 796000 804000 808000 816000 820000 824000 820000 822000	7.80 7.92 8.04 8.12 8.16 8.24 8.28 8.32 8.28 8.30

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				23/11/2018	2000	824000	8.32
				30/11/2018	(2000)	822000	8.30
				07/12/2018	2000	824000	8.32
				21/12/2018	(548000)	276000	2.79
				04/01/2019	4000	280000	2.83
				11/01/2019	(4000)	276000	2.79
				18/01/2019	(34000)	242000	2.44
				25/01/2019	6000	248000	2.50
				08/02/2019	2000	250000	2.52
				22/02/2019	6000	256000	2.58
				01/03/2019	(8000)	248000	2.50
				29/03/2019	4000	252000	2.54
	At the end of the year					252000	2.54
4.	<b>SHIVA BUDHIRAJA</b>						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease Add: trade in open market			21/12/2018	206000	206000	2.08
	At the end of the year					206000	2.08
5.	<b>RENU MAKIN</b>						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease Add: trade in open market			03/08/2018	196000	196000	1.98
	At the end of the year					196000	1.98
6.	<b>PAWAN AGARWAL</b>						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease Add: trade in open market			03/08/2018 09/11/2018	132000 4000	132000 136000	1.33 1.37
	At the end of the year					136000	1.37
7.	<b>RAJINDER BANSAL</b>						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease Add: trade in open market			03/08/2018	124000	124000	1.25
	At the end of the year					124000	1.25
8.	<b>KARNESH SHARMA</b>						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease Add: trade in open market			03/08/2018 10/08/2018 14/09/2018	16000 80000 16000	16000 96000 112000	0.16 0.97 1.13
	At the end of the year					112000	1.13

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9.	<b>HITESH GARG</b>						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease						
	Add: trade in open market			03/08/2018	44000	44000	0.44
				21/12/2018	66000	110000	1.11
			04/01/2019	(4000)	106000	1.07	
			11/01/2019	(4000)	102000	1.03	
	At the end of the year					102000	1.03
10.	<b>JAGDISH RAI GOYAL</b>						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease						
	Add: trade in open market			03/08/2018	96000	96000	0.97
	At the end of the year					96000	0.97

**(v) Shareholding of Directors and Key Managerial Personnel:**

S. No	Particulars	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date of transaction	No. of shares	No. of shares	% of total shares of the company
1.	<b>VIKAS GOEL</b>						
	At the beginning of the year	2492660	34.51				
	Date wise Increase / Decrease in Director Shareholding	--	--	--	--	--	--
	At the end of the year					2492660	25.17
2.	<b>VIKAS GUPTA</b>						
	At the beginning of the year	2103900	29.12				
	Date wise Increase / Decrease in Director Shareholding						
	Add: purchase from open market dated: 16.11.2018			16/11/2018	12000	2115900	21.36
	Add: purchase from open market dated: 07.12.2018			07/12/2018	8000	2123900	21.44
	Add: purchase from open market dated: 11.01.2019			11/01/2019	14000	2137900	21.59
	Add: purchase from open market dated: 25.01.2019			25/01/2019	2000	2139900	21.61
At the end of the year					2139900	21.61	
3.	<b>MUDIT GOYAL</b>						

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	At the beginning of the year	181500	2.51				
	Date wise Increase / Decrease in Director Shareholding	--	--	--	--	--	--
	At the end of the year					181500	1.83
4.	<b>AMIT MITTAL</b>						
	At the beginning of the year	Nil	Nil				
	Date wise Increase / Decrease in Director Shareholding	--	--	--	--	--	--
	At the end of the year	Nil	Nil			Nil	Nil
5.	<b>PRABHAT KUMAR</b>						
	At the beginning of the year	Nil	Nil				
	Date wise Increase / Decrease in Director Shareholding	--	--	--	--	--	--
	At the end of the year	Nil	Nil			Nil	Nil
6.	<b>SAVITA BANSAL</b>						
	At the beginning of the year	Nil	Nil				
	Date wise Increase / Decrease in Director Shareholding	--	--	--	--	--	--
	At the end of the year	Nil	Nil			Nil	Nil

**V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment (in Lakhs):**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2447.25	626.82	--	3074.07
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>2447.25</b>	<b>626.82</b>	<b>--</b>	<b>3074.07</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	218.15	53.71	--	271.86
* Reduction	345.49	59.11	--	404.60
<b>Net Change</b>	<b>-127.34</b>	<b>-5.40</b>	<b>--</b>	<b>-132.74</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2319.91	621.42	--	2941.33
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	2.97	--	--	2.97
<b>Total (i+ii+iii)</b>	<b>2322.88</b>	<b>621.42</b>	<b>--</b>	<b>2944.3</b>



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS, DIRECTOR AND/OR MANAGER:**

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager/ Director			Total Amount
		Vikas Goel	Vikas Gupta	Mudit Goyal	
1	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36,00,000	36,00,000	18,00,000	90,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,79,600	5,79,600	3,09,600	14,68,800
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	--	--	--	-
	<b>Total (A)</b>	<b>41,79,600</b>	<b>41,79,600</b>	<b>21,09,600</b>	<b>1,04,68,800</b>

**B. REMUNERATION TO OTHER DIRECTORS**

S. No.	Particulars of Remuneration	Name of Directors			Total Amount
		SAVITA BANSAL	AMIT MITTAL	PRABHAT KUMAR	
1	<b>Independent Directors</b>	NIL	NIL	NIL	
	Fee for attending board committee meetings	20,000	20,000	20,000	60,000
	Commission				
	Others, please specify				
	<b>Total (1)</b>				
2	<b>Other Non-Executive Directors</b>				
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	<b>Total (2)</b>				
	<b>Total (B)=(1+2)</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>60,000</b>
	<b>Total Managerial Remuneration</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
	<b>Overall Ceiling as per the Act</b>				

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

S. No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	CS Robin Kumar From 27/02/2019 to 31/03/2019	CS Neharika Sodhi From 01/04/2018 to 27/02/2019	CFO Vijay Sharma	Total
1	Gross salary	NIL	37,500	2,80,170	5,04,000	8,21,670
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission					
	- as % of profit					
	others, specify					
5	Others, please specify					
	<b>Total</b>	NIL	37,500	2,80,170	5,04,000	8,21,670

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Punishment/ fees imposed	Penalty / Compounding	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>						
Penalty	NIL					
Punishment						
Compounding						
<b>B. DIRECTORS</b>						
Penalty	NIL					
Punishment						
Compounding						
<b>C. OTHER OFFICERS IN DEFAULT</b>						
Penalty	NIL					
Punishment						
Compounding						

Date: 09.08.2019  
Place: Chandigarh

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**MEGASTAR FOODS LIMITED**

**VIKAS GOEL**  
Chairman-cum-Managing Director  
(DIN: 05122585)

**VIKAS GUPTA**  
Whole Time Director  
(DIN: 05123386)

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts or 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 fourth proviso thereto:

**1. Details of contracts or arrangements or transactions not at Arm's length basis: N.A**

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	N.A
b)	Nature of contracts/arrangements/transaction	N.A
c)	Duration of the contracts/arrangements/transaction	N.A
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A
e)	Justification for entering into such contracts or arrangements or transactions'	N.A
f)	Date of approval by the Board	N.A
g)	Amount paid as advances, if any	N.A
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

SL. No. 1	PARTICULARS	DETAILS
a)	Name (s) of the related party & nature of relationship	Satpal Gupta, Relative of KMP
b)	Nature of contracts/arrangements/transaction	Rent Paid
c)	Duration of the contracts/ arrangements/ transaction	Continuous
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions were done pursuant to the omnibus approval given by the audit committee dated: 04/06/2018 for the approximate value upto Rs. 12,00,000 for the Financial Year 2018-19
e)	Date of approval by the Board	02/08/2018
f)	Amount paid as advances, if any	Nil
SL. No. 2	PARTICULARS	DETAILS
a)	Name (s) of the related party & nature of relationship	Amit Goel, Relative of KMP
b)	Nature of contracts/arrangements/transaction	Rent Paid
c)	Duration of the contracts/ arrangements/ transaction	Continuous
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions were done pursuant to the omnibus approval given by the audit committee dated: 04/06/2018 for the approximate value upto Rs. 6,00,000 for the Financial Year 2018-19
e)	Date of approval by the Board	02/08/2018
f)	Amount paid as advances, if any	Nil
SL. No. 3	PARTICULARS	DETAILS
a)	Name (s) of the related party & nature of relationship	Pankaj Goyal, Relative of KMP
b)	Nature of contracts/arrangements/transaction	Rent Paid
c)	Duration of the contracts/ arrangements/ transaction	Continuous
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions were done pursuant to the omnibus approval given by the audit committee dated: 04/06/2018 for the approximate

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		value upto Rs. 6,00,000 for the Financial Year 2018-19
e)	Date of approval by the Board	02/08/2018
f)	Amount paid as advances, if any	Nil
<b>SL. No. 4</b>	<b>PARTICULARS</b>	<b>DETAILS</b>
a)	Name (s) of the related party & nature of relationship	Indira Rani, Relative of KMP
b)	Nature of contracts/arrangements/transaction	Rent Paid
c)	Duration of the contracts/ arrangements/ transaction	Continuous
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions were done pursuant to the omnibus approval given by the audit committee dated: 04/06/2018 for the approximate value upto Rs. 6,00,000 for the Financial Year 2018-19
e)	Date of approval by the Board	02/08/2018
f)	Amount paid as advances, if any	Nil
<b>SL. No. 5</b>	<b>PARTICULARS</b>	<b>DETAILS</b>
a)	Name (s) of the related party & nature of relationship	Ganesh Flour Mills, Sister concern
b)	Nature of contracts/arrangements/transaction	Purchases
c)	Duration of the contracts/ arrangements/ transaction	Continuous
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions were done pursuant to the omnibus approval given by the audit committee dated: 04/06/2018 for the approximate value upto Rs. 5,00,00,000 for the Financial Year 2018-19
e)	Date of approval by the Board	02/08/2018
f)	Amount paid as advances, if any	Nil
<b>SL. No. 6</b>	<b>PARTICULARS</b>	<b>DETAILS</b>
a)	Name (s) of the related party & nature of relationship	Ganesh Flour Mills, Sister concern
b)	Nature of contracts/arrangements/transaction	Sales
c)	Duration of the contracts/ arrangements/ transaction	Continuous
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions were done pursuant to the omnibus approval given by the audit committee dated: 04/06/2018 for the approximate value upto Rs. 30,00,000 for the Financial Year 2018-19
e)	Date of approval by the Board	02/08/2018
f)	Amount paid as advances, if any	Nil
<b>SL. No. 7</b>	<b>PARTICULARS</b>	<b>DETAILS</b>
a)	Name (s) of the related party & nature of relationship	Kulwant Rai Ram Kishan, Sister concern
b)	Nature of contracts/arrangements/transaction	Rent Paid
c)	Duration of the contracts/ arrangements/ transaction	Continuous
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions were done pursuant to the omnibus approval given by the audit committee dated: 04/06/2018 for the approximate value upto Rs. 60,000 for the Financial Year 2018-19
e)	Date of approval by the Board	02/08/2018
f)	Amount paid as advances, if any	Nil

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<b>SL. No. 8</b>	<b>PARTICULARS</b>	<b>DETAILS</b>
a)	Name (s) of the related party & nature of relationship	Baisakhi Mal Ram Kishan, Sister concern
b)	Nature of contracts/arrangements/transaction	Sales
c)	Duration of the contracts/ arrangements/ transaction	Continuous
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions were done pursuant to the omnibus approval given by the audit committee dated: 04/06/2018 for the approximate value upto Rs. 25,00,000 for the Financial Year 2018-19
e)	Date of approval by the Board	02/08/2018
f)	Amount paid as advances, if any	Nil
<b>SL. No. 9</b>	<b>PARTICULARS</b>	<b>DETAILS</b>
a)	Name (s) of the related party & nature of relationship	Shree Ganesh Grain Products, Sister concern
b)	Nature of contracts/arrangements/transaction	Sales
c)	Duration of the contracts/ arrangements/ transaction	Continuous
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions were done pursuant to the omnibus approval given by the audit committee dated: 04/06/2018 for the approximate value upto Rs. 10,00,000 for the Financial Year 2018-19
e)	Date of approval by the Board	02/08/2018
f)	Amount paid as advances, if any	Nil

Date: 09.08.2019  
Place: Chandigarh

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**MEGASTAR FOODS LIMITED**

**VIKAS GOEL**  
Chairman-cum-Managing Director  
(DIN: 05122585)

**VIKAS GUPTA**  
Whole Time Director  
(DIN: 05123386)



**ANNEXURE-3**

INFORMATION AS PER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2019

**(I) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

PARTICULARS	FOR THE YEAR ENDED ON 31 <sup>ST</sup> MARCH, 2019	FOR THE YEAR ENDED ON 31 <sup>ST</sup> MARCH, 2018
<b>1. CONSERVATION OF ENERGY, POWER AND FUEL CONSUMPTION</b>		
The company is taking all measures to conserve Energy, Power and Fuel Consumption.		
<b>a) Electricity</b>		
Units Consumed	3714310	3061060
Total Amount (Rs. in Lakhs)	23960650	20666432
Rate/Unit Rs.	6.45	6.75
<b>b) High Speed Diesel (HSD)</b>		
Quantity (litres)	800.00	325.64
Total Amount (Rs. in Lakhs)	0.56	0.19
Average Rate per litre (Rs.)	69.93	59.32
<b>2. TECHNOLOGY ABSORPTION &amp; RESEARCH AND DEVELOPMENT</b>		
Through continuous Research and Development efforts, the company has been able to maintain the quality of wheat products as compared with its competitor multinational companies. The company is constantly upgrading its technology by R&D to help in the overall development of the company.		
Expenditure on Research & Development	Nil	Nil
a) Capital (Rs. in Lakhs)	Nil	Nil
b) Recurring (Rs. in Lakhs)	Nil	Nil
c) Total (Rs. in Lakhs)		
d) Total R & D expenditure as percentage of turnover of Manufacturing activity	Nil	Nil
<b>3. FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		
Foreign exchange earnings (Rs. in Lakhs)	253.40	Nil
Foreign exchange outgo (Rs. in Lakhs)	5.98	Nil

