

2020



MEGASTAR FOODS LIMITED





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BOARD OF 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

KEY MANAGERIAL PERSONNEL

Mr. Robin Kumar	Company Secretary & Compliance Officer
Ms. Manisha Gupta	Chief Financial Officer

STATUTORY AUDITORS

M/s Avnish Sharma & Associates
Chartered Accountants

REGISTRAR AND 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

REGISTERED OFFICE

Plot No.807, Industrial Area, Phase II, Chandigarh 160002
Tel. No.: 01881-240401 (6 Lines), Website: www.megastarfoods.com
E mail ID: cs@megastarfoods.com

WORKS LOCATION

Kurali-Ropar Road, Village Solkhian-140108, Distt. Roopnagar, Punjab

BANKER

HDFC Bank
Industrial Area Phase -I, Chandigarh



NOTICE OF NINTH ANNUAL GENERAL MEETING

Notice is hereby given that the 9th (Ninth) Annual General Meeting (A.G.M.) of the Members of Megastar Foods Limited will be held on Monday, 28th September, 2020 at 11.00 a.m. (IST) through Video Conferencing (VC) or Other Audio Visual Means (OAVM), and the deemed venue for the AGM is Registered Office: Plot No. 807, Industrial Area, Phase-II, Chandigarh- 160002 to transact the following business:

AS ORDINARY BUSINESS:

1. To consider, approve and adopt the standalone and consolidated audited financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon.
2. To appoint director in place of Mr. Vikas Geol (DIN: 05122585) who retires by rotation and being eligible, offers himself for re-appointment as a Director

AS SPECIAL BUSINESS:

3. To consider and approve the Payment of remuneration to Mr. Vikas Goel (DIN: 05122585), Chairman and Managing Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) and the Rules framed thereunder, (including any statutory modifications or re-enactment thereof, for the time being in force) and the Articles of Association of the Company and subject to such other approvals as may be necessary and pursuant to due recommendation of the Nomination & Remuneration Committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded for the payment of the remuneration to Mr. Vikas Goel (DIN: 05122585), Chairman and Managing Director, for the remaining period of two years of his current tenure as the Chairman and Managing Director viz., from April 1, 2021 to March 31, 2023, subject that his term shall be liable to be determined by his liability to retire by rotation in accordance with the provisions of Section 152 of the Act.

RESOLVED FURTHER THAT on being re- appointed as a director immediately on retirement by rotation, Mr. Vikas Goel shall continue to hold his office as Chairman and Managing Director and the re- appointment of such director shall not be deemed to constitute a break in his appointment as a Chairman and Managing Director;

RESOLVED FURTHER THAT the terms of remuneration as set out in the Explanatory Statement of this Resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Chairman and Managing Director, subject to such other approvals as may be necessary;

RESOLVED FURTHER THAT save and except as aforesaid, the Special Resolution approved and passed by the Members dated April 04, 2018 with respect to the appointment of Mr. Vikas Goel (DIN: 05122585), as Chairman and Managing Director shall continue to remain in full force and effect; and

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to vary and/or revise the remuneration of Mr. Vikas Goel (DIN: 05122585) as Chairman and Managing Director within the overall limits under the Act and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid Resolution.”



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4. To consider and approve the Payment of remuneration to Mr. Vikas Gupta (DIN: 05123386), Whole Time Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) and the Rules framed thereunder, (including any statutory modifications or re-enactment thereof, for the time being in force) and the Articles of Association of the Company and subject to such other approvals as may be necessary and pursuant to due recommendation of the Nomination & Remuneration Committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded for the payment of the remuneration to Mr. Vikas Gupta (DIN: 05123386), Whole Time Director, for the remaining period of two years of his current tenure as the Whole Time Director of the company viz., from April 1, 2021 to March 31, 2023.

RESOLVED FURTHER THAT the terms of remuneration as set out in the Explanatory Statement of this Resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Chairman and Managing Director, subject to such other approvals as may be necessary;

RESOLVED FURTHER THAT save and except as aforesaid, the Special Resolution approved and passed by the Members dated April 04, 2018 with respect to the appointment of Mr. Vikas Gupta (DIN: 05123386), Whole Time Director shall continue to remain in full force and effect; and

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to vary and/or revise the remuneration of Mr. Vikas Gupta (DIN: 05123386) as Whole Time Director within the overall limits under the Act and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid Resolution.”

5. To consider and approve the Payment of remuneration to Mr. Mudit Goyal (DIN: 08099543), Whole Time Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) and the Rules framed thereunder, (including any statutory modifications or re-enactment thereof, for the time being in force) and the Articles of Association of the Company and subject to such other approvals as may be necessary and pursuant to due recommendation of the Nomination & Remuneration Committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded for the payment of the remuneration to Mr. Mudit Goyal (DIN: 08099543), Whole Time Director, for the remaining period of two years of his current tenure as the Whole Time Director of the company viz., from April 1, 2021 to March 31, 2023.

RESOLVED FURTHER THAT the terms of remuneration as set out in the Explanatory Statement of this Resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Chairman and Managing Director, subject to such other approvals as may be necessary;

RESOLVED FURTHER THAT save and except as aforesaid, the Special Resolution approved and passed by the Members dated April 04, 2018 with respect to the appointment of Mr. Mudit Goyal (DIN: 08099543), Whole Time Director shall continue to remain in full force and effect; and



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RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to vary and/or revise the remuneration of Mr. Mudit Goyal (DIN: 08099543) as Whole Time Director within the overall limits under the Act and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid Resolution.”

Date: 28.08.2020

Place: Chandigarh

for and on behalf of
MEGASTAR FOODS LIMITED

ROBIN KUMAR
Company Secretary

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NOTES:

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business to be transacted in the Annual General Meeting as set out in the Notice is annexed.
2. In view of continuing Covid-19 pandemic, the Ministry of Corporate Affairs has come up with General Circular No. 20/2020 dated 05th May, 2020 that allow companies to hold Annual General Meeting (AGM) in the manner detailed in General Circular No. 14/2020, dated 08th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 through Video Conferencing (VC) and Other Audio-Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circulars issued by the Regulators, the AGM of the Company is being held through VC/OAVM.
3. Members as on the cut-off date of 21st September, 2020 shall only be entitled for availing the remote e-voting facility and e-voting facility during the AGM. A person who is not a Member on the cut-off date should accordingly treat this Notice for information purposes only and attend the AGM through VC/OAVM and shall not be entitled to any voting rights
4. Since the AGM is held through VC/OAVM, where physical attendance of members in any case has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by members will not be available for this meeting and hence requirement of attaching the Proxy Form and Attendance Slip has been dispensed herewith and not annexed to this Notice.
5. Corporate Members intending to send their authorized representative(s) to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a Certified True Copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf to the scrutiniser by email to kanwalcs@gmail.com. The authorized representative(s) shall enjoy all the rights of a Member for the purpose of voting through remote e-voting or for participation and voting in the meeting held through VC/ OAVM.
6. A person can be an authorized representative of more than one Body Corporate. In such a case, he is treated as more than one Member present in person for the purpose of the quorum.
7. In Compliance with MCA Circulars dated 8th April 2020, 13th April 2020 and 05th May 2020 and SEBI Circular dated 12th May, 2020, Members may kindly note that sending of physical Copies of Annual Report to Members have been dispensed with and is being sent through electronic mode to those members whose e-mail addresses are registered with the Company or Depositories. Members may also note that the Notice of the 9th AGM and the Annual Report 2020 will be available on the Company's website www.megastarfoods.com and can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and disseminated on the website of CDSL at www.evotingindia.com.
8. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 9th AGM and the Annual Report for the year ended 31st March, 2020 including therein the Audited Financial Statements for the Financial Year 2019-20, are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 9th AGM and the Annual Report for the Financial Year 2019-20 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:-
 - a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company email id cs@megastarfoods.com.
 - b) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
9. In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc to their Depository Participant only and not to the Company's Registrars and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the records of the Registrars and Transfer Agents which will help the Company and its Registrars and Transfer Agents to provide efficient and better service to the Members.

11. In accordance with the amendments to Regulation 40 of the Listing Regulations, Securities and Exchange Board of India (SEBI), decided that requests for effecting transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository (National Securities Depository Limited or Central Depository Services (India) Limited). Members holding shares in Physical Form are requested to consider converting their holding to dematerialized Form in order to eliminate all risks associated with physical shares. Members can contact the Registrar and Share Transfer Agent (RTA) in this regard. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in Physical Form can submit their PAN details to the Company.
13. Additional Information required to be furnished under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standards- 2 with respect of the Director(s)/Manager seeking appointment/re-appointment at the AGM has been furnished and forms a part of the notice and has been given in the explanatory statement. The director(s)/manager have furnished the requisite consents/declarations for their appointment/re-appointment.
14. The facility for joining the meeting shall be kept open at least 15 minutes before the time scheduled to start the meeting and shall not be closed till the expiry of 15 minutes after such scheduled time.
15. We will be publishing a Public Notice by way of advertisement in Times of India and Chandigarh kesari with the suitable details of the ensuing Annual General Meeting.
16. The Company has engaged the service of Central Depository Services (India) Limited, for assisting the Members for casting of votes by remote e-voting as well as the e-voting system on the date of the AGM and VC facility shall also be provided by CDSL.
17. The attendance of the Members attending the AGM through VC/ OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
18. Since the AGM is held through VC/ OAVM, the Route Map is not annexed in this Notice.
19. The facility of participation at the AGM through VC/ OAVM will be made available to maximum 1000 members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
20. M/s. Kanwaljit Singh (COP No. 5870 and M. No. 5901), Company Secretaries, Chandigarh, has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.
21. During the 9th AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 9th AGM, formally propose to the Members participating through VC/ OAVM Facility to vote on the resolutions as set out in the Notice of the 9th AGM and announce the start of the casting of vote through the e-voting system. After the Members participating through VC/ OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-voting will be closed with the formal announcement of closure of the 9th AGM.
22. The Scrutinizer shall after the conclusion of e-voting at the 9th AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the 9thAGM, who shall then countersign and declare the result of the voting forthwith.
23. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.megastarfoods.com and on the website of CDSL at www.evotingindia.com immediately after the declaration of Results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
24. **Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**



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Members whose email addresses are not registered with the depositories can register the same for obtaining login credentials for e-voting for the resolutions proposed in this Notice in the following manner:

- a) **For Demat Shareholders-** Please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to admin@skylinerta.com. It is clarified that for permanent registration of email address, the Members are however requested to register their email address, in respect of electronic holdings with the Depository through the concerned Depository Participants.
 - b) The Company/ RTA shall co-ordinate with CDSL and provides the login credentials to the above mentioned shareholders.
- 25. Instructions for attending the AGM through VC/ OAVM and e-voting during the AGM are as under:**
- a) Members will be provided with a facility to attend the AGM through VC/ OAVM through the CDSL e-voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/Members login where the EVSN of Company will be displayed.
 - b) Members are encouraged to join the Meeting through Laptops / iPads for better experience.
 - c) Further, Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - d) Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - e) Members who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 5 (five) days prior to meeting mentioning their name, demat account number/ folio number, email id, mobile number at Company mail ID cs@megastarfoods.com. The Members who do not wish to speak during the AGM but have queries may send their queries in advance at least 5 (Five) days prior to the meeting mentioning their name, demat account number/folio number, email id, mobile number at Company mail ID cs@megastarfoods.com. These queries will be replied to by the company suitably by email.
 - f) Those Members who have registered themselves as speakers will only be allowed to express their views/ask questions during the meeting.
 - g) The procedure for e-voting on the day of the AGM is same as the instructions mentioned separately for Remote e-voting.
 - h) Only those Members, who are present in the AGM through VC/ OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
 - i) If any votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/ OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members attending the meeting.
 - j) Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- 26. Instructions for remote e-voting are as under:**
- (i) The voting period begins on 25th September, 2020 at 9.00 a.m. and ends on 27th September, 2020 at 5.00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 21st September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Members who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The Members should log on to the e-voting website www.evotingindia.com.
 - (iv) Click on "Shareholders/Members" module.
 - (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.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-voting option and proceed directly to cast your vote electronically.

- (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 and voted on an earlier e-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:**

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

- (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 ("200828043") 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 which 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 and enter the details as prompted by the system.
- (xix) **Members can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile**
- (xx) **Note for Non - Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates".
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.



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- 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 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.
- Alternatively Non Individual Members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who is authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs@megastarfoods.com, if they have voted from individual tab and not uploaded the same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-voting from the e-voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

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 or call on 022-23058542/43.

Date: 28.08.2020
Place: Chandigarh

for and on behalf of
MEGASTAR FOODS LIMITED

ROBIN KUMAR
Company Secretary



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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 Items of the Notice

ITEM No.: 3 The Members of the Company vide special resolution dated April 04, 2018, had re-appointed Mr. Vikas Goel as the Chairman and Managing Director of the Company for tenure of five years effective from April 4, 2018 to April 3, 2023. Pursuant to Section II of Part II of Schedule V to the Companies Act, 2013, the remuneration payable to Mr. Vikas Goel was approved for a period of three years w.e.f. April 4, 2018 to April 3, 2021. Now, the approval of the Members, pursuant to Section 197(1) of the Companies Act, 2013 as amended from time to time, is sought for the payment of remuneration to Mr. Vikas Goel as the Chairman and Managing Director of the Company for the period from April 1, 2021 to March 31, 2023 i.e. the remaining part of his current tenure as approved by the members with a liability to retire by rotation in accordance with the provisions of Section 152 of the Act. Any retirement by rotation of Mr. Vikas Goel shall not be considered as a break in service in case he is re-appointed to his office in the same meeting or any adjourned meeting thereof; the details of the remuneration proposed to be paid are set out below:

Remuneration proposed:

The remuneration proposed to be payable to Mr. Vikas Goel for the remaining period of two years of his term is Rs. 3,75,000/- (Rupees Three Lakhs Seventy Five Thousand Only) per month with an increment of Rs. 50,000/- (Rupees Fifty Thousand Only) per annum.

Salary: Rs. 3.75 Lakh per month with an increment of Rs. 50,000/- (Rupees Fifty Thousand Only) per annum with authority to the Board of Directors of the Company to grant such increments as it may be determine from time to time.

A. Perquisites:

- i. Housing: Free furnished accommodation or HRA in lieu of Company provided accommodation.
- ii. Reimbursement of expenses on actual pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation as per Company policy.
- iii. Car: One car for use of Company's Business and permissible personal use.
- iv. Medical Expenses Reimbursement: Reimbursement of all expenses incurred for self and family at actuals (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy as applicable), as per Company policy.
- v. Leave Travel Expenses: Leave Travel Expenses for self and family in accordance with the policy of the Company.
- vi. Club fees: Fees of One Corporate Club in India (including admission and annual membership fee).
- vii. Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per the policy of the Company.
- viii. Leave and encashment of leave - as per the policy of the Company.
- ix. Personal accident Insurance Premium - as per the policy of the Company.
- x. Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme - as per the policy of the Company.
- xi. Gratuity and/or contribution to the Gratuity Fund of Company - as per the policy of the Company.
- xii. Other Allowances/benefits, perquisites - any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.
- xiii. Any other one time/periodic retirement allowances/benefits as may be decided by the Board at the time of retirement.

B. Subject as aforesaid, the Managing Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.

C. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Mr. Vikas Goel, Managing Director will be considered as continuous service with the Company from the date of his joining.

D. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limit from time to time under Section 197, Section 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.



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E. When in any financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Vikas Goel in accordance with the applicable provisions of Schedule V of the Act.

In accordance with the Schedule V and other applicable provisions of the Companies Act, 2013, on the recommendation made by the NRC of the Company at its meeting held on August 28, 2020, the Board of Directors of the Company at its meeting held on even date have approved the payment of remuneration as detailed above except commission, subject to such other approvals as may be necessary, as minimum remuneration to Mr. Vikas Goel in the absence or inadequacy of profits in any Financial Year(s) during his remaining tenure i.e. upto March 31, 2023.

The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to Special Resolution at Item No. 3 is annexed hereto as **ANNEXURE 1**

None of the Directors, Key Managerial Personnel of the Company and their relatives other than Mr. Vikas Goel and Mr. Mudit Goyal, who is related to Mr. Vikas Goel, is in any way concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the Members.

ITEM No.: 4 The Members of the Company vide special resolution dated April 04, 2018, had re-appointed Mr. Vikas Gupta as the Whole Time Director of the Company for tenure of five years effective from April 4, 2018 to April 3, 2023. Pursuant to Section II of Part II of Schedule V to the Companies Act, 2013, the remuneration payable to Mr. Vikas Gupta was approved for a period of three years w.e.f. April 4, 2018 to April 3, 2021. Now, the approval of the Members, pursuant to Section 197(1) of the Companies Act, 2013 as amended from time to time, is sought for the payment of remuneration to Mr. Vikas Gupta as the Whole Time Director of the Company for the period from April 1, 2021 to March 31, 2023 i.e. the remaining part of his current tenure as approved by the members. The details of the remuneration proposed to be paid are set out below:

Remuneration proposed:

The remuneration proposed to be payable to Mr. Vikas Gupta for the remaining period of two years of his term is Rs. 3,75,000/- (Rupees Three Lakhs Seventy Five Thousand Only) per month with an increment of Rs. 50,000/- (Rupees Fifty Thousand Only) per annum.

Salary: Rs. 3.75 Lakh per month with an increment of Rs. 50,000/- (Rupees Fifty Thousand Only) per annum with authority to the Board of Directors of the Company to grant such increments as it may be determine from time to time.

A. Perquisites:

- i. Housing: Free furnished accommodation or HRA in lieu of Company provided accommodation.
- ii. Reimbursement of expenses on actual pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation as per Company policy.
- iii. Car: One car for use of Company's Business and permissible personal use.
- iv. Medical Expenses Reimbursement: Reimbursement of all expenses incurred for self and family at actuals (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy as applicable), as per Company policy.
- v. Leave Travel Expenses: Leave Travel Expenses for self and family in accordance with the policy of the Company.
- vi. Club fees: Fees of One Corporate Club in India (including admission and annual membership fee).
- vii. Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per the policy of the Company.
- viii. Leave and encashment of leave - as per the policy of the Company.
- ix. Personal accident Insurance Premium - as per the policy of the Company.
- x. Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme - as per the policy of the Company.
- xi. Gratuity and/or contribution to the Gratuity Fund of Company - as per the policy of the Company.

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- xii. Other Allowances/benefits, perquisites - any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.
 - xiii. Any other one time/periodic retirement allowances/benefits as may be decided by the Board at the time of retirement.
- B.** Subject as aforesaid, the Whole Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.
- C.** For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Mr. Vikas Gupta, Whole Time Director will be considered as continuous service with the Company from the date of his joining.
- D.** The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limit from time to time under Section 197, Section 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.
- E.** When in any financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Vikas Gupta in accordance with the applicable provisions of Schedule V of the Act.

