

# 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



Date: 4<sup>th</sup> September, 2023.

<b>The General Manager</b> <b>Department of Corporate Services</b> <b>BSE Limited</b> <b>Floor 25, Phiroze Jeejeebhoy Towers</b> <b>Dalal Street, Mumbai – 400 001</b>	<b>National Stock Exchange of India Limited</b> <b>“Exchange Plaza”, C-1, Block-G</b> <b>Bandra-Kurla Complex</b> <b>Bandra (E), Mumbai-400051</b>
<b>Scrip Code: 541352</b>	<b>Symbol: MEGASTAR</b> <b>Series: Eq.</b>

**Sub: Annual Report for Financial Year 2022-23.**

Pursuant to the provisions of regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the Annual Report for FY 2022-23 of the company including the Notice of Company's 12<sup>th</sup> Annual General Meeting (AGM), which is also being sent through electronic mode to the members. The 12<sup>th</sup> AGM of the company will be held on Wednesday, the 27<sup>th</sup> day of September, 2023 at 11.00 a.m. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

The above said Annual report is also available on the website of the company [www.megastarfoods.com](http://www.megastarfoods.com).

You are requested to kindly take this on record.

Yours Sincerely,

For **MEGASTAR FOODS LIMITED**

**Vikas Goel**

Digitally signed by  
Vikas Goel  
Date: 2023.09.04  
13:45:12 +05'30'

**Vikas Goel**  
**Managing Director**  
**DIN: 05122585**

Encl: As above.

2023



# MEGASTAR FOODS LIMITED

## ANNUAL REPORT 2022-23



INGRAINING A HEALTHY FUTURE



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## INGRAINING A HEALTHY FUTURE

Standing at today's critical times, the basic thought on everyone's mind is 'a healthy and safe future'.

A healthy nation is a happy one. A healthy nation means sustained economic growth and more opportunities for people. We believe that the health of our Company is intrinsically linked to the health and resilience of the people we deal with, the society we operate in and the mother nature. Keeping this in mind, we are geared up to be one of the brands in India that makes 'Healthier Future' a reality! We intend to do so by ingraining the health quotient in the staple diet of more than half of the world's population. From being a player in a niche agri-product category, we are now expanding our reach and capabilities to touch more consumers with our health and nutrition rich wheat-based product basket. We aim to be a vital player in the health industry, while making significant positive difference to the lives and economy of our country's backbone – the farming community!

It's often the simple things that leave the biggest mark. With our intent of delivering nutrition to our customers, we look forward to transforming the world as we know it! We look forward to ingraining a Healthy Future in every aspect of our business.







## **CORPORATE INFORMATION:-**

### **BOARD OF DIRECTORS**

Chairman & Managing Director	Mr. Vikas Goel
Whole Time Directors	Mr. Vikas Gupta Mr. Mudit Goyal
Independent Non- Executive Directors	Mr. Prabhat Kumar Mr. Amit Mittal (ceased w.e.f. 03.04.2023) Ms. Savita Bansal Mr. Rajiv Kathuria
Chief Financial Officer	Ms. Manisha Gupta
Company Secretary & Compliance Officer	Mr. Dhiraj Kheriwal (ceased w.e.f. 30.06.2023)

### **STATUTORY AUDITORS**

**M/s Avnish Sharma & Associates**  
Chartered Accountants  
#49, Sushila Villa, Sector -7, Panchkula, Haryana - 134109

### **REGISTRAR & SHARE TRANSFER AGENT**

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

### **SECRETARIAL AUDITORS**

**CS. Kanwaljit Singh Thanewal**  
S.C.O. 64-65, 1<sup>st</sup> Floor Sector 17-A, Madhya Marg,  
Chandigarh -160017

### **REGISTERED OFFICE**

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

### **INTERNAL AUDITORS**

**M/s Tarun K Sharma & Associates,**  
Chartered Accountant

### **BANKERS**

HDFC BANK  
CITI BANK

### **WORKS**

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





## **ABOUT MEGASTAR FOODS LIMITED**

### **WHO WE ARE**

- Incorporated on 28<sup>th</sup> November, 2011 and started its operations in the year 31<sup>st</sup> October, 2013 and listed on the SME platform of BSE Limited on 24<sup>th</sup> May, 2018 and Migration of Equity Shares of the Company from SME Platform of BSE Limited to Main Board of BSE Limited as well as on Main Board of National Stock Exchange of India Limited with effect from 16 February 2022. MEGASTAR FOODS LIMITED employs the best food processing technologies from around the world to manufacture & supply highly nutritious wheat flour to manufacturing industries throughout the globe.
- It is the most modern wheat processing plant in Northern India with a capacity of 100,000 MT annually. We ensure the highest standards of food safety & hygiene at all the levels of processing by means of constant testing and experimenting by our team of specialized experts.
  - The only plant in PUNJAB equipped with latest Buhler machinery.
- Here, in Megastar, we strictly follow the Good Manufacturing Practices (GMP), Good Laboratory Practices (GLP) to ensure the high standards of quality & hygiene.



## OUR VISION

- \*Quality, Safety and Compliance of Products.
- \*Develop technical competency within team and sustain certifications.
- \*Develop Sustainable Manufacturing/ Supply model.
- \*To be a part of the growing market.
- \*To use renewable source of energy by installing 'Electrical Solar Panel' as an electricity supplying source for our unit.
- \*To be a part of retail market with our own brand.
- \*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.



## OUR AIM

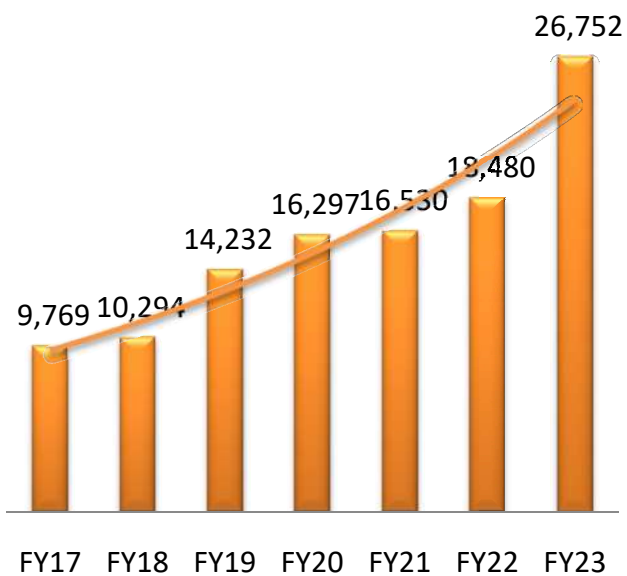
- \* Our aim is to grow relationships with our customers that we can serve successfully by providing them a point of difference, adding value and ultimately, providing profitable growth for both parties. Our customers are supported by a highly skilled, enthusiastic, can-do culture team throughout the whole business.
- \*To contribute to local community through CSR initiatives.



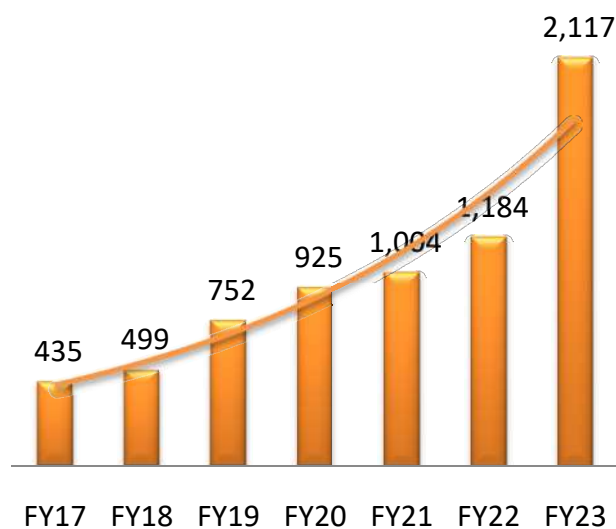
## HOW WE ENHANCED VALUE

How Megastar Foods Limited profited from sustained business growth  
in Lakhs

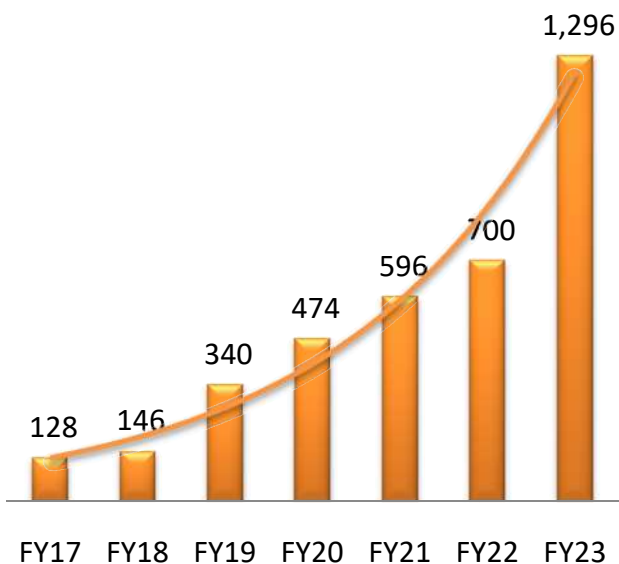
### Revenue from Operation



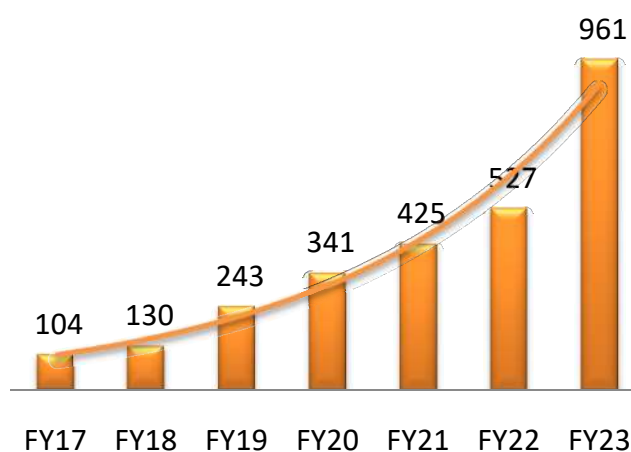
### EBITDA



### PBT



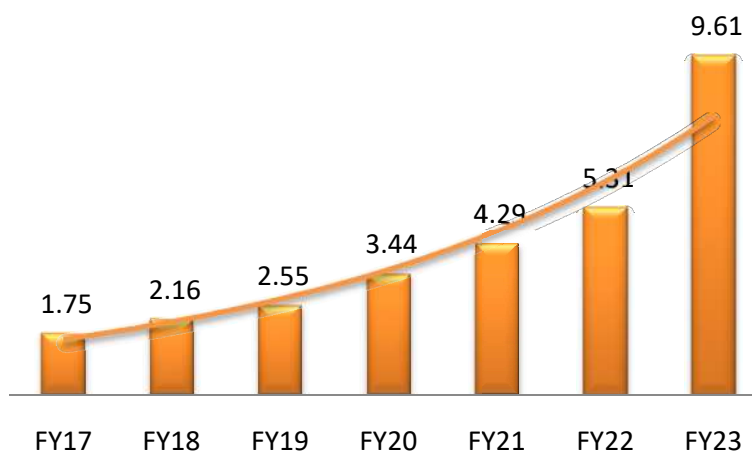
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## Brief Profile of Board of Directors



**Mr. Vikas Goel**  
**Chairman & Managing Director**  
**DIN:- 05122585**

Mr. Vikas Goel aged 51 years, has been in this industry for more than 30 years. With his hands-on approach, Mr. Goel has directly overseen the operations of Megastar since its very inception.

He is playing a vital role in formulating business strategies and effective implementation of the same. He is responsible for the expansion and overall management of the business of our Company.

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**Mr. Vikas Gupta**  
**Whole Time Director**  
**DIN:-05123386**

Mr. Vikas Gupta aged 47 years, has more than 20 years of experience in this industry.

He holds a degree of Bachelor of Commerce and Inter passed certificate from ICAI. He currently heads production, HR and administration, as well as participates in business development.

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**Mr. Mudit Goyal**  
**Whole Time Director**  
**DIN:-08099543**

Mr. Mudit Goyal aged 30 years, is the Whole Time Director of the Company. He holds a degree of Master of Business Administration (MBA) from AMITY GLOBAL.

He has joined the company recently in 2018 and looks after the marketing operations of the company.

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**Mr. Rajiv Kathuria**  
**Non-Executive Independent Director**  
**DIN:- 10060062**

Mr. Rajiv Kathuria aged 60 years, is the Non- Executive Independent Director. He is a fellow member of the Institute of Chartered Accountants of India since February 1993. He has a post qualification experience s a CA for over 34 years, with expertise in the field of Commercial Treasure Management, Finance, Accounts, Audit, Taxation, and other regulatory compliances.

He has joined the Company in 2023 and he has constructive approach towards corporate governance and act as guidance to the Board on the Policy matters as well.

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**Mr. Prabhat Kumar**  
**Non-Executive Independent Director**  
**DIN:-08099531**

Mr. Prabhat Kumar aged 66 years, is the Non- Executive Independent Director. He has joined the Company in 2018. He is currently serving his second term of 5 years as an Independent Director of the company.

He has vast experience of Indian food sector as he is retired in the capacity of Asstt. General Manager of Food Corporation Of India.

He possess considerable knowledge in the field of quality of food grain and procurement, scientific preservation and distribution of wheat & rice.

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**Ms. Savita Bansal**  
**Non-Executive Independent Director**  
**DIN:- 08099629**

Ms. Savita Bansal aged 47 years, is the Non- Executive Independent Director. She has joined the Company in 2018. She holds a degree of Bachelor of Arts. She is currently serving her second term of 5 years as an Independent Director of the company.

She has constructive approach towards corporate governance and act as guidance to the Board on the Policy matters as well.

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## OUR ESTABLISHED CLIENTELE







## Chairman and Managing Director's Message



**“We are laying a strong foundation by spearheading initiatives to achieve a prosperous future, inspired by the wisdom of our forefathers.”**

Dear Shareholders,

It gives me immense pleasure to present to you our advancements for the year 2022-23. Despite several pressures on our operations during the year, we were able to register impressive growth at the end of the fiscal. Our strong performance has been a result of our strategic productions, strong operational efficiencies, continued focus on customer-centricity and needless to mention, the collaborative efforts of our team members.

As I begin discussing in finer details our performance for the financial year 2022-23, it is imperative to first address the operating environment which has thrown a number of challenges at businesses all around the world in the shape of pandemic waves, geopolitical conflicts and the supply chain issues as well as inflationary pressures that continue to create pricing pressures.

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

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

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

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

Sd/-  
**Vikas Goel**  
**Chairman & Managing Director**

## NOTICE OF 12<sup>th</sup> ANNUAL GENERAL MEETING





## **NOTICE OF 12<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting (A.G.M.) of the Members of Megastar Foods Limited will be held on Wednesday, 27<sup>th</sup> September 2023 at 11.00 a.m. (IST) through Video Conferencing (VC) or Other Audio Visual Means (OAVM), and the deemed venue for the AGM is Registered Office: Plot No. 807, Industrial Area, Phase-II, Chandigarh- 160002 to transact the following business:-

### **ORDINARY BUSINESS:-**

1. To consider, approve and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2023 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vikas Goel (DIN: 05122585) who retires by rotation and being eligible, offers himself for re-appointment as a Director.
3. To appoint Statutory Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force] and pursuant to the recommendation of the Audit Committee and the Board of Directors of the Company, M/s. Nitin Mahajan & Associates, Chartered Accountants (ICAI Firm Registration No. 019837N) be appointed as Statutory Auditors of the Company to hold office for 5 (five) consecutive years from the conclusion of this 12<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 17<sup>th</sup> Annual General Meeting to be held in the year 2028, at a remuneration to be determined by the Board of Directors of the Company from time to time in addition to out of pocket expenses as may be incurred by them during the course of the Audit.

**FURTHER RESOLVED THAT** approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard."

**Date:** 12.08.2023  
**Place:** Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**Sd/-**  
**VIKAS GOEL**  
Managing Director  
DIN: 05122585  
Add.: Plot No. 807, Industrial Area Phase-2,  
Chandigarh -160002



## NOTES:-

1. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item No. 3 of the accompanying Notice is annexed hereto.
2. The Ministry of Corporate Affairs ("MCA") vide its General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020, 02/2021 dated 13th January, 2021, 21/2021 dated 14th December, 2021 and 2/2022 dated 5th May, 2022 (collectively referred to as "MCA Circulars") read with Securities and Exchange Board of India ("SEBI") circular nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, SEBI/HO/CFD/CMD2/CIR/ P/2021/11 dated 15th January, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 (collectively referred to as "SEBI Circulars"), permitted the companies for holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM. The procedure for participating in the meeting through VC / OAVM is explained in the notes hereunder.

As the AGM is being held pursuant to the MCA and SEBI Circulars for General Meetings through VC / OAVM, the facility to appoint proxy will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map for venue of AGM are not annexed to this Notice. However, a Body Corporate is entitled to appoint authorised representative to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

3. Institutional / Corporate Members (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy (PDF / JPEG format) of its Board or governing body Resolution / Authorization etc. authorizing the representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to Mr. Ajay K. Arora, the Scrutinizer appointed by the Company, by e-mail on his registered e-mail address [ajaykcs@gmail.com](mailto:ajaykcs@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  4. The information of the Director seeking re-appointment at the ensuing AGM is provided at **Annexure-A** to this Notice as prescribed under regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.
  5. In compliance with the MCA and SEBI Circulars for General Meetings, Notice of the AGM of the Company, inter alia, indicating the process and manner of e-voting and the Annual Report 2022-23 are being sent only through electronic mode to those Members whose e-mail address are registered with the Company / DP.
  6. As per regulation 40 of the Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised mode, except for transmission or transposition or re-lodged for transfer of securities. Further, SEBI vide its circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical mode are requested to consider to dematerialise their holdings at the earliest, as it will not be possible to transfer shares held in a physical mode. Members can contact the Company or RTA for assistance in this regard.
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**7. Issue of shares in demat mode only:-**

SEBI vide its notification dated January 24, 2022 amended certain provisions of the Listing Regulations inter alia pertaining to issue of shares in demat mode only. Further SEBI vide its circular No. SEBI/HO/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 issued operational guidelines for dematerialization of securities received for processing investor's service request.

8. The Company has engaged the service of Central Depository Services (India) Limited, for assisting the Members for casting of votes by remote e-voting as well as the e-voting system on the date of the AGM and VC facility shall also be provided by CDSL.

**9. Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communications electronically including Annual Report, Notices, Circulars, etc. from the Company.**

Members may also note that the Notice of the AGM and the Annual Report 2022-23 are uploaded and available on the website of the Company, the Stock Exchanges and CDSL at [www.megastarfoods.com](http://www.megastarfoods.com), and [www.evotingindia.com](http://www.evotingindia.com) respectively. The copies of the documents will also be available for electronic inspection during normal business hours on working days, from the date of circulation of this Notice up to the date of AGM. For any communication, the members may also send requests to the Company's investor e-mail id at [cs@megastarfoods.com](mailto:cs@megastarfoods.com).

**10. Inspection of Documents:-** The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send an email to [cs@megastarfoods.com](mailto:cs@megastarfoods.com).

**11. E-Voting (voting through electronic means):**

- I. The businesses as set out in the Notice shall be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, Standard 2 of the Secretarial Standard on General Meetings and in compliance with regulation 44 of the Listing Regulations and pursuant to the MCA and SEBI Circulars for General Meetings, the Company is pleased to offer the facility of voting through electronic means, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with CDSL to facilitate the members to cast their votes from a place other than venue of the AGM (“**remote e-voting**”). The facility for voting shall be made available at the AGM through electronic voting and the members attending the meeting who have not cast their vote by remote-voting shall be able to exercise their right during the AGM. The facility of casting votes by a member using remote e-voting as well as e-voting at the meeting on the date of the AGM will be provided by CDSL.

In terms of provisions of section 107 of the Act, as the Company is providing the facility of remote e-voting to the members, there shall be no voting by show of hands at the AGM.



- II. In view of the continued Covid-19 pandemic, social distancing is still a norm to be followed and pursuant to the MCA and SEBI Circulars for General Meetings, physical attendance of the members at the AGM venue is not required and AGM can be held through VC / OAVM. Accordingly, members can attend and participate in the ensuing AGM through VC / OAVM.
- III. The Members can join the AGM through VC / OAVM mode 15 minutes before the scheduled time for AGM and within 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first served basis. This will not include large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee and the Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- IV. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act.
- V. A person whose name is recorded in the Register of Members and in the List of Beneficial Owners maintained by the depositories as on Wednesday, 20<sup>th</sup> September 2023 (“**cut-off date**”) shall be entitled to avail the facility of remote e-voting or voting at the time of AGM. Persons who are not members as on the cut-off date should treat this notice for information purpose only.
- The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again.
- The members whose names appear in the Register of Members and List of Beneficial Owners as on cut-off date are entitled to vote on Resolutions set forth in the Notice of AGM. Eligible members who have acquired shares after sending the Notice electronically and holding shares as on the cut-off date may approach the Company for seeking assistance for issuance of the User id and Password for exercising their right to vote by electronic means.
- VI. **Process for those members whose e-mail ids, mobile nos. are not registered with the Depositories:**
- i. Members holding shares in physical mode-please provide the necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card) by e-mail to **Company/RTA**.
  - ii. Members holding shares in demat mode-please update your e-mail id and mobile number with your respective DP.
  - iii. Individual members holding shares in demat mode-please update your e-mail id and mobile number with your respective DP which is mandatory for e-voting and joining the AGM through VC / OAVM through Depository.
- VII. **Instructions for members for remote e-voting, e-voting during AGM and joining the AGM through VC/OAVM are as under:**
- i. The remote e-voting period commences at **9:00 a.m. (IST) on Sunday, 24<sup>th</sup> September 2023 and ends at 5:00 p.m. (IST) on Tuesday, 26<sup>th</sup> September 2023**. During this period members of the Company, holding shares either in physical mode
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or in dematerialized mode, as on the cut-off date i.e. Wednesday, 20<sup>th</sup> September 2023, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter.

- ii. Pursuant to SEBI Circular No. SEBI/HO/FD/CMD/CIR/P/2020/242 dated December 9, 2020, under regulation 44 of the Listing Regulations, listed companies are required to provide remote e-voting facility to its members in respect of all members' resolutions.

Currently there are multiple e-voting service providers (“ESPs”) providing e-voting facility to listed companies in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders by way of a single login credential, through their demat accounts/ websites of Depositories/ DPs. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication, but also enhancing ease and convenience of participating in e-voting process.

- iii. In view of the aforesaid SEBI Circular dated December 9, 2020, individual members holding shares indemat mode are allowed to vote through their demat account maintained with Depositories and DPs. **Members are advised to update their mobile number and e-mail id in their demat accounts in order to access e-voting facility.** Pursuant to the aforesaid SEBI Circular dated December 9, 2020, login method for e-voting and joining virtual meetings for individual members holding shares in demat mode is given below:-

Type of Members	Login Methods
<p>Individual member holding shares in demat mode with <b>CDSL</b></p>	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL’s Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/loginor">https://web.cdslindia.com/myeasi/home/loginor</a> <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2. After successful login, the Easi / Easiest user will be able to see the e-voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-voting service provider i.e. CDSL / NSDL / Karvy / Link Intime as per information provided by Issuer / Company. Additionally, we are providing links to e-voting Service Providers, so that the user can visit the e-voting service providers’ site directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistrati">https://web.cdslindia.com/myeasi/Registration/EasiRegistrati</a></li> </ol>

	<p><a href="#">on</a></p> <p>4. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN from a link on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail id as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-voting is in progress during or before the AGM.</p>
<p>Individual member holding shares in demat mode with <b>NSDL</b></p>	<ol style="list-style-type: none"> <li>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on “Access to e-voting” under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> Select “Register Online for IDeAS” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.</li> </ol>





Individual member (holding shares in demat mode) login through their DPs	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider's website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.
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**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned websites.

**Helpdesk for individual members holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.**

Login Type	Helpdesk Numbers
Individual members holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or call at toll free no.:1800 22 55 33.
Individual members holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

iv. Login method for e-voting and joining AGM through VC/OAVM for **members other than individual members holding shares in demat and physical mode** is as under:

1. The members should log on to the remote e-voting website [www.evotingindia.com](http://www.evotingindia.com).
2. Click on Shareholders.
3. Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 digits Client ID,
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR



Alternatively, if the members are registered on CDSL's EASI/EASIEST e – service, a member can login at <http://www.cdslindia.com> from login myeasi using its login credentials. Once a member successfully log in to CDSL's EASI/EASIEST e-services, click on e-voting option and proceed directly to cast its vote electronically.

4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat mode 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.
6. If you are a first time user follow the steps given below:-

	For members holding shares in Demat and Physical mode other than individual members.
PAN	Enter your 10 digit alpha–numeric PAN issued by Income Tax Department (applicable for both, members holding shares in demat mode and members holding shares in physical mode).
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank details or Date of Birth (DOB) (in dd/mm/yyyy format) as recorded in your demat account or in the company's records in order to login. 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 (3).

7. After entering these details appropriately, click on “SUBMIT” tab.
8. Members holding shares in physical mode will then directly reach the Company selection screen. However, members holding shares in demat mode 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 also to be used by the demat holders for voting on resolutions of any other Company in 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.
9. For Members holding shares in physical mode, the details can be used only for e-voting on the resolutions contained in this Notice.
10. Click on the EVSN for MEGASTAR FOODS LIMITED on which you choose to vote.
11. 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.
12. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolution details.



13. 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.
14. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take a print of the vote cast by clicking on “Click here to print” option on the voting page.
16. If demat account holder has forgotten the login password, they should enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
17. Members can also cast their vote using CDSL’s mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while remote e-voting on your mobile.
18. Note for Non-Individual Members and Custodians:
  - Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodians 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 Users 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/or Power of Attorney (“POA”), which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively non-individual members are required to send the relevant Board Resolution/authority letter together with attested specimen signature of the duly authorised signatory, who are authorised to vote, to the Scrutinizer and to the Company, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the Scrutinizer to verify the same.
19. If you have any queries or issues regarding attending AGM and e-voting from the e-voting system, 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 e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai-400013 or send an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on toll free no. 1800 22 55 33.

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A member can opt for only one mode of voting i.e. either through remote e-voting or e-voting at the meeting. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.

20. Mr. Ajay K. Arora (C.P. No. 993 and M. No. 2191), Company Secretary, Chandigarh, has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.
21. During the 12<sup>th</sup> AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 12<sup>th</sup> AGM, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the 12<sup>th</sup> AGM and announce the start of the casting of vote through the e-voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-voting will be closed with the formal announcement of closure of the 12<sup>th</sup> AGM.
22. The Scrutinizer shall after the conclusion of e-voting at the 12<sup>th</sup> AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and such Report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the 12<sup>th</sup> AGM, who shall then countersign and declare the result of the voting forthwith.
23. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.megastarfoods.com](http://www.megastarfoods.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com) immediately after the declaration of Results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the Stock Exchanges.

v. **Instructions for members attending the AGM through VC / OAVM and e-voting during AGM are as under:-**

1. The procedure for attending the AGM and e-voting on the day of AGM is same as the instructions mentioned above for remote e-voting.
  2. The link for VC / OAVM to attend AGM will be available where the EVSN of the Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
  3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote during the AGM.
  4. Members are encouraged to join the AGM through Laptops / IPads for better experience.
  5. Further, members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
  6. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable WI-FI or LAN connection to mitigate any kind of aforesaid glitches.
  7. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request in advance at least **7 (seven) days prior to the AGM**
-



mentioning their name, demat account number /folio number, e-mail id and mobile number at [cs@megastarfoods.com](mailto:cs@megastarfoods.com)

The members who do not wish to speak during the AGM but have queries may send their queries in advance **7 (seven) days prior to the AGM** mentioning their name, demat account number / folio number, e-mail id and mobile number at the Company's e-mail id. These queries will be replied by the Company suitably by e-mail.

8. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
9. Only those members, who are present in the AGM through VC/OAVM facility and have not cast their vote on the resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
10. If any votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the AGM through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the AGM is available only to the members attending the AGM.

#### **REQUEST TO THE MEMBERS:-**

Members desiring any relevant information on the Audited Financial Statements or any matter to be placed at the AGM are requested to write to the Company at least 7 (seven) days in advance of the date of AGM through e-mail at [cs@megastarfoods.com](mailto:cs@megastarfoods.com). The same will be replied by the Company suitably.

**Date:** 12.08.2023

**Place:** Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**Sd/-**

**VIKAS GOEL**

Managing Director

DIN: 05122585

Add.: Plot No. 807, Industrial Area Phase-2,  
Chandigarh -160002

#### **Registered Office:**

**Plot No. 807, Industrial Area Phase -2,**

**Chandigarh -160002**

**CIN: L15311CH2011PLC033393**

**Ph.: +91 1881240401**

**E-mail: [info@megastarfoods.com](mailto:info@megastarfoods.com)**

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





## **EXPLANATORY STATEMENT**

**THIS EXPLANATORY STATEMENT IS PROVIDED THOUGH NOT REQUIRED AS PER SECTION 102 OF THE COMPANIES ACT, 2013.**

### **RESOLUTION NO. 3:- ORDINARY RESOLUTION**

#### **APPOINTMENT OF M/S NITIN MAHAJAN & ASSOCIATES AS STATUTORY AUDITORS OF THE COMPANY**

The members may please be informed that the tenure of M/s Avnish Sharma & Associates, as the Statutory Auditors of the company shall come to an end with the conclusion of the upcoming 12<sup>th</sup> Annual General Meeting and in terms of Section 139 (1) of the Companies Act, 2013, M/s Avnish Sharma & Associates are not eligible to be re-appointed as Statutory Auditors of the company.

In view of the above, the Audit Committee and the Board of Directors of the company have recommended the appointment of M/s Nitin Mahajan & Associates, Chartered Accountants (Firm Registration No. 019837N) as Statutory Auditors of the company for a period of 5 years to hold office from the conclusion of this 12<sup>th</sup> AGM till the conclusion of the 17<sup>th</sup> AGM to be held in the year 2028, at such remuneration as may be decided by the Board of Directors.