Date: 09.08.2019  
Place: Chandigarh

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**MEGASTAR FOODS LIMITED**

**VIKAS GOEL**  
Chairman-cum-Managing Director  
(DIN: 05122585)

**VIKAS GUPTA**  
Whole Time Director  
(DIN: 05123386)

**ANNEXURE- 4**  
**PARTICULARS OF REMUNERATION**

a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

<b>Name of the Directors and Key managerial personnel</b>	<b>Ratio of Director's remuneration to the median remuneration of the employees of the Company for the financial year</b>
Mr. Vikas Goel (Managing Director)	11.38
Mr. Vikas Gupta (Whole Time Director)	11.38
Mr. Mudit Goyal (Whole Time Director)	5.69
Mr. Prabhat Kumar (Independent Director)	0
Mr. Amit Mittal (Independent Director)	0
Ms. Savita Bansal (Independent Director)	0
Ms. Neharika Sodhi (From 01.04.2018 to 27.02.2019) (Company Secretary)	0.96
Mr. Robin Kumar (From 27.02.2019 to 31.03.019) (Company Secretary)	1.33
Mr. Vijay Sharma (Chief Financial Officer)	1.59

b) Ratio of Director's remuneration to the median remuneration of the employees of the Company for the financial year

<b>Name of the Directors and Key managerial personnel</b>	<b>Percentage (%) increase in remuneration in the financial year</b>
Mr. Vikas Goel (Managing Director)	0
Mr. Vikas Gupta (Whole Time Director)	0
Mr. Mudit Goyal (Whole Time Director)	0
Mr. Prabhat Kumar (Independent Director)	0
Mr. Amit Mittal (Independent Director)	0
Ms. Savita Bansal (Independent Director)	0
Ms. Neharika Sodhi (From 01.04.2018 to 27.02.2019) (Company Secretary)	20%
Mr. Robin Kumar (From 27.02.2019 to 31.03.019) (Company Secretary)	0
Mr. Vijay Sharma (Chief Financial Officer)	0

c) The percentage increase in the Median Remuneration of employees in the financial year: 6.50 %.

d) The number of permanent employees on the rolls of Company as on 31.03.2019 employees is 83.

e) Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with percentile increase in the Managerial Remuneration: The average increase in salaries of employees in 2018-19 was 8.90%. Percentage increase in the Managerial Remuneration for the year was NIL.

f) Affirmation that the remuneration is as per the remuneration policy of the Company.

The Company's Remuneration Policy is driven by the success and performance of the individual employees and the Company. The Company affirms that the Remuneration is as per the Remuneration policy of the Company.

Date: 09.08.2019  
Place: Chandigarh

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**MEGASTAR FOODS LIMITED**

**VIKAS GOEL**  
Chairman-cum-Managing Director  
(DIN: 05122585)

**VIKAS GUPTA**  
Whole Time Director  
(DIN: 05123386)



Form No. MR-3  
**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED ON 31.03.2019  
[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,  
Megastar Foods Limited,  
Plot No. 807, Industrial Area,  
Phase II, Chandigarh.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MEGASTAR FOODS LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted 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 MEGASTAR FOODS LIMITED'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 March 31, 2019 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 MEGASTAR FOODS LIMITED ("the Company") for the financial year ended on March 31, 2019 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the amendments thereof: Not Applicable, as none of the securities of the company were delisted during the audit period.
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 to the extent applicable in respect of Initial Public Offer by Small and Medium Enterprises.
  - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable as the company has not provided any share based benefits to the employees during the year.



- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
  - g) 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- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable as the company has not bought back any of its securities during the financial year under review.
- VI. The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972, The Industrial Employment (Standing Order) Act, 1946, The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956.
- VII. Environment Protection Act, 1986 and other environmental laws.
- VIII. The Air (Prevention and Control of Pollution) Act, 1981
- IX. The Water (Prevention and Control of Pollution) Act, 1974
- X. The Food Safety and Standards Act, 2006 and rules and regulations made thereunder.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, to the extent applicable, being listed on SME Exchange BSE Limited;

During the period under review the Company has complied with the provisions of the act, rules, regulations, guidelines, standards, etc. mentioned above.

Based on our examination and the information received and records maintained, I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decision is carried through majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion 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 financial year under review:

1. The company has issued and allotted 26,80,000 (Twenty Six Lakh Eighty Thousand) fully paid up equity shares of Rs. 10/- (Rupees Ten Only) each at a premium of Rs. 20/- (Rupees Twenty Only) each pursuant to the Initial Public Offer of the company and the equity shares of the company were listed on the SME Exchange of BSE Limited w.e.f 24.05.2018.



## ANNUAL REPORT 2018-2019

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2. At the Extra Ordinary General Meeting of the company held on 04.04.2018, the company passed special resolutions:
- a. Under Section 180(1) (c) of the Companies Act, 2013 for authorising the Board of the company to borrow money exceeding the aggregate of the paid-up share capital and free reserves of the company but not exceeding Rs. 100 Crores.
  - b. Under Section 180(1)(a) of the Companies Act, 2013 for authorising the Board of Directors of the company to sell, lease or otherwise dispose-off the immovable properties or undertakings and to create charge or mortgage on the properties of the company.
  - c. Under Section 186(3) of the Companies Act, 2013 authorising the Board of Directors to invest funds, give loans, guarantee and security upto an amount not exceeding Rs. 100 Crores.

Apart from the business stated above, there were no instances of:

- (i) Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation / reconstruction etc.
- (iv) Foreign technical collaborations.

Place: Chandigarh

Date: 24.05.2019

**KANWALJIT SINGH THANEWAL**

M. NO. 5901

C.P.NO. 5870

This report is to be read with our letter of even date which is annexed as "ANNEXURE- B" and forms an integral part of this report.



To,

The Members,  
Megastar Foods Limited,  
Plot No. 807, Industrial Area,  
Phase II, Chandigarh.

My 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 the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that the 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 the management. My examination was limited to the extent of 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.

Place: Chandigarh  
Date: 24.05.2019

**KANWALJIT SINGH THANEWAL**  
M. NO. 5901  
C.P.NO. 5870

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management of MEGASTAR FOODS LIMITED is pleased to present its Analysis Report covering its overall performance and outlook.

Your company operates in only one segment of Manufacturing Wheat flour during the year 2018-19. Wheat flour made from the grinding of wheat used for human consumption. Wheat varieties are called "soft" or "weak" if gluten content is low, and are called "hard" or "strong" if they have high gluten content. Hard flour, or bread flour, is high in gluten, with 12% to 14% gluten content, and its dough has elastic toughness that holds its shape well once baked. Soft flour is comparatively low in gluten and thus results in a loaf with a finer, crumbly texture. Soft flour is usually divided into cake flour, which is the lowest in gluten, and pastry flour, which has slightly more gluten than cake flour.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS IN GLOBE**

Wheat is the most widely produced cereal all over the world, most of which is for human consumption. According to FAO, in 2014, the total wheat production is 729 Mn tonnes across the globe. China is the largest wheat producing country with the production capacity of 126 Mn metric tons while India is the second largest wheat producer with the production of around 95 Mn tonnes. India and China together account for around 20% of the total wheat production across the globe. There are different varieties of wheat flour available which are distinguished based on the amount of gluten they contain

### **INDUSTRY STRUCTURE AND DEVELOPMENTS IN INDIA**

The food processing industry in India is estimated to reach \$482 billion by 2025. With the increasing use of flour in bakery products and the ease of availability of raw materials, there is acceleration in the flour market. Furthermore, the launch of innovative products has fuelled the growth in the market.

Wheat flour is the largest product type in the segment which is widely consumed due to health benefits and dietary fibers. It has the highest share in the market and with the advances in technology; there is a significant improvement in the quality of flour. There are a number of wheat flour suppliers in the country which cater to the growing demand for wheat. However, it is important to check the quality and consistency of the flour offered by the mills.

The capital cost of setting up wheat flour manufacturing plant is very high as practically all equipment is made in high grade stainless steel, power requirement is also very high as large aeration system and large volume of liquids are handled using high power pumps automated control systems, separation and packing systems.

### **PERFORMANCE**

The performance of the Company showed upward trend as compared to the previous years. The company recorded highest volumes in terms of sales revenues and net profits.

Your Company planned and implemented expansion in automation of its various business processes in operational levels. All this will benefit the Company by reducing human intervention in operational processes, accurate product analysis for speedy and efficient results. We largely strengthened our supply chain and synchronised the delivery of our products with the advanced technological requirements of our bulk corporate buyers.

### **OPPORTUNITIES**

The Company has well- equipped automated plant which gives the opportunity to attract Multinational Companies and Corporate buyers as they get the best quality products as per food standards. Due to various Certifications the Company also get opportunity to get bulk orders from Corporate as these ensure that the Company is meeting food quality standards that are required by them. The Company has hedge over other competitors due to procurement of raw material in large quantity i.e. best quality at minimum cost. It also has workforce which distinguish from other in various aspects such as in structure of management, capability and talent of workforce.

**THREATS**

There are various threats to the Company such as the market Competitors, which indulge in cost cutting of the product, which forces the Company to sell its product as low cost. This also lead to loss to the Company. On the other hand, Company's raw material is based on agro product which is affected by calamities, which deteriorate the quality of the product, which is the major threat to the Company.

**OUTLOOK**

After the initial years of commercial production we are selling about 2/3<sup>rd</sup> of our product to local vendors and 1/3<sup>rd</sup> to corporate buyer now the scenario has got reversed now we are selling 2/3<sup>rd</sup> of our total production to corporate buyers even after increasing our installed and utilised capacity. We have successfully obtained international certification which paves the way for international trade, which provide us capability to export to European countries and pave ways for export to United States.

**RISK AND CONCERN/RISK MANAGEMENT**

History teaches that you cannot move forward effectively and with purpose until you truly understand what happen in the past. Though informal our investment committee reported certain key areas which needed attention for allocating funds for best risk adjusted returns. To reduce our dependency for procurement of raw material we heavily invested in working capital. Due to dependency on sole government agency for procurement of raw material we needed very heavy investment in working capital to fetch the opportunities to procure raw material from other states. To overcome the risk of procurement and cost of procurement of the raw material we invested substantial part of our issue proceeds towards working capital and storage of large quantity of raw material on the other hand the result are evident during the current financial year.

**INTERNAL CONTROL SYSTEM**

The Company has adequate internal control procedure for the purchase of stores, raw material including components, procurements fixed and other assets and for the sale of goods system is managed by audit committee with the recommendation of the top management and timely reviews and recommendations are considered to strengthened the internal control system to ensure that the system is operating effectively and consistently throughout the period.

**HUMAN RESOURCES**

The Company has always strived to attract the best talent, provide invigorative work environment, retain achievers and outstanding performers and to inculcate in the employees loyalty for the organization. Raising employees' involvement in the decision making process and grooming them for leadership positions has been an ongoing process. Industrial relations and work atmosphere remained cordial throughout the year with sustained communication and engagement with work force through various forums. Employees' strength as on 31st March, 2019 was 83.

**OTHER DISCLOSURES**

<b>PARTICULARS</b>	<b>2019</b>	<b>2018</b>
Debtors turnover ratio	12.04	9.38
Inventory turnover ratio	7.15	7.64
Interest coverage ratio *	2.09	1.54
Current ratio **	1.49	1.19
Debt Equity Ratio (including Financial Liabilities)***	0.39	0.86
Operating Profit Margin (%)	4.59	4.00
Net Profit Margin (%) *	1.70	1.27
Return On Net worth (%)	12.97	15.08

\*Due to increase in net profit (186%)

\*\* Due to induction of additional funds in current assets.

\*\*\*Due to increase in equity (216%)



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### *Formulae used for calculation of the ratios*

<b>Debtors turnover ratio</b>	Net Sales/ Average of Opening and Closing Trade receivables
<b>Inventory turnover ratio</b>	Net Sales/ Average of Opening and Closing Inventories
<b>Interest coverage ratio *</b>	Profit Before interest, Tax and Finance cost/ Finance cost
<b>Current ratio</b>	Current Assets / Current Liabilities
<b>Debt Equity Ratio (including Financial Liabilities)</b>	Debt (Net of Cash)/ Equity
<b>Operating Profit Margin (%)</b>	Profit Before interest, Tax and exceptional items/ Net sales
<b>Net Profit Margin (%)</b>	Profit after tax/ Net Sales
<b>Return On Net worth (%)</b>	Profit after tax/ Equity

### **CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projection, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

Date: 09.08.2019  
Place: Chandigarh

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**MEGASTAR FOODS LIMITED**

**VIKAS GOEL**  
Chairman-cum-Managing Director  
(DIN: 05122585)

**VIKAS GUPTA**  
Whole Time Director  
(DIN: 05123386)

**CORPORATE GOVERNANCE REPORT**
**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Your Company since its inception is committed to maintain its value systems developed over the years of corporate fairness, transparency, accountability, disclosures, ethical practices and creating long term value for its stakeholders based on the assumption that value based governance is a dynamic concept evolving over time and constantly adapting itself to the development of the Company and its stakeholders.

