

## MEGASTAR FOODS LTD.

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



REF: MFL/BSE/CO/2018: 81

19.09.2018

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai 400001

Dear Sir,

Sub: Submission of Annual Report for the year ended 31<sup>st</sup> March, 2017-18

Pursuant to the provisions of Regulation 34(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 attached herewith the Annual Report of the Company for the year 2017-18.

Please take the same on record.

Thanking you,

Yours faithfully,  
For MEGASTAR FOODS LIMITED

*Neharika*

Neharika  
Company Secretary & Compliance Officer





**MEGASTAR FOODS LTD.**

## **ANNUAL REPORT 2017-18**

FSSAI : 12118721000032 CIN : L15311CH2011PLC033393



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**Directors**

Mr. Vikas Goel  
(Chairman cum Managing Director)

Mr. Vikas Gupta  
(Whole Time Director)

Mr. Mudit Goyal  
(Whole Time Director)

Mr. Prabhat Kumar  
(Non – Executive Director)

Mr. Amit Mittal  
(Non – Executive Director)

Ms. Savita Bansal  
(Non- Executive Director)

Ms. Neharika Sodhi  
(Company Secretary)

Mr. Vijay Sharma  
(Chief Financial Officer)

**REGISTERED OFFICE**

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

**WORKS**

Kurali- Ropar Road,  
Village Solkhian-140108

**AUDITORS**

M/s. Avnish Sharma And Associates

**BANKERS**

Union Bank of India

**REGISTRAR AND  
SHARE TRANSFER AGENT**

Skyline Financial Services Private Limited





**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE SEVENTH (7<sup>TH</sup>) ANNUAL GENERAL MEETING OF THE MEMBERS OF MEGASTAR FOODS LIMITED WILL BE HELD AT 11.00 A.M ON SATURDAY, SEPTEMBER 15, 2018 AT HOTEL KLG STARLITE, PLOT NO. 51, INDUSTRIAL AND BUSINESS PARK, PHASE II, TRIBUNE CHOWK, CHANDIGARH 160002 TO TRANSACT THE FOLLOWING BUSINESS**

**AS AN ORDINARY BUSINESS:**

1. To receive, consider and adopt the financial statements of the company for the financial year ended 31 March, 2018 and the reports of the Board of Directors and Auditors thereon.
2. To appoint director in place of Mr. Vikas Gupta (DIN: 05123386) who retires by rotation and being eligible, offers himself for re-appointment.
3. To fix the remuneration of Statutory Auditors M/s Avnish Sharma & Associates
4. To consider and if thought fit, pass with or without modification(s), the following as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and all other applicable provisions of the Companies Act, 2013 and the rules framed thereunder (including the statutory modification(s) and re enactments thereof for the time being in force, and pursuant to the approval of the members in the 3<sup>rd</sup> Annual General Meeting for appointment of M/s Avnish Sharma & Associates, Chartered Accountants (Firm Registration No. 009398N) as statutory auditors of the company to hold office upto the date of the 8<sup>th</sup> Annual General Meeting, the Board be and is hereby authorised to fix the remuneration payable to the Statutory Auditors for the financial year 2018-19.”

**Date:** 02.08.2018

**Place:** Chandigarh

**By order of the Board  
For Megastar Foods Limited**

**(Neharika Sodhi)  
Company Secretary**



**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL ('AGM') IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

**THE PROXY FORM, TO BE VALID AND EFFECTIVE, SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE, DULY COMPLETED AND SIGNED, NOT LESS THAN FORTY-EIGHT (48) HOURS BEFORE THE SCHEDULED TIME FOR HOLDING THE MEETING.**

A PERSON APPOINTED AS PROXY SHALL ACT ON BEHALF OF NOT MORE THAN FIFTY (50) MEMBERS AND HOLDING NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY. HOWEVER, A MEMBER HOLDING MORE THAN 10%, OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY FOR ANY OTHER PERSON OR MEMBER.

2. Corporate Members intending to send their authorised representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the AGM.
3. Member/ Proxies / Authorised Representatives are requested to bring to the AGM, the enclosed Attendance Slip sent along with the Annual Report duly completed and signed mentioning therein details of their DP ID and Client ID/Folio Number.
4. A Proxy shall not have a right to speak at the AGM and shall not be entitled to vote except on a poll.
5. Members/Proxies/Authorised Representatives are requested to produce the Attendance slip duly signed, dated and stamped for admission to the Meeting Hall.
6. The relevant information of the Directors seeking re-appointment, as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Revised Secretarial Standards-2 (SS-2) on General Meetings is also annexed hereto and forms part of this notice.
7. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Company's Registrar and Share Transfer Agent for its Share Registry Work are M/s Skyline Financial Services Private Limited having their office at D-153A, First Floor, Okhla Industrial Area, Phase I, New Delhi- 110020.
9. The Register of Directors & Key Managerial Personnel and Register of contracts or arrangements in which Directors are interested shall be available at the Annual General Meeting and accessible during the continuance of the Meeting to any person having the right to attend the Meeting.
10. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary of the Company at least 5 days before the date of the Meeting so that information required may be compiled and made available at the Meeting.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.
12. Members are requested to:
  - i. Intimate changes, if any, pertaining to their registered addresses, e-mail address, telephone/mobile numbers, nomination, power of attorney etc. to their respective depository participant in case shares are held in demat mode and to the Company's Registrar and Share Transfer Agent, M/s Skyline Financial Services Private Limited, in case shares are held in physical mode.
  - ii. Quote their folio numbers/Client ID/ DP ID in all correspondence.



- iii. Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
13. In accordance with the provisions of Section 101 and Section 136 of the Companies Act, 2013 read with relevant rules thereto, companies can serve Annual reports and other Communications through electronic mode to those members who have registered their e-mail address either with the Company or with Depository. Accordingly, the notice of the AGM along with the Annual Report of the Company for the financial year 2017-18, Attendance slip, Proxy Form and Route Map, is being sent by electronic mode to those Members who who have registered their e-mail address with their DP unless any Members have requested for a physical copy of the same. For Members who have not registered their e-mail address, a physical copy of the said Annual Report and Notice is being sent through permitted mode.
14. The Notice of the 7<sup>th</sup> AGM, Attendance Slip, Proxy Form, Route Map and the Annual Report 2017-18 circulated to the Members of the Company, will also be hosted on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com) and also on the website of the respective Stock exchange at [www.bseindia.com](http://www.bseindia.com).



**The instructions for shareholders voting electronically are as under:**

(i) The voting period begins on 9.00 a.m. on Wednesday, September 12, 2018 and ends at 5.00 p.m. on Friday, September 14, 2018. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 08, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

(iv) Click on Shareholders / Members

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>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.</p> <p>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</p>
Dividend Bank	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>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).</p>

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to



mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xviii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(XIX) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

**(xx) Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).



### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [ajaykcs@gmail.com](mailto:ajaykcs@gmail.com) with a copy marked to [evoting@cdslindia.com](mailto:evoting@cdslindia.com)
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evotingindia.com](http://www.evotingindia.com) to reset the password.
3. In case you have any queries or issues regarding E-voting, you may refer the Frequently Asked Questions ("FAQs") and Remote e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [admin@skylinerta.com](mailto:admin@skylinerta.com).
4. The e-voting period commences on September 12, 2018 (9:00 AM) and ends on September 14, 2018 (5:00 PM). During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, the September 08, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently or cast the vote again.
5. The facility for voting through ballot paper will also be made available at the Meeting and shareholders attending the Meeting who have not already cast their vote by remote e-voting will be able to exercise their right at the Meeting.
6. The shareholders who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote at the Meeting.
7. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, September 08, 2018.
8. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
9. Any person, who acquires shares of the Company and become shareholder of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e September 08, 2018, may obtain the Login ID and password by sending a request at [evoting@cdslindia.com](mailto:evoting@cdslindia.com) or RTA at [admin@skylinerta.com](mailto:admin@skylinerta.com). If the shareholder is already registered with CDSL for e-voting then he can use his existing User ID and password for casting the vote through remote e-voting.
10. Mr. Ajay K. Arora, a Practicing Company Secretary (Membership No. F-2191) has been appointed by the Board of Directors of the Company as the Scrutinizer to scrutinize the remote e-voting process and voting at Annual General Meeting in a fair and transparent manner.
11. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the Votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company, and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Board who shall countersign the same.
12. The voting results shall be forwarded to BSE Limited, where the shares of the Company are listed, within 48 hours of the conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall also be placed on the Company's website [www.megastarfoods.com](http://www.megastarfoods.com) and on the website of CDSL.
13. The resolutions shall be deemed to be passed on the date of the Annual General Meeting i.e. September 15, 2018 subject to receipt of the requisite number of votes in favour of the resolutions.
14. The requirement to place the matter relating to appointment of Auditor for ratification by members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Statutory Auditors. However, approval of the Members is being sought to authorize Board of Directors to fix the remuneration payable to the statutory auditors for the remaining tenure.
15. The route map of the venue of the Meeting is attached to this Notice. The prominent landmark for the venue is that it is next to Passport Seva Kendra, Phase II, Industrial Area, Chandigarh.



**ATTENDANCE SLIP**

**CIN: L15311CH2011PLC033393**

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

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

**Tel:** 01881-240401 ♦ **Website:** [www.megastarfoods.com](http://www.megastarfoods.com)

**Name of the Member:**

**Registered Address:**

**Folio No:**

**No. of Shares:**

I/ WE HEREBY RECORD MY/ OUR PRESENCE AT THE 7<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY HELD ON SATURDAY, SEPTEMBER 15, 2018 AT 11.00 A.M. AT HOTEL KLG STARLITE, PLOT NO. 51, INDUSTRIAL AND BUSINESS PARK, PHASE II, TRIBUNE CHOWK, CHANDIGARH 160002

**Signature of Member/ Proxy**

**MEGASTAR FOODS LIMITED****Form No. MGT-11****PROXY FORM**

**[Pursuant to Section 105(6) of the Companies Act, 2013 and  
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

<b>CIN</b>	<b>:</b>	<b>L15311CH2011PLC033393</b>
<b>Name of the Company</b>	<b>:</b>	<b>Megastar Foods Limited</b>
<b>Registered Office</b>	<b>:</b>	<b>Plot No. 807, Industrial Area ,Phase II , Chandigarh - 160002 Tel. No. : 01881-240401 E-mail ID : <a href="mailto:cs@megastarfoods.com">cs@megastarfoods.com</a> Website: <a href="http://www.megastarfoods.com">www.megastarfoods.com</a></b>
<b>Name of the Member(s)</b>	<b>:</b>	
<b>Registered Address</b>	<b>:</b>	
<b>E-mail Id</b>	<b>:</b>	
<b>Folio No. / Client Id</b>	<b>:</b>	