As required under the provisions of Section 139 of the Companies Act, 2013, the Company has received a written consent from M/s. Nitin Mahajan & Associates, Chartered Accountants, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and has confirmed their eligibility under Section 141 of the Companies Act, 2013 and the rules framed there under for appointment as Statutory Auditors of the Company. Further, they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as required under the Listing Regulations. M/s. Nitin Mahajan & Associates, Chartered Accountants, Chandigarh (Firm Registration No. 019837N) was established about a decade ago and having experience of about 10 years of handling various assignments of various reputed and big Companies and has attained leading position in the field of Audit, Accounting and VAT in the region.

At the recommendation of the Audit Committee the Board of Directors of the company has approved a remuneration of Rs. 6,60,000/- (Rupees Six Lakhs Sixty Thousand Only) plus the applicable taxes and the out of pocket expenses for the financial year 2023-24, which is same as the remuneration paid to the last auditors for the immediately preceding financial year.

None of the Directors, key managerial personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice. The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the Members.



**Annexure –A**

**ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD-2 ON GENERAL MEETINGS**

As required pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards-2 on General Meetings, the particulars of Directors seeking appointment/re-appointment are as under:-

<b>Sr. No</b>	<b>Particulars</b>	<b>Mr. Vikas Goel (DIN:- 05122585)</b>
1	Designation	Chairman & Managing Director
2	Age	50 Years
3	DOB	10-01-1972
4	Nationality	Indian
5	Qualification	Metric
6	Date of First Appointment on the Board	28-11- 2011
7	Effective date of Current Re-appointment	Re-appointed as Chairman & Managing Director of the Company for a second term of Five (5) years w.e.f. 04 April 2023.
8	Brief Resume/ Profile	Mr. Vikas Goel aged 51 years, has been in this industry for more than 30 years. With his hands-on approach, Mr. Goel has directly overseen the operations of Megastar since its very inception.
9	Experience and Expertise	Mr. Goel has been in this industry for more than 30 years. With his hands-on approach, Mr. Goel has directly overseen the operations of Megastar since its very inception.  He is playing a vital role in formulating business strategies and effective implementation of the same. He is responsible for the expansion and overall management of the business of our Company.
10	Numbers of Board Meetings attended during the year FY 2022-23	4 (Four)
11	Directorship and Committee membership held in other companies as on 31 March 2023	Directorship:-  1. Megapacific Ventures Private Limited  Committee Membership:- 1. Audit Committee 2. Stakeholder Relationship Committee 3. Corporate Social Responsibility Committee 4. Finance & Investment Committee
12	Inter-se relationships between Directors & Key Managerial	Mr. Vikas Goel does not have any pecuniary relationship with the Company. Mr. Vikas Goel belongs to the Promoter Group.



	Personnel	
13	Shareholding in the Company as on 31 March 2023	25,32,660 Equity Shares (25.32%)
14	Terms & Conditions for re-appointment	He is a Managing Director of the company and is drawing remuneration as per special resolution passed in 11 <sup>th</sup> AGM and the Terms & Conditions of appointment or re-appointment are as per the Nomination and Remuneration Policy of the Company as displayed on the Company's website i.e. <a href="http://www.megastarfoods.com">www.megastarfoods.com</a>



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

Wheat flour is used extensively owing to the presence of gluten, a protein that provides strength and elasticity to the dough as well as adds to the texture of baked products. Factors such as population growth, increasing disposable incomes, rising consumption of bakery products and changing lifestyles have further added to the global demand for wheat flour.

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

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

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

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

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

### **WHEAT PRICES AT NEAR RECORD HIGH, UP 55% IN THE LAST ONE YEAR**

Global wheat prices are up 55 percent in the last one year, and only 12 percent below the record high reach in February 2008 due to impact of the ongoing war in Ukraine, trade policy changes, and a forecast fall in global production from the 2021 record level.

Global wheat production in 2022 is predicted to decline from the 2021 record level by 0.8 percent, reaching 771 million tonnes and marking the first drop in four year.

## World wheat market at a glance

	2020/21	2021/21 estim.	2022/23 f'cast	Change: 2022/23 over 2021/22
	million tonnes			%
<b>WORLD BALANCE</b>				
Production	776.7	776.8	770.8	-0.8
Trade <sup>1</sup>	189.2	192.1	188.9	-1.7
Total utilization	762.4	771.7	768.6	-0.4
Food	525.5	531.3	535.9	0.9
Feed	148.0	149.8	143.7	-4.1
Other uses	88.9	90.6	89.0	-1.8
Ending stocks <sup>2</sup>	291.4	296.5	297.8	0.4
<b>SUPPLY AND DEMAND INDICATORS</b>				
Per caput food consumption:				
World (kg/yr)	67.4	67.5	67.4	-0.1
LIFDC (kg/yr)	40.1	39.8	39.3	-1.1
World stocks-to-use ratio (%)	37.8	38.6	37.9	
Major exporters stocks-to-disappearance ratio <sup>3</sup> (%)	15.5	17.6	19.0	
<b>FAO WHEAT PRICE INDEX (2014-2016=100)</b>	2020	2021	2022 Jan-May	Change: Jan-May 2022 over Jan-May 2021 %
	101	132	173	45.4

<sup>1</sup> Trade refers to exports based on a common July/June marketing season.

<sup>2</sup> May not equal the difference between supply (defined as production plus carryover stocks) and total utilization due to differences in individual country marketing years.

<sup>3</sup> Major exporters include Argentina, Australia, Canada, the European Union, Kazakhstan, the Russian Federation, Ukraine and the United States of America.

<sup>4</sup> Derived from the International Grains Council (IGC) wheat index.

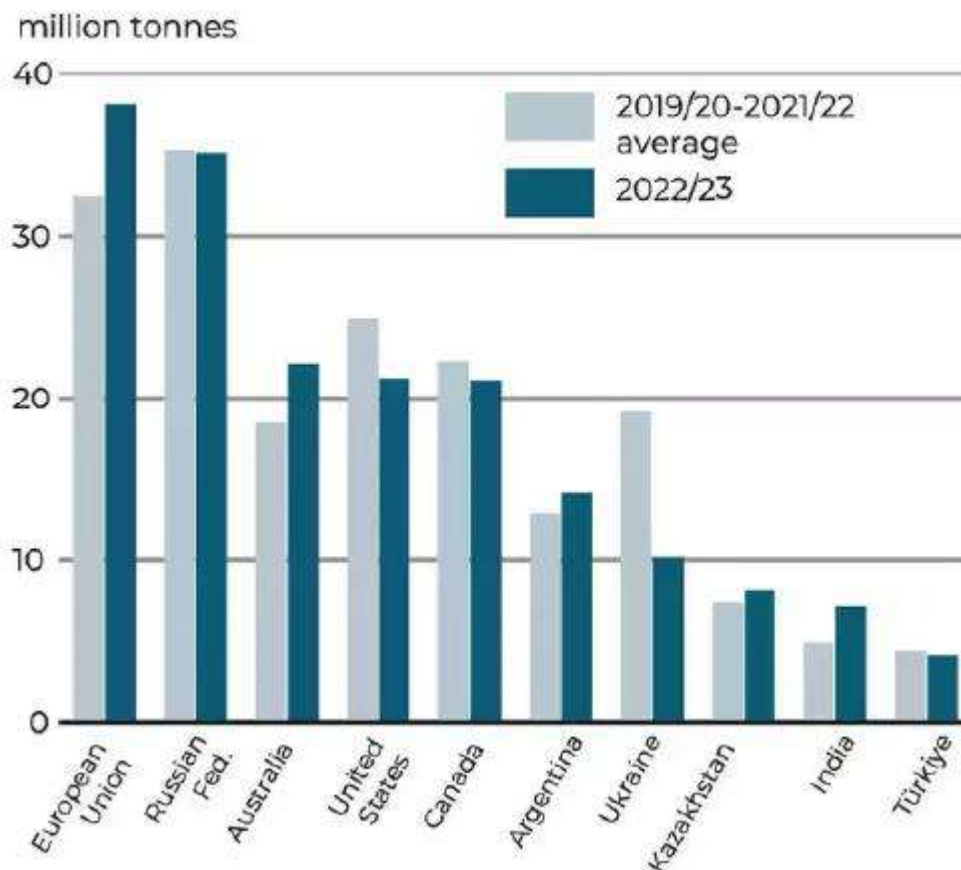


World wheat prices rose by 23 percent in the last first half of 2021/22 as global supplies tightened, especially of high – quality wheat. Following reduced harvests in several major exporting countries 2021. With markets already tight, the abrupt suspension of exports from Ukraine – a major wheat exporter – when it was invaded by Russia, further exacerbated global supply concerns, sending prices upwards in March 2022.

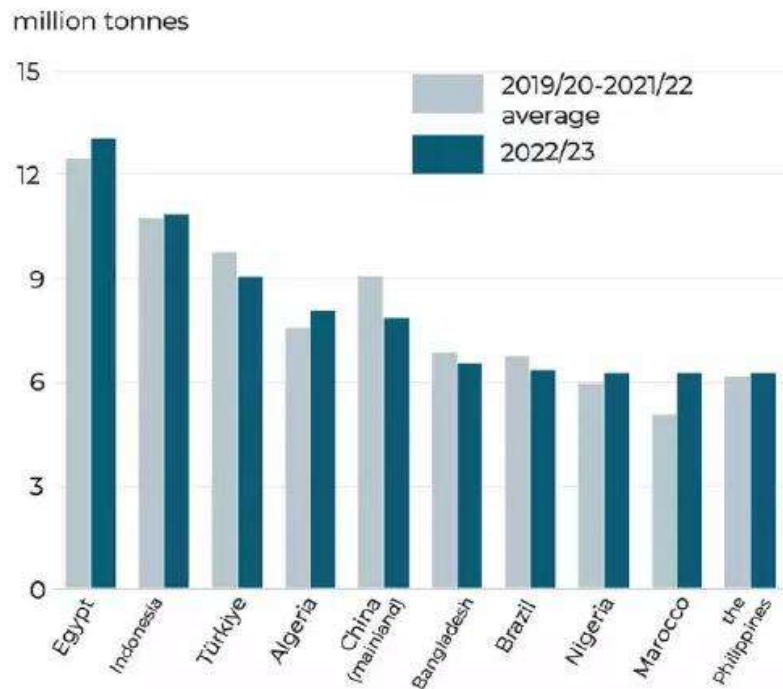
Prices surged further in may, when India, which had increased shipments significantly in 2021/22 helping to compensate for lost exports from Ukraine, announced a ban on exports of wheat.

“The steep increase in wheat prices was in response to an export ban imposed by India amidst concerns over crop conditions in several leading exporting countries. As well as reduced production prospectus in Ukraine because of war, said FAO in its reports.

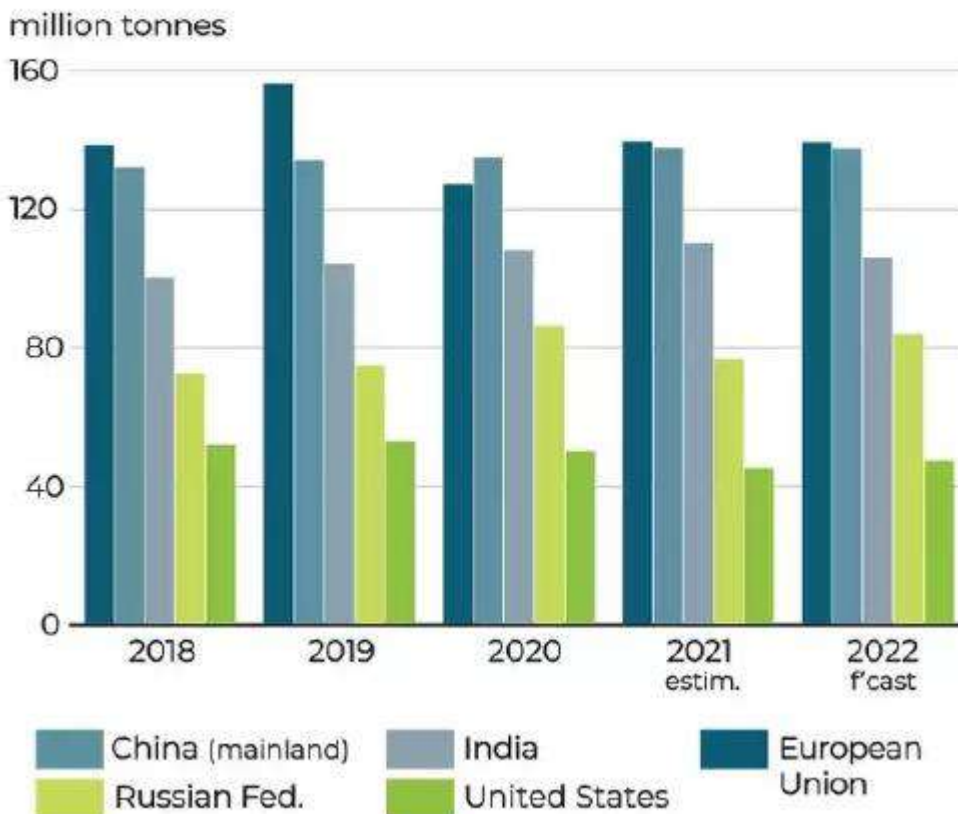
### Wheat exports: top 10 wheat exporters



## WHEAT IMPORTS: TOP 10 WHEAT IMPORTERS



## Wheat production in major wheat producers





Source: <https://timesofindia.indiatimes.com/business/india-business/in-charts-wheat-prices-at-near-record-high-up-55-in-the-last-one-year/articleshow/92124045.cms>

### **WHEAT CAUGHT IN CROSSFIRE: HOW AN EXPORT BAN IS AFFECTING WHEAT PRICES**

From war to heatwaves and floods to drought, wheat, a crucial global food, is under attack and is getting more expensive day by day. India was seen as a collateral beneficiary after the Russia-Ukraine war, but bread became more costly after a ban on its global sales. But this price change is working differently in the Indian domestic market.

India exported nearly six times more wheat in April than last year in the same month. In May, wheat exports are likely to decrease as wheat exports have been limited.

The Government of India expects five per cent lower wheat harvesting due to the heatwaves.

After India suspended global sales, wheat prices jumped internationally even as they started plunging in the domestic market.

Apart from India, wheat production is expected to fall elsewhere as well, including Ukraine, Australia, the EU, and China.

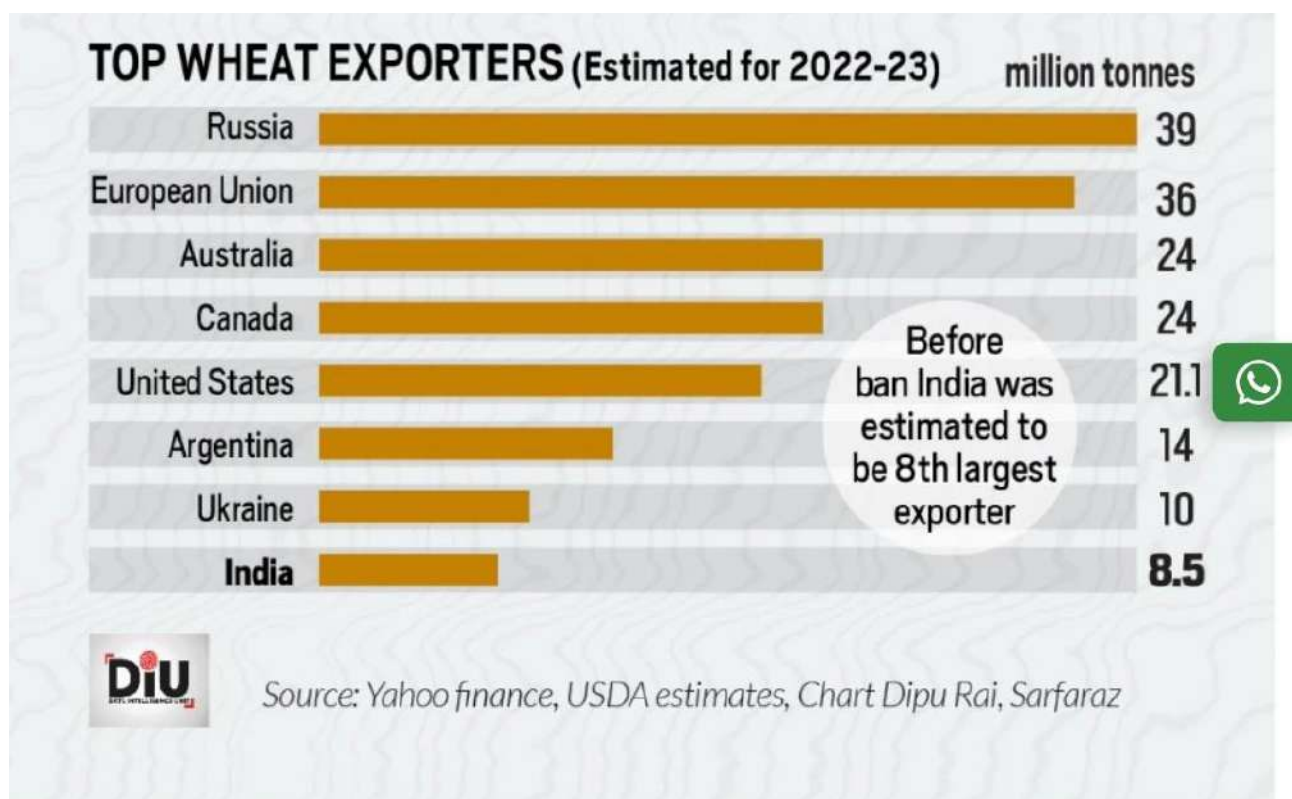
Government wheat procurement was almost half (161.95 lakh metric tonnes) of what it was in the previous year (288.42 LMT) as of May 1.

**WHY IT MATTERS:** The wheat supply shortage could have been poised to drive up bread prices and lead to social unrest. The government halted overseas sales to manage its potential food security.



**PRICE MOVEMENT:** Following the India export ban, wheat prices have been behaving differently. Wheat futures in Chicago reflected the short supply and hit the highest price in two months. The prices leapt by 60 per cent this year.

On the flipside, the rally of wheat prices in the Indian spot market plunged after the export curb. The average price of wheat in India is Rs. 2,047 per quintal (May 17). Prices are higher than the minimum support price (Rs. 2,015 per quintal) for the crop year 2021-22.



### INCREASED PRODUCTION ACROSS COUNTRIES

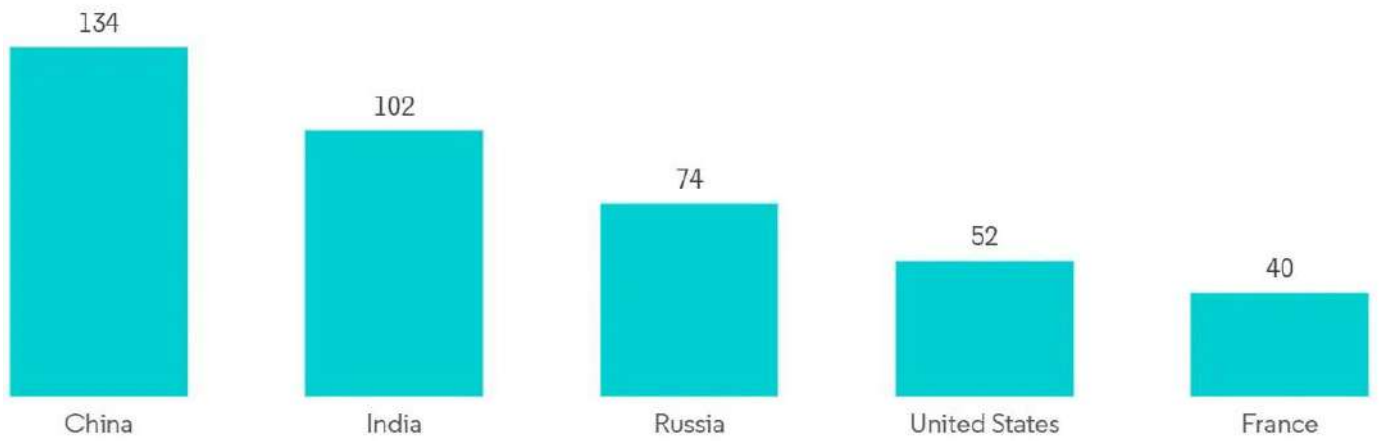
Wheat is one of the principal cereal grains produced and consumed globally. It covers a land area more than any other commercial crop and continues to be the most important grain food source for human consumption. This is likely due to the fact that wheat can be cultivated in many areas with heterogeneous types of weather, elevation, or soil. According to the Food and Agriculture Organization, the global wheat production in 2018 accounted for 734 million metric ton, and the global area harvested under wheat in 2018 accounted for 214 million hectares. In 2019, global wheat production accounted for 765.8 million metric ton, growing by 3.9% compared to the previous year. However, the total area harvested under wheat showed a flat trend pattern and stood at 215.9 million hectares.

The countries with the highest volumes of wheat production in 2019 were China (134 million metric ton), India (102 million metric ton), and Russia (75 million metric ton), together accounting for 41% of the global



production. These countries were followed by the United States, France, Canada, Ukraine, Pakistan, Australia, Turkey, Germany, and Argentina, which together accounted for a further 34%.

### Global Wheat Market Production Volume in million metric ton, By Country, 2019



Source: FAO







## **PERFORMANCE**

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

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

## **OPPORTUNITIES**

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

## **THREATS**

There are various threats to the Company such as the market Competitors, which indulge in cost cutting of the product, which forces the Company to sell its product as low cost. This also led to loss to the Company. On the



other hand, Company's raw material is based on agro product which is affected by calamities, which deteriorate the quality of the product, which is the major threat to the Company.

## 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.

## 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 31 March 2023 was 127.

## OTHER DISCLOSURES

<b>PARTICULARS</b>	<b>2023</b>	<b>2022</b>
CURRENT RATIO (Times)	1.41	1.27
DEBT-EQUITY RATIO (times)	0.66	0.16
DEBT SERVICE COVERAGE RATIO (Times)	2.90	3.36
RETURN ON EQUITY RATIO (%)	23.59	15.94
INVENTORY TURNOVER RATIO (Times)	9.92	4.51
TRADE RECEIVABLES TURNOVER RATIO (Times)	13.01	11.34
TRADE PAYABLES TURNOVER RATIO (Times)	317.41	250.02
NET CAPITAL TURNOVER RATIO (Times)	17.77	20.36
RETURN ON CAPITAL EMPLOYED (%)	26.95	25.87



### **CAUTIONARY STATEMENT**

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

Date: 12.08.2023  
Place: Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**VIKASGOEL**  
Chairman & Managing Director  
DIN: 05122585

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



# Directors' Report

The Directors are pleased to present the 12<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended 31 March 2023.

## GENERAL OUTLOOK OF THE COMPANY

Our Company is having state of the art modern machinery at its wheat processing plant in Punjab, India, with an installed capacity of 100000 MT. It has been our constant endeavour at all the levels to ensure processing of wheat with quality, undertaking testing and exploring new possibilities by our team of highly skilled people. It has been our hallmark in our organization to strictly follow the Good Manufacturing Practices (GMP), Good Laboratory Practices (GLP) to ensure the high standards of food safety, quality & hygiene. At present we are catering primarily to MNC's in India and also exporting some of our products to United Nations Organization, Europe, United States & Middle East.

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

For the financial year ended on 31 March 2023 the company has earned a net profit of Rs. 961.71 Lakhs as compared to the net profit of Rs. 527.46 Lakh, for the previous year ended on 31 March 2022.

## 1. FINANCIAL PERFORMANCE

The financial position of the company for the financial year ended on 31 March 2023 is summarised below:

PARTICULARS	(Rs. in Lacs, except as stated)			
	STANDALONE		CONSOLIDATED	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	26,752.86	18,480.01	30,420.31	18,480.01
Other Income	46.14	23.64	19.88	47.06
Total Revenue	26,799.00	18,503.65	30,440.19	18,527.07
Profit Before Tax, Depreciation and Finance Cost and extraordinary items	2,117.31	1,183.79	2,184.74	1,205.40
Finance Cost	605.17	298.48	606.72	298.48
Depreciation and Amortization expenses	215.45	185.44	215.46	185.44
Profit before Tax	1,296.69	699.87	1,362.56	721.48
Tax	334.98	172.41	354.36	176.20
Profit After Tax	961.71	527.46	1,008.20	545.28
Earnings Per Share:				
Basic	9.61	5.31	10.08	5.49
Diluted	9.61	5.31	10.08	5.49



## **2. OPERATIONS**

### **Standalone**

Revenue from operations for the year ended 31 March 2023 stood at Rs. 26,752.86 Lakhs as against Rs. 18480.01 Lakhs for the previous year. Profit after tax for the year ended 31 March 2023 was Rs. 961.71 Lakhs and EPS is Rs. 9.61/- per share as against a net profit and EPS of Rs. 527.46 Lakhs and Rs. 5.31 /- per share respectively for the previous year.

### **Consolidated**

On Consolidated basis, the Revenue from operations for the year ended 31 March 2023 stood at Rs. 30,420.31 Lakhs as against Rs. 18480.01 Lakhs for the previous year. Profit after tax for the year ended 31 March 2023 was Rs. 1008.20 Lakhs and EPS is Rs. 10.08/- per share as against a net profit and EPS of Rs. 545.28 Lakhs and Rs. 5.50/- per share respectively for the previous year.

## **3. DIVIDEND**

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

The provisions of regulation 43A (2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 regarding establishment of a Dividend Distribution Policy are not applicable to the company.

## **4. NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR.**

During the financial year ended 31 March 2023, no entity became or ceased to be the Subsidiary, Joint Venture or Associate of the Company.

## **5. TRANSFER TO RESERVES**

Entire amount of Net Profit of Rs. 961.71 Lakhs for the financial year 2022-23, 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.

## **6. SHARE CAPITAL**

The authorised share capital of the company at the end of the Financial Year 2022-23 was Rs. 15,00,00,000/- comprising of 1,50,00,000 equity shares of Rs. 10/- each and the paid up capital was 1,00,03,70,00 divided into 1,00,03,700 equity shares of Rs. 10/- each.

## **7. CHANGES IN SHARE CAPITAL**

During the financial year, there were no changes in the share capital of the company. There were no instances of preferential issue, bonus issue of shares, issue of shares with differential voting rights, Employee Stock Option Schemes or buy back of shares etc.

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

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and till the date of this Report.





## **9. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

There is no change in nature of business of the Company during the financial year 2022-23.

## **10. CASH FLOW STATEMENT**

The Cash Flow Statement for the financial year ended 31 March 2023 prepared in accordance with accounting standard -3, 'Statement of Cash Flows' is attached and forming part of the financial statements of the Company.

## **11. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

Pursuant to Regulation 25(7) of the SEBI Listing Regulations, the Company familiarizes its Directors about their role and responsibilities at the time of their appointment through a formal letter of appointment. Presentations are regularly made at the meetings of the Board and its various committees on the relevant subjects. All efforts are made to keep Independent Directors aware. The familiarization of Independent Directors may be accessed on the Company's website [www.megastarfoods.com](http://www.megastarfoods.com)

## **12. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS**

The Company has One Wholly owned Subsidiary, Megapacific Ventures Private Limited. There is no Associate Company within the meaning of Section 2(6) of the Companies Act, 2013. Further there has been no material change in the nature of business of the Subsidiaries during the financial year 2022-23.

The Consolidated Financial Statements of the Company for the financial year 2022-23 are prepared in compliance with applicable provisions of the Companies Act, 2013, read with the Rules issued thereunder, applicable Indian Accounting Standards (Ind-As) and SEBI Listing Regulations. The Consolidated Financial Statements have been prepared by consolidating the audited Financial Statements of the Company and its Subsidiaries. Further, pursuant to the proviso of sub section (3) of section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 a separate statement containing the salient features of the financial statements of Subsidiaries in the prescribed form AOC-1 is attached as '**Annexure -1**' and forms part of this report. The Financial Statements of the Subsidiary Companies and related information is also available for inspection by the members at the Registered Office/ Corporate Office of the Company during business hours on all days except Sunday and holiday upto the date of Annual General Meeting ("AGM") as required under Section 136 of the Companies Act, 2013. Any member desirous of obtaining a copy of the said financial statements may write to the Company at the Registered Office/ Corporate Office of the Company. The Financial Statements including the Consolidated Financial Statements, Financial Statements of Subsidiaries and all other documents are also available on the Company's website [www.megastarfoods.com](http://www.megastarfoods.com) under the link Investor Relations.

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

### **Board Composition**

As on 31 March 2023, the Company's Board has a strength of 6 (Six) Directors including 1 (One) Woman Director. The Chairman of the Board is an Executive Promoter Director. The composition of the Board is as below:-

<b>Category</b>	<b>Number of Directors</b>	<b>% to Total Number of Directors</b>
Executive Directors	3	50
Independent Non-Executive Directors	3	50



The detailed section on 'Board of Directors' is given in the 'Report on Corporate Governance' forming part of the Annual Report.

During the year, there is no change (appointment or cessation) in the office of Directors during the year. Pursuant to the provisions of Section 149(13) of the Companies Act, 2013 and Articles of Association of the Company all Directors except Independent Directors are liable to retire by rotation. The Independent Directors of Company are appointed for terms upto 5 years each in compliance with the provisions of Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

#### **Declaration by Independent Directors**

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, the Independent Directors, fulfil the criteria of independence specified in Section 149(6) of the Act and Regulation 16(1) (b) of the SEBI Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics laid down for the Board of Directors, Senior Management Personnel and Other Employees.

#### **Re-appointment of Independent Non-Executive Directors for a second term of 5 (five) consecutive years**

The first terms of office of Mr. Prabhat Kumar, and Mrs. Savita Bansal, Independent Directors of the company expired on 3<sup>rd</sup> April 2023. The Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on 12<sup>th</sup> August 2022 recommended their re-appointments as Non- Executive Independent Directors of the Company for second terms of 5 (five) consecutive years each, subject to the approval of the members by way of special resolution. Pursuant to the provisions of Section 149(13) of the Companies Act, 2013 and Articles of Association of the Company all directors except Independent Directors are liable to retire by rotation.

Accordingly, the members in the 11<sup>th</sup> Annual general meeting of the company held on 26<sup>th</sup> September, 2022 passed special resolutions for the re-appointment of both Mr. Prabhat Kumar, and Mrs. Savita Bansal as Independent Directors of the company for their respective second terms of 5 years each w.e.f. 4<sup>th</sup> April, 2023.