In accordance with the Schedule V and other applicable provisions of the Companies Act, 2013, on the recommendation made by the NRC of the Company at its meeting held on August 28, 2020, the Board of Directors of the Company at its meeting held on even date have approved the payment of remuneration as detailed above except commission, subject to such other approvals as may be necessary, as minimum remuneration to Mr. Vikas Gupta in the absence or inadequacy of profits in any Financial Year(s) during his remaining tenure i.e. upto March 31, 2023.

The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to Special Resolution at Item No. 4 is annexed hereto as **ANNEXURE 2**

None of the Directors, Key Managerial Personnel of the Company and their relatives other than Mr. Vikas Gupta is in any way concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

ITEM No.: 5 The Members of the Company vide special resolution dated April 04, 2018, had re-appointed Mr. Mudit Goyal as the Whole Time Director of the Company for tenure of five years effective from April 4, 2018 to April 3, 2023. Pursuant to Section II of Part II of Schedule V to the Companies Act, 2013, the remuneration payable to Mr. Mudit Goyal was approved for a period of three years w.e.f. April 4, 2018 to April 3, 2021. Now, the approval of the Members, pursuant to Section 197(1) of the Companies Act, 2013 as amended from time to time, is sought for the payment of remuneration to Mr. Mudit Goyal as the Whole Time Director of the Company for the period from April 1, 2021 to March 31, 2023 i.e. the remaining part of his current tenure as approved by the members. The details of the remuneration proposed to be paid are set out below:

Remuneration proposed:

The remuneration proposed to be payable to Mr. Mudit Goyal for the remaining period of two years of his term is Rs. 2,00,000/- (Rupees Two Lakhs Only) per month with an increment of Rs. 25,000/- (Rupees Twenty Five Thousand Only) per annum.

Salary: Rs. 2.00 Lakh per month with an increment of Rs. 25,000/- (Rupees Twenty Five Thousand Only) per annum with authority to the Board of Directors of the Company to grant such increments as it may be determine from time to time.

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A. Perquisites:

- i. Housing: Free furnished accommodation or HRA in lieu of Company provided accommodation.
 - ii. Reimbursement of expenses on actual pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation as per Company policy.
 - iii. Car: One car for use of Company's Business and permissible personal use.
 - iv. Medical Expenses Reimbursement: Reimbursement of all expenses incurred for self and family at actuals (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy as applicable), as per Company policy.
 - v. Leave Travel Expenses: Leave Travel Expenses for self and family in accordance with the policy of the Company.
 - vi. Club fees: Fees of One Corporate Club in India (including admission and annual membership fee).
 - vii. Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per the policy of the Company.
 - viii. Leave and encashment of leave - as per the policy of the Company.
 - ix. Personal accident Insurance Premium - as per the policy of the Company.
 - x. Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme - as per the policy of the Company.
 - xi. Gratuity and/or contribution to the Gratuity Fund of Company - as per the policy of the Company.
 - xii. Other Allowances/benefits, perquisites - any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.
 - xiii. Any other one time/periodic retirement allowances/benefits as may be decided by the Board at the time of retirement.
- B.** Subject as aforesaid, the Whole Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.
- C.** For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Mr. Mudit Goyal, Whole Time Director will be considered as continuous service with the Company from the date of his joining.
- D.** The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limit from time to time under Section 197, Section 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.
- E.** When in any financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Mudit Goyal in accordance with the applicable provisions of Schedule V of the Act.

In accordance with the Schedule V and other applicable provisions of the Companies Act, 2013, on the recommendation made by the NRC of the Company at its meeting held on August 28, 2020, the Board of Directors of the Company at its meeting held on even date have approved the payment of remuneration as detailed above except commission, subject to such other approvals as may be necessary, as minimum remuneration to Mr. Mudit Goyal in the absence or inadequacy of profits in any Financial Year(s) during his remaining tenure i.e. upto March 31, 2023.

The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to Special Resolution at Item No. 5 is annexed hereto as **ANNEXURE 3**

None of the Directors, Key Managerial Personnel of the Company and their relatives other than Mr. Mudit Goyal and Mr. Vikas Goel, who is related to Mr. Mudit Goyal, is in any way concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.



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ANNEXURE TO ITEM No. 2 OF THE NOTICE

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

Name of Director	Mr. VIKAS GOEL (DIN: 05122585)
Age	47
Date of Birth	10/01/1972
Original Date of appointment	28/11/2011
Qualification	Metric Passed
Experience and expertise in specific functional area	He is having over 3 decades of experience in Wheat Flour & Rice industry, with his hands-on approach. He took over the reins of Megastar Foods Limited as Director in November, 2011. Since then he has steered the destiny of Megastar Foods Limited with a single-minded focus of making Megastar an internationally reputed Flour Manufacturer. He is playing a vital role in formulating business strategies and effective implementation of the same with Mr. Vikas Gupta and Mr. Mudit Goyal. He is responsible for the expansion and overall management of the business of the Company.
Terms and Conditions of Appointment / Reappointment	As per the resolution passed by the shareholders at the Extra Ordinary General Meeting held on April 04, 2018, Mr. Vikas Goel was appointed as a Chairman and Managing director
Remuneration last drawn	Rs. 52.15 lakhs per annum with effect from 01.04.2020 (total remuneration for FY 2019-20 : Rs. 41.80 Lakhs)
Remuneration proposed to be paid	Rs. 52.15 Lakhs per annum with an increment of Rs. 6 lakhs per annum or as per the decision of the board
Shareholding in Megastar Foods Limited as on 31st March, 2019	24,92,660
Relationship with other Directors/Key Managerial Personnel	Mr. Vikas Goel is the father of Mr. Mudit Goyal
Number of meetings of the Board attended during the year	04
Chairmanship/ Memberships of Committees of other public limited Companies	NIL
Directorship of other public limited Companies	*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*



THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013:

I. GENERAL INFORMATION:

1. Nature of Industry: Manufacturers of wheat flour.
2. Date or expected date of commencement of commercial production: the Company is in operation since 2013.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: **Not Applicable.**
- 4.(a)Standalone Financial performance based on given indicators:

(Rupees in Lakhs)

PARTICULARS	YEAR ENDED MARCH 31, 2020	YEAR ENDED MARCH 31, 2019
Income from Operations and other Income	16305.53	14236.53
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	925.21	751.63
Profit/(Loss)before Tax	473.59	339.92
Profit/(Loss) after Tax	340.39	242.56

(Figures have been regrouped/recast wherever necessary)

- (b)Consolidated Financial performance based on given indicators:

(Rupees in Lakhs)

PARTICULARS	YEAR ENDED MARCH 31, 2020	YEAR ENDED MARCH 31, 2019
Income from Operations and other Income	16322.31	14236.53
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	922.68	751.63
Profit/(Loss)before Tax	471.06	339.92
Profit/(Loss) after Tax	337.85	242.56

(Figures have been regrouped/recast wherever necessary)

5. Foreign investments or collaborators, if any: Megastar Foods Limited has no foreign collaborators and hence there is no equity participation by foreign collaborators in the Company.

II. INFORMATION ABOUT Mr. VIKAS GOEL:**1. Background details:**

Mr. Vikas Goel is having over 3 decades of experience in Wheat Flour & Rice industry, with his hands-on approach. He took over the reins of Megastar Foods Limited as Director in November, 2011. Since then he has steered the destiny of Megastar Foods Limited with a single-minded focus of making Megastar an internationally reputed Flour Manufacturer.

Mr. Goel aged 47 years; He is playing a vital role in formulating business strategies and effective implementation of the same with Mr. Vikas Gupta and Mr. Mudit Goyal. He is responsible for the expansion and overall management of the business of our Company.

2. Past remuneration:

FINANCIAL YEARS	AMOUNT (Rs. IN LAKH)
2017-18	15.00
2018-19	41.80
2019-20	41.80

3. **Recognition or Awards:** under the dynamic leadership of Mr. Vikas Goel and other Executive Director, the Company has won the following notable awards:

- a. Megastar was bestowed with the honour of "MOST DEPENDABLE PARTNER" in year 2018 by Jubilant Foodworks Limited.



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- b. In year 2019, Megastar was awarded for recognition of “EXCEPTIONAL PERFORMANCE” by ITC Limited.
- c. Megastar was considered as valued supply partner and member of “Nestle India Golden Circle”

4. Job Profile and his suitability: Mr. Vikas Goel as Chairman and Managing Director is responsible for the expansion and overall management of the business of our Company.

5. Remuneration proposed: As stated in the Explanatory Statement at Item No. 4 of this Notice.

6. Comparative remuneration policy with respect to industry, size of the company, profile of the position and person:

The remuneration as proposed of Mr. Vikas Goel is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company. Moreover in his position as Chairman.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Besides the remuneration proposed, Mr. Vikas Goel does not have any pecuniary relationship with the Company. Mr. Vikas Goel is the father of Mr. Mudit Goyal, Whole Time Director of the Company. Mr. Vikas Goel belongs to the Promoter Group. Mr. Vikas Goel, Chairman and Managing Director holds 24,92,660 equity shares in the share capital of the Company.

III. OTHER INFORMATION:

1. Reasons of loss or inadequacy of profits:

The Company is passing a Special Resolution pursuant to the proviso to the sub-section (1) of Section 197 of the Companies Act, 2013 and as a matter of abundant precaution, as the profitability of the Company may be adversely impacted in future due to business environment during the period for which remuneration is payable to Mr. Vikas Goel i.e. till March 31, 2023.

2. Steps taken or proposed to be taken for improvement:

The Company has embarked on a series of strategic and operational measures that is expected to result in the improvement in the present position. The inherent strengths of the Company, especially its reputation as a premium manufacturer and powerful brands are also expected to enable the Company to position itself during adversities. The Company has also strategically planned to address the issue of productivity and increase profits and has put in place measures to reduce cost and improve the bottom-line.

3. Expected increase in productivity and profits in measurable terms:

The Company has taken various initiatives to maintain its leadership, improve market share and financial performance. It has been aggressively pursuing and implementing its strategies to improve financial performance.

IV. DISCLOSURES:

1. Remuneration package of the managerial person: Fully described in the explanatory statement as stated above.
2. Disclosures in the Board of Directors’ report under the heading ‘Corporate Governance’ included in Annual Report 2019-20: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of FY 2019-20 of the Company.



THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013:

I. GENERAL INFORMATION:

1. Nature of Industry: Manufacturers of wheat flour.
2. Date or expected date of commencement of commercial production: the Company is in operation since 2013.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: **Not Applicable.**
4. (a) Standalone Financial performance based on given indicators:

(Rupees in Lakhs)

PARTICULARS	YEAR ENDED MARCH 31, 2020	YEAR ENDED MARCH 31, 2019
Income from Operations and other Income	16305.53	14236.53
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	925.21	751.63
Profit/(Loss) before Tax	473.59	339.92
Profit/(Loss) after Tax	340.39	242.56

(Figures have been regrouped/recast wherever necessary)

- (b) Consolidated Financial performance based on given indicators:

(Rupees in Lakhs)

PARTICULARS	YEAR ENDED MARCH 31, 2020	YEAR ENDED MARCH 31, 2019
Income from Operations and other Income	16322.31	14236.53
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	922.68	751.63
Profit/(Loss) before Tax	471.06	339.92
Profit/(Loss) after Tax	337.85	242.56

(Figures have been regrouped/recast wherever necessary)

5. Foreign investments or collaborators, if any: Megastar Foods Limited has no foreign collaborators and hence there is no equity participation by foreign collaborators in the Company.

II. INFORMATION ABOUT Mr. VIKAS GUPTA:

1. Background details:

Mr. Vikas Gupta has a profound experience of more than 17 years in Wheat Flour. Mr. Gupta has directly overseen the production, HR and administration, as well as participates in business development since its very inception. He is responsible and authorized for ensuring that the processes needed for the management system are established, implemented & maintained.

Mr. Gupta aged 44 years; He holds a degree of Bachelor of Commerce and Inter passed certificate from ICAI. He is playing a vital role in formulating business strategies and effective implementation of the same with Mr. Vikas Goel and Mr. Mudit Goyal.

2. Past remuneration:

FINANCIAL YEARS	AMOUNT (Rs. IN LAKH)
2017-18	15.00
2018-19	41.80
2019-20	41.80

3. **Recognition or Awards:** under the dynamic leadership of Mr. Vikas Gupta and other Executive Director, the Company has won the following notable awards:

- a. Megastar was bestowed with the honour of "MOST DEPENDABLE PARTNER" in year 2018 by Jubilant Foodworks Limited.



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- b. In year 2019, Megastar was awarded for recognition of “EXCEPTIONAL PERFORMANCE” by ITC Limited.
- c. Megastar was considered as valued supply partner and member of “Nestle India Golden Circle”

4. Job Profile and his suitability: Mr. Vikas Gupta as Whole Time Director is responsible and authorized for ensuring that the processes needed for the management system are established, implemented & maintained.

5. Remuneration proposed: As stated in the Explanatory Statement at Item No. 5 of this Notice.

6. Comparative remuneration policy with respect to industry, size of the company, profile of the position and person:

The remuneration as proposed of Mr. Vikas Gupta is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Besides the remuneration proposed, Mr. Vikas Gupta does not have any pecuniary relationship with the Company. Mr. Vikas Gupta belongs to the Promoter Group. Mr. Vikas Gupta, Whole Time Director holds 21,39,900 equity shares in the share capital of the Company.

III. OTHER INFORMATION:

1. Reasons of loss or inadequacy of profits:

The Company is passing a Special Resolution pursuant to the proviso to the sub-section (1) of Section 197 of the Companies Act, 2013 and as a matter of abundant precaution, as the profitability of the Company may be adversely impacted in future due to business environment during the period for which remuneration is payable to Mr. Vikas Gupta i.e. till March 31, 2023.

2. Steps taken or proposed to be taken for improvement:

The Company has embarked on a series of strategic and operational measures that is expected to result in the improvement in the present position. The inherent strengths of the Company, especially its reputation as a premium manufacturer and powerful brands are also expected to enable the Company to position itself during adversities. The Company has also strategically planned to address the issue of productivity and increase profits and has put in place measures to reduce cost and improve the bottom-line.

3. Expected increase in productivity and profits in measurable terms:

The Company has taken various initiatives to maintain its leadership, improve market share and financial performance. It has been aggressively pursuing and implementing its strategies to improve financial performance.

IV. DISCLOSURES:

1. Remuneration package of the managerial person: Fully described in the explanatory statement as stated above.

2. Disclosures in the Board of Directors’ report under the heading ‘Corporate Governance’ included in Annual Report 2019-20: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of FY 2019-20 of the Company.

**THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013:****I. GENERAL INFORMATION:**

1. Nature of Industry: Manufacturers of wheat flour.
2. Date or expected date of commencement of commercial production: the Company is in operation since 2013.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: **Not Applicable.**
4. (a) Standalone Financial performance based on given indicators:

(Rupees in Lakhs)

PARTICULARS	YEAR ENDED MARCH 31, 2020	YEAR ENDED MARCH 31, 2019
Income from Operations and other Income	16305.53	14236.53
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	925.21	751.63
Profit/(Loss) before Tax	473.59	339.92
Profit/(Loss) after Tax	340.39	242.56

(Figures have been regrouped/recast wherever necessary)

- (b) Consolidated Financial performance based on given indicators:

(Rupees in Lakhs)

PARTICULARS	YEAR ENDED MARCH 31, 2020	YEAR ENDED MARCH 31, 2019
Income from Operations and other Income	16322.31	14236.53
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	922.68	751.63
Profit/(Loss) before Tax	471.06	339.92
Profit/(Loss) after Tax	337.85	242.56

(Figures have been regrouped/recast wherever necessary)

5. Foreign investments or collaborators, if any: Megastar Foods Limited has no foreign collaborators and hence there is no equity participation by foreign collaborators in the Company.

II. INFORMATION ABOUT Mr. MUDIT GOYAL:**1. Background details:**

Mr. Mudit Goyal is having over 3years of experience in Wheat Flour & Rice industry and joined the Company recently in 2018 he looks after the marketing operations of the company.

Mr. Goyal aged 26 years; He holds a degree of Master of Business Administration (MBA) from AMITY GLOBAL. He is playing a vital role in formulating business strategies and effective implementation of the same with Mr. Vikas Gupta and Mr. Vikas Goel.

2. Past remuneration:

FINANCIAL YEARS	AMOUNT (Rs. IN LAKH)
2018-19	21.10
2019-20	21.10

3. Recognition or Awards: under the dynamic leadership of Mr. Mudit Goyal and other Executive Director, the Company has won the following notable awards:

- a. Megastar was bestowed with the honour of "MOST DEPENDABLE PARTNER" in year 2018 by Jubilant Foodworks Limited.
- b. In year 2019, Megastar was awarded for recognition of "EXCEPTIONAL PERFORMANCE" by ITC Limited.
- c. Megastar was considered as valued supply partner and member of "Nestle India Golden Circle"



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4. Job Profile and his suitability: Mr. Mudit Goyal as Whole Time Director is responsible for the expansion and overall management of the business of our Company.

5. Remuneration proposed: As stated in the Explanatory Statement at Item No. 6 of this Notice.

6. Comparative remuneration policy with respect to industry, size of the company, profile of the position and person:

The remuneration as proposed of Mr. Mudit Goyal is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Besides the remuneration proposed, Mr. Mudit Goyal does not have any pecuniary relationship with the Company. Mr. Mudit Goyal is the son of Mr. Vikas goel, Chairman & Managing Director of the Company. Mr. Mudit Goyal belongs to the Promoter Group. Mr. Mudit Goyal, Whole Time Director holds 1, 81,500 equity shares in the share capital of the Company.

III. OTHER INFORMATION:

1. Reasons of loss or inadequacy of profits:

The Company is passing a Special Resolution pursuant to the proviso to the sub-section (1) of Section 197 of the Companies Act, 2013 and as a matter of abundant precaution, as the profitability of the Company may be adversely impacted in future due to business environment during the period for which remuneration is payable to Mr. Mudit Goyal i.e. till March 31, 2023.

2. Steps taken or proposed to be taken for improvement:

The Company has embarked on a series of strategic and operational measures that is expected to result in the improvement in the present position. The inherent strengths of the Company, especially its reputation as a premium manufacturer and powerful brands are also expected to enable the Company to position itself during adversities. The Company has also strategically planned to address the issue of productivity and increase profits and has put in place measures to reduce cost and improve the bottom-line.

3. Expected increase in productivity and profits in measurable terms:

The Company has taken various initiatives to maintain its leadership, improve market share and financial performance. It has been aggressively pursuing and implementing its strategies to improve financial performance.