**I/We, being the member(s) of \_\_\_\_\_**

<b>1.</b>	<b>Name</b>	
	<b>Address</b>	
	<b>E-mail Id</b>	
	<b>Signature</b>	
<b>2.</b>	<b>Name</b>	
	<b>Address</b>	
	<b>E-mail Id</b>	
	<b>Signature</b>	
<b>3.</b>	<b>Name</b>	
	<b>Address</b>	
	<b>E-mail Id</b>	<b>Signature</b>

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 7<sup>TH</sup> Annual General Meeting of the Company to be held on 15<sup>th</sup> September, 2018 at 11:00 a.m. at Hotel KLG Starlite, Plot No. 51, Industrial And Business Park, Phase II, Tribune Chowk, Chandigarh 160002 and at any adjournment thereof in respect of such resolutions as are indicated below:

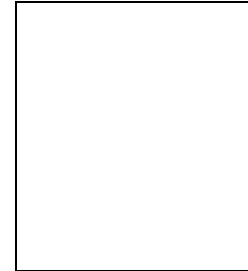
<b>Resolution No.</b>	<b>Resolution</b>
	<b>Ordinary Business:</b>
<b>1.</b>	To receive, consider and adopt the financial statements of the company for the financial year ended 31 <sup>st</sup> March, 2018 and the reports of the Board of Directors and Auditors thereon.
<b>2.</b>	To appoint director in place of Mr. Vikas Gupta (DIN: 05123386) who retires by rotation and being eligible, offers himself for re-appointment.
<b>3.</b>	To fix the remuneration of Statutory Auditors M/s Avnish Sharma & Associates

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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

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





**Note:** This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.



**ANNEXURE TO ITEM NO. 2 OF THE NOTICE**

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

<b>Name of Director</b>	Mr. Vikas Gupta (DIN:05123386)
<b>Date of Birth</b>	30/01/1976
<b>Original Date of appointment</b>	28/11/2011
<b>Qualification</b>	B.COM CA (Inter)
<b>Experience and expertise in specific functional area</b>	Mr. Vikas Gupta is a prominent businessman having a rich experience of 15 years in Management.
<b>Remuneration last drawn</b>	4.80 lacs p.a
<b>Shareholding in Megastar Foods Limited</b>	21,03,900
<b>Relationship with other Director</b>	-
<b>Expertise in specific functional areas</b>	Management
<b>Chairmanship/ Memberships of Committees of other public limited Companies</b>	NIL
<b>Directorship of other public limited Companies</b>	NIL



## **CHAIRMAN'S MESSAGE:**

Dear Shareholders,

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

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. 1318.78 lacs as on 31<sup>st</sup> March, 2018 as compared to Rs. 991.44 lacs as on 31<sup>st</sup> March, 2014, which was the first year of commercial operations of the company. The plans for further investment of Rs. 263 Lacs have been finalised and financed for the current financial year, and I believe that similar expansions shall continue in the coming years as well. As a result of the untiring and dedicated efforts of the management team, the company has recorded a similar upward trend in revenues as well.

The financial year 2017-18 was quite challenging for the Company, as well as for the economy as a whole, to make upcoming years remarkable. The Company has experienced a lot of changes in the operations, marketing and legal compliance due to implementation of major economic decisions like Demonetisation and GST. Amidst the ambiguity regarding the applicable rates of GST on the company's products, the sales operations of the company were affected. Despite of these challenges the Company recorded an upward trend in the revenues. The Company continued with its endeavour to change the status of the Company to a Public limited Company and launch IPO during the financial year. The company was given the status of a public limited company on March 16, 2018 and subsequently the process of the Initial Public Offer by the company was completed on May 24, 2018. The company's shares were listed on the SME Exchange of BSE Limited w.e.f. May 24, 2018.

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

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

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



## REPORTS OF THE DIRECTORS TO THE MEMBERS

The Directors are pleased to present the 7<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended March 31, 2018.

### GENERAL OUTLOOK OF INDUSTRY AND ECONOMY

Our Company is having state of the art modern machinery at its wheat processing plant in Punjab, India, with an installed capacity of 81000 MT per year. 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, 2018 the company has earned a net profit of Rs. 130.49 Lacs as compared to the net profit of Rs. 104.50 Lacs, for the previous year ended on March 31, 2017.

### FINANCIAL PERFORMANCE

The financial position of the company for the financial year ended on March 31, 2018 is summarised below:

	<b>2017-18</b>	<b>2016-17</b>
Revenue from Operations	10294.06	9768.59
Other Income	4.36	7.66
Total Revenue	10298.42	9776.25
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	498.97	434.64
Finance Cost	(266.34)	(233.45)
Depreciation and Amortization expenses	(86.59)	(71.75)
Prior period expenses	0.00	(1.07)
Profit before Tax	146.04	128.37
Tax	(15.55)	(23.87)
Profit After Tax	130.49	104.50
Earning Per Share		
Basic	2.16	1.75
Diluted	2.16	1.75

### OPERATIONS

The company's operations are managed by a highly qualified and dedicated team of professionals. Under the abled guidance of the professional team, Company successfully maintained its operation amidst disruptions caused by the implementation of revolutionary economic changes such as GST. It is pertinent to inform until the month of November, 2017 there was certain lack of clarity about the taxability of branded and non-branded product, as there was an ambiguity in the definition of branded and non-branded products which hampered the sales of the Company.

Despite the tough challenges, the revenue from Sales for the Company increased from Rs. 9768.59 lakh in the previous year to Rs. 10294.06 lakh during the financial year ended on March 31, 2018.



### **DIVIDEND**

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

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

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

### **CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance and is in compliance with the Corporate Governance Regulations as laid out in the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Although the shares of the company were listed on May 24, 2018 i.e. after the closure of the financial year 2017-18, a report on Corporate Governance has been submitted by the company as a part of this report.

### **INDUSTRIAL RELATIONS**

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

### **CREDIT RATING**

The Company enjoys a credit rating provided by CRISIL BB/Stable which is assured to be substantially improved on the basis of current results.

### **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, implementation of the GST 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, 2018 was Rs. 266.34 lakhs. The Company managed to procure enough lines of credit to ensure a smooth flow of operations. The free reserve of the Company as on 31<sup>st</sup> March, 2018 decreased from Rs. 143.05 lakhs to 137.93 lakhs.

During the financial year ended on March 31, 2018, an amount of Rs. 125.37 lakhs was utilised out of the reserves, towards the issue of bonus shares of the Company.

### **GOODS AND SERVICE TAX**

Goods and Service Tax (GST) Act came into effect from July 1, 2017 through the implementation of One Hundred and First Amendment of the Constitution of India. The tax replaced existing multiple cascading taxes levied by the Central and State Governments.

Your Company has successfully implemented and migrated to GST followed by the changes across various departments/operations of the Company.

### **BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As at the end of the financial year 2017-18, the company had 3 directors on the Board

1. Mr. Vikas Goel, Managing Director
2. Mr. Vikas Gupta, Director
3. Mr. Avinash Goel, Director



Mr. Avinash Goel resigned from the office of Director of the company w.e.f. 31.03.2018 and Mr. Mudit Goyal was appointed as an Additional Director of the company w.e.f. 31.03.2018.

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

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

At the ensuing 7<sup>th</sup> Annual General Meeting of the company, Mr. Vikas Gupta is liable to retire by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting.

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.

#### **NOMINATION AND REMUNERATION POLICY**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, hereinafter referred to as 'Listing Regulations' and based on the recommendations of its Nomination and Remuneration Committee, the Board has adopted a Nomination and Remuneration Policy, which is attached as **Annexure-A**.

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

The Company has no Subsidiary, Joint Venture or Associate Company.

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

All contracts/ arrangements/ transactions entered by the Company during the financial year 2017-18, with related parties, as defined under Section 188 of the Companies Act, 2013 and rules made there under, were in the ordinary course of business and on arm's length basis. Further no material related party transactions were entered during the Financial Year under review, by your Company.

Accordingly disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is not required.

#### **RELATED PARTY TRANSACTION POLICY**

As per the applicable provisions of Listing Regulations to the company, subsequent to the listing of its shares, the Company has adopted a policy to deal with related party transactions as approved by the Board of Directors. The policy is available on the company's website [www.megastarfoods.com](http://megastarfoods.com/assets/pdf/Policy-on-related-party-transactions.pdf) at the weblink <http://megastarfoods.com/assets/pdf/Policy-on-related-party-transactions.pdf>.

#### **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-B**.



### **MEETINGS OF THE BOARD**

During the financial year 2017-18, the Board of Directors met fourteen (14) times viz., on 4<sup>th</sup> April, 2017, 27<sup>th</sup> April, 2017, 2<sup>nd</sup> May, 2017, 1<sup>st</sup> June, 2017, 28<sup>th</sup> July, 2017, 21<sup>st</sup> September, 2017, 25<sup>th</sup> September, 2017, 26<sup>th</sup> October, 2017, 14<sup>th</sup> December, 2017, 15<sup>th</sup> January, 2018, 20<sup>th</sup> January, 2018, 17<sup>th</sup> February, 2018, 23<sup>rd</sup> March, 2018, 31<sup>st</sup> March, 2018 in accordance with the provisions of the Companies Act, 2013 and rules made there under.

### **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. (Please refer Note Nos. 5, 9 of the Financial Statements)

### **RESERVES**

Entire amount of Net Profit of Rs. 130.49 Lakhs 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**

After the closure of the financial year on March 31, 2018, the equity shares of the company were successfully listed on the SME Exchange of BSE Limited w.e.f May 24, 2018.

Further, except as disclosed elsewhere in this Board’s Report, no material changes and commitments which could affect the Company’s financial position have occurred since the close of the financial year, i.e., March 31, 2018 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 2017-18.

### **SUSTAINABILITY INITIATIVE**

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

### **RISK MANAGEMENT**

The primary objective of risk management is to protect the Company against risks to the value of the business, its capital and its continuity. In order to achieve the objective and for better governance, the Company has adopted a formal Risk Management Policy. 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.

### **BOARD EVALUATION**

The provisions of the Companies Act, 2013 and the Listing Regulations, in respect of the performance evaluation of the Individual Directors, Committees and the Board as a whole, became applicable to the company subsequent to its listing on May 24, 2018 i.e. after the closure of the financial year.

The necessary measure towards the performance evaluation shall be adopted by the company for the on-going financial year.

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

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

### **SHARE CAPITAL**

During the financial year ended on March 31, 2018, the authorised share capital of the company was increased from Rs. 6.00 Crores to Rs. 15.00 crores, with the approval of the members. The company has issued and allotted 12,53,700 fully paid up equity shares of Rs. 10/- each on Bonus Issue basis during the financial year under review.



As at the end of the financial year 2017-18, the authorised share capital of the company was Rs. 15,00,00,000/- comprising of 1,50,00,000 equity shares of Rs. 10/- each and the issued, subscribed and paid up shares capital amounted to Rs. 9,90,37,000/- comprising of 99,03,700 equity shares of Rs. 10/- each.