#### **Retirement by rotation and subsequent re-appointment**

Pursuant to the provisions of Section 149(13) of the Companies Act, 2013 and Articles of Association of the Company all directors except Independent Directors are liable to retire by rotation. Accordingly, Mr. Vikas Goel (DIN: 05122585), Chairman and Managing Director of the Company, being the longest in the office amongst the directors liable to retire by rotation, retire from the Board by rotation this year and being eligible, has offered her candidature for re-appointment. This shall not constitute a break in her office as the Chairman and Managing Director of the Company.

#### **Re-appointment of Executive Directors for a period of 5 (five) years**

The previous tenures of Mr. Vikas Goel (DIN: 05122585) as Chairman & Managing Director, Mr. Vikas Gupta (DIN: 05123386) as a Whole Time Director and Mr. Mudit Goyal (DIN: 08099543) as Whole Time Director of the Company expired on 3<sup>rd</sup> April, 2023.

Considering the recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors of the Company in its meeting held on 12<sup>th</sup> August 2022, recommended for further approval of shareholders to re-appoint Mr. Vikas Goel (DIN: 05122585) as Chairman & Managing Director and Mr. Vikas Gupta (DIN: 05123386) and Mr. Mudit Goyal (DIN: 08099543) as Whole Time Directors of the company, for a further period of five years w.e.f. 04 April 2023 to 03 April 2028.



Accordingly, the members in the 11<sup>th</sup> Annual general meeting of the company held on 26<sup>th</sup> September, 2022 passed special resolutions for the re-appointment of Mr. Vikas Goel (DIN: 05122585) as Chairman & Managing Director and Mr. Vikas Gupta (DIN: 05123386) and Mr. Mudit Goyal (DIN: 08099543) as Whole Time Directors of the company, for a further period of five years w.e.f. 04 April 2023 to 03 April 2028.

### Brief Resume of the Directors being appointed/re-appointed

As required under Regulation 36 of the SEBI Listing Regulations, the brief resume of the Director being re-appointed at the ensuing AGM, the nature of their expertise in specific functional areas, names of Companies in which they have held Directorships, Committee Memberships/ Chairmanships, their shareholding, etc. are forming part of the Notice calling AGM of the Company.

### KEY MANAGERIAL PERSONNELS

The details of Key Managerial Personnel's (KMPs) of the Company in accordance with the provisions of Section 2(51) and Section 203 of the Companies Act, 2013, read with rules framed thereunder, are as follows:-

S. No.	NAME	DESIGNATION	DATE OF ORIGINAL APPOINTMENT
1.	Mr. Vikas Goel	Chairman & Managing Director	28.11.2021
2.	Mr. Vikas Gupta	Whole Time Director	28.11.2021
3.	Mr. Mudit Goyal	Whole Time Director	31.03.2018
4.	Mr. Amit Mittal	Non-Executive Independent Director	04.04.2018
5.	Mr. Prabhat Kumar	Non-Executive Independent Director	04.04.2018
6.	Ms. Savita Bansal	Non-Executive Independent Director	04.04.2018
7.	Mr. Dhiraj Kheriwal*	Company Secretary	16.03.2021
8.	Mr. Manisha Gupta	Chief Financial Officer	12.02.2020

\*Ceased to be the Company Secretary and Compliance Officer of the company w.e.f. 30.06.2023.

### 14. AUDIT COMMITTEE

In compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, as on 31<sup>st</sup> March 2023, the Audit Committee of Megastar Foods Limited comprises of following 3 (Three) Members, 2 (Two) Members are Independent Non-Executive Directors and 1 (One) is Executive Director:-

Name	Designation	Category
Mr. Amit Mittal*	Chairman	Independent Non-Executive Director
Mr. Vikas Goel	Member	Executive & Managing Director
Mr. Prabhat Kumar*	Member	Independent Non-Executive Director
Mrs. Savita Bansal*	Chairperson	Independent Non-Executive Director
Mr. Rajiv Kathuria*	Member	Independent Non-Executive Director

\*Mr. Amit Mittal ceased to be a member & chairman of the Audit Committee w.e.f. 03.04.2023.

Mr. Prabhat Kumar ceased to be a member of the Audit Committee w.e.f. 03.04.2023.

Mrs. Savita Bansal induced as the Chairperson of the Audit Committee w.e.f. 03.04.2023

Mr. Rajiv Kathuria induced as a member of the Audit Committee w.e.f. 03.04.2023.

The recommendation made by the Audit Committee from time to time was accepted by the Board of Directors. The details of the terms of reference, meetings held during the year, attendance of Audit Committee members at such meetings etc. are provided in the Report on Corporate Governance forming part of this Annual Report.



## **15. POLICY ON REMUNERATION OF DIRECTORS, KMPs, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES**

The remuneration paid to the Executive Directors is in accordance with the Nomination and Remuneration Policy of Megastar Foods Limited formulated in accordance with Section 134(3)(e) and Section 178(3) of the Companies Act, 2013 read with Regulation 19 of SEBI Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force). The salient aspects covered in the Nomination and Remuneration Policy have been outlined below:

- To identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel, Senior Management Personnel of the Company.
- To formulate the criteria for evaluation of performance of independent directors and the board of directors.
- To evaluate the performance of the Members of the Board and provide necessary report to the Board for further evaluation of the Board and to determining 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.
- To recommend to the Board on all remuneration in whatever form, payable to the Directors, KMPs and Senior Management.
- To develop a succession plan for the Board and to regularly review the plan.
- To assist the Board in fulfilling responsibilities.

The Nomination and Remuneration policy of Megastar Foods Limited is available on the website of the Company at the weblink <http://megastarfoods.com/assets/pdf/NOMINATION-REMUNERATION-AND-BOARD-DIVERSITY-POLICY.PDF>

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

During the year under review, 4 (Four) Board meetings, 4 (Four) Audit Committee meetings, 4 (Four) Stakeholders Relationship Committee meetings, 3 (Three) Nomination & Remuneration Committee meetings, and 2 (Two) Corporate Social Responsibility Committee meetings were convened and held. Details and attendance of such Board & Committees meetings are mentioned in Corporate Governance Report.

Pursuant to clause VII (1) of Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Director of the company was also held.

## **17. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

As the ultimate responsibility for sound governance and prudential management of a Company lies with its Board, its imperative that the Board remains continually energized, proactive and effective.

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual Directors by seeking their inputs on various aspects of Board/Committee Governance.



The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings.

The Companies Act, 2013, not only mandates Board and Director Evaluation, but also requires the evaluation to be formal, regular and transparent. Subsequently, SEBI Listing Regulations has also contained the provisions regarding requirement of performance evaluation of Independent Directors by the entire Board of Directors.

The Independent Directors of the Company met separately without the presence of Non-Independent Directors and inter-alia reviewed the performance of the Members of Management, Non-Independent Directors, Board as a whole, performance of the Chairman of the Company and the Committees, after taking into consideration the views of Executive and Non-Executive Directors.

In compliance with the provisions of SEBI Listing Regulations, the Board of Directors has also carried out evaluation of every Independent Director's performance during the financial year.

#### **18. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors confirm:-

- 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 31 March 2022 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.

#### **19. ENERGY CONSERVATION, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Pursuant to provisions of Section 134 (3) (m) of the Companies Act, 2013 read with rules framed thereunder, the details of activities in the nature of Energy Conservation, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo is attached as 'Annexure-2' and forms part of this report.

#### **20. PARTICULARS OF REMUNERATION OF DIRECTORS AND KMPs**

A statement containing the details of the Remuneration of Directors and KMPs as required under Section 197(12) of the Companies Act, 2013 read with rules framed thereunder, is attached as 'Annexure-3.' and forms part of this Report.





## 21. ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company has been placed on the website of the Company and can be accessed at <https://www.megastarfoods.com/annual-return>.

## 22. AUDITORS AND AUDITORS' REPORT

### I.) STATUTORY AUDITORS

In terms of the provisions of Section 139 of the Companies Act, 2013, the members may please be informed that the tenure of M/s Avnish Sharma & Associates, as the Statutory Auditors of the company shall come to an end with the conclusion of the upcoming 12<sup>th</sup> Annual General Meeting and in terms of Section 139 (1) of the Companies Act, 2013, M/s Avnish Sharma & Associates are not eligible to be re-appointed as Statutory Auditors of the company.

In view of the above, the Audit Committee and the Board of Directors of the company have recommended the appointment of M/s Nitin Mahajan & Associates, Chartered Accountants (Firm Registration No. 019837N) as Statutory Auditors of the company for a period of 5 years to hold office from the conclusion of this 12<sup>th</sup> AGM till the conclusion of the 17<sup>th</sup> AGM to be held in the year 2028, at such remuneration as may be decided by the Board of Directors.

As required under the provisions of Section 139 of the Companies Act, 2013, the Company has received a written consent from M/s. Nitin Mahajan & Associates, Chartered Accountants, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and has confirmed their eligibility under Section 141 of the Companies Act, 2013 and the rules framed there under for appointment as Statutory Auditors of the Company. Further, they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as required under the Listing Regulations. M/s. Nitin Mahajan & Associates, Chartered Accountants, Chandigarh (Firm Registration No. 019837N) was established about a decade ago and having experience of about 10 years of handling various assignments of various reputed and big Companies and has attained leading position in the field of Audit, Accounting and VAT in the region.

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

During the financial year, there have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of Companies Act, 2013 read with rules framed thereunder, either to the Company or to the Central Government.

### II.) SECRETARIAL AUDITORS

As required under Section 204(1) of the Companies Act, 2013 read with rules framed thereunder, the Company has appointed Mr. Kanwaljit Singh Thanewal, Practicing Company Secretary (M. No. 5901 & C.P. No. 5870), to conduct the Secretarial Audit for the financial year 2022-23.

The Secretarial Audit Report submitted by Mr. Kanwaljit Singh Thanewal in the prescribed form MR- 3 is attached as '**Annexure - 4**' and forms part of this Report.

In respect of the comment made by the Secretarial Auditor in his report it is hereby clarified that the company had duly sought the approval of the audit Committee and the members, where applicable for the related party transactions. However, due to inclusion of some cost components not considered earlier, the actual value of the related party transactions exceeded the omnibus approval by Audit Committee. While





the modifications in the previously approved related party transactions has been approved by the Audit Committee, the management has decided to seek ratification of the excess value of the transactions, from the members, for the transaction, which subsequently became material during the financial year.

### **III.) 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.

## **23. CORPORATE GOVERNANCE**

At Megastar Foods Limited, it is our firm belief that the quintessence of Good Corporate Governance lies in the phrase 'Your Company'. It is 'Your Company' because it belongs to you-the Stakeholders. The Chairman and Directors are 'Your' fiduciaries and trustees.

Your Company has evolved and followed the corporate governance guidelines and best practices sincerely to not just boost long-term Shareholder value, but to also respect minority rights. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

Your Company is devoted to benchmarking itself with global standards for providing Good Corporate Governance. The Companies Act, 2013 and SEBI Listing Regulations have strengthened the governance regime in the Country. Your Company is in compliance with the governance requirements provided under SEBI Listing Regulations.

The Board has also evolved and implemented a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The Code is available on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com)

A separate section titled 'Report on Corporate Governance' has been included in this Annual Report along with Secretarial Auditors Certificate on Corporate Governance.

## **24. INTERNAL FINANCIAL CONTROL SYSTEM**

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.

## **25. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Companies Act, 2013, re-emphasizes the need for an effective Internal Financial Control System in the Company. The system should be designed and operated effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board Report.

To ensure effective Internal Financial Controls, the Company has laid down the following measures:-



- The Company's books of accounts are maintained in ERP and transactions are executed through ERP setups to ensure correctness/effectiveness of all transactions, integrity and reliability of reporting.
- The Company is having in place a Risk Management framework.
- The Company is having in place a well-defined Vigil Mechanism (Whistle Blower Policy).
- Compliance of Secretarial functions is ensured by way of Secretarial Audit.
- Compliance relating to Internal Control System of the Company is ensured by way of Internal Audit.

## **26. RISK MANAGEMENT**

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

The Chairman & 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.

## **27. CREDIT RATING**

The Company has no credit rating during the year under review.

## **28. DISCLOSURE ON DEPOSITS UNDER CHAPTER V**

The Company has neither accepted nor renewed any Deposits during the Financial Year 2022-23 in terms of Chapter V of the Companies Act, 2013. Further, the Company is not having any Unpaid or Unclaimed Deposits at the end of the Financial Year.

## **29. 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>
<b>-NIL-</b>			



### **30. DEPOSITORY SYSTEMS**

The Company's shares are compulsorily tradable in electronic form. As on 31 March 2023, 100% of the Company's Paid-up Equity Share Capital representing 10003700 Equity Shares are in dematerialized form with both the Depositories.

The Company has established connectivity with both Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Company has appointed M/s Skyline Financial Services Private Limited, its Registrar and Share Transfer Agent across physical and electronic alternative.

### **31. PARTICULARS OF LOAN(S), GUARANTEE(S) OR INVESTMENT(S) UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

During the financial year, the company has not made any investments. There were no instances of guarantee given or securities provided for the loans availed by any other party. The company has extended loan to its wholly owned subsidiary company M/s Megapacific Ventures Private Limited with the requisite approvals and at the prevailing interest rates for its regular business operations in ordinary course of its business. The details of the loan given and the amounts outstanding thereof have been provided in the Financial Statements which forms part of the Annual Report.

### **32. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188(1) OF THE COMPANIES ACT, 2013**

In line with the requirements of the Companies Act, 2013 and amendment to the Listing Regulations, your Company has formulated a revised 'Policy on Related Party Transactions', which is also available on the Company's website at <https://www.megastarfoods.com/policies-codes-related-documents>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. All transactions entered into with related parties as defined under the Companies Act, 2013 read with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year, were in the ordinary course of business and at arm's-length price.

There was no materially significant related party transaction entered into by the Company with its promoters, directors or key managerial personnel which may have potential conflict with the interest of the Company at large or which warrants the approval of the members.

Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013, for all the transactions covered therein, in Form AOC-2 is for the financial year ended 31 March, 2023 forms part of this report enclosed as **Annexure-5**.

Details of related party transactions entered into by the Company, in terms of IND AS-24 are disclosed in the financial statements for the financial year ended 31<sup>st</sup> March, 2023. All related party transactions were placed before the audit committee for prior approval and review on a quarterly basis and prior omnibus approval of the audit committee was obtained for the transactions which were of a repetitive nature.

### **33. CORPORATE SOCIAL RESPONSIBILITY**

During the financial year, the provision of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility, became applicable to the company. Keeping with Company's core value of Good Corporate Citizenship, your Company is committed to its social responsibility by taking various initiatives that would benefit society. In line with the Company's CSR Policy and CSR thrust areas, your Company's CSR efforts



continue to be directed towards education, including vocational skills training, public health, environment and community welfare.

The company has constituted a CSR Committee with the following composition:

Mr. Amit Mittal <sup>@</sup>	Chairman	Non Executive Independent Director
Mr. Vikas Goel	Member	Chairman and Managing Director
Mr. Prabhat Kumar <sup>@</sup>	Member	Non Executive Independent Director
Mrs. Savita Bansal <sup>@</sup>	Chairperson	Non Executive Independent Director
Mr. Rajiv Kathuria <sup>@</sup>	Member	Non Executive Independent Director

<sup>@</sup>Mr. Amit Mittal ceased to be a member & chairman of the CSR Committee w.e.f. 03.04.2023.

Mr. Prabhat Kumar ceased to be a member of the CSR Committee w.e.f. 03.04.2023.

Mrs. Savita Bansal induced as the Chairperson of the CSR Committee w.e.f. 03.04.2023

Mr. Rajiv Kathuria induced as a member of the CSR Committee w.e.f. 03.04.2023.

During the year, the Board of Directors, with the recommendation of the CSR Committee approved and adopted a CSR Policy together with the Annual Action Plan on CSR activities. The CSR Policy and other relevant details of CSR Activities carried out during the financial year are available on the website of the company [www.megastarfoods.com](http://www.megastarfoods.com).

The Annual Report on CSR activities is annexed as "**Annexure-6**" to this report.

#### **34. DISCLOSURE ON VIGIL MECHANISM (WHISTLE BLOWER POLICY)**

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

Whistle Blower Policy of the Company is posted on the website of the Company at the weblink: <https://www.megastarfoods.com/policies-codes-related-documents>.

#### **35. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERNS STATUS AND COMPANY'S OPERATIONS IN FUTURE**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

#### **36. SECRETARIAL STANDARDS**

The Company has complied with the applicable Secretarial Standards - 1 and Secretarial Standards - 2 issued by the Institute of Company Secretaries of India and approved by the Central Government.

#### **37. COMPLIANCE WITH THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS 2015**

The company's equity shares were listed on the BSE Limited and National Stock Exchange of India Limited (NSE) which has nationwide trading terminals. The company has paid the Annual Listing Fees to BSE for the



Financial Year 2023-24. All compliances with respect to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 have been duly made by the company.

### **38. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

In accordance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, Megastar Foods Limited is having the Code of Conduct to Regulate, Monitor and Report Trading by Insiders. The said Code is available on the website of the Company at <https://www.megastarfoods.com/policies-codes-related-documents>.

### **39. INDUSTRIAL RELATIONS**

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

### **40. 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.

### **41. CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Annual Audited Consolidated Financial Statements for the financial year ended 31 March 2023, together with Report of Auditors’ thereon, forms part of this annual report.

### **42. MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed review of the operations, performance and future outlook, major events occurred during the year as well as state of company’s affairs is given in the Management Discussion and Analysis, which forms part of this report.

### **43. ANNUAL SECRETARIAL COMPLIANCE REPORT**

Mr. Kanwaljit Singh Thanewal, Practicing Company Secretary, have issued Secretarial Compliance Report for the year ended 31<sup>st</sup> March 2023 confirming compliance of SEBI Regulations / guidelines / circulars issued thereunder and applicable to the Company.

### **44. MIGRATION TO MAIN BOARD**

The Company migrated of equity shares of the company from the SME Platform of BSE Limited to Main Board of BSE Limited as well as on Main Board of National Stock Exchange of India Limited with effect from 16<sup>th</sup> February, 2022.

### **45. BUSINESS RESPONSIBILITY REPORT**

Regulation 34(2) (f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 was not applicable to the Company during the year under review, based on the market capitalisation.



#### **46. TRANSFER OF UNCLAIMED DIVIDEND TO IEPF**

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

During the FY 2022-23, there is no such amount with respect to Unclaimed Dividend, which is required to be transferred to Investor Education and Protection Fund (IEPF)

#### **47. TRANSFER OF SHARES TO IEPF**

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

During FY 2022-23, there were no shares which are required to be transferred to IEPF Account.

#### **48. GENERAL DISCLOSURE**

During the year under review:-

- The Company has not made any provisions of money or has not provided any loan to the employees of the Company for purchase of shares of the Company pursuant to the provisions of Section 67 of Companies Act, 2013 and Rules made thereunder.
- The Company has not bought back its shares, pursuant to the provisions of Section 68 of Companies Act, 2013 and Rules made thereunder.
- The has timely payment to micro and small enterprises and payments to micro and small enterprise suppliers does not exceed forty-five days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of section 9 of the Micro, Small and Medium Enterprises Development Act, 2006.
- The company is not paying any commission to its Directors. Only the Non Executive Independent Directors are entitled to the payment of setting fees for attending the meetings.
- There was no revision of financial statements and Board Report of the company during the year under review.
- There were no instances of any one time settlement executed between the company or any of its lenders, hence there is no requirement of disclosing the difference between amount of valuation done at the time of one time settlement and the valuation done while taking loans from banks and financial institutions along with the reasons thereof.

#### **49. 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: 12.08.2023  
Place: Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**VIKASGOEL**  
Chairman & Managing Director  
DIN: 05122585

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



**ANNEXURE- 1**

**FORM No. AOC- 1**

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

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES**

<b>PARTICULARS</b>	<b>DETAILS (in Lakhs)</b>
Name of the subsidiary	Megapacific Ventures Private limited
Reporting year/period for the subsidiary concerned	01.04.2022 to 31.03.2023
Reporting currency and exchange rate as on the Financial Year ended on 31 <sup>st</sup> March, 2023	INR
Share capital	250.00
Reserves & surplus	43.78
Total assets	322.33
Total Liabilities	322.33
Investments	0
Turnover	3964.12
Profit/(loss) before taxation	65.87
Provision for taxation	19.38
Profit/(loss) after taxation	46.49
Other comprehensive income	0
Total comprehensive income	0
Proposed Dividend	Nil
% of shareholding	100%

Date: 12.08.2023  
Place: Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**VIKASGOEL**  
Chairman & Managing Director  
DIN: 05122585

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



ANNEXURE-2

**INFORMATION AS PER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2023**

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

PARTICULARS	FOR THE YEAR ENDED ON 31 <sup>ST</sup> MARCH, 2023	FOR THE YEAR ENDED ON 31 <sup>ST</sup> MARCH, 2022
<p><b>1. CONSERVATION OF ENERGY, POWER AND FUEL CONSUMPTION</b>            The company is taking all measures to conserve Energy, Power and Fuel Consumption.</p> <p><b>a) Electricity</b>            Units Consumed 42,25,380 40,73,720            Total Amount (Rs. in Lakhs) 282.69 280.85            Rate/Unit Rs. 6.69 6.90</p> <p><b>b) High Speed Diesel (HSD)</b>            Quantity (litres) 1409.92 1940.00            Total Amount (Rs. in Lakhs) 1.24 1.73            Average Rate per litre (Rs.) 87.89 89.09</p>		
<p><b>2. TECHNOLOGY ABSORPTION &amp; RESEARCH AND DEVELOPMENT</b>            Through continuous Research and Development efforts, the company has been able to maintain the quality of wheat products as compared with its competitor multinational companies. The company is constantly upgrading its technology by R&amp;D to help in the overall development of the company.</p> <p>Expenditure on Research &amp; Development            a) Capital (Rs. in Lakhs) 53.78 7.47            b) Recurring (Rs. in Lakhs) Nil Nil            c) Total (Rs. in Lakhs) 53.78 7.47            d) Total R &amp; D expenditure as percentage of turnover of Manufacturing activity 0.20 0.04</p>		
<p><b>3. FOREIGN EXCHANGE EARNINGS AND OUTGO</b>            Foreign exchange earnings (Rs. in Lakhs) 167.45 542.00            Foreign exchange outgo (Rs. in Lakhs) 1090.75 0.48</p>		

Date: 12.08.2023  
 Place: Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**VIKASGOEL**  
 Chairman & Managing Director  
 DIN: 05122585

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



### ANNEXURE-3

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016:

#### PARTICULARS OF REMUNERATION

##### A. The Ratio of the Remuneration of each Director to the Median Remuneration of the Employees of the Company for the Financial Year 2022-23:-

\*

S.No. N	Nature of Directorships Held & Name of Directors	Ratio of Median Remuneration
1	<b>Executive Directors</b>	
a)	Mr. Vikas Goel	24:1
b)	Mr. Vikas Gupta	24:1
c)	Mr. Mudit Goyal	13:1
2	<b>Non-Executive Directors*</b>	
a)	Mr. Prabhat Kumar	0
b)	Mr. Amit Mittal	0
c)	Ms. Savita Bansal	0

\*Non- Executive Directors are being paid with the sitting fees for attending the Board Meetings.

##### B. The Percentage Increase in Remuneration of each Director, Chief Financial Officer, Company Secretary in the Financial Year 2022-23:-

S.No.	Name of the Director	% Increase in remuneration
1	Mr. Vikas Goel	21%
2	Mr. Vikas Gupta	21%
3.	Mr. Mudit Goyal	19%
4.	Mr. Prabhat Kumar*	Nil
5.	Mr. Amit Mittal*	Nil
6.	Mr. Savita Bansal*	Nil
7.	Mr. Dhiraj Kheriwal, Company Secretary	13%
8.	Ms. Manisha Gupta, Chief Financial Officer	18%

\* Non-Executive directors are being paid with the sitting fees for attending the Board Meetings.

##### C. The Percentage Increase in the Median Remuneration of Employees in the Financial Year 2022-23: There was increase of 5% in the Median Remuneration of Employees in the financial year 2021-22.

##### D. The Number of Permanent Employees on the rolls of Company: 127

##### E. Average Percentile increase already made in the Salaries of Employees other than the Managerial Personnel in the last Financial Year and its Comparison with the Percentile Increase in the Managerial Remuneration: The average increase in salaries of Employees other than Managerial Personnel in 2022-23 was 12%, average percentage increase in the Managerial Remuneration for the year was 20%.

##### F. Affirmation that the Remuneration is as per the Remuneration policy of the Company: The Company's Remuneration policy is driven by the success and performance of the individual Employees and the Company. Through its compensation package, the Company's endeavours to



attract, retain, develop and motivate a high performance staff. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. During the year no Managing Director / Whole-time Director of the Company are in receipt of any remuneration or commission from any of its subsidiaries. The Company affirms that the remunerations are as per the Nomination and Remuneration Policy of the Company.

- G. Details as per Section 197 and Rule 5(2) and 5(3) of the Act:-** During the financial year 2022-23, no employee of the Company, received remuneration of one crore and two lakh rupees or more per annum while working for the whole year or at the rate of eight lakh and fifty thousand rupees per month while working for a part of the year.
- H.** During the financial year 2022-23 or part thereof, no employee of the Company received remuneration in excess of the remuneration drawn by Managing Director or Whole-Time Director or Manager and no employee of the Company (by himself or along with his spouse and dependent children), was holding two percent or more of the equity shares of the Company.
- I.** During the financial year 2022-23, no employee of the Company, resident in India, posted and working in a country outside India, not being Directors or their relatives, had drawn more than sixty lakh rupees per year or five lakh rupees per month.

Date: 12.08.2023  
Place: Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**VIKASGOEL**  
Chairman & Managing Director  
DIN: 05122585

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



**ANNEXURE-4**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MEGASTAR FOODS LIMITED (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by MEGASTAR FOODS LIMITED (“the Company”) for the financial year ended on March 31, 2023, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c) The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021- Not Applicable to the company during the financial year under review.
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not Applicable to the company during the financial year under review.
  - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year.





- f) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021: Not applicable during the financial year under review.
  - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under other applicable laws.

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. There were no changes in the composition of Board of Directors of the company during the audit period.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions are carried through majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

***I further report that, during the audit period though, the subsequent modifications in the previously approved related party transactions was approved by the Audit Committee, the prior approval of members, as applicable for material related party transactions, was not sought.***

I further report that during the audit period, at the Annual General Meeting of the company held on 26.09.2022, the company passed special resolutions:



- a. Under Section 180(1) (c) of the Companies Act, 2013 for authorising the Board of the company to borrow money exceeding the aggregate of the paid-up share capital and free reserves of the company but not exceeding Rs. 250 Crores.
- b. Under Section 180(1)(a) of the Companies Act, 2013 for authorising the Board of Directors of the company to sell, lease or otherwise dispose-off the immovable properties or undertakings and to create charge or mortgage on the properties of the company.

I further report that, during the audit period under review there were no instances of

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

Place: Chandigarh

Date : 30.06.2023

UDIN: F005901E000527895

Kanwaljit Singh Thanewal  
(Proprietor)  
FCS No. 5901  
C P No.: 5870  
Peer review Cert No. 2319/2022

This report is to be read with our letter of even date which is annexed as “Annexure A” and forms an integral part of this report.

“Annexure-A”

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

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records, based on the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.



3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the extent of verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chandigarh

Date : 30.06.2023

UDIN: F005901E000527895

Kanwaljit Singh Thanewal  
(Proprietor)  
FCS No. 5901  
C P No.: 5870  
Peer review Cert No. 2319/2022



**ANNEXURE-5**

**FORM NO. AOC -2**

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

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

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

<b>SL. No.</b>	<b>Particulars</b>	<b>Details</b>
<b>1</b>		
<b>a</b>	Name (s) of the related party & nature of relationship	Savita Goyal, Relative of Directors
<b>b</b>	Nature of contracts/ arrangements/ transaction	Payment of remuneration
<b>c</b>	Duration of the contracts/ arrangements/ transaction	Regular Employment (Ongoing)
<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	In ordinary course of business for regular employment in the company (Annual remuneration Rs. 12.00 lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 2</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Shivani Gupta, Relative of Directors
<b>b</b>	Nature of contracts/arrangements/transaction	Payment of remuneration
<b>c</b>	Duration of the contracts/ arrangements/ transaction	Regular Employment (Ongoing)
<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	In ordinary course of business for regular employment in the company (Annual remuneration Rs. 12.00 lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 3</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Satpal Gupta, Relative of Directors
<b>b</b>	Nature of contracts/arrangements/transaction	Payment of remuneration
<b>c</b>	Duration of the contracts/ arrangements/ transaction	Regular Employment (Ongoing)

<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	In ordinary course of business for regular employment in the company (Annual remuneration Rs. 7.95 lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 4</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Satpal Gupta, Relative of Directors
<b>b</b>	Nature of contracts/arrangements/transaction	Payment of Rent
<b>c</b>	Duration of the contracts/arrangements/ transaction	Ongoing with periodic renewals
<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	On arms' length basis (Annual rent paid Rs. 4.00 lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 5</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Amit Goel, Relative of Directors
<b>b</b>	Nature of contracts/arrangements/transaction	Payment of Rent
<b>c</b>	Duration of the contracts/arrangements/ transaction	Ongoing with periodic renewals
<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	On arms' length basis (Annual rent paid Rs. 2.00 lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 6</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Pankaj Goel, Relative of Directors
<b>b</b>	Nature of contracts/arrangements/transaction	Payment of Rent
<b>c</b>	Duration of the contracts/arrangements/ transaction	Ongoing with periodic renewals
<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	On arms' length basis (Annual rent paid Rs. 2.00 lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 7</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Madan Lal, Relative of Directors
<b>b</b>	Nature of contracts/arrangements/transaction	Payment of Rent
<b>c</b>	Duration of the contracts/arrangements/ transaction	Ongoing with periodic renewals
<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	On arms' length basis (Annual rent paid Rs. 2.00 lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 8</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Kulwant Rai Ram Kishan, Partnership firm of Directors
<b>b</b>	Nature of contracts/arrangements/transaction	Payment of Rent
<b>c</b>	Duration of the contracts/arrangements/ transaction	Ongoing with periodic renewals
<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	On arms' length basis (Annual rent paid Rs. 0.60 lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 9</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Ganesh Flour Mills, Partnership firm of Directors
<b>b</b>	Nature of contracts/ arrangements/ transaction	Sales and Purchase of Goods and Material
<b>c</b>	Duration of the contracts/arrangements/ transaction	1 year
<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions on arm's length basis and in the ordinary course of company's business (Aggregate value of transactions for FY 2022-23: Rs. 1922.41 Lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 10</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Shree Ganesh Grain Products, Partnership firm of Directors
<b>b</b>	Nature of contracts/ arrangements/ transaction	Sales of Goods and Material
<b>c</b>	Duration of the contracts/arrangements/ transaction	1 year
<b>d</b>	Salient terms of the contracts or	Transactions on arm's length basis and in





	arrangements or transaction including the value, if any	the ordinary course of company's business (Aggregate value of transactions for FY 2022-23: Rs. 56.67 Lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

<b>SL. No. 11</b>	<b>Particulars</b>	<b>Details</b>
<b>a</b>	Name (s) of the related party & nature of relationship	Megapacific ventures Private Limited, Wholly Owned Subsidiary Company
<b>b</b>	Nature of contracts/ arrangements/ transaction	Purchase of Goods and material
<b>c</b>	Duration of the contracts/ arrangements/ transaction	1 year
<b>d</b>	Salient terms of the contracts or arrangements or transaction including the value, if any	Transactions on arm's length basis and in the ordinary course of company's business (Aggregate value of transactions for FY 2022-23: Rs. 296.43 Lakhs)
<b>e</b>	Date of approval by the Board	N.A.
<b>f</b>	Amount paid as advances, if any (Value of transaction)	Nil

Date: 12.08.2023  
Place: Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**VIKASGOEL**  
Chairman & Managing Director  
DIN: 05122585

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



**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE  
FINANCIAL YEAR 2022-23**

**1. Brief outline on CSR Policy of the Company.**

The key thrust areas of Company's policy on CSR, adopted by the Board of Directors in adherence to Section 135 of the Companies Act, 2013, are- promoting health care and sanitation, preventive healthcare and animal Welfare, etc.