IV. DISCLOSURES:

1. Remuneration package of the managerial person: Fully described in the explanatory statement as stated above.

2. Disclosures in the Board of Directors' report under the heading 'Corporate Governance' included in Annual Report 2019-20: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of FY 2019-20 of the Company.



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CHAIRMAN'S MESSAGE:

Dear Shareholders,

It is my honour and privilege to address 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.

I am pleased to share with you an update on your Company's performance for 2019-20. The year saw a challenging business environment with lower GDP growth and slowdown in consumption in the last phase of the year. The novel corona virus has affected not just human health but severely impacted businesses and the society at large. Against this backdrop, your Company has delivered competitive, profitable and responsible growth. Our growth fundamentals are in a good shape with gains in penetration and distribution.

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. 2,245.38 lakhs (including capital work in progress) as on 31st March, 2020 as compared to Rs. 1,929.58 lakhs as on 31st March, 2019. 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 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.



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REPORTS OF THE DIRECTORS TO THE MEMBERS

The Directors are pleased to present the 9th Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended March 31, 2020.

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. 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, 2020 the company has earned a net profit of Rs. 340.39 Lakhs as compared to the net profit of Rs. 242.56 Lakh, for the previous year ended on March 31, 2019.

FINANCIAL PERFORMANCE

The financial position of the company for the financial year ended on March 31, 2020 is summarised below:

PARTICULARS	STANDALONE		CONSOLIDATED	
	2019-20	2018-19	2019-20	2018-19*
Revenue from Operations	16296.64	14232.38	16315.96	--
Other Income	8.89	4.15	6.34	--
Total Revenue	16305.53	14236.53	16322.31	--
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	925.21	751.63	922.68	--
Finance Cost	(325.22)	(311.15)	(325.22)	--
Depreciation and Amortization expenses	(126.26)	(98.25)	(126.26)	--
Prior period expenses	(0.14)	(2.31)	(0.14)	--
Profit before Tax	473.59	339.92	471.06	--
Tax	(133.20)	(97.35)	(133.20)	--
Profit After Tax	340.39	242.56	337.85	--
Earnings Per Share:				
Basic	3.44	2.55	3.41	--
Diluted	3.44	2.55	3.41	--

*there is no such consolidated figures for FY 2018-19, as M/s Megapacific Ventures Private Limited was incorporated on April 23, 2019

OPERATIONS

Standalone

Revenue from operations for the year ended March 31, 2020 stood at Rs. 16296.64 Lakhs as against Rs. 14232.38 Lakhs for the previous year. Profit after tax for the year ended March 31, 2020 was Rs. 340.39 Lakhs and EPS is Rs. 3.44/- per share as against a net profit and EPS of Rs. 242.56 Lakhs and Rs. 2.55/- per share respectively for the previous year.

Consolidated

During the financial year, Megapacific Ventures Private Limited was incorporated as the Wholly Owned Subsidiary of Megastar Foods Limited on April 23, 2019, Based on the applicable provisions of the Companies Act, 2013 and the applicable accounting standards, the company has consolidated the financial statements of Megapacific Ventures Private Limited (WOS) with Megastar Foods Limited (Holding Company) for the FY 2019-20 for the first time.



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The consolidated Revenue from operations for the year ended March 31, 2020 stood at Rs. 16315.96Lakhs.

In the preparation of Financial Statements the provisions of the Companies Act, 2013 (the “Act”), read with the Companies (Accounts) Rules, 2014, applicable Accounting Standards and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) have been followed.

DIVIDEND

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

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statement up to and for the year ended March 31, 2020 was prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP), notified under Section 133 of the Act and other relevant provisions of the Act, is separately disclosed in the Annual Report.

As per the requirements of Section 129 of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the subsidiary company in Form **AOC-1**, is attached as **ANNEXURE-1**

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 Brickwork BWR BBB- for long term and BWR A3 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 2019-20.

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, 2020 was Rs. 325.22 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 31st March, 2020 increased from Rs. 880.21 lakhs to 1220.59 lakhs.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the financial year 2019-20, the company had the following directors and Key Managerial Personnel:



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S. No.	NAME	DESIGNATION	DATE OF APPOINTMENT
1.	Mr. Vikas Goel	Chairman cum Managing Director (CMD)(KMP)	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. Manisha Gupta	Chief Financial Officer (KMP)	12/02/2020
9.	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. Vikas Goel (DIN: 05122585) Chairman and Managing Director of the Company retires by rotation at the ensuing 9th Annual General Meeting of the company and being eligible, offers himself for reappointment. Though, such determination of office by retirement and then re-appointment, if approved by the members at the ensuing Annual General Meeting, would not constitute a break in his tenure of service as the Chairman and Managing Director of the Company.

Ms. Manisha Gupta was appointed as the Chief Financial Officer w.e.f. 12.02.2020 in place of Mr. Vijay Sharma who resigned from the office of CFO w.e.f. 12.02.2020

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

All the independent Directors have given declaration to the Company that they meet the criteria of 'independence' set out in the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfil their duties as Independent Directors.

In terms of Section 150 of the Companies Act, 2013 read with the Rules framed there under, Independent Directors of the Company have confirmed to the Company that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs (IICA).

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

During the year under review, M/s Megapacific Venture Private Limited was incorporated as a Wholly Owned Subsidiary (WOS) of Megastar Foods Limited on April 23, 2019 Apart from this; Company has no Joint Venture or Associate Company in the Financial Year 2019-20.

SUBSIDIARIES

Megapacific Ventures Private limited, wholly owned subsidiary of the Company, is having main object of manufacturing, co- manufacturing including production and processing, trading, buying, selling, dealing, importing, exporting, all types of packaging materials including but not restricted to cartons, boxes and cases wholly or partly made of papers, thermocol, boards, wood, glass, plastic, rubber, metals, tin or otherwise and glass bottles, glass jars, flasks, casks and glass containers of every description and packing requisite of every kind.

Megapacific Ventures Private Limited is planning to commence its business operation soon, as the Company could not start its operation in the Financial year 2019-20 due to changes in government policy related to the packaging industry., The stakeholders may note that the construction of the company's office building and manufacturing unit at Derabassi was in progress and then was put on hold to evaluate the options of establishing the unit at



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Derabassi or at Ropar, by examining all pros and cons involved at both the locations, so that the appropriate decision may be made at the earliest keeping in mind the best in interest of both the Companies.

The revenue of Megapacific Ventures Private limited for the year ended March 31, 2020 was Rs. 19.32 Lakhs. The Profit before tax for the year was Rs. 0.01 Lakhs.

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-2**.

Further, a copy of the said extracts of Annual Return is also available on the company's website at the weblink: <https://www.megastarfoods.com/Other-stock-exchange-compliances>

PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES

All related party transactions entered into during FY 2019-20 were on an arm's length basis and in the ordinary course of business. During FY 2019-20, 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- 3** 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, 04 (Four) Board meetings, 5 (Five) Audit Committee meetings, 4 (Four) Stakeholders Relationship Committee meetings, 3 (three) Nomination & Remuneration Committee meetings, 1 (One) Corporate Social responsibility Committee meeting and 08 (Eight) Finance and Investment Committee 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 24.05.2019.

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

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.

RESERVES

Entire amount of Net Profit of Rs. 340.39 Lakhs for the financial year 2019-20, 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, 2020 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 2019-20.

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.

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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. 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 2019-20 was Rs. 15,00,00,000/- comprising of 1,50,00,000 equity shares of Rs. 10/- each and the paid up capital was 9,90,37,000 divided into 99,03,700 equity shares of Rs. 10/- each. There were no changes in the share capital of the company during the financial year 2019-20. There were no instance of bonus issue, right issue, ESOP, buy back of share or issue of shares with differential voting rights during the year.

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 2019-20, 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- 4** and is attached to this report.

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, 2020 was 99 as compared to 83 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 4th 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



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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 weblink: <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).

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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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, 2020 and of the Profit and Loss of the Company for the year ended on that date;
- 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;
- The annual accounts of the Company have been prepared on a going concern basis;
- 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;
- 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.

MEETINGS OF THE BOARD

Four Board meetings were held during the year as detailed in the Corporate Governance Report which forms part of this report.



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AUDIT COMMITTEE

The Audit Committee comprises of three independent Directors, Mr. Prabhat Kumar, as Chairman, Mr. Amit Mittal and Ms. Savita Bansal. All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of meeting and attendance are provided in Corporate Governance report which forms part of the Annual Report.

COMMITTEES OF BOARD OF DIRECTORS

The Board of directors have the following statutory 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 Re-appointed in the 8th the Annual General Meeting held on 16th September, 2019 for a further term of 4 (Four) years to hold office upto the 12th Annual General Meeting.

The comments of the auditor being self-explanatory require no further comments from the Directors. Further, there are no 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 2019-20.

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. The copy of the Nomination and Remuneration Policy of the company is attached as **ANNEXURE- 7**

Managerial Remuneration:

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



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The details of remuneration paid to Chairman & Managing Director and Whole Time Directors of the Company for the financial year 2019-20 are as under:

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

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 were 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, 2020.

The details of sitting fees paid to the Non-Executive Directors during the financial year 2019-20 are given below:

S. No.	Name of the Non- Executive Director	Sitting Fees (in Rs.)
1.	Mr. Prabhat Kumar	17,000
2.	Mr. Amit Mittal	22,000
3.	Ms. Savita Bansal	22,000
Total		61,000

c. Details of shares of the Company held by the Directors as on March 31, 2020 are given below:

S. No.	Name of the Director	No. of Equity Shares Held
1.	Mr. Vikas Goel	24,92,660
2.	Mr. Vikas Gupta	21,39,900
3.	Mr. Mudit Goyal	1,81,500
4.	Mr. Prabhat Kumar	Nil
5.	Mr. Amit Mittal	Nil
6.	Ms. Savita Bansal	Nil

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- 5.

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 2019-20, 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- 6. 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 2019-20 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.



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FORMAL ANNUAL EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, performance evaluation of the Board and its Committees and all the Directors has been carried out and the details are covered in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) Committee was constituted in May, 2019 with two independent Directors - Prabhat Kumar as Chairman and Mr. Amit Mittal, as member and one Executive Directors - Mr. Vikas Goel Managing Director as Members. On the recommendations of the Committee, the Board has adopted Company's policy on CSR with key thrust areas defined as - Capacity building, skill development, training and employment generation, Preventive health care, Sanitation Environmental Sustainability and Poverty alleviation, etc.,

During the year under review provisions of section 135 of Companies Act, 2013 is not mandatorily applicable to the company, however company is voluntarily spending the amount for the betterment of the society where it operates,

DISCLOSURE OF PROCEEDINGS UNDER IBBI REGULATIONS

During the Financial Year 2019-20 no proceeding was initiated by and against the company.

TRANSFER OF UNCLAIMED DIVIDEND TO IEPF

Pursuant to the provisions of Section 124 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ('IEPF Rules'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government.

During the FY 2019-20, there is no such amount with respect to Unclaimed Dividend, which is required to be transferred to Investor Education and Protection Fund (IEPF)

TRANSFER OF SHARES TO IEPF

Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account').

During FY 2019-20, there were no shares which are required to be transferred to IEPF Account.

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: 28.08.2020
Place: Chandigarh

for and on behalf of
MEGASTAR FOODS LIMITED

VIKASGOEL
Chairman-cum-Managing Director
DIN:05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386

**FORM No. AOC- 1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES

PARTICULARS	DETAILS (in Rupees)
Name of the subsidiary	Megapacific Ventures Private limited
Reporting year/period for the subsidiary concerned	23.04.2019 to 31.03.2020
Reporting currency and exchange rate as on the Financial Year ended on 31 st March, 2020	INR
Share capital	2,50,00,000
Reserves & surplus	1,156
Total assets	3,13,84,400
Total Liabilities	3,13,84,400
Investments	0
Turnover	19,32,396
Profit/(loss) before taxation	1,545
Provision for taxation	389
Profit/(loss) after taxation	1,156
Other comprehensive income	0
Total comprehensive income	0
Proposed Dividend	Nil
% of shareholding	100%

Date: 28.08.2020
Place: Chandigarh

for and on behalf of
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 31.03.2020

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: cs@megastarfoods.com
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: virenr@skylinerta.com ;

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/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	Megapacific Ventures Private Limited	U15400CH2019PTC042468	Subsidiary	100%	2(87)

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-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	6741700	--	6741700	68.07	6741700	--	6741700	68.07	--
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Sub Total (A) (1)	6741700	--	6741700	68.07	6741700	--	6741700	68.07	--
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks/ FI									
e) Any Other									
Sub Total (A) (2)	--	--	--	--	--	--	--	--	--

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Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	6741700	--	6741700	68.07	6741700	--	6741700	68.07	--
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	--	--	--	--	--	--	--	--	--
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	260000	--	260000	2.63	8000	--	8000	0.08	(2.55)
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs 1 lakh	250000	--	250000	2.52	236000	--	236000	2.38	(0.14)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2626000	--	2626000	26.52	2888000	--	2888000	29.17	2.64
c) Others (specify)									
a. NRI	2000		2000	0.02	Nil		Nil	Nil	(0.02)
b. HUF	24000		24000	0.24	26000		26000	0.26	0.26
c. Clearing Member	Nil		Nil	Nil	4000		4000	0.04	0.04
Sub-total (B)(2):-	3162000	--	3162000	31.93	3162000	--	3162000	31.93	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3162000	--	3162000	31.93	3162000	--	3162000	31.93	--
C. Shares held by Custodian for GDRs & ADRs	-	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	9903700	--	9903700	100	9903700	--	9903700	100	--

(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	25.17	--	2492660	25.17	--	--
2	Vikas Gupta	2139900	21.61	--	2139900	21.61	--	--
3	Indira Rani	242000	2.44	--	242000	2.44	--	--
4	Mudit Goyal	181500	1.83	--	181500	1.83	--	--
5	Pankaj Goyal	1121054	11.32	--	1121054	11.32	--	--
6	Sat Pal Gupta	302500	3.05	--	302500	3.05	--	--



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7	Shivani Gupta	262086	2.65	--	262086	2.65	--	--
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(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
No change							

(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.	ROOPKANTA ARUN RAJ						
	At the beginning of the year	468000	6.48				
	Date wise Increase / Decrease			28/02/2020	2000	466000	4.71
	Add: trade in open market						
	At the end of the year					466000	4.71
2.	SANDEEP GOYAL						
	At the beginning of the year	376000	3.8				
	Increase / Decrease			20/09/2019	42000	418000	4.22
	Add: Trade in open market			27/09/2019	4000	422000	4.26
				30/09/2019	2000	424000	4.28
				04/10/2019	2000	426000	4.30
				11/10/2019	2000	428000	4.32
				18/10/2019	4000	432000	4.36
				06/12/2019	2000	434000	4.38
				13/12/2019	-2000	432000	4.36
				10/01/2020	2000	434000	4.34
	At the end of the year					434000	4.34
3.	DANISH BANSAL						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease			26/04/2019	116000		
	Add: trade in open market						
	At the end of the year					116000	1.17
4.	SHIVA BUDHIRAJA						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease			26/04/2019	2000	208000	2.10
	Add: trade in open market			10/05/2019	-12000	196000	1.98
				24/05/2019	6000	202000	2.04
				05/07/2019	4000	206000	2.08
				09/08/2019	-4000	202000	2.04
				16/08/2019	-2000	200000	2.02
				30/08/2019	-30000	170000	1.72
				06/09/2019	-6000	164000	1.66
				30/09/2019	8000	172000	1.74
				04/10/2019	2000	174000	1.76
				11/10/2019	4000	178000	1.80

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				18/10/2019	4000	182000	1.84
				01/11/2019	2000	184000	1.86
				08/11/2019	2000	186000	1.88
				15/11/2019	2000	188000	1.90
				22/11/2019	-2000	186000	1.88
				29/11/2019	2000	188000	1.90
				13/12/2019	2000	190000	1.92
				07/02/2020	2000	192000	1.94
				20/03/2020	4000	196000	1.98
	At the end of the year					196000	1.98
5.	RENU MAKIN						
	At the beginning of the year	196000	1.98				
	Increase / Decrease			Nil	Nil	Nil	Nil
	Add: trade in open market						
	At the end of the year					196000	1.98
6.	PAWAN AGARWAL						
	At the beginning of the year	136000	1.37				
	Increase / Decrease			Nil	Nil	Nil	Nil
	Add: trade in open market						
	At the end of the year					136000	1.37
7.	RAJINDER BANSAL						
	At the beginning of the year	124000	1.25				
	Increase / Decrease			13/12/2019	-12000	112000	1.13
	Add: trade in open market			03/01/2020	-8000	104000	1.05
				10/01/2020	-4000	100000	1.01
				17/01/2020	-4000	96000	0.97
	At the end of the year					96000	0.97
8.	KARNESH SHARMA						
	At the beginning of the year	112000	1.13				
	Increase / Decrease			Nil	Nil	Nil	Nil
	Add: trade in open market						
	At the end of the year					112000	1.13
9.	HITESH GARG						
	At the beginning of the year	102000	1.03				
	Increase / Decrease			26/04/2019	-30000	72000	0.73
	Add: trade in open market			10/05/2019	2000	74000	0.75
				24/05/2019	6000	80000	0.81
				23/08/2019	10000	90000	0.91
				20/09/2019	-2000	88000	0.89
				04/10/2019	8000	96000	0.97
				11/10/2019	6000	102000	1.03
				18/10/2019	2000	104000	1.05
				15/11/2019	-2000	102000	1.03
				22/11/2019	4000	106000	1.07
				29/11/2019	2000	108000	1.09
				20/12/2019	2000	110000	1.11
				31/12/2019	2000	112000	1.13
				20/03/2020	2000	114000	1.15
	At the end of the year					114000	1.15
10.	ANURADHA SHARMA						
	At the beginning of the year	Nil	Nil				
	Increase / Decrease			06/09/2019	38000	38000	0.38
	Add: trade in open market			13/09/2019	28000	66000	0.67
				27/09/2019	2000	68000	0.69
				29/11/2019	-8000	60000	0.61
				06/12/2019	6000	66000	0.67
				13/12/2019	12000	78000	0.79

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				03/01/2020	30000	108000	1.09
				24/01/2020	2000	110000	1.11
	At the end of the year					110000	1.11