The shares of the company were listed on the SME Exchange of BSE Limited w.e.f. May 24, 2018. Even though the provisions relating to Corporate Governance are not mandatorily applicable to us, the Company has voluntarily committed to ensure effective compliance with requirements to the Corporate Governance of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) to the maximum possible extent.

**BOARD OF DIRECTORS' & BOARD MEETINGS**
**(i) Composition:**

The Board of Directors along with its Committees is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the company and has been vested with requisite powers and authorities.

The Board of Directors consists of six Directors viz. Mr. Vikas Goel (Chairman and Managing Director), Mr. Vikas Gupta (Whole-Time Director), Mr. Mudit Goyal (Whole-Time Director), Mr. Amit Mittal, Mr. Prabhat Kumar and Ms. Savita Bansal. Mr. Vikas Goel, Mr. Vikas Gupta and Mr. Mudit Goyal are the Executive Directors and the other three Directors are Independent Non-Executive Directors. The Board of the company, therefore, meets the composition criteria as required under SEBI Listing Regulations.

S. No.	Name of Directors	Director Identification Number (DIN)	Position
<b>Whole Time Directors (Executive Directors)</b>			
1.	Vikas Goel	05122585	Chairman & Managing Director (Promoter)
2.	Vikas Gupta	05123386	Whole Time Director (Promoter)
3.	Mudit Goyal	08099543	Whole Time Director (Member of promoter group)
<b>Non- Executive Independent Directors</b>			
1.	Prabhat Kumar	08099531	Independent Director
2.	Savita Bansal	08099629	Independent Director
3.	Amit Mittal	08099502	Independent Director

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to business.

Particulars	Number of Directors	Percentage of composition
Executive Directors	3	50%
Non-executive Independent Directors (including one woman director)	(including Chairman) 3	50%
Total	6	100%

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### **MEETINGS OF THE BOARD OF DIRECTORS AND ATTENDANCE THEREOF**

During the financial year 2018-19, the Board of Directors met eleven (11) times in accordance with the provisions of the Companies Act, 2013 and rules made there under. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

The composition of the Board of Directors, their Attendance at the Board Meetings and Annual General Meeting and also the number of other directorships in other Indian Public Limited Companies and memberships of the Committees of the Board of such other companies are as follows:

Name of Director	Category	Board Meetings during 2018-19		Attendance at the AGM held on 15.09.2018	Directorships in other companies		No. of Committee positions in companies #	
		Number of meetings entitled to attend	Board Meetings attended		Public	Private	Chairman	Member
Mr. VIKAS GOEL	Chairman and Managing Director	11	11	Yes	Nil	Nil	Nil	Nil
Mr. VIKAS GUPTA	Executive Director	11	11	Yes	Nil	Nil	Nil	Nil
Mr. MUDIT GOYAL	Executive Director	11	11	Yes	Nil	Nil	Nil	Nil
Mr. AMIT MITTAL	Non Executive Independent Director	10	10	Yes	Nil	Nil	Nil	Nil
Mr. PRABHAT KUMAR	Non Executive Independent Director	10	10	Yes	Nil	Nil	Nil	Nil
Mrs. SAVITA BANSAL	Non Executive Independent Director	10	10	Yes	Nil	Nil	Nil	Nil

#Only Audit Committee and Stakeholders Relationship Committee of Indian Public Companies have been considered for Committee positions.

### **ORDERLY SUCCESSION TO BOARD AND SENIOR MANAGEMENT**

The Board of the Company has satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.

### **CODE OF CONDUCT FOR BOARD OF DIRECTOR AND SENIOR MANAGEMENT**

The Company has adopted a Code of Conduct for Board of Director and Senior Management (referred to as the 'Code'). The Code has been communicated to the Directors and the members of Senior Management. The Code has also been posted on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com). All Board members and senior management have confirmed compliance with the code for the year ended 31<sup>st</sup> March, 2019. The Annual Report contains a declaration to this effect signed by the Managing Director of the Company.



**CEO/ CFO CERTIFICATION**

Pursuant to the provisions specified in Part B of Schedule II and in terms of Regulation 17(8) of the SEBI Listing Regulations, a certificate on the Financial Statements from Chairman-cum-Managing Director and the CFO is issued and forms part of the Annual Report.

**INDEPENDENT DIRECTORS**

The Independent Directors have made disclosures confirming that there are no material, financial and/or commercial transactions between Independent Directors and the Company which could have potential conflict of interest with the Company at large. As mandated by Regulations 25 of the SEBI Listing Regulations as of March 31, 2019, none of the independent directors of the company served as an independent director in more than seven listed entities and as per Regulation 26, none of Directors is a member of more than ten committees or acting as Chairperson of more than five committees of the companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors. Also the maximum tenure of independent directors is in accordance with the Companies Act, 2013 and Regulation 25(2) of the SEBI Listing Regulations.

The Company issues a formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013. As per Regulation 46(2) of SEBI Listing Regulations, the terms and conditions of appointment of independent directors are placed on the Company's website.

No non-executive independent director holds any shares and convertible instruments in the Company.

Based on the Disclosure received from the Independent Directors and also in the opinion of the Board, Mr. Amit Mittal, Mr. Prabhat Kumar and Ms. Savita Bansal fulfil the conditions specified in the Companies Act, 2013, and the Rules made thereunder and the Listing Regulations for appointment as Independent Directors and that they are independent of the management of the Company.

**MEETING OF INDEPENDENT DIRECTORS**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 27<sup>th</sup> February, 2019, as required under Schedule IV to the Companies Act, 2013

(Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations. At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of the other Executive and Non-Executive Directors; and
- Assessed the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors of the Company attended the Meeting of Independent Directors.

**FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company familiarizes its Independent Directors about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. These include presentations made by the functional heads on the developments in their respective departments' vis-à-vis the industry as whole. They are also updated on the changes in the policies, laws, etc. and their impact on the company as a whole on a continuing basis.

The Familiarization programmes imparted to Independent Directors are disclosed on the Company's website at the web link i.e. <https://www.megastarfoods.com/assets/pdf/INDEPENDENT-DIRECTORS'-FAMILIARIZATION-PROGRAMME.pdf>

**PERFORMANCE EVALUATION**

During the year, the Board has carried out an annual evaluation of its own performance, performance of the Directors, as well as the evaluation of the working of its Committees. The structured evaluation process contained various aspects of the functioning of the Board and its committees, number of committees and their roles, frequency of meetings, level of participation, and independence of judgments, performance of duties and obligations and implementation of good corporate governance practices. The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The Board expressed its satisfaction of the performance of all the directors, Board and its committees which reflected the overall engagement of the Directors, the Board and its committees, with the Company.

**MATRIX SETTING OUT THE SKILLS/ EXPERTISE/ COMPETENCE OF THE BOARD OF DIRECTORS**

<b>Core skills/ competence identified, in the context of our business, by the Board as required for the Board Members</b>	<b>Core skills/ competence possessed by the Board Members</b>
To be a member of the Board one should be a person of ability, integrity and standing, and have adequate knowledge and experience in running a corporate, and possess qualities of dealing with challenges related with running business in a robust environment including but not limited to the following qualities:	Mr. Vikas Goel: Skill Set of Leadership, Board Service and Governance, Finance, Sales and Marketing and Operations of the Business, Technology and Maintenance Services
Leadership: Extended leadership experience for a significant enterprise, resulting in a practical understanding of organisations, processes, strategic planning and risk management. Develops talent and long term growth	Mr. Vikas Gupta: Skill Set of Leadership, Board Service and Governance, Finance, Sales and Marketing and Operations of the Business, Technology and Maintenance Services
Finance: Management of finance function of enterprise, resulting in proficiency in complex financial management, capital allocation, treasury and financial reporting process.	Mr. Mudit Goyal: Skill Set of Leadership and Operations of the Business, Sales and Marketing, Technology and Maintenance Services
Board Service & Governance: Service on public company board to develop insights about board and management accountability, protecting shareholder interests and observing appropriate government practices.	Mr. Prabhat Kumar: Skill Set of Leadership, Knowledge of Operations of the Business and Sales and Finance
Sales and Marketing: Experience to grow sales and develop strategies for marketing, brand building & awareness of the brand and help enhancing the equity and maximum customer satisfaction.	Mr. Amit Mittal: Skill Set of Leadership, Knowledge of Operations of the Business and Sales and Finance Ms. Savita Bansal: Skill Set of Leadership, Knowledge of Operations of the Business and Sales and Finance

**DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE**

<b>NAME OF THE DIRECTOR</b>	<b>DESIGNATION OF DIRECTOR</b>	<b>RELATIONSHIPS INTER- SE</b>
Mr. Vikas Goel	Managing Director	Father of Mr. Mudit Goyal
Mr. Vikas Gupta	Whole Time Director	No relationship with any other Directors
Mr. Amit Mittal	Director	No relationship with any other Directors
Mr. Prabhat Kumar	Director	No relationship with any other Directors
Mr. Mudit Goyal	Whole Time Director	Son of Mr. Vikas Goel
Ms. Savita Bansal	Director	No relationship with any other Directors

**COMMITTEES OF BOARD OF DIRECTORS**

There are five committees of the Board of Directors, which have been delegated adequate powers to discharge their respective functions. These Committees are - (i) Audit Committee (ii) Nomination & Remuneration Committee (iii) Stakeholders' Relationship Committee (iv) Corporate Social Responsibility Committee and (v) Finance and Investment Committee. The Company Secretary is the Secretary for all the Committees of the Company.

**1. Audit Committee**

The company has constituted an Audit Committee ("Audit Committee") as per the applicable provisions of the Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations applicable upon listing of the Company's Equity shares on SME platform of BSE. The composition of the Audit Committee is as under:

Name of the Director	Status in Committee	Nature of Directorship	No. of meetings attended
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director	5
Mr. Amit Mittal	Member	Non-Executive Independent Director	5
Mr. Vikas Goel	Member	Chairman & Managing Director	5

The Company Secretary of our Company shall act as a Secretary to the Audit Committee. The Committee met Five times in the financial Year 2018-19 viz. 4<sup>th</sup> June, 2018, 2<sup>nd</sup> August, 2018, 24<sup>th</sup> October, 2018, 27<sup>th</sup> November, 2018 and 27<sup>th</sup> February, 2019. The scope and function of the Audit Committee and its terms of reference shall include the following:

**A. Tenure:** The Audit Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.

**B. Meetings of the Committee:** The committee shall meet at least four times in a year and not more than 120 days shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting.

**C. Role and Powers:** The Role of Audit Committee together with its powers as Part C of Schedule II of SEBI Listing Regulation, 2015 and Companies Act, 2013 shall be as under:

1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval;
  - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval, with particular reference to;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

8. Subject to and conditional upon the approval of the Board of Directors, approval of Related Party Transactions (RPTs) or subsequent modifications thereto. Such approval can be in the form of specific approval or omnibus approval of RPT subject to conditions are not inconsistent with the conditions specified in Regulation 23(2) and Regulation 23(3) of the Listing Regulations. Such approval shall not be required for transactions with a wholly owned subsidiary whose accounts are consolidated with the Company;
9. Subject to review by the Board of Directors, review on quarterly basis, of RPTs entered into by the Company pursuant to respective omnibus approval given pursuant to (8) above;
10. Scrutiny of inter-corporate loans and investments;
11. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
12. Review the Company's established system and processes of internal financial controls and risk management systems;
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with internal auditors of any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
17. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in section 177(4) of Companies Act 2013 or referred to it by the Board.
19. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. To review the functioning of the whistle blower mechanism;
21. Approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and;
22. Audit committee shall oversee the vigil mechanism.
23. Audit Committee will facilitate KMP/auditor(s) of the Company to be heard in its meetings.
24. Carrying out any other function as is mentioned in the terms of reference of the audit committee or containing into SEBI Listing Regulations 2015.

Further, the Audit Committee shall mandatorily review the following:

- a) Management discussion and analysis of financial condition and results of operations.
- b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- f) Statement of deviations:
  - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).



## 2. **Nomination And Remuneration Committee**

The Company has constituted the Nomination and Remuneration Committee as per Regulation 19 of Listing Regulation and Section 178 of Companies Act, 2013. The Nomination and Remuneration Committee comprise the following:

Name of the Director	Status in Committee	Nature of Directorship	No of meetings attended
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director	2
Mr. Amit Mittal	Member	Non-Executive Independent Director	2
Mrs. Savita Bansal	Member	Non-Executive Independent Director	2

The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee. The Committee met 2 times in the Financial Year 2018-19 viz. 4<sup>th</sup> June, 2018 and 2<sup>nd</sup> August, 2018. The scope and function of the Committee and its terms of reference shall include the following:

**A. Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

**B. Meetings:** The committee shall meet as and when the need arises for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders queries; however, it shall be up to the chairperson to decide who shall answer the queries.

### C. Role of Terms of Reference:

- Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, KMPs and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights;
- Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;
- Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
- Decide the amount of Commission payable to the Whole time Directors;
- Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.; and
- To formulate and administer the Employee Stock Option Scheme.