**2. Composition of CSR Committee:**

S. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the tenure of Director	Number of meetings of CSR Committee attended during the year
1.	Mr. Amit Mittal (Ceased w.e.f. 03.04.2023)	Chairman (Independent Director)	2	2
2.	Mr. Vikas Goel	Member (Chairman and Managing Director)	2	2
3.	Mr. Prabhat Kumar (Ceased w.e.f. 03.04.2023)	Member (Independent Director)	2	2
4.	Mrs. Savita Bansal (induced as Chairperson and member of CSR Committee w.e.f. 03.04.2023)	Chairperson (Independent Director)	N.A.	N.A.
5.	Mr. Rajiv Kathuria (induced w.e.f. 03.04.2023)	Member (Independent Director)	N.A.	N.A.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <https://www.megastarfoods.com/CSR-projects> & <https://www.megastarfoods.com/policies-codes-related-documents>.

4. The executive summary alongwith the web-link(s) of Impact : Not Applicable Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: N.A.

- |   |                  |
|---|------------------|
| 5. (a) Average net profit of the Company as per Section 135(5).   | Rs. 588.59 lakhs |
| (b) Two percent of average net profit of the Company as per Section 135(5)                                | Rs. 11.77 lakhs  |
| (c) Surplus arising out of the CSR projects or programmes– or activities of the previous financial years. | Nil              |
| (d) Amount required to be set off for the financial year, if any.–  | Nil              |



(e) Total CSR obligation for the financial year Rs. 11.77 lakhs

- 6.
- |  |             |
|--|-------------|
| (a) Amount spent on CSR Projects (both ongoing Projects and Other than ongoing projects) | 11.89 Lakhs |
| (b) Amount spent in administrative overheads   | Nil         |
| (c) Amount spent on impact assessment, if applicable                                     | Nil         |
| (d) Total amount spent for the financial year [(a)+(b)+(c)]                              | 11.89 Lakhs |
| (e) CSR amount spent or unspent for the financial year:                                  |             |

Total Amount spent for the financial year (in Rs. Lakhs)	Amount Unspent (in Rs. Lakhs)				
	Rs. 11.89	Total Amount transferred to Unspent VCSR account as per Sub Section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135	
Amount		Date of Transfer	Name of the fund	Amount	Date of Transfer
N.A.		Nil	N.A.	Nil	N.A.

(f) Excess amount for set off, if any:

S. No.	Particulars	Amount in Rs. Lakhs
(i)	Two per cent of average net profit of the company as per sub-section (5) of section 135	11.77
(ii)	Total amount spent for the Financial Year	11.89
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.12
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.12

7. Details of Unspent CSR amount for the preceding three financial years: Nil

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in



8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year: No
  
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: N.A.

Date: 12.08.2023  
Place: Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**VIKASGOEL**  
Chairman & Managing Director  
DIN: 05122585

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



# Report on Corporate Governance

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

## 2. BOARD OF DIRECTORS

### A. SIZE AND COMPOSITION OF BOARD

The present policy of Megastar Foods Limited regarding size and composition of the Board is to have an optimum combination of Executive and Non-Executive Directors along with Woman Director which clearly demarcate the functions of governance and management.

As on 31 March 2023, the Board comprises of 6 (Six) members, 3 (Three) of which are Independent Non-Executive Directors including 1 (One) Independent Woman Director, constituting 50% of the Board's strength and remaining 3 (Three) are Executive Promoter Directors. Out of 3 (Three) Executive Directors, 1 (One) is Chairman & Managing Director and 2 (Two) are Whole Time. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations as well as the Companies Act, 2013 read with the rules issued thereunder.

### B. ROTATION/REAPPOINTMENT OF DIRECTORS

#### RETIREMENT BY ROTATION AND SUBSEQUENT RE-APPOINTMENT

Pursuant to the provisions of Section 149(13) of the Companies Act, 2013 and Articles of Association of the Company all directors except Independent Directors are liable to retire by rotation. Accordingly, Mr. Vikas Goel (DIN: 05122585), Chairman and Managing Director of the Company, being the longest in the office amongst the directors liable to retire by rotation, retire from the Board by rotation this year and



being eligible, has offered her candidature for re-appointment. This shall not constitute a break in her office as the Chairman and Managing Director of the Company.

### **DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, the Independent Directors, fulfil the criteria of independence specified in Section 149(6) of the Act and Regulation 16(1) (b) of the SEBI Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics laid down for the Board of Directors, Senior Management Personnel and Other Employees.

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the independent directors fulfil the conditions specified on the Companies Act, 2013 and the Listing Regulations and are independent of the management of the company.

### **RE-APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS FOR A SECOND TERM OF 5 (FIVE) CONSECUTIVE YEARS**

The first terms of office of Mr. Prabhat Kumar, and Mrs. Savita Bansal, Independent Directors of the company expired on 3<sup>rd</sup> April 2023. The Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on 12<sup>th</sup> August 2022 recommended their re-appointments as Non- Executive Independent Directors of the Company for second terms of 5 (five) consecutive years each, subject to the approval of the members by way of special resolution. Pursuant to the provisions of Section 149(13) of the Companies Act, 2013 and Articles of Association of the Company all directors except Independent Directors are liable to retire by rotation.

Accordingly, the members in the 11<sup>th</sup> Annual General Meeting of the company held on 26<sup>th</sup> September, 2022 passed special resolutions for the re-appointment of both Mr. Prabhat Kumar, and Mrs. Savita Bansal as Independent Directors of the company for their respective second terms of 5 years each w.e.f. 4<sup>th</sup> April, 2023.

### **RE-APPOINTMENT OF EXECUTIVE DIRECTORS FOR A PERIOD OF 5 (FIVE) YEARS**

The previous tenures of Mr. Vikas Goel (DIN: 05122585) as Chairman & Managing Director, Mr. Vikas Gupta (DIN: 05123386) as a Whole Time Director and Mr. Mudit Goyal (DIN: 08099543) as Whole Time Director of the Company expired on 3<sup>rd</sup> April, 2023.

Considering the recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors of the Company in its meeting held on 12<sup>th</sup> August 2022, recommended for further approval of shareholders to re-appoint Mr. Vikas Goel (DIN: 05122585) as Chairman & Managing Director and Mr. Vikas Gupta (DIN: 05123386) and Mr. Mudit Goyal (DIN: 08099543) as Whole Time Directors of the company, for a further period of five years w.e.f. 04 April 2023 to 03 April 2028.

Accordingly, the members in the 11<sup>th</sup> Annual general meeting of the company held on 26<sup>th</sup> September, 2022 passed special resolutions for the re-appointment of Mr. Vikas Goel (DIN: 05122585) as Chairman & Managing Director and Mr. Vikas Gupta (DIN: 05123386) and Mr. Mudit Goyal (DIN: 08099543) as Whole Time Directors of the company, for a further period of five years w.e.f. 04 April 2023 to 03 April 2028.





### C. DIRECTORS ATTENDANCE RECORD AND THEIR OTHER DIRECTORSHIP(S) AND COMMITTEE MEMBERSHIP(S)

As mandated by Regulation 26 of the SEBI Listing Regulations, none of the Director is a member of more than 10 (Ten) Board level Committees or Chairman of more than 5 (Five) Committees across all listed companies in which he/she is a Director. Directors' attendance at the Board Meetings during the financial year and the last AGM and also their Directorships and Memberships in other committees is given below:

#### Composition of the Board, Attendance Record, Directorships and Committee Membership for the Financial Year 2022-23:-

Brief Information about Directors		Attendance record during Financial Year 2022-23			Directorship/Membership /Chairmanship as on 31 March 2023		
Name of the Directors	Directors Identification Number (DIN)	Number of Board Meeting held and attended		Attendance at the last AGM	Number of Directorships in all Companies* as on 31 March 2023	Number of Committee Positions held in all Companies** as on 31 March 2023	
		Held	Attended			Chairman	Member
<b>Executive Directors</b>							
Mr. Vikas Goel	05122585	4	4	Yes	2	Nil	3
Mr. Vikas Gupta	05123386	4	4	Yes	2	Nil	Nil
Mr. Mudit Goyal	08099543	4	4	Yes	2	Nil	Nil
<b>Independent Non-Executive Directors</b>							
Mr. Amit Mittal	08099502	4	4	Yes	1	4	4
Mr. Prabhat Kumar	08099531	4	3	Yes	1	Nil	4
Ms. Savita Bansal	08099629	4	4	Yes	1	Nil	1

\*This includes Directorships in all Companies (Listed, Unlisted Public and Private Limited Companies incorporated in India) including Megastar Foods Limited.

\*\* For the purpose of considering the limit of the committees on which a Directors can serve, all public limited companies, whether listed or not, including Megastar Foods Limited is considered. Further in addition to the Audit Committee and Stakeholders Relationship Committee as prescribed under explanation to Regulation 26(1)(b) of the SEBI Listing Regulations, the Nomination and Remuneration Committee and CSR Committee were also taken into consideration.

The Senior Management has made disclosure to the Board confirming that there is no material, financial and/ or commercial transactions between them and the company which could have potential conflicts of interest with the company at large.

### D. LIMIT ON THE NUMBER OF DIRECTORSHIPS

Pursuant to the provisions of Section 165 of the Companies Act, 2013, no person shall hold the office as a Director, including any directorship in more than twenty companies at the same time, provided that the maximum number of Public Companies in which a person can be appointed as a Director shall not exceed ten.

In compliance with Regulation 25 of the SEBI Listing Regulations, the Independent Directors on the Board of the Company does not serve as an Independent Directors in more than 7 (Seven) Listed Companies and in case he/she is serving as a Whole Time Director in any Listed Company, does not hold position as an Independent Director in more than 3 (Three) Listed Companies.



Also as required under Regulation 17A of the amended SEBI Listing Regulations, 2015, the Board Members of the Company does not serve as a Director in more than 8 (eight) listed entities and in case he/she is serving as Independent Director on the Board of the Company, does not hold position as an Independent Director in more than 7 (Seven) Listed Companies and in case he/she is serving as a Whole Time/Managing Director in any Listed Company, does not hold position as an Independent Director in more than 3 (Three) Listed Companies.

Accordingly, all Directors are in compliance with the above mentioned provisions of Companies Act, 2013 and SEBI Listing Regulations.

#### **E. MAXIMUM TENURE OF INDEPENDENT DIRECTORS**

Pursuant the provisions of Section 149(11) of the Companies Act, 2013, the Independent Directors of Company are appointed for terms of 5 years each in compliance with the provisions of Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

#### **F. FORMAL LETTER OF APPOINTMENT TO INDEPENDENT DIRECTORS**

- a. In accordance with the provisions of SEBI Listing Regulations read with Schedule IV of the Companies Act, 2013, the Company has issued formal letters of appointment to all the Independent Directors.
- b. The terms and conditions of Appointment of Independent Directors has been disseminated on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com)

#### **G. PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS**

The Nomination and Remuneration Committee, has laid down the criteria for performance evaluation of Board of the Company, its Committees and the individual Board Members, including Independent Directors.

The performance evaluation of Independent Directors was done by the entire Board of Directors excluding the Directors being evaluated.

#### **H. SEPARATE MEETING OF THE INDEPENDENT DIRECTORS**

During the year, a separate Meeting of the Independent Directors of the Company was held during the financial year, where in inter-alia following items as enumerated under Schedule IV of the Companies Act, 2013, read with Regulation 25 of the SEBI Listing Regulations were discussed:-

- Review of Performance of Non-Independent Directors and Board as a whole.
- Review of Performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.
- Assessment of the quality, quantity and timeliness of flow of information between the Company, Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Mr. Prabhat Kumar was appointed as the Chairman to lead the meeting of the Independent Directors.

#### **I. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

In compliance with the provisions of Regulation 25 of the SEBI Listing Regulations, all Independent Directors are familiarized about the Company, through various programs from time to time, including the following:

- Nature of the industry in which the Company operates;



- Business model of the Company;
- Roles, rights and responsibilities of Independent Directors; and
- Any other relevant information.

A web- link for the details of the familiarisation programmes conducted during the year 2022-23 has been uploaded on the Company's website at <https://www.megastarfoods.com/policies-codes-related-documents>.

#### **J. BOARD MEMBERSHIP CRITERIA AND LIST OF CORE SKILLS/ EXPERTISE/ COMPETENCIES IDENTIFIED IN THE CONTEXT OF THE BUSINESS**

The Board of Directors are collectively responsible for selection of a Member on the Board. The Nomination and Remuneration Committee of the Company follows defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:

- Composition of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- Desired age and diversity on the Board;
- Size of the Board with optimal balance of skills and experience and balance of Executive and Non - Executive Directors consistent with the requirements of law;
- Professional qualifications, expertise and experience in specific area of relevance to the Company;
- Balance of skills and expertise in view of the objectives and activities of the Company;
- Avoidance of any present or potential conflict of interest;
- Availability of time and other commitments for proper performance of duties;
- Personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset;

**In terms of requirement of Schedule V of SEBI Listing Regulations, the Board has identified the following core skills/expertise/ competencies of the Directors in the context of the Company's business for effective functioning as given below:**

<b>Skills and its description</b>	<b>Mr. Vikas Goel</b>	<b>Mr. Vikas Gupta</b>	<b>Mr. Mudit Goyal</b>	<b>Mr. Amit Mittal</b>	<b>Mr. Prabhat Kumar</b>	<b>Ms. Savita Bansal</b>
<b>Experience in leading well-governed organizations*</b>	✓	✓	✓	✓	✓	✓
<b>Experience of crafting Business Strategies**</b>	✓	✓	✓	✓	✓	✓
<b>Finance and Accounting Experience***</b>	✓	✓	✓	✓	✓	✓



Experience of large Companies and understanding of the changing regulatory landscape****	✓	✓	✓			
--	---	---	---	--	--	--

- \* **Experience in leading well-governed organizations** – Experience in leading well-governed organizations, with an understanding of organizational systems and processes complex business and regulatory environment, strategic planning and risk management, understanding of emerging local and global trends and management of accountability and performance.
- \*\* **Experience of crafting Business Strategies** - Experience in developing long-term strategies to grow consumer / Rice business, consistently, profitably, competitively and in a sustainable manner in diverse business environments and changing economic conditions.
- \*\*\* **Finance and Accounting Experience** - Leadership experience in handling financial management of a well-governed organization along with good understanding of accounting and financial statements.
- \*\*\*\* **Experience of large Companies and understanding of the changing regulatory landscape** - Experience of having served in large public companies in diverse industries to provide Board oversight to all dimensions of business and Board accountability, high governance standards with an understanding of changing regulatory framework.

#### **K. NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS**

The Non-Executive Directors of the Company does not hold any Equity Shares. Further the Company is not having any convertible instruments.

#### **L. ROLES AND RESPONSIBILITIES OF THE BOARD**

The primary role of the Board is that of trusteeship to protect and enhance shareholders value through strategic direction to the Company. As trustee, the Board of Directors has fiduciary responsibility to ensure that the company has clear goals aligned to shareholders value and its growth. The Board exercises its duties with care, skill and diligence and exercises independent judgment. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfils Stakeholders aspirations and societal expectations.

- **Disclosure of Information**

- Members of Board of Directors and Key Managerial Personnel shall disclose to the Board of Directors whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company.
- The Board of Directors and Senior Management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

- **Key functions of the Board**

- The Board reviews and guides Corporate Strategy, Major Plans of Action, Key policies, Annual Budgets and Business Plans; Setting Performance Objectives; Monitoring Implementation and Corporate Performance; and Overseeing Major Capital Expenditures, Acquisitions and Divestments.



- Board monitors the effectiveness of the Company's governance practices and making changes as needed.
  - Selects, Compensates, Monitors and when necessary, replaces key executives and overseeing succession planning.
  - Ensures a transparent Board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
  - Monitors and manages potential conflicts of interest of Management, Board Members and Shareholders, including misuse of corporate assets and abuse of Related Party Transactions.
  - Ensures the integrity of the Company's accounting and financial reporting systems, including the Independent Audit, and that appropriate systems of control are in place, in particular, systems for Risk Management, Financial and Operational Control, and Compliance with the law and relevant standards.
  - Oversees the process of disclosure and communications.
  - Monitors Board evaluation framework.
  - Aligned Key Managerial Personnel and remuneration of Board of Directors with the longer term interests of the Company and its Shareholders.
  - Company has well established Committees of the Board of Directors, and their mandate, composition and working procedures have been well defined.
- **Other responsibilities**
- The Board provides the strategic guidance to the Company, ensure effective monitoring of the Management and should be accountable to the Company and the Shareholders.
  - The Board sets corporate culture and the values by which executives throughout a group will behave.
  - Board members acts on a fully informed basis, in good faith, with Due Diligence and Care, and in the best interest of the Company and the Shareholders.
  - The Board encourages continuing Directors training to ensure that the Board Members are kept up to date.
  - Where Board decisions affect different shareholder groups differently, the Board treats all Shareholders fairly.
  - The Board applies high ethical standards. It takes into account the interests of stakeholders.
  - The Board is able to exercise objective independent judgment on Corporate Affairs.
  - Board considers assigning a sufficient number of Non-Executive Board Members capable of exercising Independent Judgment to tasks where there is a potential for conflict of interest.



- The Board ensures that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk.
- The Board has ability to ‘Step Back’ to assist Executive Management by challenging the assumptions underlying: Strategy, Strategic Initiatives (such as acquisitions), Risk Appetite, Exposures and the Key areas of the Company’s focus.
- Board Members should be able to commit themselves effectively to their responsibilities.
- In order to fulfill their responsibilities, Board Members have access to accurate, relevant and timely information.
- The Board and Senior Management facilitate the Independent Directors to perform their role effectively as a Board Member and also a Member of a Committee.

● **Role of Independent Directors**

Independent Directors have emerged as the cornerstones of the worldwide Corporate Governance movement. Their increased presence in the boardroom has been hailed as an effective deterrent to fraud and mismanagement, inefficient use of resources, inequality and unaccountability of decisions and as a harbinger for striking the right balance between individual, economic and social interests.

Independent Directors plays a key role in the decision-making process of the Board. The Independent Directors are committed to act in what they believe to be in the best interest of the Company and its Shareholders. The Independent Directors are professionals, with expertise and experience in general corporate management, Public Policy, Finance, Financial Services and Other allied fields. This wide knowledge of their respective fields of expertise and best-in-class boardroom practices helps foster varied, unbiased, Independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

**M. INTER-SE RELATIONSHIP AMONGST DIRECTORS**

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

**3. BOARD MEETINGS AND PROCEDURES**

**A. BOARD MEETINGS**

Company’s Corporate Governance requires the Board to meet at least four times in a year. The maximum gap between two Board Meetings should not be more than 120 (One hundred and twenty) days as prescribed under Regulation 17 of the SEBI Listing Regulations. Additional Board Meetings may be convened to address the specific needs of the Company. In case of business exigencies or matters of urgency, the Board may also approve resolutions by Circulation as permitted under Companies Act, 2013.





## B. BOARD PROCEDURE

The meeting of Board of Directors and Committees of Board of Directors are governed with the structured agenda. The Agenda is prepared in consultation with the Chairman of the Board/Committees of Board and other Board/Committee Members. The Agenda for the Meetings of the Board/Committees of Board together with the appropriate supporting documents are circulated well in advance to all the Board/Committee members. Detailed presentations are also made to the Board/Committee Members covering operations, Business Performance, Finance, Sales, Marketing, Global and Domestic Business Environment and related details. All necessary information including but not limited to those as mentioned in Part-A Schedule II of the SEBI Listing Regulations are placed before the Board/Committee Members to enable it to discharge its responsibility for the strategic supervision of the Company. The Board/Committee Members also reviews periodical compliances of all laws, rules and regulations. At the Board/Committees Meeting, the members have full freedom to express their opinion and decisions are taken after detailed deliberations. Members of the Senior Management team are also invited to attend the Board/Committees Meetings as and when required, which provides additional inputs to the items being discussed by the Board/Committees Meetings.

## C. DETAILS OF BOARD MEETINGS HELD AND ATTENDED BY THE DIRECTORS DURING FINANCIAL YEAR 2022-23:-

S. No.	Date of Board Meetings	Board Strength	Number of Directors Present	% of attendance
1.	30.05.2022	6	6	100.00
2.	12.08.2022	6	5	83.33
3.	11.11.2022	6	6	100.00
4.	14.02.2023	6	6	100.00

In terms of Regulation 17 of the SEBI Listing Regulations the gap between any two meetings did not exceed 120 (One Hundred and Twenty) days.

## D. SHAREHOLDING OF DIRECTORS

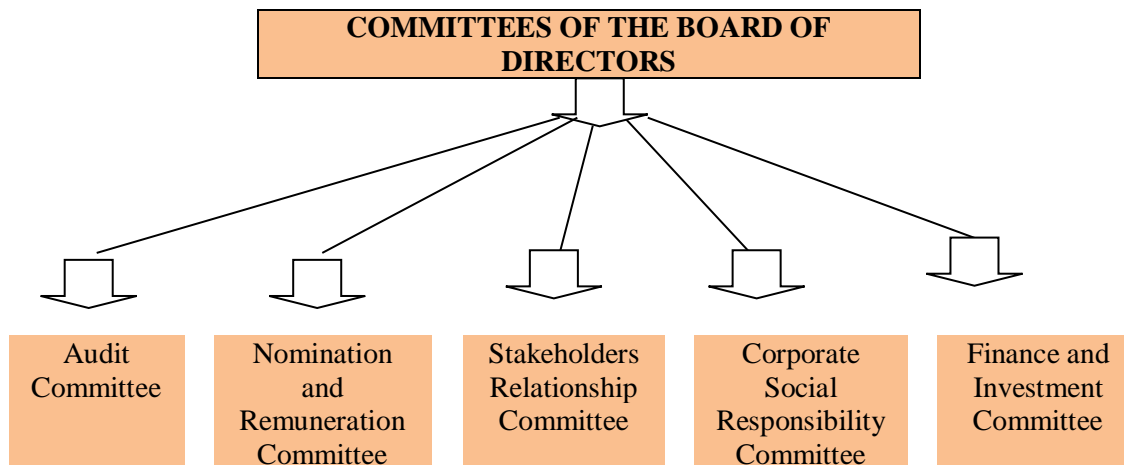
The Shareholding of Directors (In individual capacity) as on 31 March 2023 are given below:

Name	Number of Shares Held
Mr. Vikas Goel	25,32,660
Mr. Vikas Gupta	21,79,900
Mr. Mudit Goyal	2,01,500

The Independent Non- Executive Directors of the Company were not holding any shares in the Company as on 31 March 2023.

#### 4. COMMITTEES OF THE BOARD

Megastar has 5 (Five) Board level Committees:-



**DETAILS OF ROLE AND COMPOSITION OF THESE COMMITTEES, INCLUDING THE NUMBER OF MEETINGS HELD DURING THE FINANCIAL YEAR AND THE RELATED ATTENDANCE ARE PROVIDED BELOW:**

##### A. AUDIT COMMITTEE

###### I. Composition of the Committee

As on 31 March 2023, the Audit Committee of Megastar comprises of following Members:

Name	Designation	Category
Mr. Amit Mittal*	Chairman	Independent Non-Executive Director
Mr. Vikas Goel	Member	Executive & Managing Director
Mr. Prabhat Kumar*	Member	Independent Non-Executive Director
Mrs. Savita Bansal*	Chairperson	Independent Non-Executive Director
Mr. Rajiv Kathuria*	Member	Independent Non-Executive Director

\*Mr. Amit Mittal ceased to be a Member & Chairman of the Audit Committee w.e.f. 03.04.2023.

Mr. Prabhat Kumar ceased to be a member of the Audit Committee w.e.f. 03.04.2023.

Mrs. Savita Bansal induced as the Chairperson of the Audit Committee w.e.f. 03.04.2023

Mr. Rajiv Kathuria induced as a member of the Audit Committee w.e.f. 03.04.2023.

The Members of Audit Committee of the Company have good knowledge of Finance, Accounts and Business Management. The Chairman of the Committee, Mr. Amit Mittal, has considerable accounting and related Financial Expertise. The Statutory Auditors and the Internal Auditors of the Company attend the meetings of the Committee on the invitation of the Chairman.

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013, read with Regulation 18 of SEBI Listing Regulations.

The primary objective of the Audit Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.



The Audit Committee oversees the work carried out in the financial reporting process by the Management, the Internal Auditors and the Independent Auditors notes the process and safeguards employed by each of them.

Mr. Dhiraj Kheriwal, Company Secretary, acted as Secretary to the Audit Committee during his tenure throughout the financial year.

## **II. Terms of Reference**

The roles, powers and functions of the Audit Committee of Megastar Foods Limited are in accordance with the provisions of Section 177 of the Companies Act, 2013, read with Regulation 18 and PART-C of Schedule II of the SEBI Listing Regulations.

1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval;
  - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval, with particular reference to;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Subject to and conditional upon the approval of the Board of Directors, approval of Related Party Transactions (RPTs) or subsequent modifications thereto. Such approval can be in the form of specific approval or omnibus approval of RPT subject to conditions is not inconsistent with the conditions specified in Regulation 23(2) and Regulation 23(3) of the Listing Regulations. Such approval shall not be required for transactions with a wholly owned subsidiary whose accounts are consolidated with the Company;
9. Subject to review by the Board of Directors, review on quarterly basis, of RPTs entered into by the Company pursuant to respective omnibus approval given pursuant to (8) above;
10. Scrutiny of inter-corporate loans and investments;
11. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
12. Review the Company's established system and processes of internal financial controls and risk management systems;
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;



14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with internal auditors of any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
17. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in section 177(4) of Companies Act 2013 or referred to it by the Board.
19. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. To review the functioning of the whistle blower mechanism;
21. Approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and;
22. Audit committee shall oversee the vigil mechanism.
23. Audit Committee will facilitate KMP/auditor(s) of the Company to be heard in its meetings.
24. Carrying out any other function as is mentioned in the terms of reference of the audit committee or containing into SEBI Listing Regulations 2015.

Further, the Audit Committee reviews 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).

### III. Meetings and Attendance

During the financial year 2022-23, 4 (Four) meetings of Audit Committee were held. Details of Audit Committee Meetings held and attended by Members during the financial year 2022-23 are as follows:

S. No.	Date of Committee Meetings	Committee Strength	Number of Members Present	% of attendance
1.	30.05.2022	3	3	100.00
2.	12.08.2022	3	3	100.00
3.	11.11.2022	3	3	100.00
4.	14.02.2023	3	3	100.00



The attendance details of the Audit Committee Members are as follows:

S. No.	Name	Position held	Meetings Held	Meetings attended	% of attendance
1.	Mr. Amit Mittal	Chairman	4	4	100.00
2.	Mr. Vikas Goel	Member	4	4	100.00
3.	Mr. Prabhat Kumar	Member	4	4	100.00
4.	Ms. Savita Bansal	Chairperson*	N.A.	N.A.	N.A.
5.	Mr. Rajiv Kathuria	Member	N.A.	N.A.	N.A.

## B. NOMINATION AND REMUNERATION COMMITTEE

### I. Composition of the Committee

As on 31 March 2023, the Nomination and Remuneration Committee of Megastar comprises of following Members:

Name	Designation	Category
Mr. Amit Mittal <sup>@</sup>	Chairman	Independent Non-Executive Director
Ms. Savita Bansal <sup>@</sup>	Member	Independent Non-Executive Director
Mr. Prabhat Kumar	Member	Independent Non-Executive Director
Mr. Rajiv Kathuria <sup>@</sup>	Member	Independent Non Executive Director

<sup>@</sup>Mr. Amit Mittal ceased to be Chairman and member of NRC w.e.f. 03.04.2023.

Ms. Savita Bansal was designated as the Chairperson of NRC w.e.f. 03.04.2023.

Mr. Rajiv Kathuria was inducted as a member of NRC w.e.f. 03.04.2023.

The primary objective of the Nomination and Remuneration Committee is to screen and review individuals who are qualified to serve as Key Managerial Personnel, Executive Directors, Non-Executive Directors and Independent Directors and to recommend to Board for the their appointment/ change in remuneration from time to time. Also Nomination and Remuneration Committee's primary role is to identify persons who may be appointed in Senior Management and to change their remuneration from time to time.

Mr. Dhiraj Kheriwal, Company Secretary, acted as Secretary to the Nomination and Remuneration Committee during his tenure throughout the financial year.

### II. TERMS OF REFERENCE

The role of the Nomination and Remuneration Committee of Megastar also covers such functions and scope as prescribed under Section 178 of the Companies Act, 2013 read with allied Rules framed thereunder and Regulation 19 and Part-D of Schedule II of the SEBI Listing Regulations.

- Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, KMPs and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Determine our Company's policy on specific remuneration package for the Managing Director /



- Executive Director including pension rights;
- Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;
- Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
- Decide the amount of Commission payable to the Whole time Directors;
- Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.; and
- To formulate and administer the Employee Stock Option Scheme.

### **Nomination and Remuneration Policy:-**

Nomination and Remuneration Policy is in place for Directors, KMP's and other employees, in accordance with the provisions of the Act and Listing Regulations. The policy is part of Director's Report and also available on website of the Company at [www.megastarfoods.com](http://www.megastarfoods.com). The criteria for performance evaluation of the Directors is covered in Nomination and Remuneration Policy of the Company

### **III. MEETINGS AND ATTENDANCE**

During the financial year 2022-23, 3 (Three) meetings of Nomination and Remuneration Committee were held. Details of Nomination and Remuneration Committee Meetings held and attended by Members during the financial year 2022-23 are as follows:-

S. No.	Date of Committee Meetings	Committee Strength	Number of Members Present	% of attendance
1.	30.05.2022	3	3	100.00
2.	12.08.2022	3	3	100.00
3.	10.02.2023	3	3	100.00

The attendance details of the Nomination and Remuneration Committee members are as follows:

S. No.	Name	Position held	Meetings Held	Meetings attended	% of attendance
1.	Mr. Amit Mittal	Chairman	3	3	100.00
2.	Mr. Prabhat Kumar	Member	3	3	100.00
3.	Ms. Savita Bansal	Member	3	3	100.00
4.	Mr. Rajiv Kathuria	Member	N.A.	N.A.	N.A.

### **IV. Remuneration Policy**

The Remuneration policy of the Company is to lay down a framework in relation to remuneration of Directors, KMP and Senior Management Personnel and directed towards rewarding performance, based on review of achievements on periodic basis.

The remuneration paid to Directors is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors in the Board Meeting, subject to the approval of the Shareholders and such other authorities, if any, as the case may be and the remuneration paid to KMPs and Senior Management other than Directors is recommended by Nomination and Remuneration Committee and approved by the Board of Directors of the Company.





The Non-Executive Directors are paid with the sitting fee upto the limit as specified under the Companies Act, 2013 read with SEBI Listing Regulations.

The Nomination and Remuneration policy of Megastar Foods Limited is available on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com)

## V. Remuneration of Directors

### i. Remuneration to Non- Executive Directors

The Independent Non-Executive Directors are being paid with the sitting fees for attending Board Meetings.

Details of Sitting Fees paid to the Independent Non- Executive Directors during the Financial Year 2022-23 are as follows:

(Amount in Rupees)

Name of the Directors	Sitting Fees Paid FY 2022-23	No. of shares held as on 31 March 2023
Mr. Amit Mittal	28,000	Nil
Mr. Prabhat Kumar	21,000	Nil
Ms. Savita Bansal	28,000	Nil

### ii. Remuneration to Executive Directors

The remuneration of the Executive Directors is recommended by the Nomination and Remuneration Committee based on criteria such as industry benchmarks, the Company's performance, responsibilities shouldered, performance/ track record of the Director etc. and is approved by the Board of Directors.

The Company pays remuneration by way of salary, perquisites and allowances to its Executive Directors within the limits prescribed under the Companies Act, 2013 and approved by the Shareholders.

Details of Remuneration on account of salary and perquisites paid to the Executive Directors during the Financial Year 2023-23 are as follows:

(Amount in Lakhs)

Name & Designation of Director	Salaries	Allowances (including HRA, Leave Travel )	Total
Mr. Vikas Goel Chairman & Managing Director	28.50	38.32	66.82
Mr. Vikas Gupta Whole Time Director	28.50	38.32	66.82
Mr. Mudit Goyal Whole Time Director	15.00	20.15	35.15



## C. STAKEHOLDERS RELATIONSHIP COMMITTEE

### I. Composition of the Committee

As on 31 March 2023, the Stakeholders Relationship Committee of Megastar comprises of following Members:-

Name	Designation	Category
Mr. Amit Mittal <sup>#</sup>	Chairman	Independent Non-Executive Director
Mr. Vikas Goel	Member	Executive Director
Mr. Prabhat Kumar	Member	Independent Non-Executive Director
Ms. Savita Bansal <sup>#</sup>	Chairperson	Independent Non Executive Director

<sup>#</sup> Mr. Amit Mittal ceased to be Chairman and member of NRC w.e.f. 03.04.2023.

Ms. Savita Bansal was inducted as members and Chairperson of NRC w.e.f. 03.04.2023.

Mr. Dhiraj Kheriwal, Company Secretary, acted as Secretary to the Stakeholder Relationship Committee during his tenure throughout the financial year.

### II. Terms of Reference

The terms of reference and the ambit of powers of Stakeholders Relationship Committee are as per Regulation 20 and Part-D of Schedule II of SEBI Listing Regulations read with Section 178 of the Companies Act, 2013, and allied rules as may be notified from time to time.

- 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.

### III. Meetings and Attendance

During the financial year 2022-23, 4 (Four) meetings of Stakeholders Relationship Committee were held. Details of Stakeholders Relationship Committee Meetings held and attended by Members during the financial year 2022-23 are as follows:

S. No.	Date of Committee Meetings	Committee Strength	Number of Members Present	% of attendance
1.	30.05.2022	3	3	100.00
2.	12.08.2022	3	2	66.67
3.	11.11.2022	3	3	100.00
4.	14.02.2023	3	3	100.00



The attendance details of the Stakeholders Relationship Committee Members are as follows:

S. No.	Name	Position held	Meetings Held	Meetings attended	% of attendance
1.	Mr. Amit Mittal	Chairman	4	4	100.00
2.	Mr. Vikas Goel	Member	4	4	100.00
3.	Mr. Prabhat Kumar	Member	4	3	66.67
4.	Ms. Savita Bansal	Chairperson	N.A.	N.A.	N.A.

## INVESTORS GRIEVANCE REDRESSAL

The Company has been attending to all investor grievances/complaints expeditiously and promptly to the satisfaction of stakeholder(s). The status of Shareholders/ Investors Grievances pursuant to Regulation 13(3) of Listing Regulations for the financial year 2022-23, is as follows:

Particulars	Number of Complaints
Pending at the beginning of the financial year	Nil
Received during the financial year	Nil
Disposed during the financial year	Nil
Remaining unresolved as on 31 March 2023	Nil

## D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In accordance with provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has a well established Corporate Social Responsibility (CSR) Committee at the Board Level along with the CSR Monitoring Committee and Unit CSR Teams under the CSR Committee, to formulate and recommend the CSR activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and to recommend to Board the amount of expenditure to be incurred on such activities and to monitor the Corporate Social Responsibility Policy of the Company from time to time.

### I. Composition of the Committee

As on 31 March 2023, the CSR Committee of Megastar comprises of following 3 (Three) Members out of which 1 (One) are Executive Directors and 2 (Two) are Independent Non-Executive Directors:

Name	Designation	Category
Mr. Amit Mittal <sup>§</sup>	Chairman	Independent Non-Executive Director
Mr. Vikas Goel	Member	Executive & Managing Director
Mr. Prabhat Kumar <sup>§</sup>	Member	Independent Non-Executive Director
Ms. Savita Bansal <sup>§</sup>	Chairperson	Independent Non-Executive Director
Mr. Rajiv Kathuria <sup>§</sup>	Member	Independent Non-Executive Director

§ Mr. Amit Mittal ceased to be Member and Chairman of the CSR Committee w.e.f. 03.04.2023

Mr. Prabhat Kumar ceased to be a member of CSR Committee w.e.f. 03.04.2023

Ms. Savita Bansal inducted as Member and Chairperson of CSR Committee w.e.f. 03.04.2023

Mr. Rajiv Kathuria inducted as a member of CSR Committee w.e.f. 03.04.2023.

Mr. Dhiraj Kheriwal, Company Secretary, acted as Secretary to the Corporate Social Responsibility Committee during his tenure throughout the financial year.



## II. Terms of Reference

The Terms of Reference of CSR Committee includes the duties and functions of the CSR Committee of Megastar Foods Limited are as per Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

- 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 Company has formulated the CSR Policy in line with Schedule VII of the Companies Act, 2013. The same is available on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com)

## III. Meeting and Attendance

During the financial year 2022-23, 2 (two) meetings of Corporate Social Responsibility Committee were held. Details of Corporate Social Responsibility Committee Meetings held and attended by Members during the financial year 2022-23 are as follows:

S. No.	Date of Committee Meetings	Committee Strength	Number of Members Present	% of attendance
1.	30.05.2022	3	3	100.00
2.	14.02.2023	3	3	100.00

The attendance details of the Corporate Social Responsibility Committee Members are as follows:

S. No.	Name	Position held	Meetings Held	Meetings attended	% of attendance
1.	Mr. Amit Mittal	Chairman	2	2	100.00
2.	Mr. Vikas Goel	Member	2	2	100.00
3.	Mr. Prabhat Kumar	Member	2	2	100.00
4.	Ms. Savita Bansal	Chairperson	N.A.	N.A.	N.A.
5.	Mr. Rajiv Kathuria	Member	N.A.	N.A.	N.A.

## FINANCE AND INVESTMENT COMMITTEE

The Company has formed the Finance and Investment Committee to formulate the timely and effective decisions related to availing of Borrowings and Investments made by the Company from time to time.

### I. Composition of the Committee

As on 31 March 2023, the Finance and Investment Committee of Megastar comprises of following 3 (Three) Members as below:-

S. No.	Name	Designation	Category
1.	Mr. Vikas Goel	Chairman	Executive & Managing Director
2.	Mr. Amit Mittal <sup>&amp;</sup>	Member	Independent Non-Executive Director
3.	Mr. Vikas Gupta	Member	Executive & Whole Time Director
4.	Mr. Rajiv Kathuria <sup>&amp;</sup>	Member	Independent Non-Executive Director



& Mr. Amit Mittal ceased to be a member of the Committee w.e.f. 03.04.2023.  
Mr. Rajiv Kathuria was inducted as a member of the committee w.e.f. 03.04.2023.

Mr. Dhiraj Kheriwal, Company Secretary, acted as Secretary to the Corporate Social Responsibility Committee during his tenure throughout the financial year.

## II. Terms of References

### The Role, Duties and Responsibilities of the Finance and Investment Committee of Megastar Limited includes the following:-

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

## III.Meeting and Attendance

During the Financial Year 2022-23, 6 (Six) Meeting of the Investment and Borrowing Committee were held. Meeting and Attendance details of Investment and Borrowing Committee Meetings are as follows:

S. No.	Date of Committee Meetings	Committee Strength	Number of Members Present	% of attendance
1.	08.04.2022	3	3	100.00
2.	12.07.2022	3	3	100.00
3.	30.11.2022	3	3	100.00
4.	03.01.2023	3	3	100.00
5.	16.03.2023	3	3	100.00
6.	28.03.2023	3	3	100.00



The attendance details of the investment and Borrowing Committee Members are as follows:

S. No.	Name	Position held	Meetings Held	Meetings attended	% of attendance
1.	Mr. Vikas Goel	Chairman	6	6	100.00
2.	Mr. Amit Mittal	Member	6	6	100.00
3.	Mr. Vikas Gupta	Member	6	6	100.00
4.	Mr. Rajiv Kathuria	Member	N.A.	N.A.	N.A.

## 5. SUBSIDIARY COMPANIES – MONITORING FRAMEWORK

Megastar Foods Limited does not have any Material Subsidiary as defined under Regulation 16(1)(c) of the SEBI Listing Regulations read with amended SEBI Listing Regulations. Material Subsidiary means a Subsidiary Company whose income or net worth (i.e. paid-up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Listed Holding Company and its Subsidiaries in the immediately preceding accounting year.

The Company's Audit Committee reviews the Consolidated Financial Statements of the Company as well as the Financial Statements of the Subsidiaries, including the investments made by the Subsidiaries. The minutes of the Board Meetings, along with a report of the significant transactions and arrangements of the unlisted subsidiaries of the Company are periodically placed before the Board of Directors of the Company.

The Company has formulated a policy for determining its Material Subsidiaries. The same is available on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com)

## 6. GENERAL BODY MEETINGS

### A.GENERAL BODY MEETING HELD DURING LAST 3 YEARS

Year	Time, Day, Date and Location	Summary of Special Resolutions passed in the AGM
11 <sup>th</sup> AGM- 2022	Monday, 26 <sup>th</sup> September, 2022 at 11.00 a.m.  Through Video Conferencing (VC) or Other Audio Visual Means (OAVM), and the deemed venue for the AGM is Registered Office.	<ul style="list-style-type: none"> <li>• Re-appointment Mr. Prabhat Kumar (DIN: 08099531) as an Independent Director of the company for the second term of 5 years</li> <li>• Re-appointment Mrs. Savita Bansal (DIN: 08099629) as an Independent Director Of the company for the second term of 5 years.</li> <li>• Re-appointment of Mr. Vikas Goel (DIN: 05122585) as Chairman &amp; Managing Director of the company and revision in remuneration.</li> <li>• Re-appointment of Mr. Vikas Gupta (DIN: 05123386) as Whole Time Director of the company and revision in remuneration.</li> <li>• Re-appointment of Mr. Mudit Goyal (DIN: 08099543) as Whole Time Director of the company and revision in remuneration</li> <li>• Increase in limits of borrowings u/s 180 (1) (c) of the Companies Act, 2013</li> <li>• Increase in limits of providing security u/s 180 (1) (a) of the Companies Act, 2013 in connection with the borrowing of the company.</li> </ul>





10 <sup>th</sup> AGM -2021	Friday, 24 <sup>th</sup> September, 2021 at 11.00 a.m.  Through Video Conferencing (VC) or Other Audio Visual Means (OAVM), and the deemed venue for the AGM is Registered Office.	No Special Resolution was passed in AGM.
9 <sup>th</sup> AGM-2020	Monday, 28 <sup>th</sup> September, 2020 at 11.00 a.m.  Through Video Conferencing (VC) or Other Audio Visual Means (OAVM), and the deemed venue for the AGM is Registered Office.	<ul style="list-style-type: none"> <li>• consider and approve the Payment of remuneration to Mr. Vikas Goel (DIN: 05122585), Chairman and Managing Director.</li> <li>• consider and approve the Payment of remuneration to Mr. Vikas Gupta (DIN: 05123386), Whole Time Director.</li> <li>• consider and approve the Payment of remuneration to Mr. Mudit Goyal (DIN: 08099543), Whole Time Director.</li> </ul>

## **B. SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT DURING THE FINANCIAL YEAR 2022-23.**

During the year, no Resolutions were passed by the Company through Postal Ballot.

## **7. DISCLOSURES**

### **A. MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed section on ‘Management Discussion and Analysis’ forms part of this report.

### **B. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS**

In line with the requirements of the Companies Act, 2013 and amendment to the Listing Regulations, your Company has formulated a revised ‘Policy on Related Party Transactions’, which is also available on the Company’s website at <https://www.megastarfoods.com/policies-codes-related-documents>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. All transactions entered into with related parties as defined under the Companies Act, 2013 read with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year, were in the ordinary course of business and at arm’s-length price.

There was no materially significant related party transaction entered into by the Company with its promoters, directors or key managerial personnel which may have potential conflict with the interest of the Company at large or which warrants the approval of the members.

Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013, for all the transactions covered therein, in Form AOC-2 is for the financial year ended 31 March, 2023 forms part of the Directors report as **Annexure-5**.



Details of related party transactions entered into by the Company, in terms of IND AS-24 are disclosed in the financial statements for the financial year ended 31<sup>st</sup> March, 2023. All related party transactions were placed before the audit committee for prior approval and review on a quarterly basis and prior omnibus approval of the audit committee was obtained for the transactions which were of a repetitive nature.

### **C. DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS**

The Company has complied with the Indian Accounting Standards (Ind-As) as laid down by the Institute of Chartered Accountants of India (ICAI) and notified by the Ministry of Corporate Affairs in preparation of its financial statements. The Basis of preparation, measurement and significant accounting policies may be referred in Note No. 2 to the financial statements of the Company.

### **D. STATUTORY COMPLIANCE, PENALTIES AND STRICTURES**

Your Company has complied with all applicable provisions of the SEBI Listing Regulations and all other applicable regulations and guidelines issued by SEBI and Stock Exchanges. Further no penalties or strictures were imposed by any Stock Exchange or SEBI or any other statutory authorities for any violation related to the capital market during the last 3 (three) years.

### **E. PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES, PREFERENTIAL ISSUES, ETC.**

There were no instances of Public Issue, Rights Issue or Preferential issue of any securities during the financial year. The proceeds of all the earlier issues has been fully utilised.

### **F. VIGIL MECHANISM POLICY**

The Company promoted ethical behavior in all its business activities and in line with the best international governance practices, The Company has established a system through which Directors, Employees, Business Associates may report via email or via physical mode the unethical behaviour, malpractices, wrongful conduct, fraud or violation of Company's code of conduct without any fear of reprisal. The Company has a Vigil Mechanism (Whistle Blower Policy) under which all Directors, Employees and other Business Associates have direct access to the Chairman of the Audit Committee. The same is available on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com). During the financial year no personnel has been denied access to the audit committee of the company.

### **G. PECUNIARY RELATIONSHIP OR TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS**

There is no pecuniary relationship or transactions with Non-Executive Directors except payment of sitting fees to them.

### **H. DISCLOSURE REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS**

The disclosure regarding the appointment and re-appointment of Directors is given under the head Board of Directors forming part of the Report on Corporate Governance. The relevant details are also forming part of Notice calling AGM of the Company.



## I. RISK MANAGEMENT

The Company from time to time apprises the Board of Directors of the Company with the material risks, concerns and its mitigation plans, related to the Company and the Industry in which the Company operates.

## J. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company is committed to provide a protective environment at workplace for all its Employees' men and women to ensure that every Employee is treated with dignity and respect. As mandated under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has also formulated policy for prevention of Sexual Harassment at the workplace. The same is available on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com)

A statement giving details of Sexual Harassment Complaints during the year is as below:

S. No.	Particulars	No. of Complaints
1.	No. of complaints received during the financial year	Nil
2.	No. of complaints disposed of during the financial year	Nil
3.	No. of complaints pending as at the end of the financial year	Nil

## K. CEO/ CFO CERTIFICATION

The CEO and CFO certification on the Financial Statements is attached and forming part of the Report on Corporate Governance.

## 8. MEANS OF COMMUNICATION

### FINANCIAL RESULTS AND ANNUAL REPORTS ETC.

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as approved and taken on record by the Board of Directors of the Company are published during the year under review in Leading National Newspapers, i.e. Economic Times, Business Standard, Financial Express, Jansatta, Nav Bharat Times etc. and are also sent immediately to all the Stock Exchanges wherein the equity shares of the Company are listed. The Quarterly and Annual Financial Statements, the Annual Report of the Company and other information can also be retrieved by Investors from the website of the Company [www.megastarfoods.com](http://www.megastarfoods.com), under the link investor relations.

During the year ended on 31<sup>st</sup> March, 2023, no presentations were made to institutional investors or analysts.

## 9. GENERAL SHAREHOLDER'S INFORMATION

### i. ANNUAL GENERAL MEETING

Day, Date & Time	:	Wednesday, 27 <sup>th</sup> September 2023, 11.00 A.M.
Financial Calendar	:	The Financial year of the Company start from 1st April each year and ends on 31st March of the following year.

### ii. FINANCIAL REPORTING

The Company follows April-March as the financial year. The meetings of the Board of Directors for approval of quarterly financial results for the financial year ended 31 March 2023 were held on the following dates:-



Particulars	Date
Quarter ended 30.06.2022	12.08.2022
Quarter and half year ended 30.09.2022	11.11.2022
Quarter and Nine months ended 31.12.2022	14.02.2023
Quarter and financial year ended 31.03.2023	16.05.2023

## 10. CODE OF CONDUCT

The Company has adopted a Code of Business Conduct and Ethics for Board of Directors, Senior Management Personnel and Other Employees. The same is available on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com)

The Company has also obtained affirmation for adherence to the Code. The declaration from the Chairman & Managing Director to that effect forms a part of this report.

Declaration as required under Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	
All Board of Directors, Senior Management personnel and other employees of the Company have affirmed compliance with the Megastar Code of Business Conduct and Ethics for the Financial Year ended 31 March 2023.	
Place: Chandigarh Date: 12.08.2023	Sd/- <b>Vikas Goel</b> Chairman & Managing Director DIN: 05122585

## 11. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING AND CODE OF PRACTICE AND PROCEDURE FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

In accordance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, read with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019, Megastar Foods Limited is having the Code of Conduct to Regulate, Monitor and Report Trading by Insiders.

Further pursuant to Regulation 8 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, read with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019. The same is available on the Company's website at [www.megastarfoods.com](http://www.megastarfoods.com)

## 12. REGISTRAR AND SHARE TRANSFER AGENT

The Company has appointed M/s. Skyline Financials Services Private Limited, having its office at D-153A, 1st Floor, Okhla Industrial Area Phase-I, New Delhi – 110020 as its Registrar and Transfer Agent (RTA) for transfer of shares of both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Pursuant to the changes made in provisions of Regulation 40 of SEBI Listing Regulations, the transfer of securities shall not be processed unless the securities are held in dematerialized form with effect from 01 April 2019.



Further SEBI vide notification dated 08 June 2019 read with press release dated 03 December 2018 had amended Regulation 40 of SEBI Listing Regulations and has mandated all transfers of securities in dematerialized form only w.e.f. 01 April 2019.

The Stakeholders Relationship Committee reviews the share transmissions approved by the RTA, Company Secretary, who have been delegated with requisite authority. All requests for Dematerialization of shares are processed and confirmed to the Depositories, NSDL and CDSL, within 15 days. The Members holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DP) regarding change of address, change of bank mandates and nomination.

#### 14. DEMATERIALIZATION OF SHARES AND LIQUIDITY

Pursuant to the provisions of Regulation 31 of SEBI Listing Regulations, the Company's shares are required to be traded compulsorily in the Dematerialized form and are available for trading under both the depository systems in India – NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares under the depository system is INE00EM01016. The Annual Custodial Fees for the Financial Year 2022-23 has been paid to both the Depositories.

**For guidance on depository services, shareholders may write to the Company or to the respective Depositories:**

<b>National Securities Depository Limited (NSDL)</b>	<b>Central Depository Services (India) Limited (CDSL)</b>
Trade World, A Wing 4 <sup>th</sup> Floor, Kamala Mills Compound, Lower Parel, Mumbai-400013 Telephone: 1800-222-990 E-mail: <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a> Website: <a href="http://www.nsdl.co.in">www.nsdl.co.in</a>	Marathon Futurex, A-Wing 25 <sup>th</sup> Floor, N.M. Joshi Marg, Lower Parel, Mumbai- 400013 Telephone: 1800-22-5533 E-mail: <a href="mailto:heldesk@cdslindia.com">heldesk@cdslindia.com</a> Website: <a href="https://www.cdslindia.com/">https://www.cdslindia.com/</a>

#### 15. SHARE TRANSFER SYSTEM

All communications regarding share certificates, change of address, etc. should be addressed to Registrar and Share Transfer Agent of the Company. The Company has delegated authority for approving transmission of shares and other related matters to the Stakeholders Relationship Committee of the Company. A summary of all transmissions etc. so approved by officers of the Company is placed in subsequent meeting of the Stakeholders Relationship Committee of the Company. All share transmissions are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. The Company obtains the certificate of compliance for share transfer/transmission formalities as required under Regulation 40(9) and 40(10) of SEBI Listing Regulations, from a Company Secretary in whole time practice and filed the same with the Stock Exchanges as well on half yearly basis and also placed before the Stakeholders Relationship Committee members and Board of Directors of the Company for noting, comments and advise.



## 16. LISTING ON STOCK EXCHANGES

The Company's shares is listed and actively traded on the below mentioned Stock Exchange.

### I. BSE LIMITED (BSE)

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
Website: [www.bseindia.com](http://www.bseindia.com)  
Stock Code: 541352

### II. NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

Exchange Plaza” C-1, Block G,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051  
Website: [www.nseindia.com](http://www.nseindia.com)  
Symbol: Megastar, Series: Eq.

The Company has paid the Annual listing fees to BSE for the Financial Year 2022-23. The trading of the company's shares was not suspended on the stock Exchange at any time during the financial year.

## 17. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2023

Share or Debenture holding Nominal Value (Rs.)	Number of Shareholders	% to Total Numbers	Share or Debenture holding Amount (Rs.)	% to Total Amount
Up To 5,000	5956	94.18	3017160	3.02
5001 To 10,000	121	1.91	1005920	1.01
10001 To 20,000	98	1.55	1576270	1.58
20001 To 30,000	36	0.57	899340	0.90
30001 To 40,000	35	0.55	1317420	1.32
40001 To 50,000	22	0.35	1042840	1.04
50001 To 1,00,000	23	0.36	1673690	1.67
1,00,000 and Above	33	0.53	89504360	89.46
<b>Total</b>	<b>6324</b>	<b>100.00</b>	<b>100037000.00</b>	<b>100.00</b>

## 18. SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM AS ON 31 MARCH 2023

S. No.	Name of the Depository	Number of shares	% shareholding
1.	Central Depository Services (India) Limited (CDSL)	21,02,495	21.02%
2.	National Securities Depository Limited (NSDL)	79,01,205	78.98%
	<b>TOTAL</b>	<b>1,00,03,700</b>	<b>100.00</b>



## 19. CATEGORY OF SHAREHOLDING AS ON 31 MARCH 2023

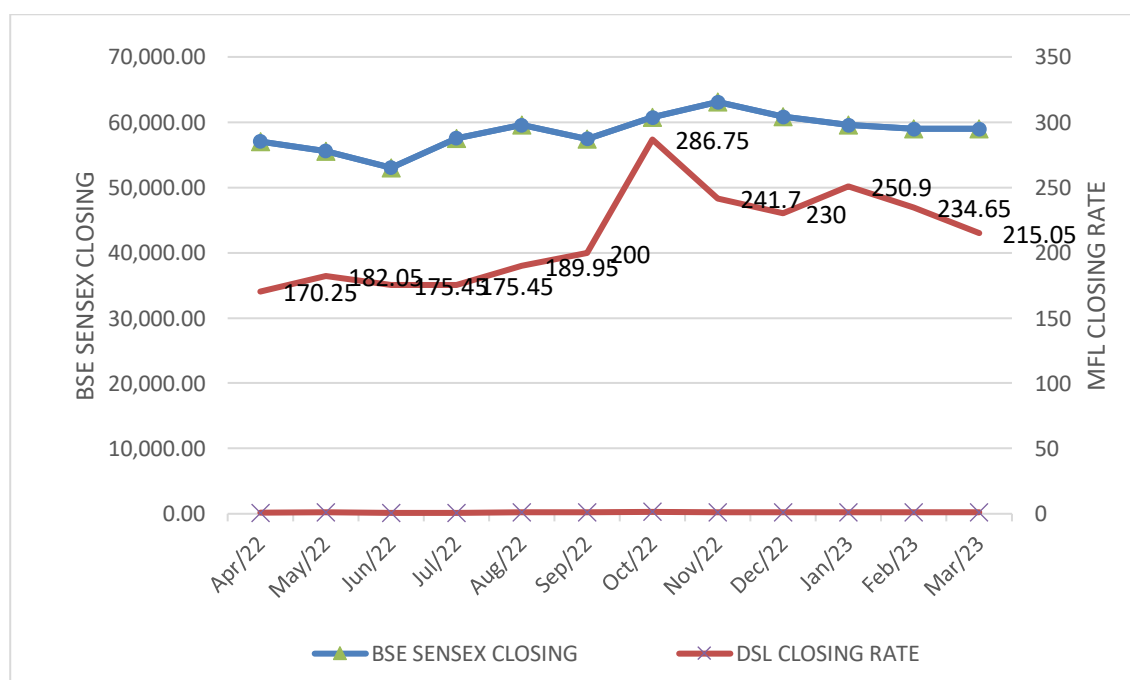
Category	Number of Shares held	%
Promoter & Promoter Group	68,41,700	68.39%
NRI	95,990	0.96%
Hindu Undivided Families (HUF)	2,84,279	2.84%
Clearing Members	2,035	0.02%
Public	20,15,967	20.15%
Body Corporate	7,59,975	7.60%
Firm	3,754	0.04%
<b>Total</b>	<b>1,00,03,700</b>	<b>100.00%</b>

## 20. MARKET PRICE DATA

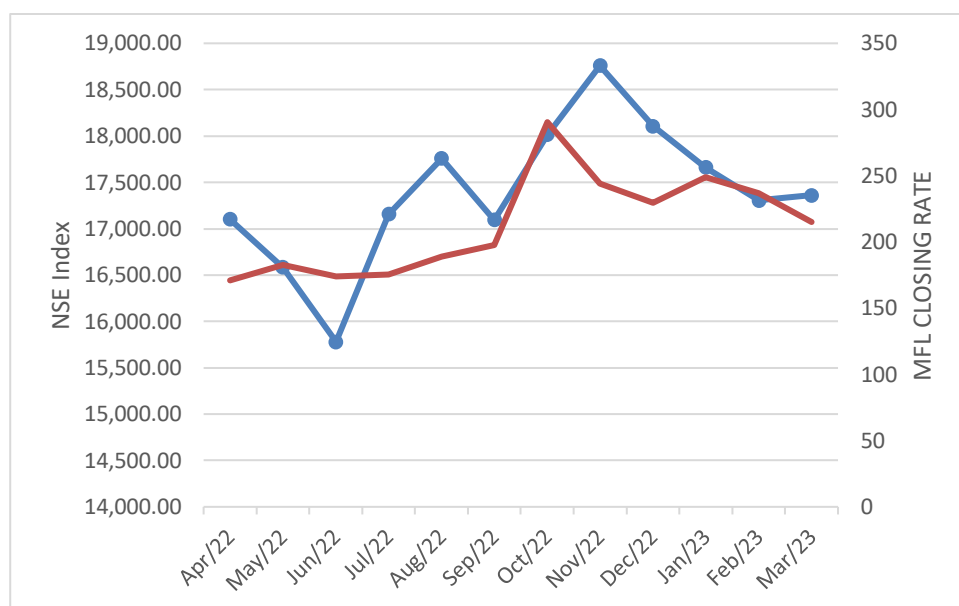
Monthly High and Low quotes and volume of shares traded on BSE Limited (BSE) and NSE Limited:-

Month	BSE Limited		NSE Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2022	178.00	120.70	178.00	118.10
May, 2022	204.00	160.10	206.45	155.35
June, 2022	204.00	134.75	206.00	134.00
July, 2022	191.20	162.55	193.90	165.00
August, 2022	194.00	167.00	192.75	165.10
September, 2022	228.90	165.00	229.65	162.75
October, 2022	295.45	192.15	298.45	186.55
November, 2022	302.95	235.30	304.00	235.00
December, 2022	277.80	209.80	276.80	209.05
January, 2023	275.00	216.20	275.00	216.25
February, 2023	270.90	221.00	268.60	226.55
March, 2023	239.00	191.00	239.90	197.00

## 21. STOCK PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES:-



MFL Share Prices performance relative to BSE Sensitive Index



**MFL Share Price Performance relative to NSE Index.**

## **22. OUTSTANDING ADR'S/GDRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS AND LIKELY IMPACT ON EQUITY**

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

## **23. RECONCILIATION OF SHARE CAPITAL AUDIT**

Mr. Kanwaljit Singh, Practicing Company Secretary, FCS Number 5901, CP Number 5870, Practicing Company Secretary, carries out the Reconciliation of Share Capital Audit as mandated by SEBI, and reports on the Reconciliation of Total Issued and Listed Capital with that of total share capital admitted/ held in Dematerialized form with NSDL and CDSL and those held in physical form. This audit is carried out on quarterly basis and the report thereof as required pursuant to Circular No. D&CC/FITTC/CIR-16/2002 31 December 2002 issued by the SEBI and Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 (as amended) is submitted to the Stock Exchanges on quarterly basis and is also placed before the Stakeholders Relationship Committee members and Board of Directors of the Company for noting, comments and advise.