Further, during the financial year 2017-18, there were no instances of right issue of shares, issue of shares with differential voting rights, private placement/ preferential issue of shares, Sweat Equity Issue, Employee Stock Option or buy back of shares.

### **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 2017-18, 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.

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

The provision of Listing Regulations regarding the development of a Familiarisation Programme for the Independent Directors became applicable to the company after the closure of the financial year 2017-18.

The company has already established a Familiarisation Programme for Independent Directors in respect of their roles, rights & responsibilities, nature of the industry in which Company operates, business model of the Company and related matters. The same is available on the website of the company [www.megastarfoods.com](http://www.megastarfoods.com).

### **SECRETARIAL AUDIT**

The provisions of Section 204 of the Companies Act, 2013 regarding Secretarial Audit were not applicable to the company during the financial year ended on March 31, 2018.

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

The required information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in the Companies Act, 2013 is attached as **Annexure-C**.

### **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, 2018 was 71 as compared to 54 in the previous year.

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

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

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

### **VIGIL MECHANISM POLICY**

The Company has in place a Vigil Mechanism/Whistle Blower Policy, in terms of provisions of Section 178(9) of the





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

Whistle Blower Policy of the Company is hosted on the website of the Company at the weblink <http://megastarfoods.com/vigil-mechanism>.

### **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:

<b>Sr. No.</b>	<b>No. of cases pending as on the beginning of the financial year under review</b>	<b>No. of complaints filed during the financial year under review</b>	<b>No. of cases pending as on the end of the financial year under review</b>
1.	NIL	NIL	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<sup>st</sup>, 2018 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 ADOPTION OF NEW ARTICLES OF ASSOCIATION**

During the financial year under review, the company has carried out amendments to the Memorandum of Association and has also adopted an Altered Set of Articles of Association of the company. The said alterations and amendments were carried out with the approval of the members of the company and in compliance with the applicable provisions of companies Act, 2013.



## **COMMITTEES OF BOARD OF DIRECTORS**

### **1. Audit Committee**

The company has constituted an Audit Committee ("Audit Committee") vide Board Resolution dated April 04, 2018, as per the applicable provisions of the Section 177 of the Companies Act, 2013 and also to comply with 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:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director
Mr. Amit Mittal	Member	Non-Executive Independent Director
Mr. Vikas Goel	Member	Chairman & Managing Director

The Company Secretary of our Company shall act as a Secretary to the Audit Committee. Since the committee was constituted after the closure of the financial year, no meeting of the committee was held during the financial year ended March 31, 2018. 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:

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval;
- Reviewing, with the management, the half yearly financial statements before submission to the board for approval, with particular reference to;
  - 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;
- 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;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the listed entity with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;



13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
16. Discussing 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;
17. 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;
18. Discussion with 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;
19. 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.
20. 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;
21. To review the functioning of the whistle blower mechanism;
22. 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;
23. Audit committee shall oversee the vigil mechanism.
24. Audit Committee will facilitate KMP/auditor(s) of the Company to be heard in its meetings.
25. 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, vide Resolution dated April 04, 2018. The Nomination and Remuneration Committee comprise the following:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director
Mr. Amit Mittal	Member	Non-Executive Independent Director
Mrs. Savita Bansal	Member	Non-Executive Independent Director



The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee. Since the committee was constituted after the closure of the financial year, no meeting of the committee was held during the financial year ended March 31, 2018. The scope and function of the Committee and its terms of reference shall include the following:

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

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

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

Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;

Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, KMPs and other employees;

Formulation of criteria for evaluation of performance of independent directors and the board of directors;

Devising a policy on diversity of board of directors;

Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights;

Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;

Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.

Decide the amount of Commission payable to the Whole time Directors;

Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc; and

To formulate and administer the Employee Stock Option Scheme.

### **3. Stakeholders Relationship Committee**

The Company has formed the Stakeholders Relationship Committee as per Regulation 20 of Listing Regulation, vide Resolution dated April 04, 2018. The constituted Stakeholders Relationship Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director
Mr. Amit Mittal	Member	Non-Executive Independent Director
Mr. Vikas Goel	Member	Chairman & Managing Director

The Company Secretary of our Company shall act as a Secretary to the Stakeholders Relationship Committee. Since the committee was constituted after the closure of the financial year, no meeting of the committee was held during the financial year ended March 31, 2018. 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.

#### **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, vide Resolution dated April 04, 2018. Corporate Social Responsibility Committee comprising the following:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Prabhat Kumar	Chairman	Non-Executive-Independent Director
Mr. Amit Mittal	Member	Non-Executive-Independent Director
Mr. Vikas Goel	Member	Chairman & Managing Director

The Company Secretary of our Company shall act as a Secretary to the Corporate Social Responsibility Committee. Since the committee was constituted after the closure of the financial year, no meeting of the committee was held during the financial year ended March 31, 2018. 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.

The provisions of Section 135 of the Companies Act, 2013 regarding the Corporate Social Responsibility Policy are not applicable to the Company as Company has formed the CSR Committee on voluntary basis.

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

M/s Avnish Sharma & Associates (Firm Regn. No.009398N), Chartered Accountants, Chandigarh, were appointed as Statutory Auditors of the Company at the 3<sup>rd</sup> Annual General Meeting held on 30<sup>th</sup> September, 2014 for a term of five consecutive years.

The Auditors' Report being self-explanatory requires no 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 2017-18.



## **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.

## **PARTICULARS OF EMPLOYEES**

The disclosure as per Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the company as the shares of the company were listed after the closure of the financial year under review.

## **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.

## **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: 02.08.2018  
Place: Chandigarh

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

**SD/-  
Vikas Goel  
Chairman-cum-Managing Director  
(DIN: 05122585)**

**SD/-  
Vikas Gupta  
Whole Time Director  
(DIN: 05123386)**



## **MANAGEMENT AND DISCUSSION ANALYSIS REPORT**

### **PERFORMANCE**

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

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

### **OPPORTUNITIES**

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

### **THREATS**

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

### **OUTLOOK**

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

### **RISK AND CONCERN/RISK MANAGEMENT**

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

### **INTERNAL CONTROL SYSTEM**

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

### **HUMAN RESOURCES**

The Company has always strived to attract the best talent, provide invigorative work environment, retain achievers and outstanding performers and to inculcate in the employees loyalty for the organization. Raising employees' involvement in the decision making process and grooming them for leadership positions has been an ongoing process. Industrial relations and work atmosphere remained cordial throughout the year with sustained communication and engagement with work force through various forums. Employees' strength as on 31st March, 2018 was 71.

### **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.



## **ANNEXURE-A**

### **NOMINATION AND REMUNERATION POLICY**

#### **Introduction:**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee, in compliances with Section 178 of the Companies Act, 2013 read along with applicable rules thereto.

#### **Objectives of the Committee:**

#### **The Committee shall:**

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of the Independent Director and to carry out evaluation of every Director's performance and to provide necessary report to the Board for further evaluation.
- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. To provide to Key Managerial Personal and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- vi. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vii. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- viii. To 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.
- ix. To perform such other functions as may be necessary or appropriate for the performance of its duties.
- x. To develop a succession plan for the Board and to regularly review the plan.

#### **DEFINITIONS:**

" Act " :- Act means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

" Board " :-Board means Board of Directors of the Company.

" Director " :-Directors means Directors of the Company.

" Committee " :-Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.

" Company " :- Company means Megastar Foods Limited.

" Independent Director " :- As provided under the Companies Act, 2013, 'Independent director' shall mean a non-executive director, other than a nominee director of the Company:

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b.
  - (i) who is or was not a promoter of the Company or its holding, subsidiary or associate company;
  - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. apart from receiving director's remuneration, has or had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
- d. none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, amounting to two percent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives —
  - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;





- ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed; of-
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate Company; or
    - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;
  - iii. holds together with his relatives two per cent or more of the total voting power of the Company; or
  - iv. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company; or
- f. who possesses such other qualification as may be prescribed under the applicable statutory provisions/ regulations
- g. is a material supplier, service provider or customer or a lessor or lessee of the Company;
- h. who is not less than 21 years of age.

• **"Key Managerial Personnel"**:- Key Managerial Personnel (KMP) means-

- (i) the Chief Executive Officer or the managing director or the manager;
  - (ii) the Whole-Time Director;
  - (iii) the Company Secretary;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed under the applicable statutory provisions/ regulations
- **"Senior Management"** :- The expression "senior management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
  - **"Nomination and Remuneration Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
  - **"Policy or This Policy"** means, "Nomination and Remuneration Policy".
  - **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

## Guiding Principles

The Policy ensures that

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- iii. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Applicability:

The Policy is applicable to

- i. Directors (Executive and Non-Executive)
- ii. Key Managerial Personnel
- iii. Senior Management Personnel
- iv. Employees

Constitution of the Nomination and Remuneration Committee:



The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of following Directors:

1. Mr. Prabhat Kumar, Chairman Non-Executive-Independent Director
2. Mr. Amit Mittal, Member Non-Executive-Independent Director
3. Mrs. Savita Bansal, Member Non-Executive-Independent Director

Membership:

- a. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. Term of the Committee shall be continued unless terminated by the Board of Directors.

Chairman:

- a. Chairman of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

Frequency of Meetings:

The Committee shall meet at such regular intervals as may be required.

Committee Members' Interests:

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Secretary:

- a. The Company Secretary of the Company shall act as Secretary of the Committee.

Voting:

- a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

General Appointment Criteria:

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, or any other enactment for the time being in force.
- iv. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.



### **Term / Tenure:**

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made there under as amended from time to time.

1. Managing Director/Whole-time Director/Manager (Managerial Person):- The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No reappointment shall be made earlier than one year before the expiry of term.
2. Independent Director: - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves as an Independent Director.

### **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

### **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under 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, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **Retirement:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **Criteria for Evaluation of the Board:**

Following are the Criteria for evaluation of performance of the Board:

#### **1. Executive Directors:**

The Executive Directors shall be evaluated on the basis of targets/Criteria given to executive Directors by the Board from time to time

#### **2. Non-Executive Director:**

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the Company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence
- (f) inform the Board immediately when they lose their independence,
- (g) assist the Company in implementing the best corporate governance practices
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) strive to attend the general meetings of the Company;
- (k) keep themselves well informed about the Company and the external environment in which it operates;
- (l) do not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest
- (n) abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading etc.



#### Policy on Board diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas/fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc or as may be considered appropriate. The Board shall have at least one Board member who has accounting or related financial management expertise and financially literate.

#### Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole Time Director, KMP and Senior Management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. 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.

#### General:

1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person and 1st April in respect of other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### Remuneration to Managerial Person, KMP and Senior Management:

1. Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
3. Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

#### Remuneration to Non -Executive / Independent Director:

1. Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
2. Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
3. Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.