## 3. **Stakeholders Relationship Committee**

The Company has formed the Stakeholders Relationship Committee as per Regulation 20 of Listing Regulation. The constituted Stakeholders Relationship Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship	No. of meetings attended
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director	5
Mr. Amit Mittal	Member	Non-Executive Independent Director	5
Mr. Vikas Goel	Member	Chairman & Managing Director	5

The Company Secretary of our Company shall act as a Secretary to the Stakeholders Relationship Committee. The Committee met Five times in the financial Year 2018-19 viz. 4<sup>th</sup> June, 2018, 2<sup>nd</sup> August, 2018, 24<sup>th</sup> October, 2018,

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27<sup>th</sup> November, 2018 and 27<sup>th</sup> February, 2019. The Committee also reviews the functioning of the Registrar and Transfer Agent to render effective and quality services to the investors. The scope and function of the Stakeholders Relationship Committee and its terms of reference shall include the following:

- A. Tenure:** The Stakeholders Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholders Relationship Committee as approved by the Board.
- B. Meetings:** The Stakeholders Relationship Committee shall meet at least four times a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.
- C. Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:
- Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the space at back for recording transfers have been fully utilized.
  - Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
  - Review the process and mechanism of redressal of Shareholders' /Investor's grievance and suggest measures of improving the system of redressal of Shareholders' /Investors' grievances.
  - Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
  - Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
  - Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of insider Trading) Regulations, 2015 as amended from time to time.
  - Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting, and
  - Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

### Status of Shareholders/Investors Grievances

The Company has been attending to all investor grievances/complaints expeditiously and promptly to the satisfaction of stakeholder(s). The status of Shareholders/ Investors Grievances pursuant to Regulation 13(3) of Listing Regulations for the financial year 2018-19, is as follows:

Particulars	Number of Complaints
Pending at the beginning of the financial year	Nil
Received during the financial year	Nil
Disposed during the financial year	Nil
Remaining unresolved as on March 31, 2019	Nil

### 4. Corporate Social Responsibility Committee

The Company has formed Corporate Social Responsibility (CSR) Committee pursuant to the provisions of Section 135 of the Companies Act, 2013; Corporate Social Responsibility Committee comprising the following:

Name of the Director	Status in Committee	Nature of Directorship	No. of meetings attended
Mr. Prabhat Kumar	Chairman	Non-Executive-Independent Director	1
Mr. Amit Mittal	Member	Non-Executive-Independent Director	1
Mr. Vikas Goel	Member	Chairman & Managing Director	1

The Company Secretary of our Company shall act as a Secretary to the Corporate Social Responsibility Committee. The Committee met on 4<sup>th</sup> June, 2018 in the financial Year 2018-19. The scope and function of the Committee and its terms of reference shall include the following:

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the Company from time to time;
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

#### **5. Finance and Investment Committee**

The Company has formed the Finance and Investment Committee;. The constituted Finance and Investment Committee comprises the following:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Vikas Goel	Chairman	Chairman Cum Managing Director
Mr. Amit Mittal	Member	Non-Executive Independent Director
Mr. Vikas Gupta	Member	Whole Time Director

The Company Secretary of our Company shall act as a Secretary to the Finance and Investment Committee. No meeting of the committee was held during the financial year ended March 31, 2019. The scope and function of the Finance and Investment Committee and its terms of reference shall include the following:

**A. Tenure:** The Finance and Investment Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

**B. Meetings:** The committee shall meet as and when the need arises for the matters related to finance and investment by the Company. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher.

#### **C. Role of Terms of Reference:**

- Identify the suitable investment options/ plan for the growth of the Company which can provide the maximum benefit for the Company and also analysis risk associated with it.
- recommend to the Board about the future investment plans;
- Formulate the criteria for determining the price, returns, dispose-off and tenure in the investment
- Review the Company's financial policies, risk assessment and minimization procedures, strategies and capital structure, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto as it may deem advisable.
- Review banking arrangements and cash management.
- Exercise all powers to borrow monies (other than by issue of debentures) within the limits approved by the Board and taking necessary actions connected therewith including refinancing for optimization of borrowing costs.
- Giving of guarantees/issuing letters of comfort/ providing securities within the limits approved by the Board.
- Borrow monies by way of loan for the purpose of refinancing the existing debt, capital expenditure, general corporate purposes including working capital requirements and possible strategic investments within the limits approved by the Board.
- Provide corporate guarantee/performance guarantee by the Company within the limits approved by the Board.
- Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.
- Other transactions or financial issues that the Board may desire to have them reviewed by the Finance and Investment Committee.
- Delegate authorities from time to time to the executives/authorized persons to implement the decisions of the Committee.
- Regularly review and make recommendations about changes to the charter of the Committee.



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### DISCLOSURE

#### DETAILS OF GENERAL MEETING

Financial Year	Date	Venue	Special Resolutions Passed
2015-16	30.09.2016	Plot no. 807, Industrial Area, Phase II, Chandigarh	Nil
2016-17	30.09.2017	Plot no. 807, Industrial Area, Phase II, Chandigarh	Nil
2017-18	15.09.2018	Hotel KLG Starlite, Plot No. 51, Industrial and Business Park, Phase-II, Tribune Chowk, Chandigarh- 160002	Nil

Pursuant to the provisions of Section 110 of the Companies Act, 2013, there was no matter required to be dealt by the Company to be passed through postal ballot.

#### EXTRA ORDINARY GENERAL MEETING

During the financial year 2018-19 two Extra Ordinary general Meeting was held on 4<sup>th</sup> April, 2018 and 14<sup>th</sup> April, 2018 in which the following resolutions were passed:

##### Business transacted in EGM held on 4<sup>th</sup> April, 2018:

1. To create charge under section 180(1) (a) of the Companies Act, 2013
2. To authorise to Board of Directors to borrow funds under section 180(1)(c) of the Companies Act, 2013
3. To authorise to make investments, give loans, guarantees and provide securities under section 186 of the Companies Act, 2013
4. To confirm Mr. Vikas Goel Re- Designated as Chairman cum Managing Director
5. To confirm change in designation and fixing of remuneration of Mr. Mudit Goyal as Whole Time Director of the Company
6. To approve change in designation and fixing of remuneration of Mr. Vikas Gupta as Whole Time Director of the Company
7. To confirm Re-Appointment fixing of terms and remuneration of Mr. Vikas Goel as Chairman cum Managing Director of the Company
8. Shareholder resolution for Initial Public Offer

##### Business transacted in EGM held on 14<sup>th</sup> April, 2018:

1. To approve changing in terms and managerial remuneration of Mr. Mudit Goyal, Whole Time Director of the Company
2. To approve changing in terms and managerial remuneration of Mr. Vikas Goel, Chairman cum Managing Director of the Company
3. To approve changing in terms and managerial remuneration of Mr. Vikas Gupta Whole Time Director of the Company

#### RELATED PARTY TRANSACTIONS

There were no materially significant transactions with the related parties during the financial year that may have potential conflict with interest of the Company at large.

All transaction entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations during the financial year were on arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013.

During the year 2018-19, as required under section 177 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations, all RPTs were placed before Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under Accounting Standard 18 is set out separately in this Annual Report.

The Company has formulated a policy on dealing with related party transactions which has been uploaded on the website of the Company, i.e. - [www.megastarfoods.com](http://www.megastarfoods.com).



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### **DETAILS OF NON-COMPLIANCE**

There has neither been any non-compliance of any legal provision of applicable law nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other authorities, on any matters related to capital market during the last three years.

### **SHAREHOLDING OF DIRECTORS**

Information on shares held by directors in the Company as on 31 March 2019 is provided in the annexure to the Directors' Report in Form MGT-9, i.e., extract of the Annual Return.

### **PENALTIES, STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGES OR SEBI OR ANY STATUTORY AUTHORITY**

No penalties, and strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

### **MATERIAL SUBSIDIARIES**

The Company does not have a subsidiary as defined under Regulation 16(1)(c) of the SEBI Listing Regulations and hence this clause is not applicable on the company.

### **PROCEEDS FROM PUBLIC ISSUE, RIGHTS ISSUE, PREFERENTIAL ISSUE, ETC.**

During the year, the Company has raised funds of Rs. 8,04,00,000/- (INR Eight Crore Four Lakh Only) from Initial Public Offer and Company got listed on the BSE SME portal on 24<sup>th</sup> May, 2018.

### **USE OF PROCEEDS**

Objects as mentioned in the Prospectus	Amount Allocated (In Lakhs)	Amount Utilised (In Lakhs)	Balance as on 31.03.2019	Deviation (if any)
To Meet Working Capital Requirement	650.00	650.00	NIL	NIL
General Corporate Expenses	112.60	112.60	NIL	NIL
Public Issue Expenses	41.40	41.40	NIL	NIL
Issue proceed	804.00	804.00	--	--

### **DISCLOSURE OF MATERIAL TRANSACTIONS BY SENIOR MANAGEMENT**

Under regulation 26(5) of SEBI Listing Regulations, Senior Management has made periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. The same was NIL during the year 2018-19.

### **DISCLOSURE OF ACCOUNTING TREATMENT AND DIRECTORS' RESPONSIBILITY STATEMENT**

In the preparation of financial statements, the company has followed the Accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable. The Board has also affirmed the above that the Annual Accounts have been prepared as per applicable Accounting Standards and Policies and that sufficient care has been taken for maintaining adequate accounting records.

### **WHISTLE BLOWER POLICY**

The Company has in place a Vigil Mechanism/Whistle Blower Policy, in terms of provisions of Section 178(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its powers) Rules, 2014 which was approved by the Board of Directors on 4<sup>th</sup> April, 2018. The Company's personnel have direct access to the chairman of the Audit Committee to report concerns about unethical behaviour (actual or suspected), frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee. Adequate safeguards are being provided against victimization of whistle blowers availing of such mechanism.

Whistle Blower Policy of the Company is hosted on the website of the Company at the web link <https://www.megastarfoods.com/assets/pdf/Whistle-Blower-Policy.pdf>



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### **POLICY ON DISCLOSURES AND INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING**

The Company had in place a 'Code of Conduct for Prevention of Insider Trading and Corporate Disclosure Practices', in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended. These regulations have been substituted by SEBI with a new set of Regulations, which have come into effect from the 15th day of May, 2015. Accordingly, the Board at its meeting held on April 04, 2018, approved and adopted:

- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and
- Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons. The code referred to in (a) above is placed on the Company's website - [www.megastarfoods.com](http://www.megastarfoods.com).

### **MEANS OF COMMUNICATION**

#### **(a) Calendar of financial year ended 31st March 2019**

The Company follows April-March as the financial year. The meetings of the Board of Directors for approval of half yearly financial results for the financial year ended 31st March 2019 were held on the following dates:

<b>Particulars</b>	<b>Date</b>
Half year ended 30th September 2018	24 <sup>th</sup> October, 2018
Half year ended 31 <sup>st</sup> March, 2019	24 <sup>th</sup> May, 2019

#### **(b) Annual Reports and Annual General Meetings:**

The Annual Reports are e-mailed to Members and others entitled to receive them. The Annual Report is also available on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com) in a user-friendly downloadable form. Physical copy of the annual report are sent to the member of the Company on demand

#### **(d) eXtensible Business Reporting Language (XBRL):**

XBRL is a standardized and structured way of communicating business and financial data in an electronic form. XBRL provides a language containing various definitions (tags) which uniquely represent the contents of each piece of financial statements or other kinds of compliance and business reports. BSE provide XBRL based compliance reporting featuring identical and homogeneous compliance data structures between Stock Exchanges and Ministry of Corporate Affairs. The XBRL filings are done on the BSE online portal.

#### **(e) SEBI Complaints Redressal System (SCORES):**

A centralised web-based complaints redressal system which serves as a centralised database of all complaints received, enables uploading of Action Taken Reports by the concerned company and online viewing by the investors of actions taken on the complaint and its current status.

##### **(a) Publication of results: Not Applicable during the FY 2018-19.**

##### **(b) Website and News Releases:**

The Company's website [www.megastarfoods.com](http://www.megastarfoods.com) displays the information, prescribed to be made available on website of the Company under the Listing Regulations, which inter alia includes - details of business of the Company, composition of Board committees, policies adopted by the Company, Annual Reports, quarterly and Annual Financial results, contact for investor grievances, etc.

##### **(c) Stock Exchanges:**

After the date of its listing, the Company makes timely disclosures of necessary information to SME Exchange of BSE Limited, where the Company's shares are listed, in terms of the Listing Regulations and other Rules and regulations issued by SEBI, electronically through its web-based portals

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

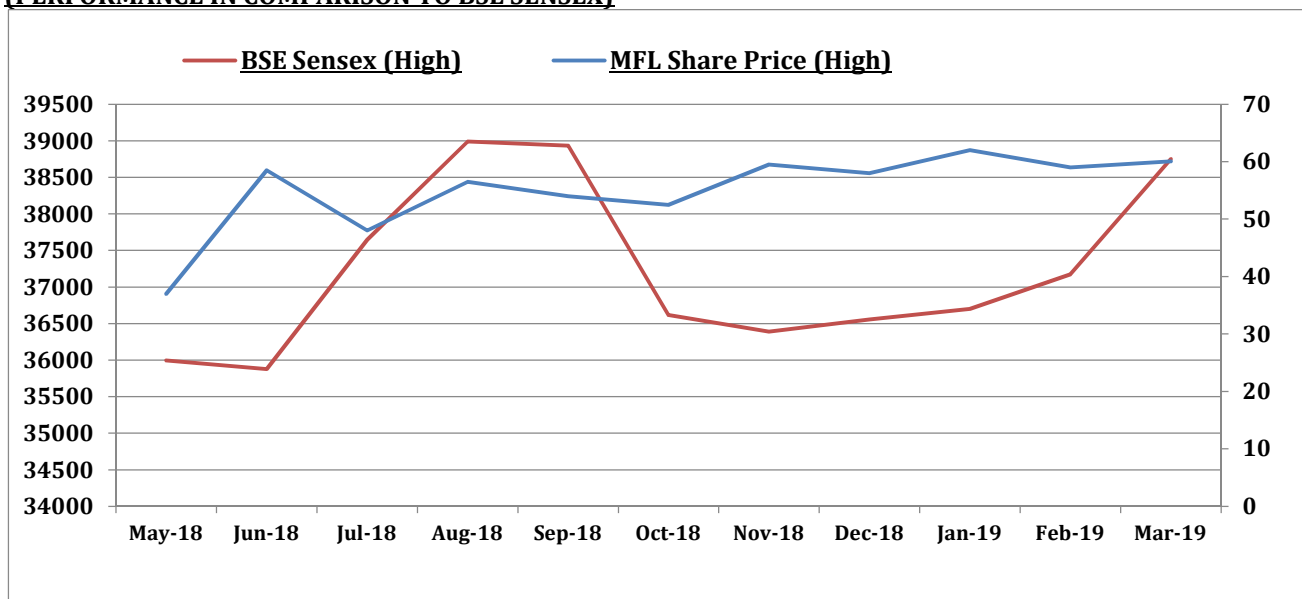
Management Discussion and Analysis Report has been attached to Directors' Report.