(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.	VIKAS GOEL						
	At the beginning of the year	2492660	25.17				
	Date wise Increase / Decrease in Director Shareholding			--	--	--	--
	At the end of the year					2492660	25.17
2.	VIKAS GUPTA						
	At the beginning of the year	2139900	21.61				
	Date wise Increase / Decrease in Director Shareholding			--	--	--	--
	At the end of the year					2139900	21.61
3.	MUDIT GOYAL						
	At the beginning of the year	181500	1.83				
	Date wise Increase / Decrease in Director Shareholding			--	--	--	--
	At the end of the year					181500	1.83
4.	AMIT MITTAL						
	At the beginning of the year	Nil	Nil				
	Date wise Increase / Decrease in Director Shareholding			--	--	--	--
	At the end of the year					Nil	Nil
5.	PRABHAT KUMAR						
	At the beginning of the year	Nil	Nil				
	Date wise Increase / Decrease in Director Shareholding			--	--	--	--
	At the end of the year					Nil	Nil
6.	SAVITA BANSAL						
	At the beginning of the year	Nil	Nil				
	Date wise Increase / Decrease in Director Shareholding			--	--	--	--
	At the end of the year					Nil	Nil

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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
Indebtedness at the beginning of the financial year				
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
Total (i+ii+iii)	2322.88	621.42	--	2944.3
Change in Indebtedness during the financial year				
* Addition	158.00	44.67	--	202.67
* Reduction	704.36	254.50	--	958.86
Net Change	(546.36)	(209.83)	--	-756.19
Indebtedness at the end of the financial year				
i) Principal Amount	1757.61	411.59	--	2169.2
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	18.92	--	--	18.92
Total (i+ii+iii)	1776.53	411.59	--	2188.12

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	Gross salary				
	(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	--	--	--	-
	Total (A)	41,79,600	41,79,600	21,09,600	1,04,68,800

B. REMUNERATION TO OTHER DIRECTORS

S. No.	Particulars of Remuneration	Name of Directors			Total Amount
		SAVITA BANSAL	AMIT MITTAL	PRABHAT KUMAR	
1	Independent Directors	NIL	NIL	NIL	NIL
	Fee for attending board committee meetings	22,000	22,000	17,000	61,000
	Commission				
	Others, please specify				
	Total (1)				
2	Other Non-Executive Directors				
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	Total (2)				
	Total (B)=(1+2)	22,000	22,000	17,000	61,000
	Total Managerial Remuneration	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act	The Companies Act, 2013 has prescribed that sitting fees shall not exceed Rs. 1 lakh per meeting of the Board or committee thereof, attended			



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

S. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	CS Robin Kumar	CFO Mainsha Gupta From 12/02/2020	CFO Vijay Sharma From 31/03/2018 to 12/02/2020	
1	Gross salary	NIL	4,20,000	2,66,090	5,11,517	11,97,607
	(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					
	Total	NIL	4,20,000	2,66,090	5,11,517	11,97,607

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

Date: 28.08.2020
Place: Chandigarh

for and on behalf of
MEGASTAR FOODS LIMITED

VIKASGOEL
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 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	Sat Pal 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: 24/05/2019 for the approximate value upto Rs. 15,00,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 2	PARTICULARS	DETAILS
a)	Name (s) of the related party & nature of relationship	Sat pal Gupta, Relative of KMP
b)	Nature of contracts/arrangements/transaction	Salary 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: 24/05/2019 for the approximate value upto Rs. 4,50,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 3	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: 24/05/2019 for the approximate value upto Rs. 10,00,000 for the

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		Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 4	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: 24/05/2019 for the approximate value upto Rs. 10,00,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 5	PARTICULARS	DETAILS
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: 24/05/2019 for the approximate value upto Rs. 10,00,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 6	PARTICULARS	DETAILS
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: 24/05/2019 for the approximate value upto Rs. 10,00,00,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 7	PARTICULARS	DETAILS
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: 24/05/2019 for the approximate value upto Rs. 2,00,00,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 8	PARTICULARS	DETAILS
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



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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: 24/05/2019 for the approximate value upto Rs. 1,20,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 9	PARTICULARS	DETAILS
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: 24/05/2019 for the approximate value upto Rs. 1,00,00,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 10	PARTICULARS	DETAILS
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: 24/05/2019 for the approximate value upto Rs. 50,00,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil
SL. No. 11	PARTICULARS	DETAILS
a)	Name (s) of the related party & nature of relationship	Madan Lala Aggarwal
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: 30/09/2019 for the approximate value upto Rs. 6,00,000 for the Financial Year 2019-20
e)	Date of approval by the Board	24/05/2019
f)	Amount paid as advances, if any	Nil

Date: 28.08.2020
Place: Chandigarh

for and on behalf of
MEGASTAR FOODS LIMITED

VIKASGOEL
Chairman-cum-Managing Director
DIN: 05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386



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, 2020

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

PARTICULARS	FOR THE YEAR ENDED ON 31 ST MARCH, 2020	FOR THE YEAR ENDED ON 31 ST MARCH, 2019
1. CONSERVATION OF ENERGY, POWER AND FUEL CONSUMPTION		
The company is taking all measures to conserve Energy, Power and Fuel Consumption.		
a) Electricity		
Units Consumed	42,47,600	37,14,310
Total Amount (Rs. in Lakhs)	286.59	239.61
Rate/Unit Rs.	6.77	6.45
b) High Speed Diesel (HSD)		
Quantity (litres)	850.00	800.00
Total Amount (Rs. in Lakhs)	0.55	0.56
Average Rate per litre (Rs.)	64.87	69.93
2. TECHNOLOGY ABSORPTION & RESEARCH AND DEVELOPMENT		
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
3. FOREIGN EXCHANGE EARNINGS AND OUTGO		
Foreign exchange earnings (Rs.in Lakhs)	213.02	252.63
Foreign exchange outgo (Rs.in Lakhs)	Nil	5.98

Date: 28.08.2020
Place: Chandigarh

for and on behalf of
MEGASTAR FOODS LIMITED

VIKASGOEL
Chairman-cum-Managing Director
DIN: 05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386

PARTICULARS OF REMUNERATION
A. Details as per Section 197 and Rule 5(1):

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

<u>Name of the Directors and Key managerial personnel</u>	<u>Ratio of remuneration to the median remuneration of the employees of the Company for the financial year</u>
Mr. Vikas Goel (Managing Director)	27.32
Mr. Vikas Gupta (Whole Time Director)	27.32
Mr. Mudit Goyal (Whole Time Director)	13.79
Mr. Prabhat Kumar (Independent Director)	0
Mr. Amit Mittal (Independent Director)	0
Ms. Savita Bansal (Independent Director)	0

b) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

<u>Name of the Directors and Key managerial personnel</u>	<u>Percentage (%) increase in remuneration in the financial year</u>
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
Mr. Robin Kumar (Company Secretary)	0
Mr. Vijay Sharma (Chief Financial Officer) From 01.04.2019 to 12.02.2020	23.81
Ms. Manisha Gupta (Chief Financial Officer) From 12.02.2020 to 31.03.2020	0

c) The percentage increase in the Median Remuneration of employees in the financial year: 16.67 %.

d) The number of permanent employees on the rolls of Company as on 31.03.2020 employees is 99.

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 2019-20 was 12.13%. Percentage increase in the Managerial Remuneration for the year was 5.92.

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.

B. Details as per Section 197 and Rule 5(2) and 5(3) of the Act:

1. During the financial year 2019-20, no employee of the Company, received remuneration of one crore and two lakh rupees or more per annum while working for the whole year or at the rate of eight lakh and fifty thousand rupees per month while working for a part of the year.

2. During the financial year 2019-20 or part thereof, no employee of the Company received remuneration in excess of the remuneration drawn by Managing Director or Whole-Time Director or Manager and no employee of the Company (by himself or along with his spouse and dependent children), was holding two percent or more of the equity shares of the Company.



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3. During the financial year 2019-20, no employee of the Company, resident in India, posted and working in a country outside India, not being Directors or their relatives, had drawn more than sixty lakh rupees per year or five lakh rupees per month.

Date: 28.08.2020

Place: Chandigarh

for and on behalf of
MEGASTAR FOODS LIMITED

VIKASGOEL
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, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by MEGASTAR FOODS LIMITED ("the Company") for the financial year ended on March 31, 2020 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 (Share Based Employee Benefits) Regulations 2014: Not applicable as the company has not provided any share based employee benefits during the audit period.
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not Applicable to the company during the financial year under review.
 - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year.
 - f) The erstwhile 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.



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- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 including the amendments thereof- Not applicable as the company has not delisted any securities from any stock exchange 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. There were no changes in the composition of Board of Directors of the company during the audit period.
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, there were no instances of:

- (i) Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iii) Redemption / buy-back of securities.
- (iv) Merger / amalgamation / reconstruction etc.
- (iv) Foreign technical collaborations.

Place: Chandigarh
Date: 08.07.2020
UDIN: F005901B000426849

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- A" 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: 08.07.2020
UDIN: F005901B000426849

KANWALJIT SINGH THANEWAL
M. No. 5901
C.P.No. 5870



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

The global wheat flour market reached a consumption volume of 391 Million Tons in 2019, registering a steady growth during 2014-2019. Wheat flour currently represents one of the most popular food ingredients used across the globe. It offers health benefits such as lowering cholesterol levels, improving metabolism, controlling obesity and regulating blood sugar levels. Wheat flour is used extensively owing to the presence of gluten, a protein that provides strength and elasticity to the dough as well as adds to the texture of baked products. Factors such as population growth, increasing disposable incomes, rising consumption of bakery products and changing lifestyles have further added to the global demand for wheat flour.

Wheat flour is used as the main ingredient in several bakery and fast food products such as bread, noodles, pasta and breakfast cereals. Growth in the demand for these products has led to an escalation in the overall sales of wheat flour across the globe. Moreover, wheat flour is inexpensive as compared to the flour made from other grains on account of which it is easily available to consumers belonging to all socio-economic groups.

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 led 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.

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OUTLOOK

After the initial years of commercial production we are selling about 2/3rd of our product to local vendors and 1/3rd to corporate buyer now the scenario has got reversed now we are selling 2/3rd 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.

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, 2020 was 99.

OTHER DISCLOSURES

PARTICULARS	2020	2019
Debtors turnover ratio	11.60	12.04
Inventory turnover ratio*	10.77	7.15
Interest coverage ratio	3.01	2.45
Current ratio	1.43	1.49
Debt Equity Ratio (including Financial Liabilities)**	1.11	1.69
Operating Profit Margin (%)	5.65	5.20
Net Profit Margin (%)	2.07	1.70
Return On Net worth (%)	16.57	17.73

*Due to Better Forecast, Improved sales, reduced safety stock and better order management

** Due to high profits and repayment of liabilities

Formulae used for calculation of the ratios

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



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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: 28.08.2020
Place: Chandigarh

for and on behalf of
MEGASTAR FOODS LIMITED

VIKASGOEL
Chairman-cum-Managing Director
DIN: 05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. At Megastar Foods Limited, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance since incorporation and made it an integral principle of the business.

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. At Megastar, we are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with applicable legislation. Our Code of Business Conduct is an extension of our values and reflects our continued commitment to ethical business practices across our operations. We acknowledge our individual and collective responsibilities to manage our business activities with integrity. Our Code inspires us to set standards which not only meet applicable legislation but go beyond in many areas of our functioning.

To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long-term value for our shareholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

The Board of Directors ('the Board') are responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

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
Whole Time Directors (Executive Directors)			
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)
Non- Executive Independent Directors			
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.



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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%

MEETINGS OF THE BOARD OF DIRECTORS AND ATTENDANCE THEREOF

During the financial year 2019-20, the Board of Directors met four (04) 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 2019-20		Attendance at the AGM held on 16.09.2019	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	4	4	Yes	1	Nil	Nil	Nil
Mr. VIKAS GUPTA	Executive Director	4	4	Yes	1	Nil	Nil	Nil
Mr. MUDIT GOYAL	Executive Director	4	4	Yes	1	Nil	Nil	Nil
Mr. AMIT MITTAL	Non Executive Independent Director	4	4	Yes	Nil	Nil	Nil	Nil
Mr. PRABHAT KUMAR	Non Executive Independent Director	4	3	No	Nil	Nil	Nil	Nil
Mrs. SAVITA BANSAL	Non Executive Independent Director	4	4	Yes	Nil	Nil	Nil	Nil

*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

**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. All Board members and senior



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management have confirmed compliance with the code for the year ended 31st March, 2020. 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, 2020, 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.

During the financial year, none of the independent directors resigned from 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 24th May, 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>

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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

Core skills/ competence identified, in the context of our business, by the Board as required for the Board Members	Core skills/ competence possessed by the Board Members
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

NAME OF THE DIRECTOR	DESIGNATION OF DIRECTOR	RELATIONSHIPS INTER- SE
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.

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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 Member	Status in Committee	Nature of Directorship	No. of meetings attended
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director	3
Mr. Amit Mittal	Member	Non-Executive Independent Director	5
Mr. Vikas Goel	Member	Chairman & Managing Director	5

The Company Secretary of the Company acts as a Secretary to the Audit Committee. The Committee met Five times in the financial Year 2019-20 viz. 24th May, 2019, 9th August, 2019, 30th September, 2019, 12th November, 2019 and 12th February, 2020. 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 is 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;

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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 Member	Status in Committee	Nature of Directorship	No of meetings attended
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director	3
Mr. Amit Mittal	Member	Non-Executive Independent Director	3
Ms. Savita Bansal	Member	Non-Executive Independent Director	3

The Company Secretary of the Company acts as a Secretary to the Nomination and Remuneration Committee. The Committee met 3 times in the Financial Year 2019-20 viz. 24th May, 2019 and 9th August, 2019 and 12th February 2020. 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

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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.

Nomination and Remuneration Policy:

Nomination and Remuneration Policy is in place for Directors, KMP's and other employees, in accordance with the provisions of the Act and Listing Regulations. The policy is part of Director's Report and also available on website of the Company <https://www.megastarfoods.com/assets/pdf/Nomination-&-Remuneration-Policy.pdf>. The criteria for performance evaluation of the Directors is covered in Nomination and Remuneration Policy of the Company

Remuneration of Directors:

Remuneration paid to Whole-time Directors is decided by the Board on the recommendations of the Nomination and Remuneration Committee and approved by the shareholders at Annual General Meetings.

Apart from the above stated, there have been no other material pecuniary relationships or transactions by the Company with Non-executive directors during the year

Following are the details of Directors remuneration paid in 2019-20

Whole-time Directors

Name of Director	Salary (Basic & DA & Special Allowance)	Allowances (including HRA, Leave Travel)	Commission for the FY 2019-20	Contribution to Provident and other Funds	Other Perquisites	Stock Option	Total	Service Contract (Tenure)*
Mr. Vikas Goel	36,00,000	5,79,600	--	--	--	--	4179600	03.04.2023
Mr. Mudit Goyal	18,00,000	309600	--	--	--	--	2109600	03.04.2023



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Mr. Vikas Gupta	36,00,000	5,79,600	--	--	--	--	4179600	03.04.2023
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*Mr. Vikas Goel was appointed as Chairman cum Managing Director w.e.f. 04.04.2018; pursuant to the member approval dated 14.04.2018 and Mr. Vikas Gupta and Mr. Mudit Goyal were appointed w.e.f. 04.04.2018, pursuant to the member approval dated 04.04.2018

Non-Executive Independent Directors

Name of Director	Sitting Fees	Commission	Total	Service Contract (Tenure)*
Mr. Prabhat Kumar	17000	--	17000	03.04.2023
Mr. Savita Bansal	22000	--	22000	03.04.2023
Mr. Amit Mittal	22000	--	22000	03.04.2023

*Mr. Amit Mittal, Mr. Prabhat Kumar and Ms. Savita Bansal were appointed w.e.f. 04.04.2018, pursuant to the member approval dated 04.04.2018

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 Member	Status in Committee	Nature of Directorship	No. of meetings attended
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director	3
Mr. Amit Mittal	Member	Non-Executive Independent Director	4
Mr. Vikas Goel	Member	Chairman & Managing Director	4

The Company Secretary of the Company acts as a Secretary to the Stakeholders Relationship Committee. Mr. Robin Kumar, Company Secretary of the company is the Compliance Officer in terms of the SEBI Listing Regulations. The Committee met 4 times in the financial Year 2019-20 viz. 24th May, 2019, 9th August, 2019, 12th November, 2019 and 12th February, 2020. 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 2019-20, 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, 2020	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 Member	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 the Company acts as a Secretary to the Corporate Social Responsibility Committee. The Committee met on 24th May, 2019 in the financial Year 2019-20. The scope and function of the Committee and its terms of reference shall include the following:

- 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;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- 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:

Name of the Member	Status in Committee	Nature of Directorship	No. of meetings attended
Mr. Vikas Goel	Chairman	Chairman Cum Managing Director	8
Mr. Amit Mittal	Member	Non-Executive Independent Director	8
Mr. Vikas Gupta	Member	Whole Time Director	7

The Company Secretary of the Company acts as a Secretary to the Finance and Investment Committee. The Committee met 8 times in the financial Year 2019-20 viz. 26th June, 2019, 22nd August, 2019, 15th December, 2019, 28th December, 2019, 20th January, 2020, 27th January, 2020, 31st January, 2020 and 03rd March, 2020 during the financial year ended March 31, 2020. 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.

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- 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 (otherwise 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.

DISCLOSURE

DETAILS OF GENERAL MEETING

Financial Year	Date	Venue	Special Resolutions Passed
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
2018-19	16.09.2019	Plot no. 807, Industrial Area, Phase II, Chandigarh	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 2019-20 no Extra Ordinary general Meeting was convened.

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 in the ordinary course of the company's business, and do not attract provisions of Section 188 of the Companies Act, 2013.

During the year 2019-20, 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 prior omnibus 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. <https://www.megastarfoods.com/assets/pdf/Policy-on-related-party-transactions.pdf>.



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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 31st March 2020 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 not issued any shares.

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 Financial Year 2019-20.

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 4th 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 weblink <https://www.megastarfoods.com/assets/pdf/Whistle-Blower-Policy.pdf>

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:

- a) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and
- b) 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.

MEANS OF COMMUNICATION

(a) Calendar of financial year ended 31st March 2020

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 2020 were held on the following dates:



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Particulars	Date
Half year ended 30 th September 2019	12 th November, 2019
Half year ended 31 st March, 2020	23 rd June, 2020

(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 in a user-friendly downloadable form. Physical copy of the annual report is sent to the member of the Company on demand through the permissible modes.

(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 2019-20 being listed on SME Exchange.

(b) Website and News Releases:

The Company's website 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 at 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, 28 th September, 2020
Time	11:00 A.M.
Venue	Annual General Meeting through Video Conferencing/ Other Audio Visual Means facility (Deemed Venue for Meeting: Registered Office: Plot No. 807, Industrial Area, Phase-II, Chandigarh- 160002)
Financial year	2019-20
Cut off date	21 th September, 2020
Dividend payable date	The Board of Directors has not recommended any dividend during the year.
Listing on Stock Exchanges	(BSE) Limited, (SME), 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001,
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.