**Minutes of Committee Meeting:**

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

**Deviations from this policy**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

**ANNEXURE-B**

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2018**  
**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	<b>L15311CH2011PL C033393</b>
2.	Registration Date	<b>28/11/2011</b>
3.	Name of the Company	<b>MEGASTAR FOODS LIMITED</b>
4.	Category/Sub-category of the Company	<b>Company Limited by Shares / Indian Non-Government Company</b>
5.	Address of the Registered office & contact details	<b>PLOT NO. 807, INDUSTRIAL AREA, PHASE-II CHANDIGARH, e-mail id: <a href="mailto:cs@megastarfoods.com">cs@megastarfoods.com</a></b>
6.	Whether listed company	<b>Yes</b>
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	<b>SKYLINE FINANCIAL SERVICES PRIVATE LIMITED</b> D-153A, 1st Floor, Okhla Industrial Area Phase-I, New Delhi – 110020 <b>Tel No.:</b> +91 11 64732681-88 <b>Fax No.:</b> +91 11 26812682 <b>Email:</b> <a href="mailto:viren@skylinerta.com">viren@skylinerta.com</a> ;

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

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



#### 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-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	--	5970000	5970000	100.00	6705700	--	6705700	92.83	(7.17)
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
<b>Sub Total (A) (1)</b>	--	5970000	5970000	100.00	6705700	--	6705700	92.83	(7.17)
<b>(2) Foreign</b>									
a) NRIs- Individuals									
b) Other- Individuals									
c) Bodies Corp.									
d) Banks/ FI									
e) Any Other									
<b>Sub Total (A) (2)</b>	--	--	--	--	--	--	--	--	--
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	--	5970000	5970000	100.00	6705700	--	6705700	92.83	(7.17)
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									



h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	--	--	--	--	--	--	--	--	--
<b>2.Non-Institutions</b>									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ? 2 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	--	--	--	--	518000	--	518000	7.17	7.17
c) Others (specify)									
<b>Sub-total (B)(2):-</b>	--	--	--	--	518000	--	518000	7.17	7.17
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	--	--	--	--	518000	--	518000	7.17	7.17
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	--	<b>5970000</b>	<b>5970000</b>	<b>100</b>	<b>7223700</b>	--	<b>7223700</b>	<b>100</b>	--

**(ii) Shareholding of Promoter-**

SN	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	2210050	37.02	--	2492660	34.51	--	(2.51)
2	Vikas Gupta	1910000	31.99	--	2103900	29.12	--	(2.87)





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

S.N O.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Vikas Goel</b>				
	At the beginning of the year	2210050	37.02		
	Date wise Increase / Decrease in Promoters Shareholding				
	Less: Transfer of shares dated 17.02.2018				
	Add: Allotment of Bonus Shares dated 23.03.2018	(150000)	(2.51)	2060050	34.51
		432610	5.98	2492660	34.51
	At the end of the year	2492660	34.51	2492660	34.51
2.	<b>Vikas Gupta</b>				
	At the beginning of the year	1910000	31.99		
	Date wise Increase / Decrease in Promoters Shareholding				
	Add: Allotment of Bonus Shares dated 23.03.2018	401100	5.55	2311100	31.99
	Less: Transfer of shares dated 23.03.2018	(207200)	2.87	2103900	29.12
	At the end of the year	2103900	29.12	2103900	29.12

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

S.N O.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Roopkanta Arun Raj</b>				
	At the beginning of the year	00	0.00		
	Date wise Increase / Decrease in Promoters Shareholding				
	Less: Transfer of shares dated 23.03.2018	468000	6.48	468000	6.48
	At the end of the year	468000	6.78	468000	6.48
2.	<b>Suresh Kumar</b>				
	At the beginning of the year	00	0.00		
	Date wise Increase / Decrease in Promoters Shareholding				
	Add: Transfer of shares dated 23.03.2018	50000	0.69	50000	0.69
	At the end of the year	50000	0.69	50000	0.69
3.	<b>Raksha Rani</b>				
	At the beginning of the year	00	0.00		
	Date wise Increase / Decrease in Promoters				



Shareholding					
Add: Transfer of shares dated 20.01.2018	200000	3.35	200000	3.35	
Less: Transfer of shares dated 23.03.2018	(200000)	(3.35)	00	0.00	
At the end of the year	00	0.00	00	0.00	

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

S.N O.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Vikas Goel</b>				
	At the beginning of the year	2210050	37.02		
	Date wise Increase / Decrease in Promoters Shareholding				
	Less: Transfer of shares dated 17.02.2018				
	Add: Allotment of Bonus Shares dated 23.03.2018	(150000) 432610	(2.51) 5.98	2060050 2492660	34.51 34.51
	At the end of the year	2492660	34.51	2492660	34.51
2.	<b>Vikas Gupta</b>				
	At the beginning of the year	1910000	31.99		
	Date wise Increase / Decrease in Promoters Shareholding				
	Add: Allotment of Bonus Shares dated 23.03.2018	401100	5.55	2311100	31.99
	Less: Transfer of shares dated 23.03.2018	(207200)	2.87	2103900	29.12
	At the end of the year	2103900	29.12	2103900	29.12
3.	<b>Mudit Goyal</b>				
	At the beginning of the year	00	0.00		
	Date wise Increase / Decrease in Promoters Shareholding				
	Add:				
	Transfer of shares dated 17.02.2018	150000	2.51	150000	2.51
	Allotment of Bonus Shares dated 23.03.2018	31500	0.44	181500	2.51
	At the end of the year	181500	2.51	181500	2.51
4.	<b>Avinash Goyal</b>				
	At the beginning of the year	200000	3.35		
	Date wise Increase / Decrease in Promoters Shareholding				
	Less:				
	Transfer of shares dated 20.01.2018	200000	3.35	00	0.00
	At the end of the year	00	0.00	00	0.00



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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1607.51	624.10	--	2231.61
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	1607.51	624.10	--	2231.61
<b>Change in Indebtedness during the financial year</b>				
* Addition	933.80	462.79	--	1396.59
* Reduction	(94.06)	(440.07)	--	(534.13)
<b>Net Change</b>	839.74	22.72	--	862.46
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2447.25	646.82	--	3094.07
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	2447.25	646.82	--	3094.07

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors, Director and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager/ Director			Total Amount
		Vikas Goel	Vikas Gupta	Avinash Goel	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,00,000	12,00,000	2,01,000	29,01,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-			-
2	Stock Option	-			-
3	Sweat Equity	-			-
4	Commission - as % of profit - others, specify...	-			-
5	Others, please specify	--	--	--	-
	<b>Total (A)</b>	<b>15,00,000</b>	<b>12,00,000</b>	<b>2,01,000</b>	<b>29,01,000</b>

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		----	----	----	---	
1	<b>Independent Directors</b>	NIL	NIL	NIL	NIL	
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	<b>Total (1)</b>					
2	<b>Other Non-Executive Directors</b>					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	<b>Total (2)</b>					
	<b>Total (B)=(1+2)</b>					
	<b>Total Managerial Remuneration</b>					
	<b>Overall Ceiling as per the Act</b>					

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	<b>Gross salary</b>	NIL	1,00,000	NIL	1,00,000
	(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	<b>Stock Option</b>				
3	<b>Sweat Equity</b>				
4	<b>Commission</b>				
	- as % of profit				
	others, specify				
5	<b>Others, please specify</b>				
	<b>Total</b>	NIL	1,00,000	NIL	1,00,000

**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)
<b>A. COMPANY</b>					
Penalty	NIL				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	NIL				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL				
Punishment					
Compounding					

Date: 02.08.2018  
Place: Chandigarh

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

**SD/-  
Vikas Goel  
Chairman-cum-Managing Director  
(DIN: 05122585)**

**SD/-  
Vikas Gupta  
Whole Time Director  
(DIN: 05123386)**



**A. Conservation of Energy :**

Our manufacturing process requires a constant power supply which is met by State Electricity Board and to receive constant supply Company invested in collaboration with Punjab State Electricity Board to lay independent power supply line to ensure uninterrupted power supply with minimum line loss of power. Timely meetings are held with the different levels of operational and administrative personnel to sources update and possibilities of implementing non-conventional power supply.

**B. Technology Absorption:**

Right from the initial and installation of this project the concept of advance technological absorption was considered as the first priority. Time and again Company kept on investing to bring in advanced technologies for automation of various business processes and advanced analysis of raw material as well as finished products. Since the Company has not installed any further technology, so there is no such technology absorption in this reporting period.

**C. Foreign exchange earnings and outgo:**

The Company has earned foreign currency income in 2017-18 for the amount of Rs. 147.69 lacs during the previous financial year 2016-17 is 291.55 lacs.

Date: 02.08.2018  
Place: Chandigarh

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

**SD/-  
Vikas Goel  
Chairman-cum-Managing Director  
(DIN: 05122585)**

**SD/-  
Vikas Gupta  
Whole Time Director  
(DIN: 05123386)**



## **CORPORATE GOVERNANCE REPORT**

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

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

The shares of the company were listed on the SME Exchange of BSE Limited w.e.f. May 24, 2018 i.e. after the reported financial year. The Company is committed to ensure effective compliance with all the requirements to the Corporate Governance of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

### **BOARD OF DIRECTORS & BOARD MEETINGS**

Since the shares of the company were listed on the SME Exchange of BSE Limited w.e.f. May 24, 2018, the provisions regarding Corporate Governance in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') were not applicable to the company during the financial year ended on March 31, 2018. The composition of the Board has been changed subsequent to listing to comply with the requirements of the Listing Regulations.

As on March 31, 2018, the Board of directors comprised of three (3) Directors, out of which one was Managing Director and other two were Executive Directors of the Company. The Company has appointed three Non- Executive Directors with effect from 4<sup>th</sup> April, 2018.

The Non-Executive Independent Directors with their diverse knowledge, vast experience and relevant expertise bring in their independent judgment, knowledgeable and professional view to the deliberations and decisions of the Board. The Composition of the Board as on 31<sup>st</sup> March, 2018 is as follows:

- |                     |                    |
|---------------------|--------------------|
| 1. Mr. Vikas Goel   | Managing Director  |
| 2. Mr. Vikas Gupta  | Executive Director |
| 3. Mr. Avinash Goel | Executive Director |

### **MEETINGS OF THE BOARD**

Detailed agenda is sent to each Director prior to a meeting, including, as appropriate, operating and financial performance statements of the Company. The Board reviews strategy and business plans, efficacy of risk management framework, annual operating and capital expenditure budgets, quarterly / half-yearly / annual operating performance and financial results, and minutes of meetings of the Committees of the Board and other significant developments.