**GENERAL SHAREHOLDER INFORMATION**

ANNUAL GENERAL MEETING	
Day and Date	Monday, 16 <sup>TH</sup> September, 2019
Time	11.00 a.m.
Venue	Plot No. 807, Industrial Area, Phase-II Chandigarh- 160102
Financial year	2018-19
Cut off date	09 <sup>th</sup> September, 2019
Dividend payable date	The Board of Directors has not recommended any dividend during the year.
Listing on Stock Exchanges	(BSE) Limited, (SME)
ISIN	INE00EM01016
Stock Code	541352
In case the securities are suspended from trading, the directors report shall explain the reasons thereof	N/A. The securities of the Company have never been suspended from trading.
Registrar to an Issue and Share Transfer Agents	Skyline Financials Services Private Limited D-153A, 1st Floor, Okhla Industrial Area Phase-I, New Delhi - 110020 Tel No.: +91 11 64732681-88 Fax No.: +91 11 26812682 Email: viren@skylinerta.com
Share Transfer System	All share transfer and other communications regarding share certificates, change of address, dividends, etc. should be addressed to Registrar and Transfer Agents. The shares of the Company are traded in dematerialized form only. Transfer of shares in dematerialized form is done through the depositories without any involvement of the Company. Grievances received from Members and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrar within 15 days. Stakeholders' Relationship Committee also looks into the Investors Grievances, if there is any.
Plant Locations	Village Solkhian, Near Ropar Dist., Punjab
Address for Correspondence	Plot no. 807, Industrial Area Phase II, Chandigarh
Listing and Custodial Fees	The Company has paid the requisite Annual Listing and Custodial Fees to the Stock Exchanges and Depositories viz. Central Depository Services (India) Limited (CDSL) and NSDL, respectively for the financial years 2018-19 and 2019-20.

**MARKET PRICE DATA FOR THE YEAR 2018-19**

MONTH	HIGH PRICE	LOW PRICE	No. OF SHARES	No. OF TRADES
May-18	37	30.5	1064000	254
Jun-18	58.5	38.85	380000	93
Jul-18	48	40	116000	26
Aug-18	56.5	47.75	124000	30
Sep-18	54	51	20000	5
Oct-18	52.5	52.5	12000	2
Nov-18	59.5	52	56000	24
Dec-18	58	53.6	10000	5
Jan-19	62	57.5	24000	12
Feb-19	59	56	16000	8
Mar-19	60.05	50	8000	4

**PRICE CHART FOR THE PRICE OF THE EQUITY SHARE FROM 24<sup>TH</sup> MAY, 2018 TO 31<sup>ST</sup> MARCH, 2019  
(PERFORMANCE IN COMPARISON TO BSE SENSEX)**

**Details of Equity Shares in dematerialised as on 31st March 2019:**

The Company's shares are compulsorily traded in dematerialised form and are available for trading through both the Depositories in India viz. NSDL and CDSL. The details of number of equity shares of the Company which are in dematerialised form are given below:

Particulars	Number of shares	% of total number of shares	Number of shareholders	% of total numbers of shareholders
<b>Dematerialised form</b>				
NSDL (A)	8691700	87.76	70	70
CDSL (B)	1212000	12.24	30	30
<b>Total (A)+(B)</b>	<b>9903700</b>	<b>100</b>	<b>100</b>	<b>100</b>

\*Four shareholders are having shares in both CDSL and NSDL, because of which the total numbers of shareholders are 100 instead of 96

**SHAREHOLDING PATTERN AS ON MARCH 31, 2019:**

Category	No. of Shareholders
Promoters	7
Institutional Investors	0
Institutional Investors	0
Mutual Funds & UTI	0
Banks, Financial Institutions and Insurance Companies	0
FII's	0
Others: HUF	2
Private Corporate Bodies	2
Indian Public	84
NRIs/OCB	1
Trust	0
<b>Total</b>	<b>96</b>

**ANNUAL REPORT 2018-2019****DISTRIBUTION OF 99037000 EQUITY SHARE CAPITAL AS ON: 31/03/2019****Nominal Value of Each Share: Rs. 10**

Share or Debenture holding Nominal Value (Rs.)	Number of Shareholders	% to Total Numbers	Share or Debenture holding Amount (Rs.)	% to Total Amount
Up To 5,000	0	0	0	0
5001 To 10,000	0	0	0	0
10001 To 20,000	5	5.21	100000	0.1
20001 To 30,000	0	0	0	0
30001 To 40,000	44	45.83	1760000	1.78
40001 To 50,000	0	0	0	0
50001 To 1,00,000	10	10.42	780000	0.79
1,00,000 and Above	37	38.54	96397000	97.33
<b>Total</b>	<b>96</b>	<b>100</b>	<b>99037000</b>	<b>100</b>

**DISTRIBUTION OF SHAREHOLDING ACROSS CATEGORIES AS ON 31ST MARCH 2019**

S. No.	Category	No. of shares held	%age of Shareholding
1.	Promoters	6741700	68.07
2.	Financial Institutions, Banks and Mutual Funds	Nil	Nil
3.	NRIs, Foreign Nationals, OCBs and FIIs	2000	0.02
4.	Indian Public	2876000	29.04
5.	Private Corporate Bodies	260000	2.63
6.	Hindu Undivided Families (HUF)	24000	0.24
	<b>TOTAL</b>	<b>9903700</b>	<b>100</b>

Date: 09.08.2019  
Place: ChandigarhFOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**MEGASTAR FOODS LIMITED****VIKAS GOEL**  
Chairman-cum-Managing Director  
(DIN: 05122585)**VIKAS GUPTA**  
Whole Time Director  
(DIN: 05123386)



**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

To,  
**The Board of Directors**  
**Megastar Foods Limited**

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Megastar Foods Limited (“the Company”), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2019 and based on our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company’s code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - I. Significant changes, if any, in the internal control over financial reporting during the year;
  - II. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements: and
  - III. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

**VIKAS GOEL**  
Chairman Cum Managing Director

**VIJAY SHARMA**  
Chief Financial officer

Date: 24/05/2019



**DECLARATION**

Pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, hereby certify that the Board Members and the Senior Management Personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended 31st of March, 2019.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
**MEGASTAR FOODS LIMITED**

**VIKAS GOEL**  
Chairman & Managing Director  
DIN: 05122585

Place: Chandigarh  
Date: 24/05/2019



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,

**The Members of  
Megastar Foods Limited,  
Plot No. 807, Industrial Area,  
Phase II, Chandigarh 160102.**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Megastar Foods Limited having CIN: L15311CH2011PLC033393 and having registered office at Plot No. 807, Industrial Area, Phase II, Chandigarh (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in the company
1.	Mr. VIKAS GOEL	05122585	28.11.2011
2.	Mr. VIKAS GUPTA	05123386	28.11.2011
3.	Mr. MUDITGOYAL	08099543	31.03.2018
4.	Mr. AMIT MITTAL	08099502	04.04.2018
5.	Mr. PRABHAT KUMAR	08099531	04.04.2018
6.	Mrs. SAVITABANSAL	08099629	04.04.2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chandigarh

Date: 24.05.2019

**KANWALJIT SINGH THANEWAL**

M. No. 5901

C.P.No. 5870





**CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of  
Megastar Foods Limited**

We have examined the compliance of the conditions of Corporate Governance by Megastar Foods Limited (“the Company”) for the year ended on 31<sup>st</sup> March, 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”).

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, to the extent voluntarily adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended on 31<sup>st</sup> March, 2019.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 24.05.2019  
Place: Chandigarh

**KANWALJIT SINGH THANEWAL**  
Company Secretary  
M. No. 5901  
C. P. No. 5870

**Note: As per Regulation 15(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the provisions relating to Corporate Governance are not statutorily applicable to the company being listed on SME Exchange. This certificate is based on the selective/partial compliance being made voluntarily by the company to adhere to Good Corporate Governance Practices.**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST MARCH 2019

MEGASTAR FOODS LIMITED

AUDITORS

AVNISH SHARMA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
PANCHKULA, CHANDIGARH, LUDHIANA

E-MAIL: [avnishca@hotmail.com](mailto:avnishca@hotmail.com)  
PHONE: 0172-4666330, CELL: 9872980396

# AVNISH SHARMA & ASSOCIATES

## CHARTERED ACCOUNTANTS

#49, SUSHILA VILLA, SECTOR 7, PANCHKULA, HARYANA-134109

SCO 47, 2<sup>ND</sup> FLOOR, SECTOR 20-C, DAKSHIN MARG, CHANDIGARH-160020

Phone no. : (O) 0172-4666330, 4625749 (M) 9872980396

E-mail: avnishca@hotmail.com



### INDEPENDENT AUDITOR'S REPORT

To the members of Megastar Foods Limited

Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of M/s MEGASTAR FOODS LIMITED ("the Company") (formerly MEGASTAR FOODS PRIVATE LIMITED), which comprises the Balance Sheet as at 31st March, 2019, 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 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("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit 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 Companies Act, 2013. Our responsibilities under those Standards 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 (ICAI) 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.

#### Key Audit Matters

Key audit matter are those matters that, in our professional judgement, were most significant in our audit of the financial statement of the current period. Keeping in view the materiality, there is no key matter to be reported separately.

#### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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 during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibility of Management for the Financial Statements

The Company's Board of Directors is 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 financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of 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 auditor's 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 financial controls 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 system 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1 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 purpose of our audit.
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2019 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
- 2 As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013 we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 3 In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year 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.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

Place : Chandigarh  
Dated : 24.05.2019

Dinesh Manchanda (M.No. 097591)  
Partner

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of M/s MEGASTAR FOODS LIMITED ('the Company') as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended and as on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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'). These responsibilities includes the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and effective 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 Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

Place : Chandigarh  
Dated : 24.05.2019

Dinesh Manchanda (M.No. 097591)  
Partner

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

Reports on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143 (11) of the Companies Act, 2013 ('the Act') of Megastar Foods Limited ('the Company')

- 1 In respect to the Company's fixed assets:
  - (a) The company is in the process of updating proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - (b) The fixed assets were physically verified during the year by the Management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The title deeds of immovable properties which are included under the head 'Property, Plant & Equipment' are held in the name of the company.
- 2
  - (a) The management has conducted the physical verification of inventory at reasonable intervals.
  - (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3 (iii) of the order are not applicable to the Company.
- 4 According to the information and explanations given to us, the Company has not granted any loans, made investments, or provided guarantees and securities in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable. Therefore, the provisions of clause 3 (iv) of the order are not applicable to the Company.
- 5 The Company has not accepted any deposits during the year as covered under section 76 of the Companies Act, 2013. Therefore, the provisions of the clause 3(v) of the order are not applicable to the Company.
- 6 Reporting under clause 3(vi) of the Order is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- 7 According to the information and explanations given to us, in respect of statutory dues:
  - (a) *According to the records of the company, the Company has generally been regular in depositing undisputed statutory dues, including Income Tax, Goods & Service Tax, duty of Customs, duty of Excise, Cess and other material statutory dues applicable to it with the appropriate authorities except in respect of Provident Fund where it was found that the contribution of 2 months be paid after due date.*
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Service Tax, Value Added Tax, duty of Customs, duty of Excise, Cess, Goods & Service Tax and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.
- 8 In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institutions. The Company does not have any loans or borrowings from government and has not issued any debentures.
- 9 In our opinion and according to the information and explanations given to us, monies raised by way of Initial Public offer and the term loans during the year have been applied by the Company for the purposes for which they were raised.
- 10 To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no fraud on the Company by its officer or employees has been noticed or reported during the year.
- 11 Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provision of section 197 of the act read with Schedule V to the Act.
- 12 The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

- 13 In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14 During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- 15 In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.
- 16 The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