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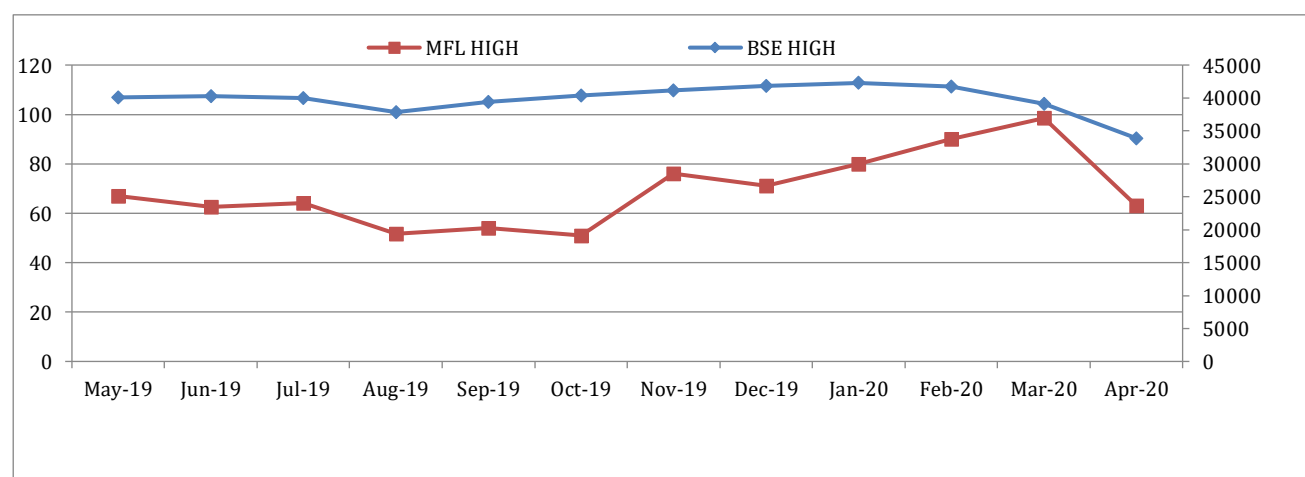
Registrar to an Issue and Share Transfer Agents	Skyline Financials Services Private Limited D-153A, 1st Floor, Okhla Industrial Area Phase-I, New Delhi – 110020 Tel No.: +91 11 64732681-88 Fax No.: +91 11 26812682 Email: virenr@skylinerta.com
Share Transfer System	All share transfer and other communications 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, 2019-20 and 2020-21.

MARKET PRICE DATA FOR THE YEAR 2019-20

MONTH	HIGH PRICE	LOW PRICE	No. OF SHARES	No. OF TRADES
April, 2019	61.5	51	44000	21
May, 2019	66.9	59	38000	19
June, 2019	62.5	62.5	2000	1
July, 2019	64	64	2000	1
August, 2019	51.7	40.1	48000	22
September, 2019	54	37.4	168000	40
October, 2019	51	49	24000	12
November, 2019	76	50	58000	28
December, 2019	71	64	50000	12
January, 2020	80	67	32000	16
February, 2020	89.95	66.05	24000	12
March, 2020	98.5	71	18000	9

PRICE CHART FOR THE PRICE OF THE EQUITY SHARE FROM 1ST APRIL, 2019 TO 31ST MARCH, 2020

(PERFORMANCE IN COMPARISON TO BSE SENSEX)





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DETAILS OF EQUITY SHARES IN DEMATERIALIZED AS ON 31st MARCH 2020:

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 folios	% of total numbers of folios
Dematerialised form				
NSDL (A)	8621700	87.06	76	72
CDSL (B)	1282000	12.94	30	28
Total (A)+(B)	9903700	100	106	100

DISCLOSURES WITH RESPECT TO THE DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT

As on 31st March 2020, no shares were lying under the Demat Suspense Account/Unclaimed Suspense Account.

OUTSTANDING ADR/ GDR/ WARRANTS OR CONVERTIBLE INSTRUMENTS

The Company has not issued any GDRs/ADRs/ Warrants or any convertible instruments

CERTIFICATE FROM PRACTICING COMPANY SECRETARY

As per the certificate obtained from Mr. Kanwaljit Singh Thanewal Company Secretary in practice, the Directors of the Company are not debarred or disqualified by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as Directors of Companies.

TOTAL FEES FOR ALL SERVICES PAID BY THE COMPANY TO THE STATUTORY AUDITORS

Total fees of Rs. 5.35 lakhs (including out of pocket expense) for financial year 2019-20, for all services, was paid by the Company, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/ network entity of which the Statutory Auditor is a part.

SHAREHOLDING PATTERN AS ON 31st MARCH 2020:

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	3
Clearing members	2
Corporate Bodies	1
Indian Public	86
NRIs/OCB	0
Trust	0
Total	99

DISTRIBUTION OF 9903700 EQUITY SHARE CAPITAL AS ON: 31/03/2020

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	18	18.18	360000	0.36
20001 To 30,000	0	0	0	0
30001 To 40,000	31	31.31	1240000	1.25
40001 To 50,000	0	0	0	0
50001 To 1,00,000	12	12.12	940000	0.95



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1,00,000 and Above	38	38.38	96497000	97.44
Total	99	100	99037000	100

DISTRIBUTION OF SHAREHOLDING ACROSS CATEGORIES AS ON 31st MARCH 2020

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	Nil	Nil
4.	Indian Public	3124000	31.55
5.	Corporate Bodies	8000	0.08
6.	Hindu Undivided Families (HUF)	26000	0.26
7.	Clearing Members	4000	0.04
	TOTAL	9903700	100

Date: 28.08.2020
Place: Chandigarh

for and on behalf of
MEGASTAR FOODS LIMITED

VIKASGOEL
Chairman-cum-Managing Director
DIN: 05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386

NOMINATION, REMUNERATION AND BOARD DIVERSITY POLICY**1. INTRODUCTION**

The Board of Megastar Foods Limited has adopted the following:

- a. Policy for nomination and remuneration of Directors, Key Managerial Personnel, Senior Management and Other Employees.
- b. Policy on Board Diversity.

2. POLICY OBJECTIVE

- a. To lay down criteria for identifying persons who are qualified to become directors and who may be appointed in Senior Management of the Company in accordance with the criteria laid down.
- b. To lay down criteria for determining qualification, positive attributes and Independence of a Director.
- c. To lay down criteria, relating to remuneration of directors, key managerial personnel, Senior Management and Other Employees.

3. DEFINITIONS

“Board” means the “Board of Directors” of Megastar Foods Limited;

“Company” means Megastar Foods Limited;

“Independent Director” means a Director who satisfies the criteria of independence as prescribed under the Companies Act 2013 and the Listing Regulations, as may be amended time to time and appointed as Independent Director under section 149(10)/(11) read with schedule IV of the Companies Act, 2013;

“Key Managerial Personnel” or “KMP” means:

I. Chief Executive Officer or the Managing Director or the Manager;

II. Whole-Time Director;

III. Company Secretary;

IV. Chief Financial Officer;

V. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

VI. such other officer as may be prescribed under the Companies Act. 2013;

“Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended time to time;

“Nomination & Remuneration Committee” means “Nomination & Remuneration Committee” constituted by the Board of the Company from time to time under the provisions of the Companies Act 2013 and Listing Regulations;

“Other Employees” means all employees of the Company other than the directors, KMP and Senior Management;

“Policy” means the Nomination, Remuneration and Board Diversity Policy;

“Senior Management” shall mean officers/personnel of the Company who are members of its core management team excluding the Board and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the Board) and shall specifically include company secretary and chief financial officer;

Words and expressions used and not defined in this Policy but defined in the Companies Act, 2013 or applicable SEBI Regulations shall have the meanings respectively assigned to them in those Act/Regulations.

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4. CONSTITUTION

- a. The Board shall determine the membership of the Nomination & Remuneration Committee.
- b. The Committee shall comprise of at least three non- executive directors, of which not less than one-half shall be Independent Directors.

Provided that the Chairperson of the Company (whether executive or non executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

- c. Chairman of the Committee shall be an Independent Director.

5. POLICY

This policy is divided into three parts:

5.1 appointment & removal

a. Criteria for identifying persons who are qualified to be appointed as a Director / Independent Director/ KMP / Senior Management / Other Employees of the Company:

i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director/ Independent Director/KMP or Senior Management and accordingly recommend to the Board his / her appointment.

ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.

iii. The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Regulations or any other applicable enactment for the time being in force.

iv. Independent Director shall be appointed as per the criteria laid down under Section 149(6) of the Companies Act, 2013 and Listing Regulations as amended from time to time.

v. Other Employees shall be appointed and removed as per the policy and procedure of the Company.

b. Term / Tenure:

The Term/Tenure of the Directors/ KMP's and other employees shall be as per the Company's prevailing policy subject to the applicable provisions of the Companies Act, 2013 and rules made thereunder and Listing Regulations as amended from time to time.

c. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

d. Retirement:

The director, KMP, Senior Management and Other Employees shall retire as per the applicable provisions of the Companies Act, 2013 along with the rules made thereunder and the prevailing retirement policy of the Company. The Board will have the discretion to retain the director, KMP, Senior Management and Other Employees in the same position / remuneration or otherwise even after attaining the retirement age for the benefit of the Company subject to applicable provisions of the Companies Act, 2013 and Listing Regulations.

5.2 Remuneration

The level and composition of remuneration to be paid to the Managing Director, Whole-Time Director(s), Non-Executive Director(s), KMP's, Senior Management and Other Employees shall be reasonable and sufficient to attract, retain and motivate directors, KMP's, Senior Management and Other Employees of the Company. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

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i. Director/ Managing Director

Besides the above Criteria, the Remuneration/ Compensation/ Commission / Bonus etc. to be paid to Director/ Managing Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder along with the Listing Regulations or any other enactment for the time being in force.

ii. Non-Executive Directors

The Non-Executive Directors (including Independent Directors) will be paid commission as decided by the Board subject to ceiling/ limits as provided under the Companies Act, 2013 and rules made thereunder and Listing Regulations

The Non-Executive Directors (including Independent Director) will receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. Independent Directors shall not be entitled to stock option.

iii. Senior Management and Key Managerial Personnel

The Remuneration to be paid to Senior Management / KMP shall be recommended by Nomination & Remuneration Committee to the Board on the basis of the experience, qualification, expertise and/or performance of the related personnel and shall be decided by the Managing Director of the Company.

iv. Other Employees

The power to decide structure of remuneration for other employees has been delegated to the Managing Director of the Company or any other employee that the Managing Director may deem fit.

5.3 Diversity

The Board shall at all times promote and welcome diversity, equal opportunities and gender mix in its composition with due recognition and weightage to the skills, experience and business acumen of the directorship candidatures.

a. The Board will review and approve a chart or a matrix setting out the appropriate and core skills, experience and knowledge required of the Board members, in the context of the needs of the Company's businesses and strategies along with that of the sector's.

b. The Board will review its composition and size from time to time to ensure its appropriateness and the fulfillment of the gender diversity representation.

6. DISCLOSURES

This Policy and criteria of making payments to non-executive directors' shall be disclosed as per the applicable statutory requirements.

7. AMENDMENT(S)

The Board may review or amend this Policy, in whole or in part, from time to time, after taking into account amendments made by regulatory authorities in applicable laws, rules and regulations etc and the recommendations from the Nomination & Remuneration Committee.

Where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time this Policy is amended to conform to the applicable law, rule, regulation or standard.



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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, 2020 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.

VIKASGOEL
Chairman cum Managing Director

MANISHA GUPTA
Chief Financial officer

Place: Chandigarh
Date: 23/06/2020



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, 2020.

Place: Chandigarh
Date: 23/06/2020

for and on behalf of
MEGASTAR FOODS LIMITED

VIKASGOEL
Chairman & Managing Director
DIN: 05122585



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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 160002.

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 31st March, 2020 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. VIKASGOEL	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: 08.07.2020
UDIN: F005901B000426860

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 31st March, 2020, 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 31st March, 2020.

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.

Place: Chandigarh
Date: 20.08.2020
UDIN: F005901B000599175

KANWALJIT SINGH THANEWAL
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.

STANDALONE FINANCIAL STATEMENTS

2019-20

AVNISH SHARMA & ASSOCIATES

CHARTERED ACCOUNTANTS

#49, SUSHILA VILLA, SECTOR 7, PANCHKULA, HARYANA-134109
SCO 47, 2ND 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, 2020, the Statement of Profit and Loss and statement of cash flows for the year then ended and notes to the financial statements, including a summary of 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, 2020, 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, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2020 from being appointed as a Director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls 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

UDIN: 20097591AAAACX2013
Place : Chandigarh
Dated : 23.06.2020

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, 2020 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, 2020, 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

UDIN: 20097591AAAACX2013
Place : Chandigarh
Dated : 23.06.2020

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 In respect of the loans secured or unsecured, granted by the Company to the companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013:
 - (a) In our opinion and according to the information given to us, the terms and conditions of the loans given by the company are prima facie, not prejudicial to the interest of the Company.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amounts and/or receipts of interest have been regular as per stipulations.
 - (c) There is no overdue amounts as at the year-end in respect of both principal and interest.
- 4 In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- 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.
 - (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, 2020 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 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

UDIN: 20097591AAAACX2013
Place : Chandigarh
Dated : 23.06.2020

Dinesh Manchanda (M.No. 097591)
Partner

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

AMOUNT IN ₹ LAKHS

BALANCE SHEET AS ON 31.03.2020

PARTICULARS	Note No.	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	990.37	990.37
(b) Reserves And Surplus	4	1,220.61	880.21
(c) Money received against share warrants		-	-
		2,210.98	1,870.58
2 Share application money pending allotment		-	-
3 Non-Current Liabilities			
(a) Long-Term Borrowings	5	493.59	730.95
(b) Deferred Tax Liabilities (Net)	6	125.90	97.84
(c) Other Long term liabilities	7	-	1.85
(d) Long term provisions	8	16.03	11.07
		635.52	841.70
4 Current Liabilities			
(a) Short Term borrowings	9	1,556.26	2,033.73
(b) Trade Payables	10		
(A) Total outstanding dues of micro enterprises and small enterprises		6.45	10.13
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		45.94	43.10
(c) Other Current Liabilities	11	206.63	240.45
(d) Short Term Provisions	12	0.77	0.47
		1,816.05	2,327.88
TOTAL		4,662.54	5,040.16
II. ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	13	1,735.64	1,544.57
(b) Non -Current Investment	14	250.00	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long term loans & advances	15	97.61	35.82
(e) Other Non-Current Assets		-	-
		2,083.24	1,580.38
2 Current assets			
(a) Current Investment		-	-
(b) Inventories	16	1,087.70	1,940.80
(c) Trade Receivables	17	1,357.42	1,435.84
(d) Cash And Cash Equivalents	18	81.29	17.42
(e) Short Term Loans And Advances	19	39.03	55.67
(f) Other Current Assets	20	13.86	10.05
		2,579.30	3,459.78
TOTAL		4,662.54	5,040.16
Significant Accounting Policies	1-2		
Notes on Financial Statements	31		

As per our report of even date attached

For Avnish Sharma & Associates

Chartered Accountants

FRN - 009398N

Dinesh Manchanda (M.No. 097591)

Partner

UDIN: 20097591AAAACX2013

Place : Chandigarh

Dated : 23.06.2020

For & on behalf of the Board

MEGASTAR FOODS LIMITED

VIKAS GOEL

Chairman & Managing Director

DIN: 05122585

MANISHA GUPTA

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 2019 TO 31ST MARCH 2020

PARTICULARS	Note No.	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Income:			
I Revenue from operations	21	16,296.64	14,232.38
II Other income	22	8.89	4.15
III. Total Revenue		16,305.53	14,236.53
IV. Expenses:			
Cost of materials consumed	23	13,496.73	11,205.92
Purchases of Stock-in Trade	24	535.20	870.95
Changes in inventories	25	-74.50	64.55
Employee Benefits Expense	26	342.70	280.24
Financial Cost	27	325.22	311.15
Depreciation & Amortization Expense	28	126.26	98.25
Other Expenses	29	1,080.20	1,063.26
Total Expenses		15,831.81	13,894.31
Profit before exceptional and extraordinary items and tax (III-IV)		473.73	342.22
Prior Period Expenses	30	0.14	2.31
V. Profit Before tax		473.59	339.92
VI Tax Expense:			
Current Tax		105.13	90.30
Deferred Tax Expense/(Income)		28.07	7.05
MAT Reverse		-	-
VII Profit After Tax		340.39	242.56
VIII Earnings Per Equity Share:			
(1) Basic (₹ in absolute figure)		3.44	2.55
(2) Diluted (₹ in absolute figure)		3.44	2.55
Significant Accounting Policies	1-2		
Notes on Financial Statements	31		

As per our report of even date attached

For Avnish Sharma & Associates

Chartered Accountants

FRN - 009398N

Dinesh Manchanda (M.No. 097591)

Partner

UDIN: 20097591AAAACX2013

Place : Chandigarh

Dated : 23.06.2020

For & on behalf of the Board

MEGASTAR FOODS LIMITED

VIKAS GOEL

Chairman & Managing Director

DIN: 05122585

VIKAS GUPTA

Whole Time Director

DIN: 05123386

MANISHA GUPTA

Chief Financial Officer

ROBIN KUMAR

Company Secretary

MEGASTAR FOODS LIMITED
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

AMOUNT IN ₹ LAKHS

PARTICULARS	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extra ordinary items	473.59	339.92
Add:-		
Adjustment for depreciation	126.26	98.25
Provision for gratuity	5.50	2.53
Loss on sale of car	0.01	-
Interest on Loans taken	325.22	311.15
Less:-		
Interest Income	5.01	1.78
Provision Reversed	-	-
	451.99	410.15
Operating profit before working capital changes	925.58	750.06
Current assets		
(Increase)/decrease in debtors	78.42	-506.68
(Increase)/decrease in stock	853.10	98.79
(Increase)/decrease in advances	-7.49	20.50
(Increase)/decrease in other current assets	-3.82	-2.54
Current liabilities		
Increase/(decrease) in creditors	-2.69	-197.02
Increase/(decrease) in expenses payable	-34.01	72.39
Cash generated from operations	1,809.10	235.49
Direct Taxes paid	81.04	68.48
Interest on working capital loan	235.83	221.82
Net cash from operating activities	1,492.22	-54.81
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in shares	-250.00	-
Investment in Advances	-61.79	-16.33
Fixed assets purchased	-319.35	-423.79
Fixed assets Sold	2.00	-
Interest received	5.01	1.78
Net cash from investing activities	-624.13	-438.35
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share Capital	-	268.00
Proceeds from share premium account	-	494.60
Proceeds/(Repayment) of Secured loans	-502.14	-165.67
Proceeds/(Repayment) of unsecured loans	-212.69	-28.48
Interest/charges paid on loans	-89.39	-89.33
Net cash from financing activities	-804.22	479.11
Net Change In Cash and Cash equivalent (A+B+C)	63.87	-14.04
CASH & CASH EQUIVALENT		
Opening Balance	17.42	31.46
Cash & cash equivalent	63.87	-14.04
Closing balance	81.29	17.42