### **INFORMATION ON MEETINGS, ATTENDANCE AND MEMBERSHIP**

During the financial year 2017-18, the Board of Directors met fourteen (14) times viz., on 4<sup>th</sup> April, 2017, 27<sup>th</sup> April, 2017, 2<sup>nd</sup> May, 2017, 1<sup>st</sup> June, 2017, 28<sup>th</sup> July, 2017, 21<sup>st</sup> September, 2017, 25<sup>th</sup> September, 2017, 26<sup>th</sup> October, 2017, 14<sup>th</sup> December, 2017, 15<sup>th</sup> January, 2018, 20<sup>th</sup> January, 2018, 17<sup>th</sup> February, 2018, 23<sup>th</sup> March, 2018, 31<sup>st</sup> March, 2018 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 attendance at Board Meetings and at the Last Annual General Meeting**

Name of Director	Category	Board Meetings during 2017 -18		Attendance at the AGM held on 30.09.2017	Directorships in other companies		No. of Committee positions in companies # excluding	
		Meetings Held	Board Meetings attended		Public	Private	Chairman	Member
Vikas Goel	Managing Director	14	14	Yes	Nil	Nil	Nil	Nil
Vikas Gupta	Executive	14	14	Yes	Nil	Nil	Nil	Nil
Avinash Goel	Executive	14	14	Yes	Nil	Nil	Nil	Nil

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

### **CODE OF CONDUCT**

Subsequent to its listing on the SME Exchange of BSE Limited, the Board has laid down a well-defined Code of Ethics and Conduct (the "Code") to be followed by Board members and senior management of the Company. Duties of independent Directors, as specified under Companies Act, 2013, have been incorporated in the code. The company shall ensure due adherence to the laid code of conduct. The code of conduct is also available on the website of the company [www.megastarfoods.com](http://www.megastarfoods.com).

### **CEO/ CFO CERTIFICATION**

Since the shares of the company was listed after the closure of the financial year under review, the provisions of the Listing Regulations regarding CEO/ CFO Certification were not applicable to the company during the financial year 2017-18. The company shall ensure compliance to the applicable regulations in subsequent years.

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

The provision of Listing Regulations regarding the development of a Familiarisation Programme for the Independent Directors became applicable to the company after the closure of the financial year 2017-18.

The company has already established a Familiarisation Programme for Independent Directors in respect of their roles, rights & responsibilities, nature of the industry in which Company operates, business model of the Company and related matters. The same is available on the website of the company [www.megastarfoods.com](http://www.megastarfoods.com).

### **PERFORMANCE EVALUATION**

The provisions of the Companies Act, 2013 and the Listing Regulations, in respect of the performance evaluation of the Individual Directors, Committees and the Board as a whole, became applicable to the company subsequent to its listing on May 24, 2018 i.e. after the closure of the financial year.

The necessary measure towards the performance evaluation shall be adopted by the company for the on-going financial year.

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

#### **1. Audit Committee**

The company has constituted an Audit Committee ("Audit Committee") vide Board Resolution dated April 04, 2018, as per the applicable provisions of the Section 177 of the Companies Act, 2013 and also to comply with Listing Regulations applicable upon listing of the Company's Equity shares on SME platform of BSE. The composition of the Audit Committee is as under:





Name of the Director	Status in Committee	Nature of Directorship
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director
Mr. Amit Mittal	Member	Non-Executive Independent Director
Mr. Vikas Goel	Member	Chairman & Managing Director

The Company Secretary of our Company shall act as a Secretary to the Audit Committee. Since the committee was constituted after the closure of the financial year, no meeting of the committee was held during the financial year ended March 31, 2018. 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:

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval;
- Reviewing, with the management, the half yearly financial statements before submission to the board for approval, with particular reference to;
  - 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;
- 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;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the listed entity with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- Discussion with internal auditors of any significant findings and follow up there on;
- The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.



16. Discussing 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;
17. 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;
18. Discussion with 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;
19. 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.
20. 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;
21. To review the functioning of the whistle blower mechanism;
22. 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;
23. Audit committee shall oversee the vigil mechanism.
24. Audit Committee will facilitate KMP/auditor(s) of the Company to be heard in its meetings.
25. 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, vide Resolution dated April 04, 2018. The Nomination and Remuneration Committee comprise the following:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director
Mr. Amit Mittal	Member	Non-Executive Independent Director
Mrs. Savita Bansal	Member	Non-Executive Independent Director

The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee. Since the committee was constituted after the closure of the financial year, no meeting of the committee was held during the financial year ended March 31, 2018. The scope and function of the Committee and its terms of reference shall include the following:

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

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



### C. Role of Terms of Reference:

Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;

Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, KMPs and other employees;

Formulation of criteria for evaluation of performance of independent directors and the board of directors;

Devising a policy on diversity of board of directors;

Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights;

Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;

Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.

Decide the amount of Commission payable to the Whole time Directors;

Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc; and

To formulate and administer the Employee Stock Option Scheme.

### NOMINATION AND REMUNERATION POLICY

Nomination and Remuneration Policy is in place for Directors, KMP and other employees, in accordance with the provisions of the Act and Listing Regulations. The policy is part of Directors' Report.

The criteria for performance evaluation of the Directors are covered in Nomination and Remuneration policy of the company.

### 3. Stakeholders Relationship Committee

The Company has formed the Stakeholders Relationship Committee as per Regulation 20 of Listing Regulation, vide Resolution dated April 04, 2018. The constituted Stakeholders Relationship Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Prabhat Kumar	Chairman	Non-Executive Independent Director
Mr. Amit Mittal	Member	Non-Executive Independent Director
Mr. Vikas Goel	Member	Chairman & Managing Director

The Company Secretary of our Company shall act as a Secretary to the Stakeholders Relationship Committee Since the committee was constituted after the closure of the financial year, no meeting of the committee was held during the financial year ended March 31, 2018. 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:

- D. 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.
- E. 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.



**F. 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.

**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, vide Resolution dated April 04, 2018. Corporate Social Responsibility Committee comprising the following:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Prabhat Kumar	Chairman	Non-Executive-Independent Director
Mr. Amit Mittal	Member	Non-Executive-Independent Director
Mr. Vikas Goel	Member	Chairman & Managing Director

The Company Secretary of our Company shall act as a Secretary to the Corporate Social Responsibility Committee. Since the committee was constituted after the closure of the financial year, no meeting of the committee was held during the financial year ended March 31, 2018. The scope and function of the Committee and its terms of reference shall include the following:

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

**DISCLOSURE**

**DETAILS OF GENERAL MEETING**

Financial Year	Date	Venue	Special Resolutions Passed
2014-15	30.09.2015	Plot no. 807, Industrial Area, Phase II, Chandigarh	Nil
2015-16	30.09.2016	Plot no. 807, Industrial Area, Phase II, Chandigarh	Nil
2016-17	30.09.2017	Plot no. 807, Industrial Area, Phase II, Chandigarh	Nil



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 2017-18 one Extra Ordinary general Meeting was held on March 09, 2018 in which the following resolutions were passed:

1. To increase the authorised share capital of the company from Rs. 6.00 crores to Rs. 15.00 crores (as ordinary resolution).
2. To approve the issue of 12,53,700 fully paid up equity shares on Bonus Issue basis. (as special resolution)
3. Approval for conversion of company from Private Limited to a Public Limited company. (as special resolution)
4. To approve the alteration in the object clause of the company. (as special resolution)
5. To approve the adoption of a new set of Articles of Association of the company. (as special resolution)
6. To approve amendments in the Memorandum of Association of the company. (as special resolution)

### **RELATED PARTY TRANSACTION POLICY**

As per the applicable provisions of Listing Regulations to the company, subsequent to the listing of its shares, the Company has adopted a policy to deal with related party transactions as approved by the Board of Directors. The policy is available on the company's website [www.megastarfoods.com](http://megastarfoods.com/assets/pdf/Policy-on-related-party-transactions.pdf) at the weblink <http://megastarfoods.com/assets/pdf/Policy-on-related-party-transactions.pdf>.

During the year there were no material related party transactions made by the Company that would have required shareholders approval. The Company has not entered into any transaction of material nature that may have any potential conflict with the interest of the Company.

### **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.

### **VIGIL MECHANISM POLICY**

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

Whistle Blower Policy of the Company is hosted on the website of the Company at the weblink <http://megastarfoods.com/vigil-mechanism>.

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

The provisions of regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 became applicable to our Company immediately upon the listing of its Equity Shares on the SME platform of BSE. Accordingly the, Board of Directors at their meeting held on April 04, 2018 had approved and adopted the policy on insider trading in view of the proposed public Issue. Ms. Neharika Sodhi, Company Secretary & Compliance Officer was made responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the Board.

### **MEANS OF COMMUNICATION**

(a) Publication of results: Not Applicable during the FY 2017-18.



## (b) Website and News Releases:

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

## (c) Stock Exchanges:

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

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**ADOPTION OF DISCRETIONARY REQUIREMENTS**

Since the relevant Listing Regulation were not applicable to the company during the financial year under review i.e. FY 2017-18, the statement under this head has not been submitted.

The necessary comments and disclosures shall be furnished for the next financial year 2018-19.

**GENERAL SHAREHOLDER INFORMATION**

<b><u>Annual General Meeting</u></b>	
Day and Date	Saturday, 15 <sup>TH</sup> September, 2018
Time	11.00 a.m.
Venue	KLG Starlite, Plot No. 51, Industrial and Business Park, Phase II, Tribune Chowk, Chandigarh 160002
Financial year	2017-18
Date of Book closure	N.A.
Dividend payable date	N.A.
Listing on Stock Exchanges	(BSE) Limited, (SME)
ISIN	INE00EM01016
Stock Code	541352
In case the securities are suspended from trading, the directors report shall explain the reasons thereof	N/A. The securities of the Company have never been suspended from trading.
Registrar to an Issue and Share Transfer Agents	Skyline Financials Services Private Limited
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.
Address for correspondence	Plot no. 807, Industrial Area Phase II, Chandigarh

#### **SHAREHOLDING PATTERN AS ON MARCH 31, 2018:**

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	0
Private Corporate Bodies	0
Indian Public	2
NRIs/OCB	0
Trust	0
<b>Total</b>	<b>9</b>

#### **DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2018**

No. of Equity shares held	No. of Shareholders	No. of shares	% of shareholding
1-500	0	0	0.00
501-1000	0	0	0.00
1001-2000	0	0	0.00
2001-3000	0	0	0.00
3001-4000	0	0	0.00
4001-5000	0	0	0.00
5001-10000	0	0	0.00
10001-50000	1	50000	0.69%
50001-100000	0	0	0.00
100000 above	8	7173700	99.31%



FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST MARCH 2018

MEGASTAR FOODS LIMITED

AUDITORS  
AVNISH SHARMA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
PANCHKULA, CHANDIGARH, LUDHIANA

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





## AVNISH SHARMA & ASSOCIATES

### CHARTERED ACCOUNTANTS

49, SUSHILA VILLA, SECTOR 7, PANCHKULA-134109  
SCO 47, IIND FLOOR, SECTOR 20-C, DAKSHIN MARG, CHANDIGARH-160020  
Ph. No. (Off.) 0172-4666330 (M) 9872980396 E-mail: avnishca@hotmail.com

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF MEGASTAR FOODS LIMITED

##### Report on the Financial Statements

We have audited the accompanying financial statements of MEGASTAR FOODS LIMITED ("the Company") (formerly MEGASTAR FOODS PRIVATE LIMITED), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

##### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("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 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.

##### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



### Opinion

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 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

### 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, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018 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.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

Place : Chandigarh  
Dated : 25.06.2018

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, 2018 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, 2017, 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.

Place : Chandigarh  
Dated : 25.06.2018

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

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 has maintained 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 are held in the name of the company.
- 2
  - (a) The management has conducted the physical verification of inventory at reasonable intervals.
  - (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3 (iii) of the order are not applicable to the Company.
- 4 According to the information and explanations given to us, the Company has not granted any loans, made investments, or provided guarantees and securities in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable. Therefore, the provisions of clause 3 (iv) of the order are not applicable to the Company.
- 5 The Company has not accepted any deposits during the year as covered under section 76 of the Companies Act, 2013. Therefore, the provisions of the clause 3(v) of the order are not applicable to the Company.
- 6 Reporting under clause 3(vi) of the Order is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- 7 According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income Tax, Sales Tax, Service Tax, Value Added 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, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, duty of Customs, duty of Excise, Cess and other material statutory dues in arrears as at 31st March, 2018 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 The Company has not raised monies by way of initial public offer or further public offer (including debt instruments). Further in our opinion and according to the explanation given to us, term loans were applied for the purpose for which loans 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 made private placement of 1253700 shares issued as bonus shares, complying with requirements of section 42 of the Act and has utilised the funds for the purpose for which they were raised.



- 15 In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.
- 16 The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

Place : Chandigarh  
Dated : 25.06.2018

Dinesh Manchanda (M.No. 097591)  
Partner



MEGASTAR FOODS LIMITEE (FORMERLY MEGASTAR FOODS PRIVATE LIMITED)			
BALANCE SHEET AS AT 31ST MARCH, 2018			
PARTICULARS		Note No.	AMOUNT IN
			AS AT 31ST MARCH, 2018
			AS AT 31ST MARCH, 2017
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	3	72,237,000	59,700,000
(b) Reserves And Surplus	4	14,305,087	13,792,850
		86,542,087	73,492,850
<b>2 Share application money pending allotment</b>		-	-
		-	-
<b>3 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	74,825,191	80,468,329
(b) Deferred Tax Liabilities (Net)	6	9,078,865	9,506,923
(c) Other Long term liabilities	7	2,504,300	145,302
(d) Long term provisions	8	875,451	377,158
		87,283,807	90,497,713
<b>4 Current Liabilities</b>			
(a) Short Term borrowings	9	221,058,706	131,339,812
(b) Trade Payables	10	22,705,205	5,996,135
(c) Other Current Liabilities	11	16,829,190	14,445,970
(d) Short Term Provisions	12	249,337	208,640
		260,842,438	151,990,558
<b>TOTAL</b>		434,668,332	315,981,120
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(a) Tangible Assets	13	121,902,636	111,860,997
(b) Intangible Assets		-	-
(b) Non -Current Investment		-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long term loans & advances	14	1,917,729	1,569,381
(e) Other Non-Current Assets		-	-
		123,820,365	113,430,378
<b>2 Current assets</b>			
(a) Current Investment		-	-
(b) Inventories	15	203,958,658	65,883,576
(c) Trade Receivables	16	93,351,976	126,194,773
(d) Cash And Cash Equivalents	17	3,145,974	1,751,480
(e) Short Term Loans And Advances	18	9,641,177	8,387,258
(f) Other Current Assets	19	750,182	333,655
		310,847,967	202,550,742
<b>TOTAL</b>		434,668,332	315,981,120
Significant Accounting Policies	1-2		
Notes on Financial Statements	30		
As per our report of even date attached		For & on behalf of the Board	
For Avnish Sharma & Associates		MEGASTAR FOODS LIMITEE	
Chartered Accountants			
FRN - 009398N			
Dinesh Manchanda (M.No. 097591)		VIKAS GOEL	
Partner		MG. DIRECTOF	
Place : Chandigarh		DIN: 05122585	
Dated : 25.06.2018		VIKAS GUPTA	
		WHOLE TIME DIRECTOF	
		DIN: 05123386	



MEGASTAR FOODS LIMITED (FORMERLY MEGASTAR FOODS PRIVATE LIMITED)			
STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED OF 31ST MARCH, 2018			AMOUNT IN
PARTICULARS	Note No.	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Income:			
I Revenue from operations	20	1,029,405,957	976,859,141
II Other income	21	435,808	765,672
<b>III. Total Revenue</b>		<b>1,029,841,764</b>	<b>977,624,812</b>
IV. Expenses:			
Cost of materials consumed	22	839,573,686	758,151,349
Purchases of Stock-in Trade	23	68,500,576	99,971,224
Changes in inventories	24	(11,285,209)	820,128
Employee Benefits Expense	25	26,379,716	18,327,225
Financial Cost	26	26,634,126	23,345,171
Depreciation & Amortization Expense	27	8,659,372	7,174,741
Other Expenses	28	56,775,726	56,891,569
<b>Total Expenses</b>		<b>1,015,237,993</b>	<b>964,681,406</b>
<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>14,603,772</b>	<b>12,943,406</b>
Prior Period Expenses	29	-	106,615
<b>V. Profit Before tax</b>		<b>14,603,772</b>	<b>12,836,791</b>
VI Tax Expense:			
Current Tax		2,977,541	2,617,274
Deferred Tax Expense/(Income)		(428,058)	2,386,582
MAT Reverse		994,948	2,617,274
<b>VII Profit After Tax</b>		<b>13,049,237</b>	<b>10,450,209</b>
VIII Earnings Per Equity Share:			
(1) Basic		2.16	1.75
(2) Diluted		2.16	1.75
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		For & on behalf of the Board MEGASTAR FOODS LIMITED	
Dinesh Manchanda (M.No. 097591) Partner Place : Chandigarh Dated : 25.06.2018		VIKAS GOEL MG. DIRECTOR DIN: 05122585	
		VIKAS GUPTA WHOLE TIME DIRECTOR DIN: 05123386	





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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018**

PARTICULARS	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extra ordinary items	1,46,03,772	1,28,36,791
Add:-		
Adjustment for depreciation	86,59,372	71,74,741
Misc. expenses written off	-	-
Provision for gratuity	4,99,947	1,94,668
Loss on sale of car	-	-
Interest on Loans taken	2,66,34,126	2,33,45,171
Less:-		
Capital subsidy written off	-	-
Interest Income	1,29,274	3,99,834
Provision Reversed	-	-
	3,56,64,171	3,03,14,746
Operating profit before working capital changes	5,02,67,943	4,31,51,538
Current assets		
(Increase)/decrease in debtors	3,28,42,797	(1,84,72,108)
(Increase)/decrease in stock	(13,80,75,083)	(67,47,428)
(Increase)/decrease in advances	(12,53,919)	59,87,839
(Increase)/decrease in other current assets	(4,16,527)	(18,818)
Current liabilities		
Increase/(decrease) in creditors	1,90,68,068	28,91,528
Increase/(decrease) in expenses payable	2,51,935	4,88,407
	-3,73,14,786	2,72,80,959
Cash generated from operations	-3,73,14,786	2,72,80,959
Tax paid in cash	19,82,593	-
Previous year taxes/TDS adjustments	-	-
Interest on working capital loan	1,69,34,692	1,38,84,873
Net cash from operating activities	-5,62,32,070	1,33,96,086
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in shares	-	-
Investment in Advances	(3,48,348)	81,615
Fixed assets purchased	(1,87,01,010)	(1,21,89,667)
Fixed assets Sold	-	-
Pre-operative Expenses capitalised	-	-
Interest received	1,29,274	3,99,834
Net cash from investing activities	(1,89,20,084)	(1,17,08,218)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share Capital	-	-
Proceeds/(Repayment) of Secured loans	8,39,74,306	-3,49,63,255
Proceeds/(Repayment) of unsecured loans	22,71,778	2,63,47,289
Interest/charges paid on loans	(96,99,434)	(94,60,299)
Net cash from financing activities	7,65,46,649	-1,80,76,265
Net Change In Cash and Cash equivalent (A+B+C)	13,94,495	-1,63,88,397
<b>CASH &amp; CASH EQUIVALENT</b>		
Opening Balance	17,51,480	1,81,39,876
Cash & cash equivalent	13,94,495	-1,63,88,397
Closing balance	31,45,974	17,51,480



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  
Place : Chandigarh  
Dated : 25.06.2018

VIKAS GOEL  
MG. DIRECTOR  
DIN: 05122585

VIKAS GUPTA  
WHOLE TIME DIRECTOR  
DIN: 05123386



**MEGASTAR FOODS LIMITED**  
**(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)**  
**Significant Accounting Policies and Notes forming part of the Financial Statements**  
**Year Ending: 31-Mar-2018**

**1 COMPANY OVERVIEW**

Megastar Foods Limited is engaged in the business of Roller Flour Mills manufacturing Wheat Products. The company is converted into a limited company and changed the name to Megastar Foods Limited on 16th March 2018 from Megastar Foods Private Limited. 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) Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties, taxes and incidental expenses related to acquisition but net of duty credit availed. 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. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.

Work-in-progress and finished goods:

Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads.  
 Refraction 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.
- (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.



**MEGASTAR FOODS LIMITED**  
**(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)**  
**Significant Accounting Policies and Notes forming part of the Financial Statements**  
**Year Ending: 31-Mar-2018**

**1 COMPANY OVERVIEW**

Megastar Foods Limited is engaged in the business of Roller Flour Mills manufacturing Wheat Products. The company is converted into a limited company and changed the name to Megastar Foods Limited on 16th March 2018 from Megastar Foods Private Limited. 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

Type of Asset	Period
Building	60 years
Plant & Machinery	15 years
Lab Equipments	10 years
Furniture & Fixtures	10 years
Electrical Installations	10 years
Motorcycle	10 years
Car	8 years
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, 2018

**3 SHARE CAPITAL**

Particulars		AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
<b>3.1 Authorised Share Capital</b>			
a) 150,00,000 (Previous year 60,00,000) Equity Shares of 10/- Each		<b>150,000,000</b>	60,000,000
		<b>150,000,000</b>	60,000,000
<b>Issued, Subscribed &amp; Paid up :</b>			
a) 59,70,000 (Previous year 59,70,000) Equity Shares of 10/- Each fully paid		<b>59,700,000</b>	59,700,000
b) 12,53,700 (Previous year Nil) Equity Shares of 10/- Each issued as fully paid Bonus Shares		<b>12,537,000</b>	
<b>Total</b>		<b>72,237,000</b>	59,700,000

**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 share holding. 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.