Place : Chandigarh  
Dated : 24.05.2019

Dinesh Manchanda (M.No. 097591)  
Partner



**MEGASTAR FOODS LIMITED  
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)**

AMOUNT IN ₹ LAKHS

**BALANCE SHEET AS ON 31.03.2019**

PARTICULARS	Note No.	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	<b>3</b>	<b>990.37</b>	722.37
(b) Reserves And Surplus	<b>4</b>	<b>880.21</b>	143.05
(c) Money received against share warrants		-	-
		<b>1,870.58</b>	<b>865.42</b>
<b>2 Share application money pending allotment</b>		-	-
		-	-
<b>3 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	<b>5</b>	<b>730.95</b>	748.25
(b) Deferred Tax Liabilities (Net)	<b>6</b>	<b>97.84</b>	90.79
(c) Other Long term liabilities	<b>7</b>	<b>1.85</b>	25.04
(d) Long term provisions	<b>8</b>	<b>11.07</b>	8.75
		<b>841.70</b>	<b>872.84</b>
<b>4 Current Liabilities</b>			
(a) Short Term borrowings	<b>9</b>	<b>2,033.73</b>	2,210.59
(b) Trade Payables	<b>10</b>		
(A) Total outstanding dues of micro enterprises and small enterprises		<b>53.23</b>	227.05
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Other Current Liabilities	<b>11</b>	<b>240.45</b>	168.29
(d) Short Term Provisions	<b>12</b>	<b>0.47</b>	2.49
		<b>2,327.88</b>	<b>2,608.42</b>
<b>TOTAL</b>		<b>5,040.16</b>	<b>4,346.68</b>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant and Equipment	<b>13</b>	<b>1,544.57</b>	1,219.03
(b) Non -Current Investment		-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long term loans & advances	<b>14</b>	<b>35.82</b>	19.48
(e) Other Non-Current Assets		-	-
		<b>1,580.38</b>	<b>1,238.51</b>
<b>2 Current assets</b>			
(a) Current Investment		-	-
(b) Inventories	<b>15</b>	<b>1,940.80</b>	2,039.59
(c) Trade Receivables	<b>16</b>	<b>1,435.84</b>	929.16
(d) Cash And Cash Equivalents	<b>17</b>	<b>17.42</b>	31.46
(e) Short Term Loans And Advances	<b>18</b>	<b>55.67</b>	100.47
(f) Other Current Assets	<b>19</b>	<b>10.05</b>	7.50
		<b>3,459.78</b>	<b>3,108.17</b>
<b>TOTAL</b>		<b>5,040.16</b>	<b>4,346.68</b>
Significant Accounting Policies	<b>1-2</b>		
Notes on Financial Statements	<b>30</b>		

**As per our report of even date attached**

**For Avnish Sharma & Associates**

**Chartered Accountants**

**FRN - 009398N**

**Dinesh Manchanda (M.No. 097591)**

**Partner**

**Place : Chandigarh**

**Dated : 24.05.2019**

**For & on behalf of the Board**

**MEGASTAR FOODS LIMITED**

**VIKAS GOEL**

Chairman & Managing Director

DIN: 05122585

**VIJAY SHARMA**

Chief Financial Officer

**VIKAS GUPTA**

Whole Time Director

DIN: 05123386

**ROBIN KUMAR**

Company Secretary

**MEGASTAR FOODS LIMITED  
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)**

**AMOUNT IN ₹ LAKHS**

**STATEMENT OF PROFIT & LOSS FOR THE PERIOD 1ST APRIL 2018 TO 31ST MARCH 2019**

PARTICULARS		Note No.	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
Income:				
<b>I</b>	<b>Revenue from operations</b>	<b>20</b>	<b>14,233.16</b>	10,294.06
<b>II</b>	<b>Other income</b>	<b>21</b>	<b>4.15</b>	4.36
<b>III</b>	<b>Total Revenue</b>		<b>14,237.31</b>	10,298.42
<b>IV. Expenses:</b>				
	Cost of materials consumed	<b>22</b>	<b>11,205.92</b>	8,395.74
	Purchases of Stock-in Trade	<b>23</b>	<b>870.95</b>	685.01
	Changes in inventories	<b>24</b>	<b>64.55</b>	(112.85)
	Employee Benefits Expense	<b>25</b>	<b>280.24</b>	169.09
	Financial Cost	<b>26</b>	<b>311.15</b>	266.34
	Depreciation & Amortization Expense	<b>27</b>	<b>98.25</b>	86.59
	Other Expenses	<b>28</b>	<b>1,064.04</b>	662.46
	<b>Total Expenses</b>		<b>13,895.09</b>	10,152.38
	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>342.22</b>	146.04
	<b>Prior Period Expenses</b>	<b>29</b>	<b>2.31</b>	-
<b>V</b>	<b>Profit Before tax</b>		<b>339.92</b>	146.04
<b>VI Tax Expense:</b>				
	Current Tax		<b>90.30</b>	29.78
	Deferred Tax Expense/(Income)		<b>7.05</b>	(4.28)
	MAT Reverse		-	9.95
<b>VII</b>	<b>Profit After Tax</b>		<b>242.56</b>	130.49
<b>VIII Earnings Per Equity Share:</b>				
	(1) Basic (₹ in absolute figure)		<b>2.55</b>	2.16
	(2) Diluted (₹ in absolute figure)		<b>2.55</b>	2.16
	Significant Accounting Policies	<b>1-2</b>		
	Notes on Financial Statements	<b>30</b>		

**As per our report of even date attached**

**For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N**

**For & on behalf of the Board  
MEGASTAR FOODS LIMITED**

**VIKAS GOEL**  
Chairman & Managing Director  
DIN: 05122585

**VIKAS GUPTA**  
Whole Time Director  
DIN: 05123386

**Dinesh Manchanda (M.No. 097591)  
Partner**

**VIJAY SHARMA**  
Chief Financial Officer

**ROBIN KUMAR**  
Company Secretary

**Place : Chandigarh  
Dated : 24.05.2019**

**MEGASTAR FOODS LIMITED**  
**(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

PARTICULARS	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extra ordinary items	339.92	146.04
<b>Add:-</b>		
Adjustment for depreciation	98.25	86.59
Provision for gratuity	2.53	5.00
Interest on Loans taken	<u>310.37</u>	<u>266.34</u>
<b>Less:-</b>		
Interest Income	1.78	1.29
Provision Reversed	<u>-</u>	<u>-</u>
	409.37	356.64
<b>Operating profit before working capital changes</b>	749.29	502.68
<b>Current assets</b>		
(Increase)/decrease in debtors	(506.68)	328.43
(Increase)/decrease in stock	98.79	(1,380.75)
(Increase)/decrease in advances	20.50	(5.89)
(Increase)/decrease in other current assets	<u>(2.54)</u>	<u>(4.17)</u>
<b>Current liabilities</b>		
Increase/(decrease) in creditors	(197.02)	190.68
Increase/(decrease) in expenses payable	<u>72.39</u>	<u>2.13</u>
	234.71	(366.89)
Cash generated from operations	68.48	26.09
Direct Taxes paid	-	-
Previous year taxes/TDS adjustments	221.82	169.35
Interest on working capital loan		
<b>Net cash from operating activities</b>	<u>(55.58)</u>	<u>(562.32)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in shares	-	-
Investment in Advances	(16.33)	(3.48)
Fixed assets purchased	(423.79)	(187.01)
Interest received	<u>1.78</u>	<u>1.29</u>
<b>Net cash from investing activities</b>	(438.35)	(189.20)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share Capital	268.00	-
Proceeds from share premium account	494.60	-
Proceeds/(Repayment) of Secured loans	(165.67)	839.74
Proceeds/(Repayment) of unsecured loans	(28.48)	22.72
Interest/charges paid on loans	<u>(88.55)</u>	<u>(96.99)</u>
<b>Net cash from financing activities</b>	479.89	765.47
<b>Net Change In Cash and Cash equivalent (A+B+C)</b>	(14.04)	13.94
<b>CASH &amp; CASH EQUIVALENT</b>		
Opening Balance	31.46	17.51
Cash & cash equivalent	(14.04)	13.94
Closing balance	<b><u>17.42</u></b>	<b><u>31.46</u></b>

**Notes :**

1. The above 'Cash Flow Statement' has been prepared under the indirect method as set out in accounting standard-3 Cash Flow Statements.
2. Figures in bracket indicate cash outflow
3. Previous year figures have been regrouped and recasted wherever necessary to conform to the current year figures.
4. The Cash Flow Statement for the year has been prepared by Rounding off to Rs. in compliance with Schedule III of the Companies Act, 2013.

**For Avnish Sharma & Associates**  
Chartered Accountants  
FRN - 009398N

**On behalf of the Board**  
**MEGASTAR FOODS LIMITED**

**Dinesh Manchanda (M.No. 097591)**  
Partner

**VIKAS GOEL**  
Chairman & Managing Director  
DIN: 05122585

**VIKAS GUPTA**  
Whole Time Director  
DIN: 05123386

Place : Chandigarh  
Dated : 24.05.2019

**VIJAY SHARMA**  
Chief Financial Officer

**ROBIN KUMAR**  
Company Secretary

**MEGASTAR FOODS LIMITED**

**(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)**

**Significant Accounting Policies and Notes forming part of the Financial Statements**

**Year Ended: 31-Mar-2019**

**1 COMPANY OVERVIEW**

Megastar Foods Limited is engaged in the business of Roller Flour Mills manufacturing Wheat Products. The company is converted into a limited company and changed its name to Megastar Foods Limited on 16th March 2018 from Megastar Foods Private Limited. The company had its IPO in May 2018 under SME segment. The company was incorporated on 28th November, 2011 under the Companies Act, 1956. The company has its Registered Office and Head Office at 807, Industrial Area, Phase II, Chandigarh and Plant in Ropar District, Punjab.

**2 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS**

**a) Basis of Accounting**

The Financial Statements are prepared as a going concern under historical cost convention as on accrual basis except those with significant uncertainty and in accordance with mandatory accounting standard under section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rule 2014 and the relevant provisions of the Act. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles and mandatory accounting standards.

**b) Use of estimates**

The presentation of financial statements requires the estimates and assumptions to be made that affect the reported amount of assets and liabilities on date of the financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known/materialised.

**c) Property, Plant and Equipments**

Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties, taxes and incidental expenses related to acquisition . All pre-operative expenditure including interest on borrowings, specifically for the acquisition/project or interest on general borrowings to the extent utilized for such project, for the period up to the completion of erection is capitalized as part of the asset cost. Indirect expenditure related to acquisition & erection of machineries for the period up to the completion of such erection is treated as pre-operative expenditure and allocated on pro-rata basis.

**d) Inventories**

Inventories are valued as follows:

Raw Materials, stores and spares: Lower of cost and net realisable value. Cost is determined on FIFO basis.

Work-in-progress and finished goods: Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads.

Refrection At net realisable value.

**e) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

**f) Revenue Recognition**

- (1) Revenue from the sales is recognised when significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery.
- (2) Net sales are net of sales returns, discounts, claims and rebates and inclusive of taxes
- (3) Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**g) Borrowing Costs**

Borrowing Costs attributable to the acquisition or construction of qualifying fixed assets, are capitalised as part of the cost of such assets upto the date of commencement of commercial production/put to use of plant. Other borrowing costs are charged to revenue.

**h) Depreciation**

Depreciation has been provided on straight line method on the economic useful life prescribed by Schedule II to the Companies Act, 2013. Depreciation on additions to or disposal of assets is calculated on pro-rata basis.

Type of Asset	Period
Building	60 years
Plant & Machinery	15 years
Lab Equipments, Electrical Installations, Furniture & Fixtures, Plastic Pallets	10 years
Motorcycle	10 years
Car & Truck	8 years
Office Equipments	5 years
Computer	3 years

**i) Impairment**

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognised as income in the statement of profit and loss.

**j) Foreign currencies transactions**

- (1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (2) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.
- (3) Non-monetary foreign currency items are carried at cost.

**k) Retirement and other employee benefits**

(1) Retirement benefits in the form of provident fund, which are defined contribution plans, are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

(2) Gratuity and leave encashment which are defined benefits, are accrued based on actuarial valuation at the Balance Sheet date carried out by an independent actuary using the projected unit credit method.

**l) Provision for Current and Deferred Tax**

Current tax is measured at the amount expected to be paid to the revenue authorities, using the applicable tax rates and laws.

Deferred tax for timing differences between the book and taxable income for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance sheet date. Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future and the same is reviewed at each Balance Sheet date.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit & Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and written down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.

NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2019

3 SHARE CAPITAL

Particulars		AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
3.1	<b>Authorised Share Capital</b>		
	a) 1,50,00,000 (Previous year 1,50,00,000) Equity Shares of ₹ 10/- Each	<b>1,500.00</b>	1,500.00
		<b>1,500.00</b>	1,500.00
	<b>Issued, Subscribed &amp; Paid up :</b>		
	a) 86,50,000* (Previous year 59,70,000) Equity Shares of ₹ 10/- Each fully paid	<b>865.00</b>	597.00
	b) 12,53,700 (Previous year 12,53,700) Equity Shares of ₹ 10/- Each issued as fully paid Bonus Shares**	<b>125.37</b>	125.37
	<b>Total</b>	<b>990.37</b>	722.37

\*During the year, the company has completed the Initial Public Offer pursuant to which 268000 equity shares of ₹ 10/- each was allotted on May 22, 2018 at an issue price of ₹ 30/- (Basic ₹ 10/- plus ₹ 20/- share premium) per share in SME segment.

\*\*The company has issued bonus shares to existing shareholders in the ratio of 21:100 pursuant to Extra Ordinary General Meeting held on 09.03.2018.

3.2 Terms/Rights attached to Equity Shares

The company has only one class of Equity Shares having face value of ₹ 10/- each (Previous year ₹ 10/- each) in its issued, subscribed and paid up Equity share capital. Each shareholder is entitled to one vote per share. Each shareholder have the right in profit/surplus in proportion to amount paid up with respect to shareholding. In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the company.