## **24. DETAILS OF DEMAT/ UNCLAIMED SUSPENSE ACCOUNT**

The Company does not have any shares in the demat suspense account or unclaimed suspense account.

## **25. CERTIFICATE PURSUANT TO THE REGULATION 34 AND SCHEDULE V (C)(10)(I) OF SEBI LISTING REGULATIONS READ WITH SECTION 164 OF COMPANIES ACT, 2013 REGARDING QUALIFICATION/DISQUALIFICATION TO ACT AS DIRECTOR**

The Company has received the certificate from Mr. Kanwaljit Singh, FCS Number 5901, CP Number 5870, Practicing Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such Statutory Authority. The certificate is enclosed with this report.



## 26. CERTIFICATE PURSUANT TO THE REGULATIONS 17 TO 27 AND CLAUSES (B) TO (I) OF REGULATION 46(2) OF SEBI LISTING REGULATIONS.

The Company has received the certificate from Mr. Kanwaljit Singh, FCS Number 5901, CP Number 5870, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations. The same is attached and forming part of this Report.

## 27. AUDITORS' REMUNERATION

The Company had appointed M/s. Avnish Sharma & Associates, Chartered Accountants as the Statutory Auditors. The particulars of payment to Statutory Auditors' by the Company during the financial year 2022-23 are as below:

Particulars	Amount (Rupees in Rs. Lacs)
Statutory audit (including fees for limited reviews)	8.38
Tax Audit	0
Certification Fees	0.73
<b>Total</b>	<b>9.11</b>

During the year, there were no such recommendations of the audit committee which were not accepted by the Board of Directors.

## 28. RATINGS

The Company has not obtained credit rating from any credit rating agency during the financial year.

## 29. NON-MANDATORY REQUIREMENTS

In addition to the mandatory requirements, the Company has also adopted the following non-mandatory requirements as per Regulation 27(1) of SEBI Listing Regulations:

### i) Audit Qualification

During the financial year under review, there is no audit qualification in the company's financial statements. The company continues to adopt best practices to ensure regime of financial statements with unmodified opinion.

### ii) Reporting of Internal Auditor

The Internal Auditors directly reports to the Audit Committee.

### iii) Separate post of Chairman and CEO

The company has not appointed a CEO. The position of Chairman and Managing Director of the company is held by the same individual.

### iv) Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed – Not Applicable

### v) The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted – Not Applicable



### 30. COMPLIANCE OFFICER

Dhiraj Kheriwal, Company Secretary  
Plot No. 807, Industrial Area,  
Phase-II, Chandigarh -160102  
Phone: +91 172 2653807, 5005024  
E-mail: [cs@megastarfoods.com](mailto:cs@megastarfoods.com)  
CIN: L15311CH2011PLC033393

*(CS Dhiraj Kheriwal served his resignation as the Company Secretary and Compliance Officer of the company w.e.f. 30.06.2023)*

### 31. REGISTERED OFFICE & ADDRESS FOR CORRESPONDENCE

#### REGISTERED OFFICE:

Plot No. 807, Industrial Area,  
Phase-II, Chandigarh -160102  
Phone: +91 172 2653807, 5005024  
E-mail: [cs@megastarfoods.com](mailto:cs@megastarfoods.com)  
Website: [www.megastarfoods.com](http://www.megastarfoods.com)  
CIN: L15311CH2011PLC033393

#### PLANT LOCATIONS:

- Village Solkhian, Near Ropar Dist., Punjab

### 32. ADDRESS OF REDRESSAL AGENCIES TO LODGE THE GRIEVANCES

#### MINISTRY OF CORPORATE AFFAIRS

‘A’ Wing, Shastri Bhawan, Rajendra Prasad Road,  
New Delhi – 110 001  
Tel.: (011) 23389602  
Website: [www.mca.gov.in](http://www.mca.gov.in)

#### SEBI

Plot No.C4-A, ‘G’ Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400051, Maharashtra  
Tel : +91-22-26449000 / 40459000  
Fax : +91-22-26449019-22 / 40459019-22  
Tel : +91-22-26449950 / 40459950  
Toll Free Investor Helpline: 1800 266 7575  
E-mail : [sebi@sebi.gov.in](mailto:sebi@sebi.gov.in)  
Website: [www.sebi.gov.in](http://www.sebi.gov.in)

#### SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

The Investors’ Complaints are also being processed through the centralized web base complaint redressal system of SEBI. The salient features of SCORES are availability of centralized database of the complaints, uploading online action taken reports by the Company.

Through SCORES the investors can view online, the action taken and current status of the complaints. SEBI vide its Circular dated 26 March 2018 have streamlined the process of filing investor grievances in the SCORES in order to ensure speedy and effective resolution of complaints filed therein. The said



Circular can be accessed on the website of SEBI at the web link [https://www.sebi.gov.in/legal/circulars/mar-2018/investor-grievance-redress-mechanism-new-policy-measures\\_38481.html](https://www.sebi.gov.in/legal/circulars/mar-2018/investor-grievance-redress-mechanism-new-policy-measures_38481.html)

#### **STOCK EXCHANGES**

##### **BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400001  
Phones : 91-22-22721233/4,  
91-22-66545695 (Hunting)  
Fax : 91-22-22721919  
Email: [corp.comm@bseindia.com](mailto:corp.comm@bseindia.com)  
Website: [www.bseindia.com](http://www.bseindia.com)

##### **National Stock Exchange of India Ltd.**

Exchange Plaza, C-1, Block G,  
BandraKurla Complex,  
Bandra (East), Mumbai – 400 051  
Tel No: (022) 26598100 - 8114  
Fax No: (022) 26598120  
Website: [www.nseindia.com](http://www.nseindia.com)

##### **Central Depository Services (India) Limited (CDSL)**

Marathon Futurex, A-Wing, 25<sup>th</sup> Floor N.M. Joshi  
Marg, Lower Parel  
Mumbai 400013  
Telephone: 1800-22-5533  
E-mail: [helpdesk@cdslindia.com](mailto:helpdesk@cdslindia.com)  
Website: [www.cdslindia.com](http://www.cdslindia.com)

#### **DEPOSITORIES**

##### **National Securities Depository Limited (NSDL)**

Trade World, A Wing, 4<sup>th</sup> Floor  
Kamala Mills Compound  
Lower Parel, Mumbai – 400013  
Telephone: 1800-222-990  
E-mail: [info@nsdl.co.in](mailto:info@nsdl.co.in)  
Website: [www.nsdl.co.in](http://www.nsdl.co.in)

#### **REGISTRAR & SHARE TRANSFER AGENT**

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

Date: 12.08.2023  
Place: Chandigarh

for and on behalf of  
**MEGASTAR FOODS LIMITED**

**VIKASGOEL**  
Chairman-cum-Managing Director  
DIN: 05122585

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



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

To,

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

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

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on 31 March 2023 and based on our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company’s code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - I. Significant changes, if any, in the internal control over financial reporting during the year;
  - II. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements: and
  - III. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

Sd/-

**VIKASGOEL**  
Chairman cum Managing Director

Place: Chandigarh  
Date: 16.05.2023

Sd/-

**MANISHA GUPTA**  
Chief Financial officer





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

To,

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>DIN</b>	<b>Date of appointment in the company</b>
1.	Mr. Vikas Goel	05122585	28.11.2011
2.	Mr. Vikas Gupta	05123386	28.11.2011
3.	Mr. Mudit Goyal	08099543	31.03.2018
4.	Mr. Amit Mittal	08099502	04.04.2018
5.	Mr. Prabhat Kumar	08099531	04.04.2018
6.	Mrs. Savita Bansal	08099629	04.04.2018

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

Place: Chandigarh  
Date: 30.06.2023

UDIN: F005901E000527831

KANWALJIT SINGH THANEWAL  
M. NO. 5901  
C.P.NO. 5870  
Peer review Cert. No. 2319/2022



## **CERTIFICATE ON CORPORATE GOVERNANCE**

**To  
The Members of  
Megastar Foods Limited**

We have examined the compliance of the conditions of Corporate Governance by Megastar Foods Limited (“the Company”) for the Financial Year ended 31<sup>st</sup> March, 2023, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as mentioned in the above mentioned Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable *except that during the audit period, though, the subsequent modifications in the previously approved related party transactions was approved by the Audit Committee, the prior approval of members, as applicable for material related party transactions, was not sought.*

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

### **Assumptions & Limitation of scope and Review:**

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

Date: 30.06.2023

Place: Chandigarh

UDIN: F005901E000527851

Kanwaljit Singh Thanewal  
Company Secretary  
M. No. 5901  
C.P. No. 5870  
Peer Review Cert No. 2319/2022

**AVNISH SHARMA & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

#49, SUSHILA VILLA, SECTOR 7, PANCHKULA, HARYANA-134109  
SCO 39, 1ST FLOOR, DAKSHIN MARG, SECTOR 20-C, CHANDIGARH-160020  
Phone no. : (O) 0172-3500880, 3500881 (M) 9872980396  
E-mail: avnishca@hotmail.com  
MSME Reg. No.- UDYAM-CH-01-0010088

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**INDEPENDENT AUDITOR'S REPORT**

**To the members of Megastar Foods Limited**  
**Report on the Standalone Financial Statements**

**Opinion**

We have audited the standalone financial statements of MEGASTAR FOODS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies ( Indian Accounting Standards ) Rules ,2015,as amended ( "IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by The Institute of Chartered Accountants of India (ICAI) together with the independent requirement that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on standalone financial statements.

**Key Audit Matters**

Key audit matter are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion in these matters.

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

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the the management discussion and analysis, Boards report including annexure to Boards Report, Corporate Governance and Shareholders information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or other information obtained during the course of our audit or otherwise appears to be materially misstated.

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

### **Responsibility of Management for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the IND AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibility for the Audit of Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### Report on Other Legal and Regulatory Requirements

- 1 As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  - (e) On the basis of the written representations received from Directors as on 31st March, 2023 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2023 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 matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the company to its directors during the year is in accordance with the provision of Section 197 of the Act.
  - (h) 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.
    - iv. Proviso to rule 3(1) of the Companies (Accounts) Rules 2014 for maintaining books of accounts using accounting software which has feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly reporting under Rule 11(g) of the Companies (Audit & Auditors) Rules 2014 is not applicable for the financial year ended March 31, 2023.
- 2 As required by the Companies (Auditor's Report) Order, 2020 ('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

Dinesh Manchanda (M.No. 097591)  
Partner  
UDIN: 23097591BGSHOG3194  
Place : Chandigarh  
Dated : 16.05.2023

## **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 MEGASTAR FOODS LIMITED ('the Company') as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended 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 include 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 with reference to financial statements 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, 2023, 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.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

Dinesh Manchanda (M.No. 097591)  
Partner  
UDIN: 23097591BGS HOG3194  
Place : Chandigarh  
Dated : 16.05.2023

## 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, 2020 ('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')

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment on the basis of available information.
- (b) The company, during the year under consideration, did not own any intangible asset.
- (b) As explained to us, the Property, Plant and Equipment of the Company have been physically verified by the management at reasonable intervals. According to the information and explanation given to us by the management, no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company.
- (d) The Company has not revalued its property, plant and equipment during the year ended March 31, 2023.
- (e) As explained to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed during such verification.
- (b) During the year, the company has been sanctioned working capital limits in excess of five crores rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly returns or statements filed by the company with such banks or financial institutions are generally in agreement with the books of account of the Company, the differences, if any are either not material or minor in nature.
- (iii) During the year, the company had granted unsecured loan to its wholly owned subsidiary M/s Megapacific Ventures Pvt. Ltd. as covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The company has extended loan of Rs. 32.04 Crores to its wholly owned subsidiary M/s Megapacific Ventures Pvt. Ltd. which is received back before the end of financial year 31st March, 2023.
  - (b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year, prima facie, not prejudicial to the Company's interest.
  - (c) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted to subsidiary and the repayment/receipts are regular.
  - (d) There are no amounts of loans granted to subsidiary company, which are overdue for more than ninety days.
  - (e) There are no amount of loan outstanding as at year end.
  - (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties.

The Company has not provided any guarantee or security or granted any advances in the nature of loans, secure or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3 (v) of the Order are not applicable to the Company.
- (vi) As informed to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- (vii) (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Goods and Service tax, Custom Duty, Excise Duty, value added tax, cess and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st March, 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax or goods and service tax, provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, Cess and other statutory dues which have not been deposited on account of any dispute.
- (viii) According to the records of the company examined by us and as per the information and explanation given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) According to the records of the company examined by us and as per the information and explanations given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any financial institution or banks or lender.
- (b) According to the records of the company examined by us and as per the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the records of the company examined by us and as per the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- (d) According to the records of the company examined by us and as per the information and explanations given to us, on an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the records of the company examined by us and as per the information and explanations given to us, on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of subsidiary company.
- (f) According to the records of the company examined by us and as per the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiary company. Hence, the requirement to report on clause (ix) (f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully, partially or optionally convertible debentures during the year. Accordingly, reporting under Clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (b) No report under Section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us, during the year there are no whistle blower complaints received by the company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) 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.
- (xiv) (a) In our opinion the Company needs strengthening internal audit system to commensurate with the size and the nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us and based on our examination of the records of the company, the Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) (c) of the Order is not applicable to the Company.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

Dinesh Manchanda (M.No. 097591)  
Partner  
UDIN: 23097591BGS HOG3194  
Place : Chandigarh  
Dated : 16.05.2023

**MEGASTAR FOODS LIMITED**  
**CIN: L15311CH2011PLC033393**  
**STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2023**

INR IN LAKHS

PARTICULARS	Note No.	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
<b>ASSETS</b>			
<b>A NON CURRENT ASSETS</b>			
i Property, Plant and Equipment	3	3,984.64	2,584.48
ii Capital Work-in-Progress	3	1,567.25	366.52
iii <b>Financial Assets</b>			
(a) Investments	4	250.00	250.00
(b) Others	5	37.02	37.94
iv Deferred Tax Assets (Net)		-	-
v Other Non-Current Assets		-	-
		<b>5,838.92</b>	<b>3,238.94</b>
<b>B CURRENT ASSETS</b>			
i Inventories	6	2,343.88	2,429.41
ii <b>Financial Assets</b>			
(a) Investments		-	-
(b) Trade Receivables	7	2,397.98	1,714.97
(c) Cash & Cash Equivalents	8	322.79	11.61
(d) Bank Balance other than (c) above	8	0.05	50.00
(e) Loans		-	-
(f) Others	5	10.62	0.37
iii Current Tax Assets (Net)	9	37.43	6.56
iv Other Current Assets	10	41.61	32.75
		<b>5,154.35</b>	<b>4,245.67</b>
<b>C Assets held-for-sale / Assets included in disposal group(s) held-for-sale</b>		-	-
<b>TOTAL ASSETS</b>		<b>10,993.27</b>	<b>7,484.61</b>
<b>EQUITY AND LIABILITIES</b>			
<b>D EQUITY</b>			
i Equity Share capital	11	1,000.37	1,000.37
ii Other Equity	12	3,564.46	2,589.17
		<b>4,564.83</b>	<b>3,589.54</b>
<b>E LIABILITIES</b>			
<b>I Non Current Liabilities</b>			
i Financial Liabilities			
(a) Borrowings	13	2,555.75	364.73
ii Provisions	14	54.36	52.46
iii Deferred Tax Liabilities (Net)	15	162.96	134.17
iv Other Non-Current Liabilities	16	6.38	5.79
		<b>2,779.45</b>	<b>557.15</b>
<b>II Current Liabilities</b>			
i Financial Liabilities			
(a) Borrowings	13	3,226.68	3,067.63
(b) Trade payables	17		
(A) Total outstanding dues of Small Enterprises and Micro enterprises		13.59	9.75
(B) Total outstanding dues of creditors other than small enterprises and micro enterprises.		282.64	150.80
(c) Other Financial Liabilities	18	71.33	68.42
ii Other Current Liabilities	16	42.69	32.58
iii Provisions	14	12.05	8.73
iv Current Tax Liabilities (Net)		-	-
		<b>3,648.99</b>	<b>3,337.92</b>
<b>F Liabilities classified as held for sale / Liabilities included in disposal group held-for-sale</b>		-	-
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>10,993.27</b>	<b>7,484.61</b>
Significant Accounting Policies	1-2	The above financial statement should be read in conjunction with the basis of preparation and Significant accounting policies appearing in Note of Notes to the financial Statements.	
Notes on Financial Statements	29		
<b>As per our report of even date attached For Avnish Sharma &amp; Associates Chartered Accountants FRN - 009398N</b>		<b>For &amp; on behalf of the Board MEGASTAR FOODS LIMITED</b>	
<b>Dinesh Manchanda (M.No. 097591) Partner UDIN: 23097591BGSHOG3194</b>	<b>VIKAS GOEL</b> Chairman & Managing Director DIN: 05122585	<b>VIKAS GUPTA</b> Director DIN: 05123386	
<b>Place : Chandigarh Dated : 16.05.2023</b>	<b>MANISHA GUPTA</b> Chief Financial Officer	<b>DHIRAJ KHERIWAL</b> Company Secretary	

**MEGASTAR FOODS LIMITED**  
**CIN: L15311CH2011PLC033393**  
**STATEMENT OF PROFIT & LOSS FOR THE PERIOD 1ST APRIL 2022 TO 31ST MARCH 2023**

**INR IN LAKHS**

PARTICULARS	Note No.	For the year ended on 31st March 2023	For the year ended on 31st March, 2022
Income:			
I Revenue from operations	19	26,752.86	18,480.01
II Other income	20	46.14	23.64
<b>III. Total Income</b>		<b>26,799.00</b>	<b>18,503.65</b>
IV. Expenses:			
Cost of materials consumed	21	16,325.24	12,726.84
Purchases of Stock-in Trade	22	6,467.70	3,090.79
Changes in inventories	23	109.55	0.88
Employee Benefits Expense	24	546.21	491.78
Financial Cost	25	605.17	298.48
Depreciation & Amortization Expense	26	215.45	185.44
Other Expenses	27	1,233.00	1,009.57
<b>Total Expenses</b>		<b>25,502.32</b>	<b>17,803.78</b>
<b>Profit/(Loss) before exceptional and tax (III-IV)</b>		<b>1,296.69</b>	<b>699.87</b>
Exceptional Items		-	-
<b>V. Profit/(Loss) Before tax</b>		<b>1,296.69</b>	<b>699.87</b>
VI Tax Expense:			
Current Tax		309.52	189.51
Deferred Tax Expense/(Income)		25.46	(17.10)
<b>VII Profit/(Loss) for the year</b>		<b>961.71</b>	<b>527.46</b>
VIII <b>Other comprehensive income/(loss)</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains/(losses) on defined benefit plans		13.19	(22.02)
Income tax effect		(3.32)	5.54
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>9.87</b>	<b>(16.48)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>971.58</b>	<b>510.98</b>
VIII Earnings per equity share (Nominal Value of Share INR 10 per share)	28		
(a) Basic earning per share (in absolute figures)		9.61	5.31
(b) Diluted earning per share (in absolute figures)		9.61	5.31
Significant Accounting Policies	1-2	The above financial statement should be read in conjunction with the basis of preparation and Significant accounting policies appearing in Note of Notes to the financial Statements.	
Notes on Financial Statements	29		

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  
UDIN: 23097591BGS HOG3194

VIKAS GOEL  
Chairman & Managing Director  
DIN: 05122585

VIKAS GUPTA  
Director  
DIN: 05123386

Place : Chandigarh  
Dated : 16.05.2023

MANISHA GUPTA  
Chief Financial Officer

DHIRAJ KHERIWAL  
Company Secretary



MEGASTAR FOODS LIMITED CIN: L15311CH2011PLC033393 Standalone Statement of Cash Flows for the year ended 31st March, 2023			
		INR in Lakhs	
	Particulars	For the year ended on 31st March 2023	For the year ended on 31st March, 2022
<b>A</b>	<b>Cash flow from operating activities:</b>		
	<b>Profit/(Loss) before tax</b>	1,296.69	699.87
	<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
	Depreciation and Amortisation Expense	215.45	185.44
	Interest Income	(40.67)	(1.18)
	(Profit)/loss on sale of assets/written off (net)	(0.01)	6.27
	Finance costs	605.17	298.48
	Deemed Income	(0.80)	(1.05)
	<b>Operating profit before working capital adjustments</b>	<b>2,075.82</b>	<b>1,187.83</b>
	<b>Working Capital adjustments:</b>		
	(Increase)/Decrease in Trade and other receivables & prepayments	(722.51)	(396.29)
	(Increase)/Decrease in Inventories	85.53	2,450.43
	Increase/(Decrease) in Trade and other payables and provisions	167.05	(479.92)
	<b>Cash generated from operations</b>	<b>1,605.90</b>	2,762.06
	Tax (paid)/refund	(316.29)	(201.87)
	<b>Net cash flows from operating activities</b>	<b>1,289.61</b>	2,560.18
<b>B</b>	<b>Cash flow from investing activities:</b>		
	Purchase of Property, Plant and Equipment	(2,819.89)	(684.75)
	Proceeds from disposal of PPE	3.56	2.35
	Long term Advances & Deposits	0.92	(2.90)
	Interest received	40.67	1.18
	<b>Net cash used in investing activities</b>	<b>(2,774.74)</b>	(684.11)
<b>C</b>	<b>Cash flow from financing activities:</b>		
	Proceeds from issue of capital	-	50.00
	Government grant received	1.45	7.48
	Receipts ( Repayment) of Long Term Borrowings	2,191.02	(195.50)
	Receipts ( Repayment) of Short Term Borrowings	159.05	(1,386.81)
	Interest paid	(605.17)	(298.48)
	<b>Net cash used in financing activities</b>	<b>1,746.36</b>	(1,823.30)
<b>D</b>	<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>261.23</b>	52.76
<b>E-1</b>	Cash and cash equivalents at the beginning of the year	61.61	8.85
<b>E-2</b>	<b>Cash and cash equivalents at the year end</b>	<b>322.84</b>	61.61
<b>(i) Components of cash and cash equivalents at each balance sheet date:</b>			
		<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
<b>Cash and cash equivalents at the end of the year [Refer note 8]</b>			
(A)	Balances with Banks		
	-On Current Accounts	317.08	7.20
	-Others	0.05	50.00
(B)	Cash on hand	5.71	4.41
	<b>Total</b>	<b>322.84</b>	<b>61.61</b>
(ii) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard - 7 Cash Flow Statements specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.			
<b>As per our report of even date attached</b>		<b>For &amp; on behalf of the Board</b>	
<b>For Avnish Sharma &amp; Associates</b>		<b>MEGASTAR FOODS LIMITED</b>	
<b>Chartered Accountants</b>			
<b>FRN - 009398N</b>			
<b>Dinesh Manchanda (M.No. 097591)</b>	<b>VIKAS GOEL</b>	<b>VIKAS GUPTA</b>	
Partner	DIRECTOR	DIRECTOR	
<b>UDIN: 23097591BGSHOG3194</b>	DIN: 05122585	DIN: 05123386	
	<b>MANISHA GUPTA</b>	<b>DHIRAJ KHERIWAL</b>	
	Chief Financial Officer	Company Secretary	
Place : Chandigarh			
Dated : 16.05.2023			

MEGASTAR FOODS LIMITED  
CIN: L15311CH2011PLC033393  
Standalone Statement of Change in equity for the year ended March 31, 2023

A. Equity Share Capital:

(INR in lakhs)

(1) At March 31, 2023

Equity shares of INR 10 each issued, subscribed and fully paid

	Balance as at 01/04/2022	Changes in Equity Share Capital Due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at 31/03/2023
No. in lakhs	100.04	-	-	-	100.04
INR in lakhs	1,000.37	-	-	-	1,000.37

(2) At March 31, 2022

Equity shares of INR 10 each issued, subscribed and fully paid

	Balance as at 01/04/2021	Changes in Equity Share Capital Due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at 31/03/2022
No. in lakhs	99.04	-	-	1.00	100.04
INR in lakhs	990.37	-	-	10.00	1,000.37

B. Other Equity

(INR in lakhs)

(1) At March 31, 2023

Particulars	Reserves and Surplus			Total
	Securities Premium	Retained Earning	Other Reserve Sh. Ganesh Ji Maharaj	
Balance at the beginning of the current reporting period	534.60	2,054.55	0.02	2,589.17
Change in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	534.60	2,054.55	0.02	2,589.17
Total Comprehensive Income for the current year	-	971.58	-	971.58
Dividends	-	-	-	-
Transfer to retained earnings	-	-	-	-
Share capital issued at premium during the year	-	-	-	-
Any other change (to be specified)	-	3.71	-	3.71
<b>Balance at the end of the current reporting period</b>	<b>534.60</b>	<b>3,029.84</b>	<b>0.02</b>	<b>3,564.46</b>

(2) At March 31, 2022

Balance at the beginning of the current reporting period	494.60	1,543.57	0.02	2,038.19
Change in accounting policy or prior period errors	-	-	-	-
<b>Restated balance at the beginning of the current reporting period</b>	<b>494.60</b>	<b>1,543.57</b>	<b>0.02</b>	<b>2,038.19</b>
Total Comprehensive Income for the current year	-	510.98	-	510.98
Dividends	-	-	-	-
Transfer to retained earnings	-	-	-	-
Share capital issued at premium during the year	40.00	-	-	40.00
Any other change (to be specified)	-	-	-	-
<b>Balance at the end of the previous reporting period</b>	<b>534.60</b>	<b>2,054.55</b>	<b>0.02</b>	<b>2,589.17</b>

As per our report of even date attached

For Avnish Sharma & Associates

Chartered Accountants

FRN - 009398N

Dinesh Manchanda (M.No. 097591)

Partner

UDIN: 23097591BGSHOG3194

Place : Chandigarh

Dated : 16.05.2023

For & on behalf of the Board of Directors

MEGASTAR FOODS LIMITED

VIKAS GOEL

Chairman & Managing Director

DIN: 05122585

MANISHA GUPTA

Chief Financial Officer

VIKAS GUPTA

Director

DIN: 05123386

DHIRAJ KHERIWAL

Company Secretary

**MEGASTAR FOODS LIMITED**  
**CIN: L15311CH2011PLC033393**  
**Notes Forming Part of Financial Statements for the year ended March 31, 2023**

**1 Corporate Information**

Megastar Foods Limited (the Company) is a public limited company and is incorporated under the provisions of the Companies Act, 1956. The Company's shares are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India. The registered office of the company is located at Plot No. 807, Industrial Area, Phase II, Chandigarh and plant at Village Solkhian, District Rupnagar, Punjab. The company has a wholly owned subsidiary (100%) namely Megapacific Ventures Pvt. Ltd.

The Company is primarily engaged in the manufacturing of food-based products such as wheat flour and allied flour products like refined flour (maida), Semolina (suji), Bran etc.

The financial statements were authorized for issue in accordance with a resolution by the Board of Directors of the Company on 17th May, 2023.

**2 Significant Accounting Policies**

**2.1 Basis of Preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value:

- a. Plan assets under defined benefit plans.
- b. Certain financial assets and liabilities.

The financial information are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except where otherwise indicated.

**(ii) Use of estimates and judgments**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**a. Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

**b. Defined benefit plans**

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates.

**c. Fair value measurement of financial instrument**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**d. Useful lives of PPE:**

The Company reviews the useful life of PPE at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**2.2 Summary of Significant Accounting Policies:**

**2.2.1 Property, Plant & Equipment (PPE):**

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprise of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of GST credit availed wherever applicable. Cost includes borrowing cost for long term construction projects if recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

IND AS 16

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

In respect of others assets, depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life is as follows:

Sr. No.	Nature of asset	Useful Life (years)
1	Building	30 years
2	Plant & Machinery (including lab equipments)	10-15 years
3	Furniture & Fixtures & Electrical Installations	10 years
4	Vehicles	8-10 years
5	Office equipments	5 years
6	Computer & Software	3 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

**2.2.2 Current versus Non Current Classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

**2.2.3 Inventories:**

Inventories (other than by-products) are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

**Raw materials/ Stores & Spares:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

**Finished goods:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

**Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

**By-products i.e. Refraction** are valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 2.2.4 Employee Benefits:

### (a) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's service up to the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligation in the balance sheet.

### (b) Other Long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured based on the actuarial valuation using projected unit credit method at the year end. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the term of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

### (c) Post-employment obligations:

The Company operates the following post-employment schemes:

- (1) defined benefit plans such as gratuity; and
- (2) defined contribution plans such as provident fund and ESI.