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
UDIN: 20097591AAAACX2013

VIKAS GOEL
Chairman & Managing Director
DIN: 05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386

Place : Chandigarh
Dated : 23.06.2020

MANISHA GUPTA
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-2020

1 COMPANY OVERVIEW

Megastar Foods Limited is engaged in the business of Roller Flour Mills manufacturing Wheat Products. 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, 2020

3 SHARE CAPITAL

Particulars		AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
3.1	Authorised Share Capital		
a)	1,50,00,000 (Previous year 1,50,00,000) Equity Shares of ₹ 10/- Each	1,500.00	1,500.00
		1,500.00	1,500.00
	Issued, Subscribed & Paid up :		
a)	86,50,000 (Previous year 86,50,000) Equity Shares of ₹ 10/- Each fully paid	865.00	865.00
b)	12,53,700 (Previous year 12,53,700) Equity Shares of ₹ 10/- Each issued as fully paid Bonus Shares	125.37	125.37
	Total	990.37	990.37

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, 2020	AS AT 31ST MARCH, 2019
	No. of shares	No. of shares
Numbers of Equity Shares at the beginning of the year	99,03,700	72,23,700
Add: Numbers of Equity shares issued during the year	-	26,80,000
Equity Shares at the end of the year	99,03,700	99,03,700

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

Name of the Share holders	AS AT 31ST MARCH, 2020		AS AT 31ST MARCH, 2019	
	No. of shares	% held	No. of shares	% held
Vikas Gupta	21,39,900	21.61%	21,39,900	21.61%
Vikas Goel	24,92,660	25.17%	24,92,660	25.17%
Pankaj Goyal	11,21,054	11.32%	11,21,054	11.32%

4 RESERVES & SURPLUS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Statement of Profit & Loss		
As Per last Balance Sheet	385.59	143.03
Add: Profit/(Loss) for the year	340.39	242.56
	725.99	385.59
(b) Share Premium		
Opening Balance	494.60	-
Add: Additions during the year	-	536.00
Less: Share Issue Expenses	-	41.40
	494.60	494.60
(c) Other Reserve Sh Ganesh Ji Maharaj	0.02	0.02
Total	1,220.61	880.21

5 LONG TERM BORROWINGS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Secured		
(a) Term loans from Banks	105.91	165.63
Less: Current maturities	38.34	90.20
	67.58	75.43
(b) Vehicle loans From Banks	51.83	81.94
Less: Current Maturities	27.91	33.53
	23.93	48.40
(c) Vehicle loans From NBFC/Others	43.60	38.61
Less: Current Maturities	17.83	20.51
	25.77	18.11
	117.27	141.94
Unsecured		
(d) Loans and advances from related parties From Directors & relatives	10.99	188.41
(e) Loans From HDFC Bank	400.61	433.02
Less: Current Maturities	35.27	32.41
	365.33	400.61
	376.32	589.01
Total	493.59	730.95

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 and Rate of interest of all loans

S.No.	Name of Lender	Rate of Interest	Repayment Periodicity	No. of Installments	EMI/Installments
1	HDFC Term Loan 7777	MCLR* + 0.15%	Monthly	31	380767
2	HDFC Truck Loan 1839	7.90%	Monthly	19	60850
3	HDFC Truck Loan 0078	8.90%	Monthly	18	69865
4	HDFC Truck Loan 3676	9.50%	Monthly	22	79826
5	TATA Motors Truck Loan	9.51%	Monthly	25	80090
6	UBI Car Loan	9.00%	Monthly	28	50880
7	Daimler Financial Services Car Loan	8.15%	Monthly	30	94221
8	HDFC LAP 3899	8.50%	Monthly	114	194260
9	HDFC LAP 8745	8.50%	Monthly	91	372178

* Current 1 year MCLR is 8.15%

6 DEFERRED TAX LIABILITIES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Deferred Tax Liabilities on account of : Difference between book value of depreciable assets and WDV for tax purposes	127.43	98.54
Deferred Tax Assets on account of : Provisions for Employees Benefits	1.53	0.70
Deferred Tax Liabilities (Net)	125.90	97.84

7 OTHER LONG TERM LIABILITIES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Creditors for Capital Assets		
(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
Total	-	1.85

*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, 2020	AS AT 31ST MARCH, 2019
(a) Provisions for Employee benefits	16.03	11.07
Total	16.03	11.07

9 SHORT TERM BORROWINGS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Secured		
(a) Loans repayable on demand		
From Banks		
- UBI Cash Credit A/c	-	2,033.73
- HDFC Cash Credit A/c	1,556.26	-
Total	1,556.26	2,033.73

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+0.15% and present 1 year MCLR is 8.15%.

10 TRADE PAYABLES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Total outstanding dues of micro enterprises and small enterprises*	6.45	10.13
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Trade Creditors- Raw Material	4.00	21.95
- Services & others	41.94	21.15
Total	52.39	53.23

*The above outstandings includes ₹ 6.45 lakhs amount (PY ₹ 10.13 lakhs) 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, 2020	AS AT 31ST MARCH, 2019
(a) Current maturities of long-term debt		
From Banks	101.52	156.14
From Nbfc/Others	17.83	20.51
(b) Interest accrued but not due	18.92	2.97
(c) Statutory dues	8.42	9.24
(d) Other payables	59.94	51.59
Total	206.63	240.45

12 SHORT TERM PROVISIONS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Provision for employee benefit	0.77	0.43
(b) Provision for Income Tax	105.13	90.30
Less: MAT Credit	26.08	20.32
Less: Advance Tax	79.05	66.00
Less: TDS & TCS	-	3.94
	-	0.04
Total	0.77	0.47

MEGASTAR FOODS LIMITED
PROPERTY, PLANT AND EQUIPMENT SCHEDULE FOR THE YEAR ENDED 31.03.2020

NOTE NO -13

AMOUNT IN ₹ LAKHS

PARTICULARS	RATE	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON	ADDITION	SALE/ ADJUST.	AS ON	UPTO THE END	FOR THE	WRITTEN	TOTAL	AS ON	AS ON
		01.04.2019			31.03.2020	OF PREVIOUS YR.	YEAR	BACK		31.03.2020	31.03.2019
Land		96.20	-	-	96.20	-	-	-	-	96.20	96.20
Building	1.58%	288.58	118.11	-	406.69	25.38	5.94	-	31.32	375.37	263.20
Capital WIP (Building)		104.75	20.87	104.75	20.87	-	-	-	-	20.87	104.75
Car	11.88%	76.89	66.13	3.55	139.48	20.62	13.27	1.54	32.36	107.12	56.27
Motor Cycle	9.50%	1.17	-	-	1.17	0.18	0.11	-	0.29	0.88	0.99
Electrical Installation	9.50%	23.49	-	-	23.49	8.45	2.23	-	10.68	12.81	15.05
Plant & Machinery	6.33%	777.21	239.14	-	1,016.35	228.75	58.33	-	287.08	729.28	548.46
Capital WIP (P & M)		179.55	46.03	113.65	111.93	-	-	-	-	111.93	179.55
Plastic Pallets	9.50%	1.35	-	-	1.35	0.01	0.13	-	0.14	1.20	1.33
Laboratory Equipments	9.50%	8.04	35.12	-	43.16	3.31	3.27	-	6.57	36.58	4.73
Office Equipments	19.00%	5.48	1.38	-	6.85	2.46	1.05	-	3.51	3.35	3.02
Computer	31.67%	8.12	3.38	-	11.50	5.66	1.96	-	7.62	3.89	2.47
Furniture & Fixture	9.50%	6.47	2.47	-	8.94	2.65	0.82	-	3.47	5.47	3.81
Truck	11.88%	299.99	32.09	-	332.09	87.55	39.16	-	126.71	205.38	212.44
Truck (WIP)		52.28	0.56	27.55	25.29	-	-	-	-	25.29	52.28
		1,929.58	565.29	249.50	2,245.38	385.01	126.26	1.54	509.74	1,735.64	1,544.57
<i>Pr. Yr. Figures</i>		1,505.79	423.79	-	1,929.58	286.76	98.25	-	385.01	1,544.57	1,219.03

14 NON- CURRENT INVESTMENTS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
At Cost		
(a) Investments in Equity Instruments - Megapacific Ventures Pvt. Ltd. [25,00,000 equity shares (PY NIL) of ₹ 10/- each]	250.00	-
Total	250.00	-

Aggregate amount of quoted investments		
Aggregate amount of unquoted investments	250.00	-
Names of the Companies/ Relationship		
- Megapacific Ventures Pvt. Ltd. (100% Subsidiary Company)	250.00	-

15 LONG TERM LOANS & ADVANCES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Loans Receivables considered good - Secured	-	-
(b) Loans Receivables considered good - Unsecured		
- Security deposits with Govt & others	35.31	35.82
- Loan to Megapacific Ventures P Ltd. (100% subsidiary)	62.30	-
(c) Loans Receivables which have significant increase in Credit Risk	-	-
(d) Loans Receivables - credit impaired	-	-
Total	97.61	35.82

16 INVENTORIES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Raw materials	778.86	1,744.70
(b) Finished goods	181.70	107.20
(c) Consumable Stores	2.57	8.52
(d) Others		
- Packing Material	88.71	80.38
(e) Stock in Transit	35.85	-
Total	1,087.70	1,940.80

Note:- Mode of Valuation

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

17 TRADE RECEIVABLES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Trade receivables considered good - Unsecured	1,343.10	1,420.46
(b) Trade receivables which have significant increase in credit risk*	14.32	15.38
Total	1,357.42	1,435.84

*The trade receivables includes outstanding amount of ₹ 14.32 lakhs (PY ₹ 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.

18 CASH AND CASH EQUIVALENT

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Balances with banks		
(i) In Current Accounts		
- Union Bank of India	30.19	5.78
- Union Bank of India-884	0.36	0.44
- Union Bank of India-Cash Credit	39.58	-
(ii) In Deposit Account*		
- UBI FDR (166795)	4.31	4.05
- UBI FDR (66166)	0.48	0.45
- UBI FDR (166632)	2.59	2.46
(b) Cash in hand & imprest	3.76	4.25
Total	81.29	17.42

*Fixed deposits held as margin money and lien marked for issuing bank gurantee amounting to Rs. NIL (Pr. Yr. NIL)

19 SHORT TERM LOANS & ADVANCES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Loans Receivables considered good - Secured	-	-
(b) Loans Receivables considered good - Unsecured		
1 Advances recoverable in cash or in kind	26.20	18.22
2 Loans & advances due by other officers	-	1.70
3 Balances with Revenue authorities	12.83	35.75
(c) Loans Receivables which have significant increase in Credit Risk	-	-
(d) Loans Receivables - credit impaired	-	-
Total	39.03	55.67

20 OTHER CURRENT ASSETS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Unsecured (Considered Good)		
(a) Prepaid Expenses	13.86	10.05
Total	13.86	10.05

NOTES ANNEXED TO AND FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

21 REVENUE FORM OPERATIONS

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Domestic Sales	16,083.62	13,948.76
Export Sales	213.02	252.63
Warehousing Handling Receipts*	-	30.99
Total	16,296.64	14,232.38

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

22 OTHER INCOME

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Duty Drawback	-	0.68
Interest received	5.01	1.78
Insurance claim received	3.40	1.69
Bad Debts Recovered	0.49	-
Total	8.89	4.15

23 COST OF MATERIAL CONSUMED

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Opening Stock		
Raw Material of Wheat	1,744.70	1,613.49
Packing Material	80.38	102.92
Add : Purchases		
- Wheat & other ingredients	12,182.48	10,923.44
- Packing Material	234.04	213.96
Add: Freight inward	81.39	138.59
Packing Charges	41.31	38.60
	14,364.30	13,031.00
Less: Closing Stock		
Raw Material of Wheat	778.86	1,744.70
Packing Material	88.71	80.38
Total	13,496.73	11,205.92

24 PURCHASE OF STOCK-IN-TRADE

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Purchases of Goods	535.20	870.95
Total	535.20	870.95

25 CHANGE IN INVENTORY OF FINISHED GOODS/STOCK-IN-TRADE

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Opening Balance	107.20	171.75
Less:- Closing Balance	181.70	107.20
Net Increase/ Decrease in Goods	(74.50)	64.55

26 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Directors' Remuneration	90.00	90.00
Salaries, Wages & Bonus	232.35	175.00
Staff Welfare Expenses	5.21	6.89
Provident Fund including welfare fund	7.20	5.83
Contribution to ESI	2.44	-
Gratuity	5.50	2.53
Total	342.70	280.24

27 FINANCIAL COST

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Bank Charges	18.95	9.05
Interest on borrowings	306.27	302.10
Total	325.22	311.15

28 DEPRECIATION & AMORTISATION

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Depreciation	126.26	98.25
Total	126.26	98.25

29 OTHER EXPENSES

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Manufacturing		
<u>Consumable Stores</u>		
Opening Balance	8.52	29.38
Purchases	18.32	46.07
Closing Balance	2.57	8.52
Consumed	24.27	66.93
Power & Fuel	290.57	246.58
Labour Charges	98.94	89.51
Insurance	5.41	4.66
Lab Testing Expenses	9.34	8.64
Pest Control	5.11	3.45
Repair & Maintenance Expenses	20.03	8.54
Repairs Plant & Machinery	23.04	8.31
	452.43	369.69
	476.70	436.62

<u>Administrative Expenses</u>		
Auditor's Remuneration	5.37	4.20
Donation	2.03	1.68
Insurance	1.81	1.64
Interest on Taxes	0.27	0.37
Internal Audit Fees	1.80	1.80
Legal & Professional Expenses	16.46	21.62
Loss on sale of Fixed Assets	0.01	-
Meeting Fees to directors	0.61	0.60
Miscellaneous Expenses	4.33	3.19
Penalty	0.61	0.01
Printing & Stationery	2.83	3.26
Rate, Fees & Taxes	4.10	3.26
Rent Expenses	33.24	63.69
Repair & Maintenance	6.58	1.58
Security Service	10.29	11.66
Telephone Expenses	2.38	2.42
Travelling & Conveyance	19.23	16.05
Vehicle Running & Maintenance	5.15	4.33
	117.09	141.36
<u>Selling & Distribution Expenses</u>		
Advertisement & Publicity	0.40	1.48
Business Promotion	14.03	20.64
Bad Debts written off	-	9.71
Commission & Brokerage	8.88	15.64
Insurance	4.57	2.86
Freight Outward	163.69	129.89
GST Paid	21.30	26.67
Rebate & Discount	70.82	71.50
Truck Running & Maintenance	202.71	206.88
	486.40	485.28
Total	1,080.20	1,063.26

30 PRIOR PERIOD ITEMS

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Prior Period Expenses	0.14	2.31
Total	0.14	2.31

MEGASTAR FOODS LIMITED
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)

AMOUNT IN ₹ LAKHS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Statutory dues		
ESI Payable	1.32	-
GST Payable	1.10	1.86
Labour Welfare Fund Payable	0.14	0.05
PF Payable	1.29	0.94
TDS Payable	4.58	6.39
	8.42	9.24
Other Payables:		
Advance From Customers	-	2.75
Expenses Payable	59.94	48.84
	59.94	51.59
Security Deposits:		
Electricity Security	33.95	26.52
BSE Limited	-	8.04
Telephone Security	0.03	0.03
GS1 India Security	0.03	0.03
Security Markfed	0.75	0.75
Security of Oxygen Cylinder	0.18	0.10
LPG Security	0.05	0.05
Modem Security (Star Video Systems)	0.02	-
Security of Water Supply	0.01	-
Lindstrom Services India	0.30	0.30
	35.31	35.82
Short Term Loans & Advances:		
Advances recoverable in cash or in kind		
Advance against Capital goods	-	2.34
Other Advance	25.73	11.87
Electricity Duty Recoverable	-	2.92
Duty Draw back recoverable	0.10	1.03
Toyota Financial TDS Recoverable	0.06	0.08
Daimler Financial Services TDS Recoverable	0.11	-
Tata Motor Finance TDS Recoverable	0.19	-
	26.20	18.22
Balance with Revenue authorities		
Tax Recoverable (2019-20)	3.14	-
MAT Recoverable (2016-17)	-	25.79
MAT Recoverable (2017-18)	9.66	9.95
GST Cash Account/TDS	0.03	0.01
	12.83	35.75

MEGASTAR FOODS LIMITED
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)

31

NOTES TO ACCOUNTS

31.1 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
	Ms. Manisha Gupta, Chief Financial Officer (from 12th Feb 2020 onwards) and Mr. Vijay Sharma, Chief Financial Officer (From 1st April 2019 to 11th Feb 2020)
	Mr. Robin Kumar, Company Secretary
Subsidiary	M/s Megapacific Ventures Pvt. Ltd. (100% subsidiary)
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, Mr. 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 (₹)	
		2019-20	2018-19
Vikas Goel	Loan received/repaid	-	4.80
	Interest Paid	1.22	0.99
	Salary Paid (including perks)	41.80	41.80
Vikas Gupta	Loan received/repaid	248.09	51.61
	Interest Paid	19.52	19.78
	Salary Paid (including perks)	41.80	41.80
Mudit Goel	Salary Paid (including perks)	21.10	21.10
Amit Mittal	Sitting Fees Paid	0.22	0.20
Prabhat Kumar	Sitting Fees Paid	0.17	0.20
Savita Bansal	Sitting Fees Paid	0.22	0.20
Manisha Gupta	Salary Paid	2.66	-
Vijay Sharma	Salary Paid	5.12	5.04
	Advance given/repaid	2.04	3.30
Neharika Sehgal	Salary Paid	-	2.80
Robin Kumar	Salary Paid	4.20	0.38
Shivani Gupta	Loan Repaid	-	0.50
Satpal Gupta	Loan Repaid	-	20.00
	Salary Paid	3.60	3.60
	Rent Paid	12.00	12.00
Amit Goel	Rent Paid	6.00	6.00
Pankaj Goel	Rent Paid	6.00	6.00
Indira Rani	Rent Paid	3.00	6.00
Madan Lal	Rent Paid	3.00	-
Ganesh Flour Mills	Purchases	387.89	479.70
	Sales	122.69	23.61
Kulwant Rai Ram Kishan	Rent Paid	0.60	0.60
Baisakhi Mal Ram Kishan	Sales	50.70	23.48
Shree Ganesh Grain Products	Sales	15.05	7.55
Director's Travelling	Travelling Expenses	9.78	8.86
Megapacific Ventures Pvt. Ltd.	Loan given	60.00	-
	Interest received	2.55	-