3.3 The Reconciliation of the number of share outstanding is set out below:

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
	No. of shares	No. of shares
Numbers of Equity Shares at the beginning of the year	<b>72,23,700</b>	59,70,000
Add: Numbers of Equity shares issued during the year as bonus	-	12,53,700
Add: Numbers of Equity shares issued during the year	<b>26,80,000</b>	-
Equity Shares at the end of the year <b>Total</b>	<b>99,03,700</b>	72,23,700

3.4 The details of Shareholders holding more than 5% shares.

Name of the Share holders	AS AT 31ST MARCH, 2019		AS AT 31ST MARCH, 2018	
	No. of shares	% held	No. of shares	% held
Vikas Gupta	<b>21,39,900</b>	<b>21.61%</b>	21,03,900	29.12%
Vikas Goel	<b>24,92,660</b>	<b>25.17%</b>	24,92,660	34.51%
Pankaj Goyal	<b>11,21,054</b>	<b>11.32%</b>	11,21,054	15.52%
Roopkanta Arun Raj	<b>4,68,000</b>	<b>4.73%</b>	4,68,000	6.48%

4 RESERVES & SURPLUS

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
(a) Statement of Profit & Loss		
As Per last Balance Sheet	<b>143.03</b>	137.91
Less: Utilised During the year for issuing fully paid Bonus Shares	-	125.37
Add: Profit/(Loss) for the year	<b>242.56</b>	130.49
	<b>385.59</b>	143.03
(b) Share Premium	<b>536.00</b>	-
Less: Share Issue Expenses	<b>41.40</b>	-
	<b>494.60</b>	-
(c) Other Reserve Sh Ganesh Ji Maharaj	<b>0.02</b>	0.02
<b>Total</b>	<b>880.21</b>	143.05

**5 LONG TERM BORROWINGS**

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
<b>Secured</b>		
(a) Term loans from Banks	165.63	150.87
Less: Current maturities	90.20	73.22
	75.43	77.65
(b) Vehicle loans From Banks	81.94	58.08
Less: Current Maturities	33.53	18.59
	48.40	39.49
(c) Vehicle loans From NBFC/Others	38.61	27.72
Less: Current Maturities	20.51	14.10
	18.11	13.61
	141.94	130.75
<b>Unsecured</b>		
(d) Loans and advances from related parties From Directors & relatives	188.41	184.03
(e) Loans From HDFC Bank	433.02	462.79
Less: Current Maturities	32.41	29.32
	400.61	433.47
	589.01	617.50
<b>Total</b>	<b>730.95</b>	<b>748.25</b>

1. (a) Term loans from banks are secured by first charge on land & building of the company, future and current fixed assets of the company financed. These loans are further secured by personal guarantee of the promoters/ directors.

2. (b) & (c) Vehicle loans from banks and NBFC are secured by hypothecation of vehicles financed.

3. Terms of Repayments, Rate of interest & securities of all loans

S.No.	Name of Lender	Rate of Interest	Repayment Periodicity	No. of Installments Outstanding	EMI/Installments (in lakhs)
1	Union Bank of India-171	MCLR* + 1.50%	Quarterly	5	13.00
2	Union Bank of India-221	MCLR* + 1.75%	Quarterly	58	10.00
3	HDFC Truck Loan 7424	9.40%	Monthly	10	0.67
4	HDFC Truck Loan 6648	8.01%	Monthly	29	0.61
5	HDFC Truck Loan 1839	7.90%	Monthly	31	0.61
6	HDFC Truck Loan 8906	8.90%	Monthly	30	0.70
7	HDFC Truck Loan 3676	9.50%	Monthly	34	0.80
8	TATA Motors Truck Loan	9.51%	Monthly	36	0.80
9	Toyota Financial Services India 1259	8.29%	Monthly	12	0.79
10	Toyota Financial Services India 3344	9.00%	Monthly	9	0.54
11	HDFC LAP 3899	8.50%	Monthly	126	1.94
12	HDFC LAP 8745	8.50%	Monthly	103	3.72

\* Current 1 year MCLR is 8.70%

**6 DEFERRED TAX LIABILITIES**

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
Deferred Tax Liabilities on account of : Difference between book value of depreciable assets and WDV for tax purposes	98.54	92.18
Deferred Tax Assets on account of : Provisions for Employees Benefits	0.70	1.39
<b>Deferred Tax Liabilities (Net)</b>	<b>97.84</b>	<b>90.79</b>



## 7 OTHER LONG TERM LIABILITIES

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
<b>Creditors for Capital Assets</b>		
(a) Total outstanding dues of micro enterprises and small enterprises*	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1.85	25.04
<b>Total</b>	<b>1.85</b>	<b>25.04</b>

\*The above outstandings includes NIL amount (PY Nil) towards its suppliers being registered under the Micro, Small and Medium Enterprises Development Act, 2006 and disclosures are based on the information available with the company regarding status of suppliers under MSME Act, 2006.

## 8 LONG TERM PROVISIONS

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
(a) Provisions for Employee benefits	11.07	8.75
<b>Total</b>	<b>11.07</b>	<b>8.75</b>

## 9 SHORT TERM BORROWINGS

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
<b>Secured</b>		
(a) Loans repayable on demand		
From Banks		
- UBI Cash Credit A/c	2,033.73	2,210.59
<b>Total</b>	<b>2,033.73</b>	<b>2,210.59</b>

Working Capital facilities are secured by Hypothecation of Stock, debtors & all other current assets of company and extension of charges on block fixed assets. These loans are further secured by personal guarantee of the promoters/directors. Interest rate is 1 year MCLR+1.25% and present 1 year MCLR is 8.70%..

## 10 TRADE PAYABLES

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
(a) Total outstanding dues of micro enterprises and small enterprises*	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Trade Creditors- Raw Material	32.08	206.40
- Services & others	21.15	20.65
<b>Total</b>	<b>53.23</b>	<b>227.05</b>

\*The above outstandings includes NIL amount (PY Nil) towards its suppliers being registered under the Micro, Small and Medium Enterprises Development Act, 2006 and disclosures are based on the information available with the company regarding status of suppliers under MSME Act, 2006.

## 11 OTHER CURRENT LIABILITIES

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
(a) Current maturities of long-term debt		
From Banks	156.14	121.13
From Nbfcc/Others	20.51	14.10
(b) Interest accrued but not due	2.97	-
(c) Statutory dues	9.24	7.03
(d) Other payables	51.59	26.03
<b>Total</b>	<b>240.45</b>	<b>168.29</b>

## 12 SHORT TERM PROVISIONS

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
(a) Provision for employee benefit	0.43	0.02
(b) Provision for Income Tax	90.30	29.78
Less: MAT Credit	20.32	-
Less: Advance Tax	66.00	24.00
Less: TDS & TCS	3.94	3.30
	0.04	2.48
<b>Total</b>	<b>0.47</b>	<b>2.49</b>

**MEGASTAR FOODS LIMITED**  
**PROPERTY, PLANT AND EQUIPMENT SCHEDULE FOR THE YEAR ENDED 31.03.2019**

NOTE NO -13

**TANGIBLE ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	SALE/	AS ON	UPTO THE END	FOR THE	WRITTEN	TOTAL	AS ON	As on
	01.04.2018		ADJUST.	31.03.2019	OF PREVIOUS YR.	YEAR	BACK		31.03.2019	31.03.2018
Land	64.71	31.49	-	96.20	-	-	-	-	96.20	64.71
Building	288.58	-	-	288.58	20.83	4.54	-	25.38	263.20	267.75
Capital WIP (Building)	13.76	90.99	-	104.75	-	-	-	-	104.75	13.76
Car	76.89	-	-	76.89	11.49	9.13	-	20.62	56.27	65.40
Motor Cycle	0.49	0.68	-	1.17	0.09	0.09	-	0.18	0.99	0.40
Electrical Installation	22.71	0.78	-	23.49	6.28	2.16	-	8.45	15.05	16.43
Plant & Machinery	767.12	10.09	-	777.21	179.77	48.98	-	228.75	548.46	587.35
Capital WIP (P & M)	14.71	164.84	-	179.55	-	-	-	-	179.55	14.71
Plastic Pallets	-	1.35	-	1.35	-	0.01	-	0.01	1.33	-
Laboratory Equipments	7.00	1.04	-	8.04	2.58	0.73	-	3.31	4.73	4.42
Office Equipments	3.85	1.63	-	5.48	1.53	0.93	-	2.46	3.02	2.32
Computer	7.62	0.50	-	8.12	4.00	1.66	-	5.66	2.47	3.62
Furniture & Fixture	5.71	0.76	-	6.47	2.09	0.57	-	2.65	3.81	3.62
Truck	232.64	67.36	-	299.99	58.11	29.45	-	87.55	212.44	174.53
Truck (WIP)	-	52.28	-	52.28	-	-	-	-	52.28	-
	<b>1,505.79</b>	<b>423.79</b>	-	<b>1,929.58</b>	<b>286.76</b>	<b>98.25</b>	-	<b>385.01</b>	<b>1,544.57</b>	<b>1,219.03</b>
<i>Pr. Yr. Figures</i>	<i>1,318.78</i>	<i>187.01</i>	-	<i>1,505.79</i>	<i>200.17</i>	<i>86.59</i>	-	<i>286.76</i>	<i>1,219.03</i>	<i>1,118.61</i>

**14 LONG TERM LOANS & ADVANCES**

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
<b>Unsecured (Considered Good)</b>		
(a) Security deposits with Govt. & others	35.82	19.48
<b>Total</b>	<b>35.82</b>	<b>19.48</b>

**15 INVENTORIES**

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
(a) Raw materials	1,744.70	1,613.49
(b) Finished goods	107.20	171.75
(c) Consumable Stores	8.52	29.38
(d) Others - Packing Material	80.38	102.92
(e) Stock in Transit	-	122.06
<b>Total</b>	<b>1,940.80</b>	<b>2,039.59</b>

**Note:- Mode of Valuation**

- a) Finished Goods are valued at Lower of cost and net realisable value.  
b) Raw material is valued at cost or market value whichever is lower and are on FIFO basis  
c) Packing materials and consumables are valued at cost.  
d) Stock in transit is valued at the price of acquisition received after balance sheet date but billed prior to that.

**16 TRADE RECEIVABLES**

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
(a) Trade receivables considered good - Unsecured	1,420.46	913.19
(b) Trade receivables which have significant increase in credit risk*	15.38	15.96
<b>Total</b>	<b>1,435.84</b>	<b>929.16</b>

\*The trade receivables amounting ₹ 15.38 lakhs due from certain parties, where company has filed court cases. In this regard, management is confident about full recovery/realisability considering the past performance of the customer and recovery initiative taken by the company, hence no provision is made in the books of account during the year.

**17 CASH AND CASH EQUIVALENT**

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
(a) <b>Balances with banks</b>		
(i) In Current Accounts		
- Union Bank of India	5.78	4.15
- Union Bank of India-884	0.44	-
(ii) In Deposit Account*		
- UBI FDR (166795)	4.05	3.81
- UBI FDR (66166)	0.45	0.43
- UBI FDR (166632)	2.46	2.32
(b) Cash in hand & imprest	4.25	20.75
<b>Total</b>	<b>17.42</b>	<b>31.46</b>

\*Fixed deposits held as margin money and lien marked for issuing bank guarantee amounting to Rs. NIL (Pr. Yr. ₹ 25.60 lakhs)

**18 SHORT TERM LOANS & ADVANCES**

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
<b>Unsecured (Considered Good)</b>		
(a) Advances recoverable in cash or in kind	18.22	44.36
(b) Loans & advances due by officers of the company	1.70	-
(c) Balances with Revenue authorities	35.75	56.11
<b>Total</b>	<b>55.67</b>	<b>100.47</b>

**19 OTHER CURRENT ASSETS**

Particulars	AS AT 31ST MARCH, 2019	AS AT 31ST MARCH, 2018
<b>Unsecured (Considered Good)</b>		
(a) Prepaid Expenses	10.05	7.50
<b>Total</b>	<b>10.05</b>	<b>7.50</b>

**20 REVENUE FROM OPERATIONS**

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
Domestic Sales	13,948.76	10,294.06
Export Sales	253.40	-
Warehousing Handling Receipts*	30.99	-
<b>Total</b>	<b>14,233.16</b>	<b>10,294.06</b>

\*Warehousing handling receipts are towards composite handling and warehousing of agriculture produce.