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

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

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
	No. of shares	No. of shares
Numbers of Equity Shares at the beginning of the year	<b>5,970,000</b>	5,970,000
Add: Numbers of Equity shares issued during the year as bonus	<b>1,253,700</b>	-
Equity Shares at the end of the year <b>Total</b>	<b>7,223,700</b>	5,970,000

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

Name of the Share holders	AS AT 31ST MARCH, 2018		AS AT 31ST MARCH, 2017	
	No. of shares	% held	No. of shares	% held
Vikas Gupta	<b>2,103,900</b>	<b>29.12%</b>	1,910,000	31.99%
Vikas Goel	<b>2,492,660</b>	<b>34.51%</b>	2,210,050	37.02%
Pankaj Goyal	<b>1,121,054</b>	<b>15.52%</b>	1,183,350	19.82%
Roopkanta Arun Raj	<b>468,000</b>	<b>6.48%</b>	-	0.00%

**4 RESERVES & SURPLUS**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
(a) Statement of Profit & Loss		
As Per last Balance Sheet	<b>13,790,750</b>	3,340,541
Less Utilised During the year for issuing fully paid Bonus Shares	<b>12,537,000</b>	-
Add: Profit/(Loss) for the year	<b>13,049,237</b>	10,450,209
	<b>14,302,987</b>	13,790,750
(b) Other Reserve Sh Ganesh Ji Maharaj	<b>2,100</b>	2,100
<b>Total</b>	<b>14,305,087</b>	13,792,850

**5 LONG TERM BORROWINGS**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
<b>Secured</b>		
(a) Term loans from Banks	<b>15,086,884</b>	22,408,884
Less: Current maturities	<b>7,322,000</b>	7,322,000
	<b>7,764,884</b>	15,086,884
(b) Term loans From Others	-	784,583
Less: Current Maturities	-	784,583
	-	-
(c) Vehicle loans From Banks	<b>5,807,842</b>	2,146,589
Less: Current Maturities	<b>1,858,545</b>	793,999
	<b>3,949,297</b>	1,352,590
(d) Vehicle loans From Others	<b>2,771,567</b>	4,070,825
Less: Current Maturities	<b>1,410,274</b>	1,299,258
	<b>1,361,293</b>	2,771,567
	<b>13,075,474</b>	<b>19,211,041</b>
<b>Unsecured</b>		
(e) Loans and advances from related parties: From Directors & relatives	<b>18,402,703</b>	31,354,624
(f) Loan and advances from others	-	1,500,000
(g) Loans From Hdfc Bank	<b>46,279,331</b>	-
Less: Current Maturities	<b>2,932,317</b>	-
	<b>43,347,015</b>	-
(h) Loan From Capital First Ltd.	-	29,555,633
Less: Current Maturities	-	1,152,968
	-	28,402,665
	<b>61,749,718</b>	<b>61,257,289</b>
<b>Total</b>	<b>74,825,191</b>	80,468,329

1. (a) Term loans from banks is secured by first charge on plant & machinery, other movable fixed assets and extension of equitable mortgage on all immovable fixed assets and second charge on current assets of the business. These loans are further secured by personal guarantee of the directors.

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

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

S.No.	Name of Lender	Rate of Interest	Repayment Periodicity	No. of Installments Outstanding	EMI
1	Union Bank of India-171	9.00%	Quarterly	10	1300000
2	Union Bank of India-174	9.75%	Monthly	35	15500
3	Union Bank of India-175	9.75%	Monthly	35	32167
4	Union Bank of India-177	9.00%	Monthly	18	129167
5	HDFC Truck Loan	9.40%	Monthly	25	67171
6	HDFC Truck Loan (6648)	8.01%	Monthly	44	61044
7	HDFC Truck Loan (1839)	7.90%	Monthly	46	60850
8	Toyota Financial Services India 1259	8.29%	Monthly	27	78680
9	Toyota Financial Services India 3344	9.00%	Monthly	24	54060
10	HDFC LAP 3899	8.50%	Monthly	141	194260
11	HDFC LAP 8745	8.50%	Monthly	118	363979

**6 DEFERRED TAX LIABILITIES**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
Deferred Tax Liabilities on account of : Difference between book value of depreciable assets and WDV for tax purposes	<b>9,217,950</b>	9,571,286
Deferred Tax Assets on account of : Provisions for Employees Benefits	<b>139,085</b>	64,363
<b>Deferred Tax Liabilities (Net)</b>	<b>9,078,865</b>	9,506,923

**7 OTHER LONG TERM LIABILITIES**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
(a) Creditors for Capital Assets	<b>2,504,300</b>	145,302
<b>Total</b>	<b>2,504,300</b>	145,302

**8 LONG TERM PROVISIONS**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
Provision for Employee Benefits (a) Gratuity	<b>875,451</b>	377,158
<b>Total</b>	<b>875,451</b>	377,158

**9 SHORT TERM BORROWINGS**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
<b>Secured</b>		
(a) Loans repayable on demand From Banks		
- UBI Cash credit A/c	<b>221,058,706</b>	108,583,512
- UBI PCFC (Pre shipment) A/c	-	14,566,248
- UBI PCFC (Post shipment) A/c	-	8,190,052
<b>Total</b>	<b>221,058,706</b>	131,339,812

Working Capital facilities are secured by Hypothecation of Stock, debtors & Other current assets of company and second charge on block fixed assets as guaranteed by the directors of company.

**10 TRADE PAYABLES\***

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
(a) Trade Creditors- Raw Material	<b>20,640,434</b>	3,994,231
(b) Services & others	<b>2,064,771</b>	2,001,904
<b>Total</b>	<b>22,705,205</b>	5,996,135

\*The company has not received any information from its suppliers being registered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, the information required to be given in accordance with Section 22 of the Act, is not ascertainable, hence not disclosed.



**11 OTHER CURRENT LIABILITIES**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
(a) Current maturities of long-term debt		
From Banks	12,112,862	8,115,999
From Others	1,410,274	3,236,809
(b) Statutory dues	700,102	571,814
(c) Other payables	2,605,952	2,521,348
<b>Total</b>	<b>16,829,190</b>	<b>14,445,970</b>

**12 SHORT TERM PROVISIONS**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
(a) Provision for employee benefit	1,654	-
(b) Provision for Income Tax (Net)	247,683	208,640
<b>Total</b>	<b>249,337</b>	<b>208,640</b>

**14 LONG TERM LOANS & ADVANCES**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
<b>Unsecured (Considered Good)</b>		
(a) Security deposits	1,917,729	1,569,381
<b>Total</b>	<b>1,917,729</b>	<b>1,569,381</b>

**15 INVENTORIES**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
(a) Raw materials	161,348,552	53,639,494
(b) Finished goods	17,174,779	5,889,570
(c) Consumable Stores	2,937,800	946,300
(d) Others - Packing Material	10,291,991	5,408,211
(e) Stock in Transit	12,205,536	-
<b>Total</b>	<b>203,958,658</b>	<b>65,883,576</b>

**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 31st March 2018 but billed prior to that.



**MEGASTAR FOODS LIMITED**  
**FIXED ASSETS SCHEDULE FOR THE YEAR ENDED 31.03.2018**

NOTE NO -13

TANGIBLE ASSETS											
PARTICULARS	RATE	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS ON 01.04.2017	ADDITION	SALE/ ADJUST.	AS ON 31.03.2018	UPTO THE END OF PREVIOUS YR.	FOR THE YEAR	WRITTEN BACK	TOTAL	AS ON 31.03.2018	As on 31.03.2017
Land	1.58%	5,388,150	1,082,840	-	6,470,990	-	-	-	-	6,470,990	5,388,150
Building		28,424,153	434,109	-	28,858,262	1,632,522	450,844	-	2,083,366	26,774,895	26,791,631
Capital WIP (Building)		-	1,375,963	-	1,375,963	-	-	-	-	1,375,963	-
Car	11.88%	7,462,581	226,656	-	7,689,237	237,947	911,051	-	1,148,998	6,540,239	7,224,634
Motor Cycle	9.50%	48,885	-	-	48,885	4,277	4,643	-	8,920	39,965	44,608
Electrical Installation	9.50%	2,196,288	74,740	-	2,271,028	414,945	213,517	-	628,462	1,642,566	1,781,343
Plant & Machinery	6.33%	71,103,847	5,607,921	-	76,711,768	13,278,470	4,698,272	-	17,976,742	58,735,026	57,825,377
Capital WIP (P & M)		-	1,471,203	-	1,471,203	-	-	-	-	1,471,203	-
Laboratory Equipments	9.50%	654,784	45,594	-	700,378	190,985	66,952	-	257,937	442,441	463,799
Office Equipments	19.00%	216,446	168,155	-	384,601	98,691	54,230	-	152,920	231,681	117,755
Computer	31.67%	472,920	289,379	-	762,299	246,240	153,566	-	399,806	362,493	226,680
Furniture & Fixture	9.50%	522,847	47,949	-	570,796	154,700	53,948	-	208,648	362,148	368,147
Truck	11.88%	15,387,048	7,876,501	-	23,263,549	3,758,176	2,052,349	-	5,810,525	17,453,024	11,628,872
		131,877,949	18,701,010	-	150,578,959	20,016,952	8,659,372	-	28,676,323	121,902,636	111,860,997
Previous Year Figures		119,688,282	12,189,667	-	131,877,945	12,842,210	7,174,741	-	20,016,952	111,860,997	106,846,072

**16 TRADE RECEIVABLES**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
(a) <b>Considered Good (Unsecured)</b>		
Outstanding for more than 6 months	5,862,049	-
Outstanding for less than 6 months	87,489,927	126,194,773
<b>Total</b>	<b>93,351,976</b>	<b>126,194,773</b>

The trade receivables exceeding six months includes outstanding amount of 15,96,369/- due from certain parties for period of more than 6 months, 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, 2018	AS AT 31ST MARCH, 2017
(a) <b>Balances with banks</b>		
(i) In Current Accounts		
- Union Bank of India	415,395	78,845
- PNB	-	567,230
- Axis Bank	-	1,553
(ii) In Deposit Account		
- UBI FDR (166795)	380,883	-
- UBI FDR (66166)	42,694	40,094
- UBI FDR (166632)	231,667	
(b) Cash in hand & imprest	2,075,335	1,063,759
<b>Total</b>	<b>3,145,974</b>	<b>1,751,480</b>

**18 SHORT TERM LOANS & ADVANCES**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
<b>Unsecured (Considered Good)</b>		
(a) Advances recoverable in cash or in kind	4,030,277	3,776,039
(b) Balances with Revenue authorities	5,610,900	4,611,219
<b>Total</b>	<b>9,641,177</b>	<b>8,387,258</b>