#### Gratuity Obligations:

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The amount of the actuarial valuation of the gratuity of employees at the year-end is provided for as liability in the books.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit (liabilities/assets). The Company recognized the following changes in the net defined benefit obligation under employee benefit expenses in statement of profit and loss

- i. Service cost comprising current service cost, past service cost, gain & loss on curtailments and non-routine settlements.
- ii. Net interest expenses or income

## 2.2.5 Taxes:

### Current Income Tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961 (as amended) and Income Computation and Disclosure Standards (ICDS) enacted in India by using the tax rates and tax laws that are enacted or substantively enacted, at the reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction relating to OCI & Equity either in OCI (Other Comprehensive Income) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction related to OCI & Equity either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax including Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during specified period, i.e. the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**Goods & Service Tax (GST) on acquisition of assets or on incurring expenses:**

Expenses and assets are recognised net of the amount of GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included  
The net amount of tax recoverable from, or payable to, the taxation authority is included as part of other current assets or other current liabilities in the balance sheet.

**2.2.6 Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(a) Financial Assets:**

The Company classified its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit & loss)
- Those measured at amortized cost

**Initial recognition and measurement:**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement:**

For purposes of subsequent measurement, financial assets are classified in following categories:

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a Business model test : The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes), and
- b Cash flow characteristics test : Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate to the gross carrying amount of financial assets. When calculating the effective interest rate the Company estimates the expected cash flow by considering all contractual terms of the financial instruments. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)**

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI (Fair value through Other Comprehensive Income), is classified as at FVTPL. A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

**Equity instruments measured at Cost**

Equity instruments / Investments in subsidiaries are accounted at cost in accordance with Ind AS 27 - Separate Financial Statements.

**Derecognition:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

**Impairment of financial assets:**

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit and loss.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

**Reclassification of financial assets:**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

**(b) Financial Liabilities:****Initial recognition and measurement:**

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company's financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits and other payables.

**Subsequent measurement:**

The measurement of financial liabilities depends on their classification, as described below:

**Trade Payables:**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 0-180 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using EIR method.

**Financial Liabilities at fair value through profit & loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognised in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

**Loans & Borrowings:**

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (Effective Interest Rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.



### 2.2.7 Cash & Cash Equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks; cash in hand, other short term deposits with original maturities of three months or less which are subject to an insignificant risk of changes in value.

### 2.2.8 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the best estimate.

#### *Contingent Liabilities*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

### 2.2.9 Revenue Recognition:

The Company earns revenue primarily from sales of wheat products.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts.

Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is a billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

#### *Interest Income:*

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

#### **Use of significant judgments in revenue recognition**

- The Company's contracts with customers could include promises to transfer multiple products to a customer. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

## 2.2.10 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Company as a lessee

The Company, as a lessee, recognises a right-of-use of asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

### Company as a Lessor

Lease income from operating lease where the Company is a lessor is recognized in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate the lessor for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their respective nature.

## 2.2.11 Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring and non-recurring fair value measurement, such as derivative instruments measured at fair value.

External valuers are involved for valuation of significant assets, such as properties and financial assets and significant liabilities. Involvement of external valuers is decided upon annually by the management. The management decided, after discussions with the Company's external valuers which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

The management in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 2.2.12 **Borrowing Costs:**

Borrowing cost includes interest expense as per effective interest rate [EIR]. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time that the asset are substantially ready for their intended use. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing incurred. Where surplus funds are available out of money borrowed specifically to finance project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rate applicable to relevant general borrowing of the Company during the year. Capitalisation of borrowing cost is suspended and charged to profit and loss during the extended periods when the active development on the qualifying project is interrupted. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the borrowing costs.

#### 2.2.13 **Impairment of Non Financial Assets:**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company basis its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

After impairment depreciation is provided on the revised carrying amount of the asset over its remaining economic life.

An assessment is made in respect of assets at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

#### 2.2.14 **Foreign Currency Transactions:**

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit and loss.

#### 2.2.15 Government Grants:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. However if any export obligation is attached to the grant related to an asset, it is recognized as income on the basis of accomplishment of the export obligation.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

#### 2.2.16 Intangible Assets:

- (a) Purchased Intangible assets are measured at cost as at the date of acquisition, less accumulated amortization and impairment losses if any. For this purpose, cost includes deemed cost on the date of transition and acquisition price, license fees, non-refundable taxes and costs of implementation/system integration services and any directly attributable expenses, wherever applicable for bringing the asset to its working condition for the intended use.
- (b) Amortization methods, estimated useful lives and residual value Intangible assets are amortized on a straight-line basis (without keeping any residual value) over its estimated useful lives of five years from the date they are available for use. The estimated useful lives, residual values and amortization method are reviewed at the end of each financial year and are given effect to, wherever appropriate.
- (c) The cost and related accumulated amortization are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

#### 2.2.17 Investment in Subsidiary

The Company's investments in its subsidiary is accounted for at cost.

#### 2.2.18 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. This condition is regarded as met only when the sale is probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately from other assets in the balance sheet. The non current assets after being classified as held for sale are not depreciated or amortized.

#### 2.2.19 Earnings per share

Basic and diluted earnings per Equity Share are computed in accordance with Indian Accounting Standard 33 'Earnings per Share', notified accounting standard by the Companies (Indian Accounting Standards) Rules of 2015 (as amended). Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of company (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

MEGASTAR FOODS LIMITED  
CIN: L15311CH2011PLC033393  
Note 3: Property, Plant and equipment (PPE)

INR IN LAKHS

Particulars	Freehold Land	Building	Plant & Machinery	Vehicles	Furniture & Fixtures & Electrical Installations	Computers & Softwares	Office equipments	Total	Capital Work-on-progress
<b>Year ended 31 March 2022</b>									
Deemed cost as at 1 April 2021	529.98	400.86	942.29	460.60	19.02	25.46	7.63	2,385.83	-
Additions	345.90	-	120.47	61.89	6.68	8.02	11.01	553.96	366.52
Disposals	-	-	16.58	-	-	-	-	16.58	-
<b>Total cost as on 31 March 2022</b>	<b>875.88</b>	<b>400.86</b>	<b>1,046.17</b>	<b>522.49</b>	<b>25.70</b>	<b>33.48</b>	<b>18.63</b>	<b>2,923.22</b>	<b>366.52</b>
<b>Depreciation</b>									
As at April 1, 2021	-	6.77	77.47	66.82	3.13	5.70	1.35	161.25	-
Depreciation charged during the year	-	15.22	82.92	72.28	3.46	9.08	2.48	185.44	-
Disposals	-	-	7.96	-	-	-	-	7.96	-
<b>Closing accumulated depreciation as at 31 March 2022</b>	<b>-</b>	<b>21.99</b>	<b>152.43</b>	<b>139.11</b>	<b>6.59</b>	<b>14.79</b>	<b>3.83</b>	<b>338.74</b>	<b>-</b>
<b>WDV as at March 31, 2022</b>	<b>875.88</b>	<b>378.87</b>	<b>893.74</b>	<b>383.39</b>	<b>19.11</b>	<b>18.69</b>	<b>14.80</b>	<b>2,584.48</b>	<b>366.52</b>
<b>Year ended 31 March 2023</b>									
Cost as at 1 April 2022	875.88	400.86	1,046.17	522.49	25.70	33.48	18.63	2,923.22	366.52
Additions	26.26	1,182.54	395.53	0.65	5.43	4.08	4.67	1,619.16	2,744.77
Disposals	-	-	3.56	-	-	-	-	3.56	1,544.03
<b>Total cost as on 31 March 2023</b>	<b>902.13</b>	<b>1,583.40</b>	<b>1,438.14</b>	<b>523.15</b>	<b>31.13</b>	<b>37.56</b>	<b>23.30</b>	<b>4,538.81</b>	<b>1,567.25</b>
<b>Depreciation</b>									
As at April 1, 2022	-	21.99	152.43	139.11	6.59	14.79	3.83	338.74	-
Depreciation charged during the year	-	29.86	94.62	72.23	4.00	10.52	4.22	215.45	-
Disposals	-	-	0.01	-	-	-	-	0.01	-
<b>Closing accumulated depreciation as at 31 March 2023</b>	<b>-</b>	<b>51.85</b>	<b>247.04</b>	<b>211.34</b>	<b>10.59</b>	<b>25.31</b>	<b>8.05</b>	<b>554.17</b>	<b>-</b>
<b>WDV as at March 31, 2023</b>	<b>902.13</b>	<b>1,531.55</b>	<b>1,191.11</b>	<b>311.81</b>	<b>20.54</b>	<b>12.25</b>	<b>15.25</b>	<b>3,984.64</b>	<b>1,567.25</b>

<b>Net Book Value</b>									
At March 31, 2023	902.13	1,531.55	1,191.11	311.81	20.54	12.25	15.25	<b>3,984.64</b>	1,567.25
At March 31, 2022	875.88	378.87	893.74	383.39	19.11	18.69	14.80	<b>2,584.48</b>	366.52

- Borrowing cost are capitalized on PPE & on Asset under construction (CWIP). Financial Year March 31, 2023 - Rs. 32.79 lakhs , March 31, 2022 - Nil
- The CWIP includes advances paid for purchase of capital goods from suppliers .
- Charge on PPE - Land & Building are subject to first charge to secure bank loans. Respective vehicles are also subject to charge to secure the loans availed to acquire the same.

**Capital Work In Progress (Including Ageing Schedule)**

CWIP as on 31.03.2023	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total as on 31.03.2023
Project in Progress	1,567.25	-	-	-	<b>1,567.25</b>
Project Temporarily Suspended	-	-	-	-	-
<b>Total</b>	<b>1,567.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,567.25</b>

CWIP as on 31.03.2022	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total as on 31.03.2022
Project in Progress	366.52	-	-	-	<b>366.52</b>
Project Temporarily Suspended	-	-	-	-	-
<b>Total</b>	<b>366.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366.52</b>

**MEGASTAR FOODS LIMITED**  
**CIN: L15311CH2011PLC033393**  
**Notes forming part of the Financial Statements**

<b>4. Investment</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
(Unsecured, considered good)		
<b>Investment in Equity instruments (Carried at cost)</b>		
Unquoted		
Investment in wholly owned subsidiary		
- Megapacific Ventures Pvt. Ltd.	250.00	250.00
(25,00,000 shares of INR 10/- each, fully paid up)		
<b>Total</b>	<b>250.00</b>	<b>250.00</b>

<b>5. Other Financial Assets</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
(Unsecured, considered good, unless otherwise stated)		
(a) Security Deposits	37.02	36.92
(b) Bank deposits with more than 12 months maturity	-	1.02
(c) Tax Recoverable of earlier years	10.62	0.02
(d) Duty Drawback	-	0.26
(e) TDS/TCS Recoverable from parties	0.00	0.09
<b>Total</b>	<b>47.64</b>	<b>38.31</b>
Current	10.62	0.37
Non-Current	37.02	37.94

<b>6. Inventories</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
(a) Raw Materials (at Cost)	2,051.15	2,057.00
(b) Finished Goods (at lower of cost and net realisable value)	66.40	167.52
(c) Stores and spares (at Cost)	4.05	2.47
(d) Packing Material (At Cost)	107.16	78.89
(e) Stock-in-Transit (at lower of cost and net realisable value)	115.11	123.53
<b>Total</b>	<b>2,343.88</b>	<b>2,429.41</b>

<b>7. Trade Receivables</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
(Unsecured, considered good)		
Trade receivables	2,397.98	1,714.97
<b>Total</b>	<b>2,397.98</b>	<b>1,714.97</b>
<b>Trade receivables ageing schedule</b>		
(Outstanding for following periods from transaction date of payment)		
(i) Undisputed Trade Receivables - Considered Good		
Less than 6 months	2,335.84	1,666.34
6 months to 1 year	18.59	9.94
1 -2 years	30.94	8.48
2-3 years	7.10	2.77
More than 3 years	5.51	20.64
Total (i)	2,397.98	1,708.17
(ii) Undisputed Trade Receivables - Considered doubtful		
Less than 6 months	-	-
6 months to 1 year	-	-
1 -2 years	-	-
2-3 years	-	4.64
More than 3 years	-	2.16
Total (ii)	-	6.80
(iii) Disputed Trade Receivables - Considered good	-	-
(iv) Disputed Trade Receivables - Considered doubtful	-	-

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

8. Cash and cash equivalent	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
(A) Balances with Banks		
(i) Bank balances held as margin money or as security against:		
(ii) Guarantees	-	-
(iii) Letters of Credit	-	-
(iv) Other commitments	-	50.00
(ii) On Current Accounts	317.08	7.20
(B) Cash & Imprest on hand	5.71	4.41
(C) Others - Fixed Deposits (Bank Deposits due to mature after 3 months of original maturity but within 12 months of the reporting date)	0.05	-
<b>Total</b>	<b>322.84</b>	<b>61.61</b>
Cash & Cash Equivalents	322.79	11.61
Bank Balance other than above	0.05	50.00

9. Current Tax Assets (Net)	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Advance Tax	320.00	185.00
Tax deducted/collected at source	26.95	11.06
Less: Provision for current tax	(309.52)	(189.51)
<b>Total</b>	<b>37.43</b>	<b>6.56</b>

10. Other Assets	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
(Unsecured, considered good)		
(a) Staff Advances	2.45	3.39
(b) Advances for raw material & expenses	14.41	14.55
(c) Interest and other Receivable	0.01	0.01
(d) Prepaid Expenses	24.74	14.80
<b>Total</b>	<b>41.61</b>	<b>32.75</b>
Current	41.61	32.75
Non-Current	-	-

11. Share Capital		
Authorised Share Capital	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Equity Share Capital	No. in Lakhs	INR Lakhs
<b>At April 1, 2021</b>	<b>150.00</b>	<b>1,500.00</b>
Increase/(decrease) during the year	-	-
<b>At March 31, 2022</b>	<b>150.00</b>	<b>1,500.00</b>
Increase/(decrease) during the year	-	-
<b>At March 31, 2023</b>	<b>150.00</b>	<b>1,500.00</b>
<b>Terms/ rights attached to equity shares</b>		
The Equity Shares of the Company, having par value of Rs. 10.00 per share, rank pari passu in all respects including voting rights and entitlement of dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
Issued & Subscribed Share Capital	No. in Lakhs	INR Lakhs
Equity Shares	No. in Lakhs	INR Lakhs
<b>At April 1, 2021</b>	<b>99.04</b>	<b>990.37</b>
Issued during the year	1.00	10.00
<b>At March 31, 2022</b>	<b>100.04</b>	<b>1,000.37</b>
Issued during the year	-	-
<b>At March 31, 2023</b>	<b>100.04</b>	<b>1,000.37</b>



<b>(A) Reconciliation of the number of shares outstanding:</b>				
Equity Shares of INR 10 each	As at March 31, 2023		As at March 31, 2022	
	No. of shares in Lakhs	Amount	No. of shares in Lakhs	Amount
Opening balance	100.04	1,000.37	99.04	990.37
Add: Issue of shares during the year (refer note below)	-	-	1.00	10.00
<b>Closing balance</b>	<b>100.04</b>	<b>1,000.37</b>	<b>100.04</b>	<b>1,000.37</b>

<b>(B) Details of shareholders holding more than 5% shares in the Company</b>				
Equity Shares of INR 10 each	As at March 31, 2023		As at March 31, 2022	
	No. of shares in Lakhs	% holding in the class	No. of shares in Lakhs	% holding in the class
<b>Name of the shareholder</b>				
1. Vikas Goel	25.33	25.32%	25.33	25.32%
2. Vikas Gupta	21.80	21.79%	21.80	21.79%
3. Pankaj Goyal	11.21	11.21%	11.21	11.21%

<b>(C) Details of shareholding of promoters</b>				
Name of the promoter shareholder	As at March 31, 2023			
	No. of shares in Lakhs	% holding in the class	% Changes during the year	
1. Vikas Goel	25.33	25.32%	0.00%	
2. Vikas Gupta	21.80	21.79%	0.00%	
3. Pankaj Goyal	11.21	11.21%	0.00%	
3. Satpal Gupta	3.03	3.02%	0.00%	
4. Shivani Gupta	2.62	2.62%	0.00%	
6. Indira Rani	2.42	2.42%	0.00%	
7. Mudit Goyal	2.02	2.01%	0.00%	
Name of the promoter shareholder	As at March 31, 2022			
	No. of shares in Lakhs	% holding in the class	% Changes during the year	
1. Vikas Goel	25.33	25.32%	0.15%	
2. Vikas Gupta	21.80	21.79%	0.18%	
3. Pankaj Goyal	11.21	11.21%	-0.11%	
3. Satpal Gupta	3.03	3.02%	-0.03%	
4. Shivani Gupta	2.62	2.62%	-0.03%	
6. Indira Rani	2.42	2.42%	-0.02%	
7. Mudit Goyal	2.02	2.01%	0.18%	

12. Other Equity	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
a. Securities Premium	534.60	534.60
b. Other Reserve Sh. Ganesh Ji Maharaj	0.02	0.02
c. Retained Earnings	3,029.84	2,054.55
	<b>3,564.46</b>	<b>2,589.17</b>
Reserves and Surplus	<b>3,029.84</b>	<b>2,054.55</b>
Other Reserve	<b>534.62</b>	<b>534.62</b>
a. Securities Premium	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Opening Balance	534.60	494.60
Additions during the year	-	40.00
<b>Closing Balance</b>	<b>534.60</b>	<b>534.60</b>
b. Other Reserve Sh. Ganesh Ji Maharaj	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Opening Balance	0.02	0.02
Appropriations during the year	-	-
<b>Closing Balance</b>	<b>0.02</b>	<b>0.02</b>
c. Retained Earnings	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Opening balance	2,054.55	1,543.57
Net profit for the period	961.71	527.46
Appropriation from :		
Other Adjustment - Income Tax Adjustment of previous year	3.71	-
<b>Items of OCI recognised directly in retained earnings</b>		
Re-measurement gains/(losses) on defined benefits plan (net of tax)	9.87	(16.48)
<b>Closing balance</b>	<b>3,029.84</b>	<b>2,054.55</b>

13. Borrowings	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
<b>13(i) Non-Current Borrowings</b>		
<b>Term Loan From Banks/NBFC &amp; Financial Institution</b>		
<b>Secured [Refer Note 1 &amp; 2 below]</b>		
(i) Term loans from Banks	2,945.86	489.00
(ii) Vehicle loans From Banks	73.01	92.25
(iii) Vehicle loans From NBFC/Others	-	6.32
<b>Total Secured Term Loans</b>	<b>3,018.86</b>	587.57
Less: Current maturities of Secured Loans	463.11	222.84
<b>Long Term maturities of Term Loan (A)</b>	<b>2,555.75</b>	364.73
<b>Unsecured loans</b>		
- From Directors	-	-
<b>Total Unsecured loans</b>	-	-
Less: Current maturities of Unsecured Loan	-	-
<b>Long Term maturities of Term Loan (A)</b>	-	-
<b>Total borrowings (A+B)</b>	<b>2,555.75</b>	364.73

1. (a) Terms of Repayments and Rate of interest of all loans:

Name of Lender	Rate of Interest	Periodicity	Outstanding Amount (INR Lakhs)	No. of Installments Outstanding	EMI/Installments
HDFC GECL Loan -1	9.25%	Nov 2020 to Oct 2024	292.71	19	1695254
HDFC GECL Loan -2	9.25%	May 2022 to Jun 2027	785.00	51	2443642
HDFC Term Loan-1	8.63%	Feb 2023 to Mar 2029	504.21	72	1022348
HDFC Term Loan-2	8.63%	Feb 2023 to Jul 2028	679.70	64	1378192
HDFC Truck Loan 1	8.11%	Nov 2020 to Oct 2025	18.12	31	64990
HDFC Truck Loan 2	6.75%	Mar 2022 to Feb 2026	27.94	35	88180
UBI Car Loan	9.55%	Jul 2020 to Jun 2027	26.94	54	61156
Citi Bank Loan-1	8.06%	May 2022 to Apr 2027	138.02	49	372413
Citi Bank Loan-2	8.44%	Sept 2022 to Aug 2027	218.12	53	554597
Citi Bank Loan-3	9.62%	Oct 2022 to Sept 2027	121.50	54	313695
Citi Bank Loan-4	9.38%	Dec 2022 to Nov 2027	61.60	56	154986
Citi Bank Loan-5	8.26%	Feb 2023 to Jan 2028	145.00	58	351722

2. (a) The first term loan from HDFC Bank Ltd. of Rs. 504.21 lakhs was taken against factory land & building, personal gurantee of Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of Vikas Gupta. The loan was for the tenure of 74 months having an EMI of Rs. 10.22 lakhs beginning 07.02.2024 & carrying ROI of 8.63%

(b) The second term loan from HDFC Bank Ltd. of Rs. 679.70 lakhs was taken against factory land & building, personal gurantee of Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of Vikas Gupta. The loan was for the tenure of 66 months having an EMI of Rs. 13.78 lakhs w.e.f. 07.06.2023 & carrying ROI of 8.63%

(c) The first GECL loan from HDFC Bank Ltd. of Rs. 539.00 lakhs was taken against factory land & building, personal gurantee of directors Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of Vikas Gupta. The loans was for the tenure of 48 months having an EMI of Rs. 16.95 lakhs w.e.f. 16.11.2021 & carrying ROI of 9.25%.

(d) The second GECL loan from HDFC Bank Ltd. of Rs. 785.00 lakhs was taken against factory land & building, persona gurantee of Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of Vikas Gupta. The loans was for the tenure of 5 years having an EMI of Rs. 24.44 lakhs w.e.f. 07.05.2024 & carrying ROI of 9.25%

(e) The term loans from Citi Bank were taken against factory land & building, personal gurantee of Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of two directors Vikas Gupta & Vikas Goel and the ROI, terms of loan and repayment are stated above.

(f) Vehicle loans from banks and NBFC are secured by hypothecation of vehicles financed.

Detail of default		
(a) Period of default	-	-
(b) Amount of default	-	-

13 (ii) Current borrowings	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
<b>(A) Loans repayable on demand from Banks</b>		
<b>Secured</b>		
HDFC Bank CC Limit [Refer Note 3(i) below]	1,848.23	2,844.80
Citi Bank CC Limit [Refer Note 3(ii) below]	115.35	-
Citi Bank-WCDL	800.00	-
	<b>2,763.57</b>	2,844.80
<b>(B) Current maturities of Term Loans</b>		
Current maturities of term loans from Banks	442.53	196.86
Current maturities of vehicle loans from Banks	20.58	19.66
Current maturities of vehicle loans from NBFCs/Others	-	6.32
	<b>463.11</b>	222.84
<b>Total Current borrowings</b>	<b>3,226.68</b>	3,067.63

3(i) Working Capital facilities from HDFC Bank Ltd. are secured by Hypothecation of Stock, debtors & all other current assets of company and extension of charges on block fixed assets on parri passu charges basis and extention of residential property of Vikas Gupta on parri passu basis. These loans are further secured by personal gurantee of the promoters/directors. Interest rate is 3 months T-bill+1.63% and present 3 months T-bill rate is 6.89%.

3(ii) Working Capital facilities from Citi Bank are secured by Hypothecation of Stock, debtors & all other current assets of company on parri pasu basis and extension of charges on block fixed assets on pari passu basis. These loans are further secured by personal gurantee of the promoters/directors and extention of charges on parri passu basis on the residential properties of the directors namely Vikas Goel & Vikas Gupta. Interest rate is 3 months T-bill+1.70% and present 3 months T-bill rate is 6.66%.

14. Provisions	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Provision for employee benefit	66.42	61.19
<b>Total</b>	<b>66.42</b>	<b>61.19</b>
Current	12.05	8.73
Non-Current	54.36	52.46

15. Deferred Tax Assets/Liabilities (Net)	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Deferred Tax (Asset)/Liability	162.96	134.17
<b>Total</b>	<b>162.96</b>	<b>134.17</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2023:</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Accounting profit before income tax	1,296.69	699.87
<b>Tax Liability</b>		
Tax Rate	25.168%	25.168%
At India's statutory income tax rate	326.35	176.14
Adjustments in respect of current income tax of previous years	-	-
Adjustments in respect of Statutory Dues (Net)	-	-
Depreciation (Net)	(25.46)	(0.74)
<b>Non-deductible expenses for tax purposes:</b>		
Employee Benefits (Net)	4.87	10.67
Other Non Deductable Expenses (Net)	3.76	3.44
Current year unabsorbed tax losses/(Unabsorbed Business Loss Adjusted)	-	-
<b>Income tax expenses charged to the statement of Profit &amp; Loss A/c</b>	<b>309.52</b>	<b>189.51</b>
<b>Reconciliation of deferred tax (asset)/liabilities (net):</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Opening balance as of 1 April	134.17	156.82
Tax (income)/expense during the period recognised in profit or loss	25.46	(22.64)
Tax (income)/expense during the period recognised in OCI	3.32	-
<b>Closing balance as at 31 March-Deferred tax (asset)/liability</b>	<b>162.96</b>	<b>134.17</b>

Deferred tax relates to the following:	Balance Sheet		Profit & Loss	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Accelerated depreciation for tax purposes	(159.64)	(134.17)	25.46	(12.98)
MAT credit utilisation	-	-	-	(9.66)
Tax during the period recognised in OCI	(3.32)	-	3.32	5.54
<b>Deferred Tax Expense/(Income)</b>	<b>-</b>	<b>-</b>	<b>28.78</b>	<b>(17.10)</b>
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(162.96)</b>	<b>(134.17)</b>	<b>-</b>	<b>-</b>

16. Other Liabilities	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Govt. Grant received	7.09	6.43
Interest accrued but not due	41.45	21.43
Advances from customers	0.53	10.51
<b>Total</b>	<b>49.07</b>	<b>38.37</b>
Current	42.69	32.58
Non-Current	6.38	5.79

17. Trade Payables		AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Trade Payables - Micro & Small Enterprises		13.59	9.75
Trade Payables - Raw Material		111.37	6.85
Trade Payables - Capital		10.05	11.15
Trade Payables - Others		161.23	132.79
	<b>Total</b>	<b>296.23</b>	<b>160.55</b>
<b>Trade payable ageing schedule:</b>			
<b>Trade Payables - MSME</b>			
	Less than 1 year	13.59	9.75
	1 -2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
	<b>Total</b>	<b>13.59</b>	<b>9.75</b>
<b>Trade Payables - Raw material</b>			
	Less than 1 year	111.37	6.85
	1 -2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
	<b>Total</b>	<b>111.37</b>	<b>6.85</b>
<b>Trade Payables - Capital Goods</b>			
	Less than 1 year	9.05	11.15
	1 -2 years	1.00	-
	2-3 years	-	-
	More than 3 years	-	-
	<b>Total</b>	<b>10.05</b>	<b>11.15</b>
<b>Trade Payables - Others</b>			
	Less than 1 year	154.56	128.47
	1 -2 years	3.82	1.99
	2-3 years	0.51	0.10
	More than 3 years	2.34	2.23
	<b>Total</b>	<b>161.23</b>	<b>132.79</b>

18. Other Current financial liabilities		AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Statutory dues		18.68	19.02
Other payables		52.65	49.40
	<b>Total</b>	<b>71.33</b>	<b>68.42</b>
Current		71.33	68.42
Non-Current		-	-

19. Revenue from Operations		AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Sale of products			
- Domestic Sales		26,671.69	18,037.49
- Export Sales		81.05	441.81
	<b>Total</b>	<b>26,752.74</b>	<b>18,479.30</b>
<i>Other operating income</i>			
Duty Drawback (Government grant)		0.12	0.71
	<b>Total</b>	<b>26,752.86</b>	<b>18,480.01</b>

20. Other Income		AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
<i>Other non-operating income</i>			
Interest Income		40.67	1.18
Insurance claim received		0.64	5.31
Deemed Income		0.80	1.05
Foreign exchange gain		1.17	16.10
Profit on sale of PPE		0.01	-
Excess amount/provision written off		2.85	-
	<b>Total</b>	<b>46.14</b>	<b>23.64</b>

<b>21. Cost of Material</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Inventory at the beginning of the year		
- Raw Material	2,057.00	4,500.98
- Packing Material	78.89	85.38
Add: Purchases		
- Raw Material	15,593.95	9,738.44
- Packing Material	405.68	284.98
Add: Freight inward	296.26	211.76
Add: Packing Charges	51.78	41.21
	<b>18,483.56</b>	14,862.74
Less: Inventory at the end of the year		
- Raw Material	2,051.15	2,057.00
- Packing Material	107.16	78.89
<b>Total Cost of Material</b>	<b>16,325.24</b>	<b>12,726.84</b>

<b>22. Purchase of Traded Finished Goods</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Purchases of Finished Goods	6,467.70	3,090.79
<b>Total</b>	<b>6,467.70</b>	<b>3,090.79</b>

<b>23. Change in inventories of finished goods</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Inventory at the beginning of the year	167.52	291.93
Opening Stock in transit	123.53	-
Less: Inventory at the end of the year	66.40	167.52
Closing Stock in Transit	115.11	123.53
<b>(Increase)/Decrease in inventories of finished goods</b>	<b>109.55</b>	<b>0.88</b>

<b>24. Employee Benefits Expense</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Salaries, wages and bonus	483.05	432.21
Contribution to provident and other funds	29.82	33.94
Gratuity	10.22	9.12
Staff welfare expense	23.12	16.51
<b>Total</b>	<b>546.21</b>	<b>491.78</b>

<b>25. Finance Costs</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Interest on Term & Vehicle Loans	119.63	53.29
Interest on Working Capital Loans	453.08	239.31
Other borrowing cost	32.47	5.87
<b>Total</b>	<b>605.17</b>	<b>298.48</b>

<b>26. Depreciation and amortisation expense</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Depreciation and amortisation of property, plant and equipment [Refer Note No. 3]	215.45	185.44
	<b>215.45</b>	<b>185.44</b>

<b>27. Other Expenses</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Consumption of stores & spares	44.16	29.99
Power and Fuel	292.10	288.24
Rent	73.73	49.97
Rates and taxes	8.30	10.82
Insurance	35.84	24.14
<i>Repair &amp; Maintenance</i>		
- Plant & Machinery	81.77	75.32
- Building	20.34	11.55
- Others	23.21	16.11
Vehicle running & maintenance	274.99	274.80
Donations	0.83	2.17
Advertisement & sales promotion	24.23	14.07
Other selling expenses	127.25	73.35
Loss on sale of PPE	-	6.27
Travelling & Conveyance	56.19	25.87
Legal and professional Charges	64.45	46.67
Directors' sitting fees	0.77	0.63
Payment to auditors	9.11	8.46
CSR Expenses	11.89	-
Bad debts written off	20.91	-
Miscellaneous expenses	62.92	51.14
<b>Total</b>	<b>1,233.00</b>	<b>1,009.57</b>

<b>Payment to Auditors</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
	<b>INR Lakhs</b>	<b>INR Lakhs</b>
As auditor:		
- Audit fee, Tax Audit fee and Limited Review	8.38	7.87
- Certification fees	0.73	0.60
	<b>9.11</b>	<b>8.46</b>

<b>28. Earnings per Equity Share</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Net attributable profit to Equity Shareholders	961.71	527.46
Weighted Average Number of Equity Shares	100.04	99.35
<b>Basic and Diluted Earnings Per Share</b>	<b>9.61</b>	<b>5.31</b>
Face Value per Share	10.00	10.00

29 Notes to the Financial Statements for the year ended March 31, 2023:  
29.1 Contingent Liabilities, Commitments and Contingencies (to the extent not provided for)

Particulars	(INR in lakhs)	
	March 31, 2023	March 31, 2022
<b>(A) Contingent liabilities:</b>		
Bank Guarantees	NIL	NIL
<b>(B) Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	4,129.74	1,425.72
Advance paid against above	1,209.64	217.55

29.2 Related Party Transactions:

Name of the related parties and description of relationship:-

Particulars	Name
Key Managerial Personnel (KMPs)	Mr. Vikas Goel, Chairman and Managing Director
	Mr. Vikas Gupta, Whole Time Director
	Mr. Mudit Goyal, Whole Time Director
	Ms. Manisha Gupta, Chief Financial Officer
	Mr. Dhiraj Kheriwal, Company Secretary
Independent Directors	Mr. Amit Mittal, Mr. Prabhat Kumar, Ms. Savita Bansal
Subsidiary	M/s Megapacific Ventures Pvt. Ltd. (100% subsidiary)
Relatives of KMPs	Mr. Satpal Gupta, Mr. Madan Lal Aggarwal, Mrs. Indira Rani, Ms. Shivani Gupta, Ms. Savita Goyal, Mr. Pankaj Goel, Mr. Amit Goel
Related Entities	Ganesh Flour Mills, Madan Lal Vikas Kumar, Kulwant Rai Ram Kishan, Madan Lal Aggarwal (HUF), Baisakhi Mal Ram Kishan, Shree Ganesh Grain Products

Name	Nature of Transaction	Amount (INR in lakhs)	
		March 31, 2023	March 31, 2022
Vikas Goel	Salary Paid (including perks)	66.82	55.22
	Balance Due	3.95	2.38
Vikas Gupta	Salary Paid (including perks)	66.82	55.22
	Balance Due	3.85	2.38
Mudit Goel	Salary Paid (including perks)	35.15	29.42
	Balance Due	2.55	1.55
Amit Mittal	Sitting Fees Paid	0.28	0.21
Prabhat Kumar	Sitting Fees Paid	0.21	0.21
Savita Bansal	Sitting Fees Paid	0.28	0.21
Manisha Gupta	Salary Paid	15.07	12.71
	Salary Paid	7.02	6.22
Savita Goyal	Salary Paid	12.00	12.00
	Balance Due	0.73	0.82
Shivani Gupta	Salary Paid	12.00	12.00
	Balance Due	0.63	0.82
Satpal Gupta	Salary Paid	7.95	4.80
	Rent Paid	4.00	12.00
	Balance Due	0.25	0.40
Amit Goel	Rent Paid	2.00	6.00
Pankaj Goel	Rent Paid	2.00	6.00
Madan Lal	Rent Paid	2.00	6.00
Ganesh Flour Mills	Purchases	1971.14	670.90
	Sales	5.27	192.45
	Sale of Machinery	0.00	2.77
Kulwant Rai Ram Kishan	Rent Paid	0.60	0.60
Baisakhi Mal Ram Kishan	Sales	0.00	10.39
Shree Ganesh Grain Products	Sales	56.67	52.52
Director's Travelling	Travelling Expenses	50.20	21.15
Megapacific Ventures Pvt. Ltd.	Advance given	3203.57	0.00
	Advance received back	3203.57	30.22
	Interest received	39.18	0.00
	Purchases	296.43	0.00
	Reimbursement of expenses	3.49	0.89

The company has not granted any loans to promoters, director, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person during the year under consideration.