**21 OTHER INCOME**

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
Duty Drawback	0.68	-
Interest received	1.78	1.29
Insurance claim received	1.69	-
Exchange Rate Difference	-	3.07
<b>Total</b>	<b>4.15</b>	<b>4.36</b>

**22 COST OF MATERIAL CONSUMED**

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
Opening Stock		
Raw Material of Wheat	1,613.49	536.39
Packing Material	102.92	54.08
Add : Purchases		
- Wheat & other ingredients	10,923.44	9,068.70
- Packing Material	213.96	207.63
Add: Freight inward	138.59	204.57
Packing Charges	38.60	40.76
	<b>13,031.00</b>	<b>10,112.14</b>
Less: Closing Stock		
Raw Material of Wheat	1,744.70	1,613.49
Packing Material	80.38	102.92
<b>Total</b>	<b>11,205.92</b>	<b>8,395.74</b>

**23 PURCHASE OF STOCK-IN-TRADE**

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
Purchases of Goods	870.95	685.01
<b>Total</b>	<b>870.95</b>	<b>685.01</b>

**24 CHANGE IN INVENTORY OF FINISHED GOODS/STOCK-IN-TRADE**

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
Opening Balance	171.75	58.90
Less:- Closing Balance	107.20	171.75
<b>Net Increase/ Decrease in Goods</b>	<b>64.55</b>	<b>(112.85)</b>

**25 EMPLOYEE BENEFITS EXPENSES**

<b>Particulars</b>	<b>For the year ended on 31st March, 2019</b>	<b>For the year ended on 31st March, 2018</b>
Directors' Remuneration	90.00	29.01
Salaries, Wages & Bonus	175.00	127.26
Staff Welfare Expenses	6.89	4.02
Provident Fund including welfare fund	5.83	3.80
Gratuity	2.53	5.00
<b>Total</b>	<b>280.24</b>	169.09

**26 FINANCIAL COST**

<b>Particulars</b>	<b>For the year ended on 31st March, 2019</b>	<b>For the year ended on 31st March, 2018</b>
Bank Charges	9.05	14.91
Interest on borrowings	302.10	251.43
<b>Total</b>	<b>311.15</b>	266.34

**27 DEPRECIATION & AMORTISATION**

<b>Particulars</b>	<b>For the year ended on 31st March, 2019</b>	<b>For the year ended on 31st March, 2018</b>
Depreciation	98.25	86.59
<b>Total</b>	<b>98.25</b>	86.59

**28 OTHER EXPENSES**

<b>Particulars</b>	<b>For the year ended on 31st March, 2019</b>	<b>For the year ended on 31st March, 2018</b>
<b><u>Manufacturing</u></b>		
<b><u>Consumable Stores</u></b>		
Opening Balance	29.38	9.46
Purchases	46.07	46.52
Closing Balance	8.52	29.38
Consumed	66.93	26.61
Power & Fuel	246.58	210.19
Labour Charges	89.51	85.93
Insurance	4.66	4.26
Lab Testing Expenses	8.64	2.43
Pest Control	3.45	3.52
Repair & Maintenance Expenses	8.54	0.50
Repairs Plant & Machinery	8.31	2.51
	369.69	309.33
	436.62	335.94

<b><u>Administrative Expenses</u></b>		
Auditor's Remuneration	4.20	1.80
Donation	1.68	1.39
Insurance	1.64	-
Interest on Taxes	0.37	0.51
Internal Audit Fees	1.80	-
Legal & Professional Expenses	21.62	8.23
Meeting Fees to directors	0.60	-
Miscellaneous Expenses	3.19	2.03
Printing & Stationery	3.26	1.71
Rate, Fees & Taxes	3.26	9.54
Rent Expenses	63.69	8.07
Repair & Maintenance	1.58	1.14
Security Service	11.66	8.67
Telephone Expenses	2.42	3.19
Travelling & Conveyance	16.05	14.87
Vehicle Running & Maintenance	4.33	1.69
	<b>141.35</b>	<b>62.85</b>
<b><u>Selling &amp; Distribution Expenses</u></b>		
Advertisement & Publicity	1.48	0.32
Business Promotion	20.64	6.85
Bad Debts written off	9.71	-
Commission & Brokerage	15.64	12.87
Exchange Rate Difference	0.78	-
Insurance	2.86	2.01
Freight Outward	129.89	51.09
GST Paid	26.67	13.25
Rebate & Discount	71.50	49.01
Truck Running & Maintenance	206.89	128.27
	<b>486.06</b>	<b>263.68</b>
<b>Total</b>	<b>1,064.04</b>	<b>662.46</b>

## 29 PRIOR PERIOD ITEMS

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
Prior Period Expenses	2.31	-
<b>Total</b>	<b>2.31</b>	<b>-</b>

**MEGASTAR FOODS LIMITED**  
**(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)**

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**NOTES TO ACCOUNTS**

**30.1 Related party disclosure**

As per AS-18 'Related Party Disclosures' issued by ICAI the disclosures of transactions with related concerns are as follow:-

Particulars	Name
Key Managerial Personnel (KMPs)	Mr. Vikas Goel, Chairman cum Managing Director
	Mr. Vikas Gupta, Whole Time Director
	Mr. Mudit Goyal, Whole Time Director
	Mr. Vijay Sharma, Chief Financial Officer
	Mr. Robin Kumar, Company Secretary (March 2019), Ms. Neharika Sehgal, Company Secretary (April 2018 to Feb 2019)
Independent Directors	Mr. Amit Mittal, Mr. Prabhat Kumar, Ms. Savita Bansal
Relatives of KMPs	Mr. Satpal Gupta, Mr. Madan Lal Aggarwal, Mrs. Indira Rani, Ms. Shivani Gupta, Ms. Savita Goyal, Mr. Pankaj Goel, Amit Goel
Enterprises over which KMP or their relatives are able to exercise significant influence	Ganesh Flour Mills, Madan Lal Vikas Kumar, Kulwant Rai Ram Kishan, Madan Lal Aggarwal (HUF), Baisakhi Mal Ram Kishan, Shree Ganesh Grain Products

Name	Nature of Transaction	Amount (₹ in lakhs)	
		2018-19	2017-18
Vikas Goel	Loan received/repaid	4.80	33.50
	Interest Paid	0.99	1.73
	Salary Paid	41.80	15.00
	Bonus Shares Issued	-	43.26
Vikas Gupta	Loan received/repaid	51.61	187.90
	Interest Paid	19.78	19.85
	Salary Paid	41.80	12.00
	Bonus Shares Issued	-	40.11
Mudit Goel	Salary Paid	21.10	-
	Bonus Shares Issued	-	3.15
Amit Mittal	Sitting Fees Paid	0.20	-
Prabhat Kumar	Sitting Fees Paid	0.20	-
Savita Bansal	Sitting Fees Paid	0.20	-
Vijay Sharma	Salary Paid	5.04	1.28
	Advance given/repaid	3.30	-
Neharika Sehgal	Salary Paid	2.80	1.03
Robin Kumar	Salary Paid	0.38	-
Shivani Gupta	Loan Repaid	0.50	-
	Bonus Shares Issued	-	4.55
Satpal Gupta	Loan Repaid	20.00	-
	Salary Paid	3.60	-
	Rent Paid	12.00	-
	Bonus Shares Issued	-	5.25
Madan Lal Aggarwal	Bonus Shares Issued	-	4.20
Amit Goel	Rent Paid	6.00	-
Pankaj Goel	Rent Paid	6.00	-
	Advance repaid	-	1.00
	Bonus Shares Issued	-	24.85
Indira Rani	Rent Paid	6.00	0.00
Ganesh Flour Mills	Purchases	479.70	3.88
	Sales	23.61	-
	Advance received/repaid	-	229.26
Kulwant Rai Ram Kishan	Rent Paid	0.60	-
Baisakhi Mal Ram Kishan	Sales	23.48	-
Shree Ganesh Grain Products	Sales	7.55	-
Director's Travelling	Travelling Expenses	8.86	9.15



**30.2 Earning Per Share**

As per AS 20 of ICAI the EPS is worked out as under:

	2018-19	2017-18
Net Profit available to shareholders as per accounts (₹)	2,42,56,460	1,30,49,237
Weighted average number of shares	95,29,234	60,49,000
Earning per share- Basic and diluted (₹)	2.55	2.16
Face value per equity share (₹)	10	10

**30.3 Auditor's Remuneration**

	2018-19	2017-18
	₹ in lakhs	₹ in lakhs
Audit of financial statements & tax audit	4.20	1.80
Certifications	0.53	0.06

**30.4 Deferred Tax Calculation**

Deferred tax is calculated as per AS-22 issued by ICAI as under:

	₹ in lakhs
WDV as per Companies Act (A)	1,544.57
WDV as per Income Tax Act (B)	1,190.36
Timing Difference (A-B)	354.21
Timing Difference For Gratuity	2.53
Timing Difference	351.68
Closing Deferred Tax Liability	97.84
Opening Deferred Tax Liability	90.79
Deferred Tax Expense ( Income)	7.05

**30.5 Contingent liabilities and commitments**

A.Contingent liabilities not provided for in respect of

	2018-19	2017-18
	₹ in lakhs	₹ in lakhs
i) Bank Guarantee outstanding.	NIL	25.60
ii) Claim against the Company not acknowledged as debts*	NIL	NIL
iii) Unexpired letter of credit	NIL	NIL

\*A company 'K-Golden' has challenged the company for use of trade mark. The matter is pending under litigation. However, there is no demand so the amount of contingent liability cannot be quantified.

B. Capital commitments (Net of advance paid)	88.16	82.83
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**30.6 Information on Transactions in Foreign Exchange**

	2018-19	2017-18
	₹ in lakhs	₹ in lakhs
Value of Imports Calculated on C.I.F Basis	NIL	NIL
Expenditure in foreign currency		
- Travelling & others Expenses	5.98	NIL
Earnings in foreign currency (on accrual basis)		
- FOB value of Exports	253.40	NIL

**30.7 Consumption of Raw Materials and Stores etc.**

	2018-19	2017-18
	₹ in lakhs	₹ in lakhs
Raw Material Consumed:		
- Imported	NIL	NIL
- Indigenous	11,205.92	8,395.74
Spare Parts and Components Consumed:		
- Imported	NIL	NIL
- Indigenous	66.93	26.61

**30.8 Employee Benefits**

Disclosures as per AS-15 (Revised) 'Employee Benefits' for year ended March 31, 2019:-

**I Defined Contribution Plan:**

During the year the company has recognized the following amounts in the profit and loss account

Particulars	2018-19	2017-18
	₹ in lakhs	₹ in lakhs
Employers Contribution to Provident Fund	5.01	3.34

## II Defined Benefit Plan:

The following table set out the status of the gratuity plan as required under AS-15

Particulars	2018-19	2017-18
	₹ in lakhs	₹ in lakhs
<b>I. Amount to be recognized in the Balance sheet</b>		
Present value of obligation as at 31.03.2019	11.30	8.77
Fair value of plan assets as at 31.03.2019	0.00	0.00
Funded Status [surplus/(deficit)]	(11.30)	(8.77)
Net Assets/(Liability) recognized in Balance sheet	(11.30)	(8.77)
<b>II. Expenses recognized during the period</b>		
Current Service Cost	4.56	0.00
Interest Cost	0.66	0.00
Expected Return on Plan Assets	0.00	0.00
Actuarial (gain)/loss	(2.69)	8.77
Net Expenses Recognized	2.53	8.77
<b>III. Reconciliation of opening and closing balance of Defined Benefit</b>		
Present value of Obligation at the beginning of the period	8.77	0.00
Current Service Cost	4.56	0.00
Interest Cost	0.66	0.00
Actuarial (gain)/loss on obligations	(2.69)	8.77
Benefit Paid	0.00	0.00
Present value of Obligation at the end of the period	11.30	8.77
<b>IV. Actuarial/Demographic assumptions:-</b>		
Indian Assure Lives Mortality Table	2012-14	2006-08
Discount Rate (per Annum)	7.50%	8.00%
Estimated rate of increase in compensation level	6.00%	6.00%
Retirement Age	58 years	58 years
Disability	No explicit Allowance	No explicit Allowance

### 30.9 Segment Reporting

As per guidelines contain in AS-17 (Segment reporting), the company is operating in a single segment mainly in manufacture and sale of wheat and wheat products. There is no separate reportable segment except geographically secondary segment of export sales and hence not reported separately.

### 30.10 Accounting for Lease

Detail of Lease rent as per-19 'Accounting for Lease' of ICAI

The Company has taken premises under operating lease arrangements. The lease period varies from 1 to 9 years with the option to extend the same with mutual consent. The total lease rental recognized as expenses aggregate to ₹ 33.69 lakhs (Previous year ₹ 8.07 lakhs).

Future minimum lease payments under non-cancellable operating lease:-

Particulars	2018-19	2017-18
	₹ in lakhs	₹ in lakhs
Up to 1 year	3.24	3.24
More than 1 Year	6.02	9.26

### 30.11 Borrowing cost capitalised during the year ₹ 10.72 lakhs (PY ₹ 0.22 lakhs).

30.12 About 10% balances as at 31st March 2019 in respect of Sundry Debtors and Creditors are subject to confirmation. Wherever balance confirmation is not available from the parties, the balances as appearing in the books of account have been confirmed by the management.

30.13 No loans/advances in the nature of loans have been given to employees/others for the purpose of investment in securities of the company. However, the company has given interest free loan/advances in the nature of loan to employees, in the normal course for & of its business.

- 30.14 In the opinion of the Board, the current assets, loans and advances appearing in the company's balance sheet as at the year-end would have a realizable value in the normal course of business, which would be at least equal to the respective amounts at which they are stated in the Balance Sheet.
- 30.15 Max. balance due towards directors at any time during the year is ₹ 188.41 lakhs (PY ₹ 251.21 lakhs).
- 30.16 The financial statement for the year has been prepared by Rounding off to lakh Rs. in compliance with Schedule III of the Companies Act, 2013.
- 30.17 The previous year's figures have been reworked, regrouped, rearranged and reclassified, where-ever deemed necessary, in order to make them comparable with the current year's figures.
- 30.18 Note 1 to 30 forms an integral part of Balance Sheet.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

For & on behalf of the Board of  
MEGASTAR FOODS LIMITED

VIKAS GOEL  
Chairman & Managing Director  
DIN: 05122585

VIKAS GUPTA  
Whole Time Director  
DIN: 05123386

Dinesh Manchanda (M.No. 097591)  
Partner

Place : Chandigarh  
Dated : 24.05.2019

VIJAY SHARMA  
Chief Financial Officer

ROBIN KUMAR  
Company Secretary

[www.megastarfoods.com](http://www.megastarfoods.com)



**MEGASTAR FOODS LTD.**

**Registered Office:** Plot No. 807 Industrial Area Phase-2, Chandigarh-160 002  
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**Ph. :** +91 1881 240401 (6 Lines) **E-mail :** cs@megastarfoods.com