**19 OTHER CURRENT ASSETS**

Particulars	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
<b>Unsecured (Considered Good)</b>		
(a) Prepaid Expenses	750,182	333,655
<b>Total</b>	<b>750,182</b>	<b>333,655</b>

NOTES ANNEXED TO AND FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

**20 REVENUE FROM OPERATIONS**

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Domestic Sales	1,029,405,957	947,406,982
Export Sales	-	29,452,158
<b>Total</b>	<b>1,029,405,957</b>	<b>976,859,141</b>

**21 OTHER INCOME**

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Interest	129,274	399,834
Exchange Rate Difference	306,534	75,276
Duty Drawback	-	290,562
<b>Total</b>	<b>435,808</b>	<b>765,672</b>

**22 COST OF MATERIAL CONSUMED**

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Opening Stock		
Raw Material of Wheat	53,639,494	44,394,913
Packing Material	5,408,211	6,895,137
Add : Purchases		
- Wheat	906,870,265	733,574,733
- Packing Material	20,763,474	14,986,282
Add: Freight inward	20,456,558	15,105,641
Packing Charges	4,076,227	2,242,349
	<b>1,011,214,229</b>	<b>817,199,054</b>
Less Closing Stock		
Raw Material of Wheat	161,348,552	53,639,494
Packing Material	10,291,991	5,408,211
<b>Total</b>	<b>839,573,686</b>	<b>758,151,349</b>

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

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Purchases of Goods	68,500,576	99,971,224
<b>Total</b>	<b>68,500,576</b>	<b>99,971,224</b>

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

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Opening Balance	5,889,570	6,709,698
Less:- Closing Balance	17,174,779	5,889,570
<b>Net Increase/ Decrease in Goods</b>	<b>(11,285,209)</b>	<b>820,128</b>

**25 EMPLOYEE BENEFITS EXPENSES**

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Directors' Remuneration	2,901,000	1,680,000
Salaries	4,259,931	1,590,323
Wages	8,465,907	7,753,731
Labour Charges	8,592,788	5,748,780
Staff Welfare Expenses	412,403	737,179
Provident Fund including welfare fund	380,411	225,334
Security Service	867,329	397,210
Gratuity	499,947	194,668
<b>Total</b>	<b>26,379,716</b>	<b>18,327,225</b>

**26 FINANCIAL COST**

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Bank Charges	1,491,432	1,416,408
Interest on Term Loan	1,605,034	4,523,949
Bank Interest CC	16,934,692	13,884,873
Interest on Vehicle Loan	764,281	520,688
Interest Others	5,838,688	2,999,254
<b>Total</b>	<b>26,634,126</b>	<b>23,345,171</b>

**27 DEPRECIATION & AMORTISATION**

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Depreciation	8,659,372	7,174,741
<b>Total</b>	<b>8,659,372</b>	<b>7,174,741</b>

**28 OTHER EXPENSES**

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
<b>Manufacturing</b>		
<u>Consumable Stores</u>		
Opening Balance	946,300	1,136,400
Purchases	4,652,215	2,154,871
Closing Balance	2,937,800	946,300
Consumed	2,660,715	2,344,971
Electricity & Water Charges	20,994,713	18,808,197
Genset Running & Maintenance	24,566	20,103
Insurance Building	36,178	14,011
Insurance Plant & Mach.	121,406	159,460
Insurance Stock	268,320	77,392
Lab Testing Expenses	243,075	161,699
Pest Control	351,638	305,254
Repair & Maintenance Expenses	49,913	1,085,031
Repairs Plant & Machinery	250,534	618,080
Warehouse Rent	747,000	44,000
	23,087,343	21,293,227
	25,748,058	23,638,198
<b>Administrative Expenses</b>		
Audit Fees	180,000	69,575
Auditor's Expenses	2,865	-
Donation	139,100	130,901
Fire Extinguishers refilling	27,385	27,935
Garbage Collection Charges	48,500	47,800
Interest on Taxes	51,412	39,135
Legal & Professional Expenses	820,083	644,175
Membership & Subscription	18,153	-
Newspaper & Periodicals	4,090	4,710
Office Expenses	33,595	7,536
Office Rent	60,000	60,000
Postage & Courier	60,552	21,846
Printing & Stationery	171,144	97,934
Rate, Fees & Taxes	953,868	213,595
Repair & Maintenance	114,414	-
Telephone Expenses	319,413	354,579



Travelling & Conveyance		
- Directors	915,107	98,112
- Staff & Others	571,730	247,500
Vehicle Running & Maintenance	168,669	343,712
	<b>4,660,081</b>	<b>2,409,045</b>
<b><u>Selling &amp; Distribution Expenses</u></b>		
Advertisement & Publicity	31,774	24,755
Business Promotion	685,067	191,286
Commission & Brokerage	1,287,145	2,387,806
Insurance	200,848	320,005
Freight Outward	5,109,341	11,298,743
GST Paid	1,325,399	-
Rebate & Discount	4,901,242	6,223,344
Truck Running & Maintenance	12,827,044	10,397,874
Round off	(274)	513
	<b>26,367,587</b>	<b>30,844,326</b>
<b>Total</b>	<b>56,775,726</b>	<b>56,891,569</b>

**29 PRIOR PERIOD ITEMS**

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Electricity and water expenses	-	1,06,615
	-	1,06,615



MEGASTAR FOODS LIMITED  
(FORMERLY MEGASTAR FOODS PRIVATE LIMITED)

## 30 NOTES TO ACCOUNTS

## a) 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, Director
Relatives of KMPs	Mr. Satpal Gupta, Mrs. Bimla Devi, Mr. Madan Lal Aggarwal, Mrs. Indira Rani, Ms. Shivani Gupta, Ms. Savita Goyal, Mr. Pankaj Goyal, Mr. Pankaj Gupta, Mr. Amit Goel, Ms. Anuradha Aggarwal,
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)

Name	Nature of Transaction	Amount (₹)
Vikas Goel	Loan received	415000
	Loan Repaid	2935000
	Interest Paid	173142
	Salary Paid	1500000
	Bonus Shares Issued	4326100
Vikas Gupta	Loan Taken	5800000
	Loan Repaid	12990000
	Interest Paid	1984704
	Salary Paid	1200000
	Bonus Shares Issued	4011000
Mudit Goyal	Bonus Shares Issued	315000
Satpal Gupta	Bonus Shares Issued	525000
Shivani Gupta	Bonus Shares Issued	454860
Madan Lal Aggarwal	Bonus Shares Issued	420000
Pankaj Goel	Advance repaid	100000
	Bonus Shares Issued	2485040
Ganesh Flour Mills	Purchases	388125
	Advance repaid	13821034
	Advance given	9105000
Director's Travelling	Travelling Expenses	915107

## b) Earning Per Share

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

	Current Year	Previous Year
Net Profit available to shareholders as per accounts (₹)	13049237	10450209
Weighted average number of shares	7223700	5970000
Earning per share- Basic and diluted (₹)	2.16	1.75
Face value per equity share (₹)	10.00	10.00

## c) Auditor's Remuneration

	Current Year	Previous Year
Audit of financial statements & tax audit	180,000	69,575
Certification	5,900	-



## d) Deferred Tax Calculation

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

WDV as per Companies Act (A)	121902636
WDV as per Income Tax Act (B)	88768378
Timing Difference (A-B)	33134257
Timing Difference For Gratuity	499947
Timing Difference	32634310
Closing Deferred Tax Liability	9078865
Opening Deferred Tax Liability	9506923
Deferred Tax Expense ( Income)	(428058)

## e) Contingent liabilities and commitments

A.Contingent liabilities not provided for in respect of	Current Year	Previous Year
i) Bank Guarantee outstanding.	2560000	217140
ii) Claim against the Company not acknowledged as debts	NIL	NIL
iii) Unexpired letter of credit	NIL	NIL
B. Capital commitments (Net of advance paid)	8283177	NIL

## f) Information on Transactions in Foreign Exchange

Value of Imports Calculated on C.I.F Basis	NIL	NIL
Foreign currency expenditure	NIL	NIL
Foreign currency income	14769802	29155236

## g) Consumption of Raw Materials and Stores etc.

Raw Material Consumed:

- Imported	NIL	NIL
- Indigenous	839573686	758151349

Spare Parts and Components Consumed:

- Imported	NIL	NIL
- Indigenous	2660715	2344971

## h) Employee Benefits

Disclosures as per AS-15 (Revised) 'Employee Benefits' for year ended March 31, 2018:-

## I Defined Contribution Plan:

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

	Current Year	Previous Year
Employers Contribution to Provident Fund	380411	225334

## II Defined Benefit Plan:

Company has charged following amount for Gratuity provision in profit & loss account as per actuarial valuation

	Current Year	Previous Year
Provision for Gratuity	499947	194668

## i) 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.

## j) 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 ` 60,000/- (Previous year ` 60,000/-)





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

Particulars	Current Year	Previous Year
Up to 1 year	60000	60000
More than 1 Year	200000	260000

Borrowing cost capitalised during the year ₹ 22,425/- (PY NIL).

- k) There was no employee during the previous year who was in receipt of remuneration in aggregate to ₹1,02,00,000/- or more
- l) per annum if employed throughout the period or ₹ 8,50,000/- per month if employed for part of the period.
- m) Goods in transit dispatched in March 2018 by supplier ₹ 12.06 lacs are accounted for as purchases at the time of receipt of goods in factory premises only and till then are accounted for as stock in transit.
- n) Inventories, Purchases and Sales figures in Financial statements are inclusive of Sales tax/Vat/GST and net of sales returns. The reconciliation of sales and purchases as compared to Vat /GST returns to make on inclusive method as per ICDS of accounting are

Particulars	SALES	PURCHASES	EXPENSES & CASH
Amount exclusive of GST & VAT	1027987716	1020574258	0
VAT/CST	12848	12848	0
GST	1405393	79994	1325399
<b>Total Amount</b>	<b>1029405957</b>	<b>1020667100</b>	<b>1325399</b>

- p) About 15% balances as at 31st March 2018 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.
- q) Max. balance due towards directors at any time during the year is ₹ 2,51,20,641/-Cr. (PY- ₹ 3,02,67,834/-Cr.)
- r) The financial statement for the year has been prepared by Rounding off to Rs. in compliance with Schedule III of the Companies Act, 2013.
- s) The company was converted in to a limited company and changed the name to Megastar Foods Limited on 16th March 2018.
- t) 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.
- u) 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**  
**Place : Chandigarh**  
**Dated : 25.06.2018**

**VIKAS GOEL**  
**MG. DIRECTOR**  
**DIN: 05122585**

**VIKAS GUPTA**  
**WHOLE TIME DIRECTOR**  
**DIN: 05123386**

## **MEGASTAR FOODS LTD.**

Registered Office : Plot No. 807 Industrial Area Phase-2, Chandigarh-160 002  
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