31.2 Earning Per Share

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

	2019-20	2018-19
Net Profit available to shareholders as per accounts (₹)	3,40,39,337	2,42,56,460
Weighted average number of shares	99,03,700	95,29,234
Earning per share- Basic and diluted (₹)	3.44	2.55
Face value per equity share (₹)	10	10

31.3 Auditor's Remuneration without GST

	2019-20	2018-19
	₹ in lakhs	₹ in lakhs
Audit of financial statements & tax audit	4.20	4.20
Certifications	0.85	0.53

31.4 Deferred Tax Calculation

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

	2019-20	2018-19
	₹ in lakhs	₹ in lakhs
WDV as per Companies Act (A)	1,735.64	1,544.57
WDV as per Income Tax Act (B)	1,277.57	1,190.36
Timing Difference (A-B)	458.07	354.21
Timing Difference For Gratuity	5.50	2.53
Timing Difference	452.57	351.68
Closing Deferred Tax Liability	125.90	97.84
Opening Deferred Tax Liability	97.84	90.79
Deferred Tax Expense (Income)	28.07	7.05

31.5 Contingent liabilities and commitments

A. Contingent liabilities not provided for in respect of

	2019-20	2018-19
	₹ in lakhs	₹ in lakhs
i) Bank Guarantee outstanding	NIL	NIL
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) NIL 88.16

31.6 Information on Transactions in Foreign Exchange

	2019-20	2018-19
	₹ in lakhs	₹ in lakhs
Value of Imports Calculated on C.I.F Basis	NIL	NIL
Expenditure in foreign currency		
- Travelling & others Expenses	NIL	5.98
Earnings in foreign currency (on accrual basis)		
- FOB value of Exports	213.02	252.63

31.7 Consumption of Raw Materials and Stores etc.

	2019-20	2018-19
Raw Material Consumed:		
- Imported	NIL	NIL
- Indigenous	13,496.73	11,205.92
Spare Parts and Components Consumed:		
- Imported	NIL	NIL
- Indigenous	24.27	66.93

31.8 Employee Benefits

Disclosures as per AS-15 (Revised) 'Employee Benefits' for year ended March 31, 2020:-

I Defined Contribution Plan:

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

Particulars	2019-20	2018-19
Employers Contribution to Provident Fund	6.43	5.01

II Defined Benefit Plan:

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

Particulars	2019-20	2018-19
I. Amount to be recognized in the Balance sheet		
Present value of obligation as at 31.03.2020	16.80	11.30
Fair value of plan assets as at 31.03.2020	-	-
Funded Status [surplus/(deficit)]	-16.80	-11.30
Net Assets/(Liability) recognized in Balance sheet	-16.80	-11.30
II. Expenses recognized during the period		
Current Service Cost	6.35	4.56
Interest Cost	0.71	0.66
Expected Return on Plan Assets	-	-
Actuarial (gain)/loss	-1.56	-2.69
Net Expenses Recognized	5.50	-2.69

III. Reconciliation of opening and closing balance of Defined Benefit Obligation		
Present value of Obligation at the beginning of the period	11.30	8.77
Current Service Cost	6.35	4.56
Interest Cost	0.71	0.66
Actuarial (gain)/loss on obligations	-1.56	-2.69
Benefit Paid	-	-
Present value of Obligation at the end of the period	16.80	11.30
IV. Actuarial/Demographic assumptions:-		
Indian Assure Lives Mortality Table	2012-14	2012-14
Discount Rate (per Annum)	6.25%	7.50%
Estimated rate of increase in compensation level	5.00%	6.00%
Retirement Age	58 years	58 years
Disability	No explicit Allowance	No explicit Allowance

31.9 Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) ("MSMD Act, 2006"):

The micro and small enterprises have been identified by the company from the available information. According to such identification, the disclosures in respect to Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is as follows:

	2020 ₹ in lakhs	2019 ₹ in lakhs
(1) Details of dues to micro and small enterprises as per MSMED Act, 2006 the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- principal amount	6.45	10.13
- interest amount	NIL	NIL
(2) The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
(3) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	NIL	NIL
(4) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
(5) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	NIL	NIL

The information has been given in respect of such vendors to the extent they could be identify as "Micro, Small & Medium Enterprises" on the basis information available with the Company.

31.10 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.

31.11 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 ₹ 33.24 lakhs (Previous year ₹ 63.69 lakhs)

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

Particulars	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Up to 1 year	33.24	3.24
More than 1 Year	50.42	6.02

- 31.12 Information relating to subsidiary companies as per circular No. 2/2011 (Ref:No.51/12/2007-CL-III)
Name of subsidiary Company: - MEGAPACIFIC VENTURES PRIVATE LIMITED

Particulars	₹ in lakhs
	2019-20
Capital	250.00
Reserves	0.01
Total Assets	313.84
Total Liabilities	313.84
Turnover	19.32
Profit before Tax	0.02
Provision for Taxation	0.004

- 31.13 Borrowing cost capitalised during the year ₹ 9.17 lakhs/- (PY ₹ 10.72 lakhs).
- 31.14 About 15% balances as at 31st March 2020 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.
- 31.15 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 of its business.
- 31.16 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.
- 31.17 Max. balance due towards directors at any time during the year is ₹ 230.49 lakhs Cr. (PY- ₹ 188.41 lakhs Cr.)
- 31.18 The financial statement for the year has been prepared by Rounding off to Rs. in compliance with Schedule III of the Companies Act, 2013.
- 31.19 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.
- 31.20 Note 1 to 31 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

Dinesh Manchanda (M.No. 097591)
Partner
UDIN: 20097591AAAACX2013
Place : Chandigarh
Dated : 23.06.2020

VIKAS GOEL
Chairman & Managing Director
DIN: 05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386

MANISHA GUPTA
Chief Financial Officer

ROBIN KUMAR
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

2019-20

AVNISH SHARMA & ASSOCIATES

CHARTERED ACCOUNTANTS

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

SCO 47, 2ND 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 Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of M/s MEGASTAR FOODS LIMITED ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), which comprises the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss and consolidated 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 and on the other financial information of the subsidiary, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2020, and its consolidated profit and its consolidated 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 Consolidated 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 Consolidated Financial Statements and Auditor's Report thereon

The Holding 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors/management of the companies included in the Group are responsible for 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 the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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, based on our audit and on the consideration of the reports of the other auditor on separate financial statements and other financial information of the subsidiary, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) The Consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated 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 of the Holding Company and taken on record by the Board of Directors of the Holding Company and reports of other statutory auditor of its subsidiary company, none of the Directors of the Group are disqualified as on 31st March, 2020 from being appointed as a Director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary 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 and also the other financial information of the subsidiary:
- i. The Group does not have any pending litigations which would impact its financial position;
 - ii. The Group 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 In our opinion and according to the information and explanations given to us and on the consideration of the reports of the other auditors on separate financial statements of the subsidiary, 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

UDIN: 20097591AAAACY6359
Place : Chandigarh
Dated : 23.06.2020

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')

In conjunction with our audit of the consolidated financial statements of M/s MEGASTAR FOODS LIMITED ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'Group') as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on 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 of the Holding Company and its subsidiary company, 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 and the audit evidence obtained by other auditors in terms of their reports, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company.

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 and based on the consideration of the reports of the other auditor on internal financial controls over financial reporting of the subsidiary companies, 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, 2020, based on the the Guidance Note.

For Avnish Sharma & Associates
Chartered Accountants
FRN - 009398N

UDIN: 20097591AAAACY6359
Place : Chandigarh
Dated : 23.06.2020

Dinesh Manchanda (M.No. 097591)
Partner

MEGASTAR FOODS LIMITED
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)

AMOUNT IN ₹ LAKHS

CONSOLIDATED BALANCE SHEET AS ON 31.03.2020

PARTICULARS	Note No.	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	990.37	990.37
(b) Reserves And Surplus	4	1,218.07	880.21
(c) Money received against share warrants		-	-
		2,208.44	1,870.58
2 Share application money pending allotment		-	-
3 Non-Current Liabilities			
(a) Long-Term Borrowings	5	493.59	730.95
(b) Deferred Tax Liabilities (Net)	6	125.90	97.84
(c) Other Long term liabilities	7	-	1.85
(d) Long term provisions	8	16.03	11.07
		635.52	841.70
4 Current Liabilities			
(a) Short Term borrowings	9	1,556.26	2,033.73
(b) Trade Payables	10		
(A) Total outstanding dues of micro enterprises and small enterprises		6.45	10.13
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		45.95	43.10
(c) Other Current Liabilities	11	208.14	240.45
(d) Short Term Provisions	12	0.77	0.47
		1,817.58	2,327.88
TOTAL		4,661.54	5,040.16
II. ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	13	1,791.36	1,544.57
(b) Non -Current Investment		-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long term loans & advances	14	264.88	35.82
(e) Other Non-Current Assets		-	-
		2,056.23	1,580.38
2 Current assets			
(a) Current Investment		-	-
(b) Inventories	15	1,087.70	1,940.80
(c) Trade Receivables	16	1,377.66	1,435.84
(d) Cash And Cash Equivalents	17	84.69	17.42
(e) Short Term Loans And Advances	18	41.40	55.67
(f) Other Current Assets	19	13.86	10.05
		2,605.31	3,459.78
TOTAL		4,661.54	5,040.16
Significant Accounting Policies	1-2		
Notes on Financial Statements	31		

As per our report of even date attached

For Avnish Sharma & Associates

Chartered Accountants

FRN - 009398N

Dinesh Manchanda (M.No. 097591)

Partner

UDIN: 20097591AAAACY6359

Place : Chandigarh

Dated : 23.06.2020

For & on behalf of the Board

MEGASTAR FOODS LIMITED

VIKAS GOEL

Chairman & Managing Director

DIN: 05122585

MANISHA GUPTA

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

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD 1ST APRIL 2019 TO 31ST MARCH 2020

PARTICULARS	Note No.	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Income:			
I Revenue from operations	20	16,315.96	14,232.38
II Other income	21	6.34	4.15
III. Total Revenue		16,322.31	14,236.53
IV. Expenses:			
Cost of materials consumed	22	13,496.73	11,205.92
Purchases of Stock-in Trade	23	554.21	870.95
Changes in inventories	24	-74.50	64.55
Employee Benefits Expense	25	342.70	280.24
Financial Cost	26	325.22	311.15
Depreciation & Amortization Expense	27	126.26	98.25
Other Expenses	28	1,080.50	1,063.26
Total Expenses		15,851.12	13,894.31
Profit before exceptional and extraordinary items and tax (III-IV)		471.19	342.22
Prior Period Expenses	29	0.14	2.31
V. Profit Before tax		471.06	339.92
VI Tax Expense:			
Current Tax		105.13	90.30
Deferred Tax Expense/(Income)		28.07	7.05
MAT Reverse		-	-
VII Profit After Tax		337.85	242.56
VIII Earnings Per Equity Share:			
(1) Basic (₹ in absolute figure)		3.41	2.55
(2) Diluted (₹ in absolute figure)		3.41	2.55
Significant Accounting Policies	1-2		
Notes on Financial Statements	30		

As per our report of even date attached

For Avnish Sharma & Associates
Chartered Accountants
FRN - 009398N

Dinesh Manchanda (M.No. 097591)
Partner
UDIN: 20097591AAAACY6359

Place : Chandigarh
Dated : 23.06.2020

For & on behalf of the Board
MEGASTAR FOODS LIMITED

VIKAS GOEL
Chairman & Managing Director
DIN: 05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386

MANISHA GUPTA
Chief Financial Officer

ROBIN KUMAR
Company Secretary

MEGASTAR FOODS LIMITED
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

AMOUNT IN ₹ LAKHS

PARTICULARS	For the year ended on 31st March, 2020		For the year ended on 31st March, 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax and extra ordinary items		471.06		339.92
Add:-				
Adjustment for depreciation	126.26		98.25	
Provision for gratuity	5.50		2.53	
Loss on sale of car	0.01		-	
Interest on Loans taken	325.22		311.15	
Less:-				
Interest Income	2.46		1.78	
Provision Reversed	-		-	
		454.54		410.15
Operating profit before working capital changes		925.60		750.06
Current assets				
(Increase)/decrease in debtors	58.18		-506.68	
(Increase)/decrease in stock	853.10		98.79	
(Increase)/decrease in advances	-9.86		20.50	
(Increase)/decrease in other current assets	-3.82	897.61	-2.54	-389.95
Current liabilities				
Increase/(decrease) in creditors	-2.67		-197.02	
Increase/(decrease) in expenses payable	-32.50	-35.17	72.39	-124.63
Cash generated from operations		1,788.04		235.49
Direct Taxes paid		81.04		68.48
Previous year taxes/TDS adjustments		-		-
Interest on working capital loan		235.83		221.82
Net cash from operating activities		1,471.16		-54.81
B. CASH FLOW FROM INVESTING ACTIVITIES				
Investment in shares	0.00		-	
Investment in Advances	-229.06		-16.33	
Fixed assets purchased	-375.07		-423.79	
Fixed assets Sold	2.00		-	
Interest received	2.46		1.78	
Net cash from investing activities		-599.67		-438.35
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share Capital	-		268.00	
Proceeds from share premium account	-		494.60	
Proceeds/(Repayment) of Secured loans	-502.14		-165.67	
Proceeds/(Repayment) of unsecured loans	-212.69		-28.48	
Interest/charges paid on loans	-89.39		-89.33	
Net cash from financing activities		-804.22		479.11
Net Change In Cash and Cash equivalent (A+B+C)		67.27		-14.04
CASH & CASH EQUIVALENT				
Opening Balance		17.42		31.46
Cash & cash equivalent		67.27		-14.04
Closing balance		84.69		17.42

Notes :

- The above 'Cash Flow Statement' has been prepared under the indirect method as set out in accounting standard-3 Cash Flow Statements.
- Figures in bracket indicate cash outflow.
- Previous year figures have been regrouped and recasted wherever necessary to conform to the current year figures.
- 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
UDIN: 20097591AAAACY6359

VIKAS GOEL
Chairman & Managing Director
DIN: 05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386

Place : Chandigarh
Dated : 23.06.2020

MANISHA GUPTA
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-2020

1 PRINCIPLES OF CONSOLIDATION:

The Consolidated Financial Statement consist of Megastar Foods Limited ("the Company") and its subsidiary company (Megaspacific Ventures Pvt. Ltd.-100% subsidiary) (collectively referred to as "the Group"). The Consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21-"Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006
- The financial statements of the subsidiary used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March, 2020.

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, 2020

3 SHARE CAPITAL

Particulars		AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
3.1 Authorised Share Capital			
a)	1,50,00,000 (Previous year 1,50,00,000) Equity Shares of ₹ 10/- Each	1,500.00	1,500.00
		1,500.00	1,500.00
Issued, Subscribed & Paid up :			
a)	86,50,000 (Previous year 86,50,000) Equity Shares of ₹ 10/- Each fully paid	865.00	865.00
b)	12,53,700 (Previous year 12,53,700) Equity Shares of ₹ 10/- Each issued as fully paid Bonus Shares	125.37	125.37
Total		990.37	990.37

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, 2020	AS AT 31ST MARCH, 2019
	No. of shares	No. of shares
Numbers of Equity Shares at the beginning of the year	99,03,700	72,23,700
Add: Numbers of Equity shares issued during the year	-	26,80,000
Equity Shares at the end of the year	99,03,700	99,03,700

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

Name of the Share holders	AS AT 31ST MARCH, 2020		AS AT 31ST MARCH, 2019	
	No. of shares	% held	No. of shares	% held
Vikas Gupta	21,39,900	21.61%	21,39,900	21.61%
Vikas Goel	24,92,660	25.17%	24,92,660	25.17%
Pankaj Goyal	11,21,054	11.32%	11,21,054	11.32%

4 RESERVES & SURPLUS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Statement of Profit & Loss		
As Per last Balance Sheet	385.59	143.03
Add: Profit/(Loss) for the year	337.85	242.56
	723.45	385.59
(b) Share Premium		
Opening Balance	494.60	-
Add: Additions during the year	-	536.00
Less: Share Issue Expenses	-	41.40
	494.60	494.60
(c) Other Reserve Sh Ganesh Ji Maharaj	0.02	0.02
Total	1,218.07	880.21

5 LONG TERM BORROWINGS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Secured		
(a) Term loans from Banks	105.91	165.63
Less: Current maturities	38.34	90.20
	67.58	75.43
(b) Vehicle loans From Banks	51.83	81.94
Less: Current Maturities	27.91	33.53
	23.93	48.40
(c) Vehicle loans From NBFC/Others	43.60	38.61
Less: Current Maturities	17.83	20.51
	25.77	18.11
	117.27	141.94
Unsecured		
(d) Loans and advances from related parties From Directors & relatives	10.99	188.41
(e) Loans From HDFC Bank	400.61	433.02
Less: Current Maturities	35.27	32.41
	365.33	400.61
	376.32	589.01
Total	493.59	730.95

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 and Rate of interest of all loans

S.No.	Name of Lender	Rate of Interest	Repayment Periodicity	No. of Installments	EMI/Installments
1	HDFC Term Loan 7777	MCLR* + 0.15%	Monthly	31	380767
2	HDFC Truck Loan 1839	7.90%	Monthly	19	60850
3	HDFC Truck Loan 0078	8.90%	Monthly	18	69865
4	HDFC Truck Loan 3676	9.50%	Monthly	22	79826
5	TATA Motors Truck Loan	9.51%	Monthly	25	80090
6	UBI Car Loan	9.00%	Monthly	28	50880
7	Daimler Financial Services Car Loan	8.15%	Monthly	30	94221
8	HDFC LAP 3899	8.50%	Monthly	114	194260
9	HDFC LAP 8745	8.50%	Monthly	91	372178

* Current 1 year MCLR is 8.15%

6 DEFERRED TAX LIABILITIES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Deferred Tax Liabilities on account of : Difference between book value of depreciable assets and WDV for tax purposes	127.43	98.54
Deferred Tax Assets on account of : Provisions for Employees Benefits	1.53	0.70
Deferred Tax Liabilities (Net)	125.90	97.84

7 OTHER LONG TERM LIABILITIES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Creditors for Capital Assets		
(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
Total	-	1.85

*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, 2020	AS AT 31ST MARCH, 2019
(a) Provisions for Employee benefits	16.03	11.07
Total	16.03	11.07

9 SHORT TERM BORROWINGS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Secured		
(a) Loans repayable on demand		
From Banks		
- UBI Cash Credit A/c	-	2,033.73
- HDFC Cash Credit A/c	1,556.26	-
Total	1,556.26	2,033.73

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+0.15% and present 1 year MCLR is 8.15%.

10 TRADE PAYABLES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Total outstanding dues of micro enterprises and small enterprises*	6.45	10.13
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Trade Creditors- Raw Material	4.00	21.95
- Services & others	41.96	21.15
Total	52.40	53.23

*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, 2020	AS AT 31ST MARCH, 2019
(a) Current maturities of long-term debt		
From Banks	101.52	156.14
From Nbfcs/Others	17.83	20.51
(b) Interest accrued but not due	18.92	2.97
(c) Statutory dues	8.68	9.24
(d) Other payables	61.20	51.59
Total	208.14	240.45

12 SHORT TERM PROVISIONS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Provision for employee benefit	0.77	0.43
(b) Provision for Income Tax	105.13	90.30
Less: MAT Credit	26.08	20.32
Less: Advance Tax	79.05	66.00
Less: TDS & TCS	-	3.94
	0.00	0.04
Total	0.77	0.47

MEGASTAR FOODS LIMITED
PROPERTY, PLANT AND EQUIPMENT SCHEDULE FOR THE YEAR ENDED 31.03.2020

NOTE NO -13

AMOUNT IN ₹ LAKHS

PARTICULARS	RATE	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON	ADDITION	SALE/ ADJUST.	AS ON	UPTO THE END OF PREVIOUS YR.	FOR THE YEAR	WRITTEN BACK	TOTAL	AS ON	AS ON
		01.04.2019			31.03.2020					31.03.2020	31.03.2019
Land		96.20	28.46	-	124.66	-	-	-	-	124.66	96.20
Building	1.58%	288.58	118.11	-	406.69	25.38	5.94	-	31.32	375.37	263.20
Capital WIP (Building)		104.75	48.13	104.75	48.13	-	-	-	-	48.13	104.75
Car	11.88%	76.89	66.13	3.55	139.48	20.62	13.27	1.54	32.36	107.12	56.27
Motor Cycle	9.50%	1.17	-	-	1.17	0.18	0.11	-	0.29	0.88	0.99
Electrical Installation	9.50%	23.49	-	-	23.49	8.45	2.23	-	10.68	12.81	15.05
Plant & Machinery	6.33%	777.21	239.14	-	1,016.35	228.75	58.33	-	287.08	729.28	548.46
Capital WIP (P & M)		179.55	46.03	113.65	111.93	-	-	-	-	111.93	179.55
Plastic Pallets	9.50%	1.35	-	-	1.35	0.01	0.13	-	0.14	1.20	1.33
Laboratory Equipments	9.50%	8.04	35.12	-	43.16	3.31	3.27	-	6.57	36.58	4.73
Office Equipments	19.00%	5.48	1.38	-	6.85	2.46	1.05	-	3.51	3.35	3.02
Computer	31.67%	8.12	3.38	-	11.50	5.66	1.96	-	7.62	3.89	2.47
Furniture & Fixture	9.50%	6.47	2.47	-	8.94	2.65	0.82	-	3.47	5.47	3.81
Truck	11.88%	299.99	32.09	-	332.09	87.55	39.16	-	126.71	205.38	212.44
Truck (WIP)		52.28	0.56	27.55	25.29	-	-	-	-	25.29	52.28
		1,929.58	621.01	249.50	2,301.10	385.01	126.26	1.54	509.74	1,791.36	1,544.57
<i>Pr. Yr. Figures</i>		<i>1,505.79</i>	<i>423.79</i>	<i>-</i>	<i>1,929.58</i>	<i>286.76</i>	<i>98.25</i>	<i>-</i>	<i>385.01</i>	<i>1,544.57</i>	<i>1,219.03</i>

14 LONG TERM LOANS & ADVANCES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Unsecured (Considered Good)		
(a) Loans Receivables considered good - Secured	-	-
(b) Loans Receivables considered good - Unsecured		
1 Security deposits with Govt. & others	35.53	35.82
2 Capital Advances	229.35	-
(c) Loans Receivables which have significant increase in Credit Risk	-	-
(d) Loans Receivables - credit impaired	-	-
Total	264.88	35.82

15 INVENTORIES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Raw materials	778.86	1,744.70
(b) Finished goods	181.70	107.20
(c) Consumable Stores	2.57	8.52
(d) Others		
- Packing Material	88.71	80.38
(e) Stock in Transit	35.85	-
Total	1,087.70	1,940.80

Note:- Mode of Valuation

- Finished Goods are valued at Lower of cost and net realisable value.
- Raw material is valued at cost or market value whichever is lower and are on FIFO basis
- Packing materials and consumables are valued at cost.
- 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, 2020	AS AT 31ST MARCH, 2019
(a) Trade receivables considered good - Unsecured	1,363.34	1,420.46
(b) Trade receivables which have significant increase in credit risk*	14.32	15.38
Total	1,377.66	1,435.84

The trade receivables includes outstanding amount of ₹ 14.32 lakhs (₹ 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, 2020	AS AT 31ST MARCH, 2019
(a) Balances with banks		
(i) In Current Accounts		
- Union Bank of India	33.64	6.22
- Union Bank of India-Cash Credit	39.58	-
(ii) In Deposit Account*		
- UBI FDR (166795)	4.31	4.05
- UBI FDR (66166)	0.48	0.45
- UBI FDR (166632)	2.59	2.46
(b) Cash in hand & imprest	4.08	4.25
Total	84.69	17.42

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

18 SHORT TERM LOANS & ADVANCES

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
(a) Loans Receivables considered good - Secured	-	-
(b) Loans Receivables considered good - Unsecured		
1 Advances recoverable in cash or in kind	26.20	18.22
2 Loans & advances due by other officers	-	1.70
3 Balances with Revenue authorities	15.20	35.75
(c) Loans Receivables which have significant increase in Credit Risk	-	-
(d) Loans Receivables - credit impaired	-	-
Total	41.40	55.67

19 OTHER CURRENT ASSETS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Unsecured (Considered Good)		
(a) Prepaid Expenses	13.86	10.05
Total	13.86	10.05

NOTES ANNEXED TO AND FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

20 REVENUE FORM OPERATIONS

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Domestic Sales	16,102.95	13,948.76
Export Sales	213.02	252.63
Warehousing Handling Receipts*	-	30.99
Total	16,315.96	14,232.38

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

21 OTHER INCOME

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Duty Drawback	-	0.68
Interest received	2.46	1.78
Insurance claim received	3.40	1.69
Bad Debts Recovered	0.49	-
Total	6.34	4.15

22 COST OF MATERIAL CONSUMED

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Opening Stock		
Raw Material of Wheat	1,744.70	1,613.49
Packing Material	80.38	102.92
Add : Purchases		
- Wheat & other ingredients	12,182.48	10,923.44
- Packing Material	234.04	213.96
Add: Freight inward	81.39	138.59
Packing Charges	41.31	38.60
	14,364.30	13,031.00
Less: Closing Stock		
Raw Material of Wheat	778.86	1,744.70
Packing Material	88.71	80.38
Total	13,496.73	11,205.92

23 PURCHASE OF STOCK-IN-TRADE

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Purchases of Goods	554.21	870.95
Total	554.21	870.95

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

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Opening Balance	107.20	171.75
Less:- Closing Balance	181.70	107.20
Net Increase/ Decrease in Goods	(74.50)	64.55

25 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Directors' Remuneration	90.00	90.00
Salaries, Wages & Bonus	232.35	175.00
Staff Welfare Expenses	5.21	6.89
Provident Fund including welfare fund	7.20	5.83
Contribution to ESI	2.44	-
Gratuity	5.50	2.53
Total	342.70	280.24

26 FINANCIAL COST

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Bank Charges	18.95	9.05
Interest on borrowings	306.27	302.10
Total	325.22	311.15

27 DEPRECIATION & AMORTISATION

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Depreciation	126.26	98.25
Total	126.26	98.25

28 OTHER EXPENSES

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Manufacturing		
<u>Consumable Stores</u>		
Opening Balance	8.52	29.38
Purchases	18.32	46.07
Closing Balance	2.57	8.52
Consumed	24.27	66.93
Power & Fuel	290.57	246.58
Labour Charges	98.94	89.51
Insurance	5.41	4.66
Lab Testing Expenses	9.34	8.64
Pest Control	5.11	3.45
Repair & Maintenance Expenses	20.03	8.54
Repairs Plant & Machinery	23.04	8.31
	452.43	369.69
	476.70	436.62

<u>Administrative Expenses</u>		
Auditor's Remuneration	5.67	4.20
Donation	2.03	1.68
Insurance	1.81	1.64
Interest on Taxes	0.27	0.37
Internal Audit Fees	1.80	1.80
Legal & Professional Expenses	16.46	21.62
Loss on sale of Fixed Assets	0.01	-
Meeting Fees to directors	0.61	0.60
Miscellaneous Expenses	4.33	3.19
Penalty	0.61	0.01
Printing & Stationery	2.83	3.26
Rate, Fees & Taxes	4.10	3.26
Rent Expenses	33.24	63.69
Repair & Maintenance	6.58	1.58
Security Service	10.29	11.66
Telephone Expenses	2.38	2.42
Travelling & Conveyance	19.23	16.05
Vehicle Running & Maintenance	5.15	4.33
	117.39	141.36
<u>Selling & Distribution Expenses</u>		
Advertisement & Publicity	0.40	1.48
Business Promotion	14.03	20.64
Bad Debts written off	-	9.71
Commission & Brokerage	8.88	15.64
Insurance	4.57	2.86
Freight Outward	163.69	129.89
GST Paid	21.30	26.67
Rebate & Discount	70.82	71.50
Truck Running & Maintenance	202.71	206.88
	486.40	485.28
Total	1,080.50	1,063.26

29 PRIOR PERIOD ITEMS

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Prior Period Expenses	0.14	2.31
Total	0.14	2.31

MEGASTAR FOODS LIMITED
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)

AMOUNT IN ₹ LAKHS

Particulars	AS AT 31ST MARCH, 2020	AS AT 31ST MARCH, 2019
Statutory dues		
ESI Payable	1.32	-
GST Payable	1.10	1.86
Labour Welfare Fund Payable	0.14	0.05
PF Payable	1.29	0.94
TDS Payable	4.83	6.39
	8.68	9.24
Other Payables:		
Advance From Customers	-	2.75
Expenses Payable	61.20	48.84
	61.20	51.59
Security Deposits:		
Electricity Security	34.16	26.52
BSE Limited	-	8.04
Telephone Security	0.03	0.03
GS1 India Security	0.03	0.03
Security Markfed	0.75	0.75
Security of Oxygen Cylinder	0.18	0.10
LPG Security	0.05	0.05
Modem Security (Star Video Systems)	0.02	-
Security of Water Supply	0.01	-
Lindstrom Services India	0.30	0.30
	35.53	35.82
Short Term Loans & Advances:		
Advances recoverable in cash or in kind		
Advance against Capital goods	-	2.34
Other Advance	25.73	11.87
Electricity Duty Recoverable	-	2.92
Duty Draw back recoverable	0.10	1.03
Toyota Financial TDS Recoverable	0.06	0.08
Daimler Financial Services TDS Recoverable	0.11	-
Tata Motor Finance TDS Recoverable	0.19	-
	26.20	18.22
Balance with Revenue authorities		
Tax Recoverable (2019-20)	3.14	-
MAT Recoverable (2016-17)	-	25.79
MAT Recoverable (2017-18)	9.66	9.95
GST Cash Account/TDS	2.40	0.01
	15.20	35.75

MEGASTAR FOODS LIMITED
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)

30 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
	Ms. Manisha Gupta, Chief Financial Officer (from 12th Feb 2020 onwards) and Mr. Vijay Sharma, Chief Financial Officer (From 1st April 2019 to 11th Feb 2020)
	Mr. Robin Kumar, Company Secretary
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, Mr. 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 (₹)	
		2019-20	2018-19
Vikas Goel	Loan received/repaid	-	4.80
	Interest Paid	1.22	0.99
	Salary Paid (including perks)	41.80	41.80
Vikas Gupta	Loan received/repaid	248.09	51.61
	Interest Paid	19.52	19.78
	Salary Paid (including perks)	41.80	41.80
Mudit Goel	Salary Paid (including perks)	21.10	21.10
Amit Mittal	Sitting Fees Paid	0.22	0.20
Prabhat Kumar	Sitting Fees Paid	0.17	0.20
Savita Bansal	Sitting Fees Paid	0.22	0.20
Manisha Gupta	Salary Paid	2.66	-
Vijay Sharma	Salary Paid	5.12	5.04
	Advance given/repaid	2.04	3.30
Neharika Sehgal	Salary Paid	-	2.80
Robin Kumar	Salary Paid	4.20	0.38
Shivani Gupta	Loan Repaid	-	0.50
Satpal Gupta	Loan Repaid	-	20.00
	Salary Paid	3.60	3.60
	Rent Paid	12.00	12.00
Amit Goel	Rent Paid	6.00	6.00
Pankaj Goel	Rent Paid	6.00	6.00
Indira Rani	Rent Paid	3.00	6.00
Madan Lal	Rent Paid	3.00	-
Ganesh Flour Mills	Purchases	387.89	479.70
	Sales	124.86	23.61
Kulwant Rai Ram Kishan	Rent Paid	1.56	0.60
Baisakhi Mal Ram Kishan	Sales	50.70	23.48
Shree Ganesh Grain Products	Sales	15.05	7.55
Director's Travelling	Travelling Expenses	15.71	8.86

30.2 Earning Per Share

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

	2019-20	2018-19
Net Profit available to shareholders as per accounts (₹)	3,37,85,438	2,42,56,460
Weighted average number of shares	99,03,700	95,29,234
Earning per share- Basic and diluted (₹)	3.41	2.55
Face value per equity share (₹)	10	10

30.3 Auditor's Remuneration without GST

	2019-20	2018-19
	₹ in lakhs	₹ in lakhs
Audit of financial statements & tax audit	4.50	4.20
Certifications	0.85	0.53

30.4 Deferred Tax Calculation

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

	2019-20	2018-19
	₹ in lakhs	₹ in lakhs
WDV as per Companies Act (A)	1,791.36	1,544.57
WDV as per Income Tax Act (B)	1,333.29	1,190.36
Timing Difference (A-B)	458.07	354.21
Timing Difference For Gratuity	5.50	2.53
Timing Difference	452.57	351.68
Closing Deferred Tax Liability	125.90	97.84
Opening Deferred Tax Liability	97.84	90.79
Deferred Tax Expense (Income)	28.07	7.05

30.5 Contingent liabilities and commitments

A. Contingent liabilities not provided for in respect of

	2019-20	2018-19
	₹ in lakhs	₹ in lakhs
i) Bank Guarantee outstanding	NIL	NIL
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)	NIL	88.16
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30.6 Information on Transactions in Foreign Exchange

	2019-20	2018-19
	₹ in lakhs	₹ in lakhs
Value of Imports Calculated on C.I.F Basis	NIL	NIL
Expenditure in foreign currency		
- Travelling & others Expenses	NIL	5.98
Earnings in foreign currency (on accrual basis)		
- FOB value of Exports	213.02	252.63

30.7 Consumption of Raw Materials and Stores etc.

	2019-20	2018-19
Raw Material Consumed:		
- Imported	NIL	NIL
- Indigenous	13,496.73	11,205.92
Spare Parts and Components Consumed:		
- Imported	NIL	NIL
- Indigenous	24.27	66.93

30.8 Employee Benefits

Disclosures as per AS-15 (Revised) 'Employee Benefits' for year ended March 31, 2020:-

I Defined Contribution Plan:

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

Particulars	2019-20	2018-19
Employers Contribution to Provident Fund	6.43	5.01

II Defined Benefit Plan:

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

Particulars	2019-20	2018-19
I. Amount to be recognized in the Balance sheet		
Present value of obligation as at 31.03.2020	16.80	11.30
Fair value of plan assets as at 31.03.2020	-	-
Funded Status [surplus/(deficit)]	-16.80	-11.30
Net Assets/(Liability) recognized in Balance sheet	-16.80	-11.30
II. Expenses recognized during the period		
Current Service Cost	6.35	4.56
Interest Cost	0.71	0.66
Expected Return on Plan Assets	-	-
Actuarial (gain)/loss	-1.56	-2.69
Net Expenses Recognized	5.50	-2.69

III. Reconciliation of opening and closing balance of Defined Benefit Obligation		
Present value of Obligation at the beginning of the period	11.30	8.77
Current Service Cost	6.35	4.56
Interest Cost	0.71	0.66
Acturial (gain)/loss on obligations	-1.56	-2.69
Benefit Paid	-	-
Present value of Obligation at the end of the period	16.80	11.30
IV. Actuarial/Demographic assumptions:-		
Indian Assure Lives Mortality Table	2012-14	2012-14
Discount Rate (per Annum)	6.25%	7.50%
Estimated rate of increase in compensation level	5.00%	6.00%
Retirement Age	58 years	58 years
Disability	No explicit Allowance	No explicit Allowance

30.9 Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) ("MSMD Act, 2006"):

The micro and small enterprises have been identified by the company from the available information. According to such identification, the disclosures in respect to Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is as follows:

	2020 ₹ in lakhs	2019 ₹ in lakhs
(1) Details of dues to micro and small enterprises as per MSMED Act, 2006 the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- principal amount	6.45	10.13
- interest amount	NIL	NIL
(2) The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
(3) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	NIL	NIL
(4) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
(5) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	NIL	NIL

The information has been given in respect of such vendors to the extent they could be identify as "Micro, Small & Medium Enterprises" on the basis information available with the Company.

30.10 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.

30.11 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 ₹ 33.24 lakhs (Previous year ₹ 63.69 lakhs)

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

Particulars	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Up to 1 year	34.2	3.24
More than 1 Year	51.86	6.02

- 30.12 Borrowing cost capitalised during the year ₹ 9.17 lakhs/- (PY ₹ 10.72 lakhs).
- 30.13 About 15% balances as at 31st March 2020 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.
- 30.14 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 of its business.
- 30.15 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.
- 30.16 Max. balance due towards directors at any time during the year is ₹ 230.49 lakhs Cr. (PY- ₹ 188.41 lakhs Cr.)
- 30.17 The financial statement for the year has been prepared by Rounding off to Rs. in compliance with Schedule III of the Companies Act, 2013.
- 30.18 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. The previous year figures represent only standalone figures of Holding company as the subsidiary company is incorporated during the current reporting period i.e. 2019-20.
- 30.19 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

Dinesh Manchanda (M.No. 097591)
Partner
UDIN: 20097591AAAACY6359
Place : Chandigarh
Dated : 23.06.2020

VIKAS GOEL
Chairman & Managing Director
DIN: 05122585

VIKAS GUPTA
Whole Time Director
DIN: 05123386

MANISHA GUPTA
Chief Financial Officer

ROBIN KUMAR
Company Secretary