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties, if any are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2023: Nil, March 31, 2022: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



**29.3 Deferred Tax:**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**29.4 Corporate Social Responsibility:**

During the year, the amount required to be spent on corporate social responsibility activities amounted to INR 11.89 lakhs (31 March 2022: Not Applicable) in accordance with Section 135 of the Act, 2013. The following amounts were actually spent during the current and previous year

Particulars	March 31, 2023	March 31, 2022
(i) Amount required to be spent by the company during the year	11.77	Not applicable
(ii) Amount of expenditure incurred	11.89	
(iii) Shortfall at the end of the year	NIL	
(iv) Nature of CSR activities	Expenses on animal welfare, healthcare & sanitation facilities and swachh bharat mission	

**29.5 Employee Benefits:**

The Company has a defined benefit gratuity plan. Under Gratuity Plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. The level of benefits provided depends on the member's length of service and salary at retirement age.

**Description of Risk Exposures**

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow:

- i) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- ii) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- iii) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- iv) Investment Risk – The plan is unfunded hence the greatest risk to the beneficiary is that there are insufficient funds available to provide the promised benefits. This may be due to (a) The insufficient funds set aside, i.e. underfunding; (b) The insolvency of the Employer; (c) The holding of investments which are not matched to the liabilities; or (d) a combination of these events

**A. Defined Contribution Plan**

Contribution to defined contribution plan, recognized as expense for the year is as under:

Particulars	INR in lakhs	
	2022-23	2021-22
Employer's contribution towards Provident Fund	14.36	9.85
Employer's contribution towards ESI	4.51	3.21

**B. Defined Benefit Plan**

General description of the plan:

Gratuity	Leave Encashment
Unfunded	Unfunded

**C. Method of valuation:** Projected unit Credit Method**D. Reconciliation of opening and closing balance of defined benefit obligation:**

Item	INR in lakhs			
	Gratuity		Leave Encashment	
	2023	2022	2023	2022
Net opening liability/(asset)	41.79	18.80	19.40	-
Expenses as recognized in P&L account	10.22	9.12	9.13	19.40
Remeasurements	(7.22)	22.02	(5.97)	-
Contributions/benefits paid	(0.93)	(8.16)	-	-
<b>Net closing liability(asset)</b>	<b>43.86</b>	<b>41.79</b>	<b>22.55</b>	<b>19.40</b>

**G. Amount Recognized in Other Comprehensive Income:**

Particulars	INR in lakhs			
	Gratuity		Leave Encashment	
	2023	2022	2023	2022
Actuarial (Gain)/Loss on obligations– Due to change in Financial Assumptions	(1.04)	(4.10)	(0.57)	-
Actuarial (Gain)/Loss on obligations – Due to change in demographic Assumptions	-	(0.39)	-	-
Actuarial (Gain)/Loss— Due to experience variance	(6.18)	26.51	(5.41)	-
Return on plan assets other than amounts included in net interest cost	-	-	-	-
Re-measurement arising from change in asset ceiling	-	-	-	-
<b>Net(Income)/Expense for the period recognized in Other Comprehensive Income</b>	<b>(7.22)</b>	<b>22.02</b>	<b>(5.97)</b>	<b>-</b>

**H. Changes in the present value of obligations**

Particulars	INR in lakhs			
	Gratuity		Leave Encashment	
	2023	2022	2023	2022
Opening present value of DBO/LTEB	41.79	18.80	19.40	-
Service cost	7.37	7.90	7.81	19.40
Interest Cost	2.85	1.23	1.32	-
Benefits paid directly by the employer	(0.93)	(8.16)	-	-
Actuarial (Gain)/ Loss on obligations-Due to change in Financial Assumptions	(1.04)	(4.10)	(0.57)	-
Actuarial (Gain)/Loss on obligations – Due to change in demographic Assumptions	-	(0.39)	-	-
Actuarial (Gain)/ Loss on obligations-Due to experience variance	(6.18)	26.51	(5.41)	-
<b>Closing present value of DBO/LTEB</b>	<b>43.86</b>	<b>41.79</b>	<b>22.55</b>	<b>19.40</b>

**I. Valuation Assumptions:**

	2023	2022
Discount Rate	7.36%	6.81%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	N.A.	N.A.
Average future service (in Years)	24.09 Years	23.85 Years
Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14

**Average weighted duration of liabilities**

**Sensitivity Analysis – Gratuity**

Change in Valuation Assumption	INR in lakhs	
	Gratuity – PV of liability obligations for the year ended 2023	Gratuity – PV of liability obligations for the year ended 2022
Increase Discount Rate by 0.50%	42.96	40.81
Decrease Discount Rate by 0.50%	44.80	42.82
Increase Salary Inflation by 1.00%	45.76	43.89
Decrease Salary Inflation by 1.00%	42.07	39.85
Increase Withdrawal Rate by 5.00%	43.63	41.23
Decrease Withdrawal Rate by 5.00%	43.83	42.18

**Sensitivity Analysis – Leave Encashment**

Change in Valuation Assumption	INR in lakhs	
	Leave – PV of liability obligations for the year ended 2023	Leave – PV of liability obligations for the year ended 2022
Increase Discount Rate by 0.50%	22.06	18.91
Decrease Discount Rate by 0.50%	23.07	19.91
Increase Salary Inflation by 1.00%	23.60	20.43
Decrease Salary Inflation by 1.00%	21.58	18.44
Increase Withdrawal Rate by 5.00%	22.90	19.61
Decrease Withdrawal Rate by 5.00%	22.01	19.03

**29.6 Segment Information:**

The Company at present is engaged in the business of manufacture and sale of wheat & its products, which constitutes a single business segment.

**29.7**

Particulars	March 31, 2023	March 31, 2022
Value of Imports calculated on CIF basis in respect of Raw Material	-	-
Expenses in foreign exchange	1,090.75	0.48
Foreign currency exposure not hedged by derivative or forward contract as on last day of the year	-	-
Earnings in foreign exchange	167.45	542.00

**29.8 Fair Value of Financial Instruments**

The comparison of carrying value and fair value of financial instruments by categories that are not measured at fair value are as follows:

The management assessed that trade receivables, cash and cash equivalents, other bank balances, loans and advances to related parties, interest receivable, trade payables, capital creditors, other current financial assets and liabilities are considered to be the same as their fair values, due to their short term nature.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Category	Note No.	Carrying Value		Fair Value	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Financial assets at amortized cost</b>					
Investments	4	250.00	250.00	250.00	250.00
Trade Receivables	7	2,397.98	1,714.97	2,397.98	1,714.97
Cash & Cash Equivalents	8	322.79	11.61	322.79	11.61
Bank Balance	8	0.05	50.00	0.05	50.00
Other Financial Assets	5	47.64	38.31	47.64	38.31
<b>Total</b>		<b>3,018.46</b>	<b>2,064.89</b>	<b>3,018.46</b>	<b>2,064.89</b>
<b>Financial liabilities at amortized cost</b>					
Borrowings	13	5,782.44	3,432.36	5,782.44	3,432.36
Trade Payable	17	296.23	160.55	296.23	160.55
Other Financial Liabilities	18	71.33	68.42	71.33	68.42
<b>Total</b>		<b>6,150.00</b>	<b>3,661.34</b>	<b>6,150.00</b>	<b>3,661.34</b>

#### Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

- (i) Quantitative disclosure of fair value measurement hierarchy for financial assets

INR in lakhs

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
<b>Investments (refer note no.4)</b>				
March 31, 2023	250.00	-	250.00	-
March 31, 2022	250.00	-	250.00	-
<b>Loans and security deposits (refer note no. 5)</b>				
March 31, 2023	47.64	-	47.64	-
March 31, 2022	38.31	-	38.31	-

- (ii) Quantitative disclosure of fair value measurement hierarchy for financial liabilities

INR in lakhs

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
<b>Non-Current borrowings including current maturities (refer note no 13)</b>				
March 31, 2023	3018.86	-	3,018.86	-
March 31, 2022	587.57	-	587.57	-
<b>Current borrowings (refer note no 13)</b>				
March 31, 2023	2763.57	-	2,763.57	-
March 31, 2022	2844.80	-	2,844.80	-

#### 29.9 Financial risk management objectives and policies

The Company has instituted an overall risk management programme which also focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Financial risk management is carried out by Finance department under policies approved by the Board of Directors from time to time. The Finance department, evaluates and hedges financial risks in close co-operation with the various stakeholders. The Board of Directors approves written principles for overall financial risk management, as well as written policies covering specific areas, such as credit risk, use of derivative financial instruments and non-derivative financial instruments.

The Company is exposed to market risk, credit risk and liquidity risk. These risks are managed pro-actively by the Senior Management of the Company, duly supported by various Groups and Committees.

#### (a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company employs prudent liquidity risk management practices which inter alia means maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Given the nature of the underlying businesses, the corporate finance maintains flexibility in funding by maintaining availability under committed credit lines and this way liquidity risk is mitigated by the availability of funds to cover future commitments. Cash flow forecasts are prepared and the utilized borrowing facilities are monitored on a daily basis and there is adequate focus on good management practices whereby the collections are managed efficiently. The Company while borrowing funds for large capital project, negotiates the repayment schedule in such a manner that these match with the generation of cash on such investment. Longer term cash flow forecasts are updated from time to time and reviewed by the Senior management of the Company.

The table below represents the maturity profile of Company's financial liabilities at the end March 31, 2023 and March 31, 2022 based on contractual undiscounted payments:-

March 31, 2023	0-1 Years	1-5 Years	More than 5 Years	Total
Interest bearing borrowings	3,226.68	2,404.41	151.35	5,782.44
Non-Interest bearing borrowings:				
Trade and Other payable (refer note no. 17)	296.23	-	-	296.23
Other financial liabilities (refer Note no. 18)	71.33	-	-	71.33
<b>Total</b>	<b>3,594.25</b>	<b>2,404.41</b>	<b>151.35</b>	<b>6,150.00</b>
<b>% to Total</b>	<b>58.44%</b>	<b>39.10%</b>	<b>2.46%</b>	
March 31, 2022	0-1 Years	1-5 Years	More than 5 Years	Total
Interest bearing borrowings	3,067.63	363.30	1.43	3,432.36
Non-Interest bearing borrowings:				
Trade and Other payable (refer note no. 17)	160.55	-	-	160.55
Other financial liabilities (refer Note no. 18)	68.42	-	-	68.42
<b>Total</b>	<b>3,296.61</b>	<b>363.30</b>	<b>1.43</b>	<b>3,661.34</b>
<b>% to Total</b>	<b>90.04%</b>	<b>9.92%</b>	<b>0.04%</b>	

#### Reconciliation of Interest bearing borrowings

	Schedule No.	March 31, 2023	March 31, 2022
Non-Current borrowings	13	2,555.75	364.73
Short-term borrowings	13	3,226.68	3,067.63
<b>Total</b>		<b>5,782.44</b>	<b>3,432.36</b>

INR in lakhs

#### (b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks, foreign exchange transactions and other financial assets.

##### (i) Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Management evaluate credit risk relating to customers on an ongoing basis. Receivable control management team assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on group/category basis. The calculation is based on exchange losses, historical data and available facts as on date of evaluation. Trade receivables comprise a customer base including FMCG companies, dealers and retail customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

##### (ii) Financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by the Company's Finance department team in accordance with the Company's policy. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments. Credit limits of all authorities are reviewed by the management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Company.

#### (c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of at March 31, 2023 and March 31, 2022.

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue, expense or capital expenditure is denominated in foreign currency). The company is not exposed to material foreign currency risk.

#### (e) Interest rate risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligation at floating interest rates which is not material.

#### (f) Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of raw material and therefore requires a continues supply. The Company operations may impact due to changes in prices of those raw materials.

**Commodity price sensitivity of Raw material**

(Rs in lakhs)

Nature	Change in year-end price	Effect on profit before tax
For the year ended March 31, 2023	5%	-779.99
For the year ended March 31, 2023	-5%	779.99
For the year ended March 31, 2022	5%	-609.12
For the year ended March 31, 2022	-5%	609.12

**29.10 Capital Management**

For the purpose of the Company's capital management, capital includes issued equity attributable to the equity shareholders of the Company, security premium and all other equity reserves. The primary objective of the Company's capital management is that it maintain an efficient capital structure and maximize the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net interest bearing debt divided by total capital attributable to shareholders. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, other bank balances which are free.

(INR in Lakhs)

	March 31, 2023	March 31, 2022
Borrowings	5,782.44	3,432.36
Other financial liabilities	-	-
Less: Cash and Cash equivalents	(322.79)	(11.61)
Less: Other bank balances	(0.05)	-
<b>Net Debt</b>	<b>5,459.60</b>	<b>3,420.75</b>
Equity share capital	1,000.37	1,000.37
Other equity	3,564.46	2,589.17
Total Equity	<b>4,564.83</b>	<b>3,589.54</b>
<b>Gearing ratio (Times)</b>	<b>1.20</b>	<b>0.95</b>

**29.11** Based on and to the extent of information available with the Company under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

(INR in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Principal amount due to suppliers under MSMED Act, as at the end of the year	13.59	9.75
Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (under Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

## 29.12 RATIO ANALYSIS

S.NO	PARTICULARS	FORMULA	2023	2022	Changes %	Explanation
1	<b>CURRENT RATIO (Times)</b>  CURRENT ASSETS CURRENT LIABILITIES	<b>CURRENT ASSETS</b>	1.41	1.27	11.05	-
		<b>CURRENT LIABILITIES</b>				
			5,154.35	4,245.67		
			3,648.99	3,337.92		
2	<b>DEBT-EQUITY RATIO (times)</b>  LONG TERM DEBT SHAREHOLDER'S EQUITY	<b>LONG TERM DEBTS</b>	0.66	0.16	304.02	Basis change in debts & Equity
		<b>SHAREHOLDER'S EQUITY</b>				
			3,018.86	587.57		
			4,564.83	3,589.54		
3	<b>DEBT SERVICE COVERAGE RATIO (Times)</b>  NET OPERATING INCOME TOTAL DEBT SERVICE	<b>PAT+INTEREST ON LT DEBTS +DEPRECIATION</b>	2.90	3.36	-13.46	-
		<b>INTEREST ON LT DEBT +PRINCIPAL PAID/TO BE SERVED DURING THE YEAR</b>				
			1,260.40	748.83		
			433.92	223.10		
4	<b>RETURN ON EQUITY RATIO (%)</b>  PROFIT AFTER TAX AVERAGE SHAREHOLDER'S EQUITY	<b>PROFIT AFTER TAX</b>	23.59	15.94	47.98	Basis change in Profits & equity
		<b>AVG. EQUITY SHAREHOLDER'S FUND</b>				
			961.71	527.46		
			4,077.18	3,309.05		
5	<b>INVENTORY TURNOVER RATIO (Times)</b>  COST OF GOODS SOLD AVERAGE INVENTORY	<b>COST OF GOODS SOLD</b>	9.92	4.51	119.67	Basis change in inventory holding and cost of goods
		<b>AVERAGE INVENTORY</b>				
			23,664.14	16,495.74		
			2,386.65	3,654.63		
6	<b>TRADE RECEIVABLES TURNOVER RATIO (Times)</b>  SALES AVERAGE TRADE RECEIVABLE	<b>SALES</b>	13.01	11.34	14.76	-
		<b>AVERAGE TRADE RECEIVABLE</b>				
			26,752.86	18,480.01		
			2,056.47	1,630.16		
7	<b>TRADE PAYABLES TURNOVER RATIO (Times)</b>  TOTAL PURCHASE AVERAGE TRADE PAYABLE	<b>TOTAL PURCHASE</b>	317.41	250.02	26.96	Basis change in trade payables and purchases
		<b>AVERAGE TRADE PAYABLE</b>				
			22,467.33	13,114.21		
			70.78	52.45		
8	<b>NET CAPITAL TURNOVER RATIO (Times)</b>  TOTAL SALES NET WORKING CAPITAL	<b>TOTAL SALES</b>	17.77	20.36	-12.70	-
		<b>NET WORKING CAPITAL</b>				
			26,752.86	18,480.01		
			1,505.36	907.75		
9	<b>NET PROFIT RATIO (%)</b>  NET PROFIT NET SALES	<b>PAT</b>	3.59	2.85	25.95	Basis change in profits and sales
		<b>NET SALES</b>				
			961.71	527.46		
			26,752.86	18,480.01		
10	<b>RETURN ON CAPITAL EMPLOYED (%)</b>  EBIT CAPITAL EMPLOYED	<b>EBIT</b>	26.95	25.87	4.16	-
		<b>FIXED ASSETS+CURRENT ASSETS-CURRENT LIABILITIES</b>				
			1,901.86	998.34		
			7,057.25	3,858.75		

**29.13 Other statutory information**

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (viii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**29.14** In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of amount reasonably necessary.

**29.15** Previous year figures have been recasted/regrouped/rearranged wherever necessary to make them comparable with that of current year.

**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  
UDIN: 23097591BGSHOG3194**

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

**VIKAS GUPTA  
Director  
DIN: 05123386**

**Place : Chandigarh  
Dated : 16.05.2023**

**MANISHA GUPTA  
Chief Financial Officer**

**DHIRAJ KHERIWAL  
Company Secretary**

**AVNISH SHARMA & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

#49, SUSHILA VILLA, SECTOR 7, PANCHKULA, HARYANA-134109  
SCO 39, 1ST FLOOR, DAKSHIN MARG, SECTOR 20-C, CHANDIGARH-160020  
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E-mail: avnishca@hotmail.com  
MSME Reg. No.- UDYAM-CH-01-0010088



**INDEPENDENT AUDITOR'S REPORT**

**To the members of Megastar Foods Limited**  
**Report on the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of MEGASTAR FOODS LIMITED ("the Company"), its subsidiary (the Parent Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31 2023, the Consolidated Statement of Profit and Loss, including Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies ( Indian Accounting Standards ) Rules ,2015,as amended ( "IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Other Information**

The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibility of Management for the Consolidated Financial Statements**

The parent Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the IND AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent Company, as aforesaid.

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

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibility for the Audit of Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors.

We communicate with those charged with governance of the Parent Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other matters

We have also audited the financial statements and other financial information, in respect of a subsidiary, whose financial statements include total assets of Rs. 322.33 lakhs as at March 31, 2023, and total revenues of Rs. 3977.04 lakhs and net cash inflows of Rs. 10.70 lakhs for the year ended on that date. Our opinion is not qualified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

- 1 As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
  - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors of the Parent Company and its subsidiary as on March 31, 2023 taken on record by the respective Board of Directors of the Parent Company and its subsidiary, none of the directors of the Group's companies is disqualified as on March 31, 2023 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 with reference to Consolidated Financial Statements of the Parent Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Parent Company and its subsidiary company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act.
  - (h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Group does not have any pending litigations which would impact its financial position;
    - ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which required to be transferred by the Group to the Investor Education and Protection Fund.
    - iv. Proviso to rule 3(1) of the Companies (Accounts) Rules 2014 for maintaining books of accounts using accounting software which has feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly reporting under Rule 11(g) of the Companies (Audit & Auditors) Rules 2014 is not applicable for the financial year ended March 31, 2023.
- 2 With respect to the matters specified in paragraphs 3(xi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanation given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

Dinesh Manchanda (M.No. 097591)  
Partner  
UDIN: 23097591BGSHOH6972  
Place : Chandigarh  
Dated : 16.05.2023

## **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 with reference to Consolidated Financial Statements of the Parent Company and its subsidiary (the Parent Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of March 31, 2023, in conjunction with our audit of the Consolidated Financial Statements of the parent company for the year ended on that date.

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

The respective Board of Directors of the companies included in the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Parent Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Parent Company's internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, 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 auditor's judgement, 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 internal financial controls with reference to Consolidated Financial Statements.

#### **Meaning of Internal Financial Controls with reference to Consolidated Financial Statements**

A company's internal financial controls with reference to Consolidated Financial Statements 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 controls with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated Financial Statements 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, the Parent Company and its subsidiary companies, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Parent Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

Dinesh Manchanda (M.No. 097591)  
Partner  
UDIN: 23097591BGSOH6972  
Place : Chandigarh  
Dated : 16.05.2023

MEGASTAR FOODS LIMITED  
CIN: L15311CH2011PLC033393  
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2023

INR IN LAKHS

PARTICULARS	Note No.	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
<b>ASSETS</b>			
<b>A NON CURRENT ASSETS</b>			
i Property, Plant and Equipment	3	3,985.02	2,584.48
ii Capital Work-in-Progress	3	1,567.25	366.52
iii <b>Financial Assets</b>			
(a) Investments		-	-
(b) Loans	4	-	125.00
(c) Others	5	37.02	37.94
iv Deferred Tax Assets (Net)		-	-
v Other Non-Current Assets		-	-
		<b>5,589.30</b>	<b>3,113.94</b>
<b>B CURRENT ASSETS</b>			
i Inventories	6	2,343.88	2,429.41
ii <b>Financial Assets</b>			
(a) Investments		-	-
(b) Trade Receivables	7	2,630.02	1,714.97
(c) Cash & Cash Equivalents	8	397.24	75.37
(d) Bank Balance other than (c) above	8	0.05	50.00
(e) Loans		-	-
(f) Others	5	10.62	0.37
iii Current Tax Assets (Net)	9	36.08	3.85
iv Other Current Assets	10	57.05	41.69
		<b>5,474.95</b>	<b>4,315.66</b>
<b>C Assets held-for-sale / Assets included in disposal group(s) held-for-sale</b>		-	49.33
<b>TOTAL ASSETS</b>		<b>11,064.24</b>	<b>7,478.93</b>
<b>EQUITY AND LIABILITIES</b>			
<b>D EQUITY</b>			
i Equity Share capital	11	1,000.37	1,000.37
ii Other Equity	12	3,608.23	2,586.46
<b>Equity attributable to Shareholders of the Company</b>		<b>4,608.60</b>	<b>3,586.83</b>
iii Non-controlling interests		-	-
<b>Total Equity (D)</b>		<b>4,608.60</b>	<b>3,586.83</b>
<b>E LIABILITIES</b>			
<b>I Non Current Liabilities</b>			
i Financial Liabilities			
(a) Borrowings	13	2,555.75	364.73
ii Provisions	14	54.36	52.46
iii Deferred Tax Liabilities (Net)	15	164.59	130.91
iv Other Non-Current Liabilities	16	6.38	5.79
		<b>2,781.08</b>	<b>553.88</b>
<b>II Current Liabilities</b>			
i Financial Liabilities			
(a) Borrowings	13	3,226.68	3,067.63
(b) Trade payables	17		
(A) Total outstanding dues of Small Enterprises and Micro enterprises		13.59	9.75
(B) Total outstanding dues of creditors other than small enterprises and micro enterprises.		303.38	150.80
(c) Other Financial Liabilities	18	76.16	68.72
ii Other Current Liabilities	16	42.69	32.58
iii Provisions	14	12.05	8.73
iv Current Tax Liabilities (Net)		-	-
		<b>3,674.56</b>	<b>3,338.22</b>
<b>F Liabilities classified as held for sale / Liabilities included in disposal group held-for-sale</b>		-	-
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>11,064.24</b>	<b>7,478.93</b>
Significant Accounting Policies	1-2	The above financial statement should be read in conjunction with the basis of preparation and Significant accounting policies appearing in Note of Notes to the financial Statements.	
Notes on Financial Statements	29		
<b>As per our report of even date attached For Avnish Sharma &amp; Associates Chartered Accountants FRN - 009398N</b>		<b>For &amp; on behalf of the Board MEGASTAR FOODS LIMITED</b>	
<b>Dinesh Manchanda (M.No. 097591) Partner UDIN: 23097591BGSHOH6972</b>		<b>VIKAS GOEL</b> Chairman & Managing Director DIN: 05122585	<b>VIKAS GUPTA</b> Director DIN: 05123386
<b>Place : Chandigarh Dated : 16.05.2023</b>		<b>MANISHA GUPTA</b> Chief Financial Officer	<b>DHIRAJ KHERIWAL</b> Company Secretary

MEGASTAR FOODS LIMITED  
CIN: L15311CH2011PLC033393  
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD 1ST APRIL 2022 TO 31ST MARCH, 2023

INR IN LAKHS

PARTICULARS	Note No.	For the year ended on 31st March 2023	For the year ended on 31st March, 2022
Income:			
I Revenue from operations	19	30,420.31	18,480.01
II Other income	20	19.88	47.06
<b>III. Total Income</b>		<b>30,440.19</b>	<b>18,527.07</b>
IV. Expenses:			
Cost of materials consumed	21	19,895.49	12,726.84
Purchases of Stock-in Trade	22	6,467.70	3,090.79
Changes in inventories	23	109.55	0.88
Employee Benefits Expense	24	546.21	491.78
Financial Cost	25	606.72	298.48
Depreciation & Amortization Expense	26	215.46	185.44
Other Expenses	27	1,236.51	1,011.38
<b>Total Expenses</b>		<b>29,077.63</b>	<b>17,805.59</b>
<b>V Profit/(loss) before share of profit/(loss) of an associate / a joint venture and exceptional items (III-IV)</b>		<b>1,362.56</b>	<b>721.48</b>
VI Share of profit/(loss) of an associate / a joint venture		-	-
<b>VII Profit/(loss) before exceptional items and tax (V + VI)</b>		<b>1,362.56</b>	<b>721.48</b>
VIII Exceptional Items		-	-
<b>IX Profit/(loss) before tax(VII+VIII)</b>		<b>1,362.56</b>	<b>721.48</b>
X Tax Expense:			
Current Tax		324.00	194.95
Deferred Tax Expense/(Income)		30.36	-18.76
<b>XI Profit (Loss) for the period from continuing operations (IX -X)</b>		<b>1,008.20</b>	<b>545.28</b>
XII Profit/(loss) from discontinued operations		-	-
XIII Tax expense of discontinued operations		-	-
<b>XIV Profit/(loss) from Discontinued operations (after tax) (XII -XIII)</b>		<b>-</b>	<b>-</b>
<b>XV Profit/(loss) for the period (XI +XIV)</b>		<b>1,008.20</b>	<b>545.28</b>
XVI Other comprehensive income/(loss)			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains/(losses) on defined benefit plans		13.19	(22.02)
Income tax effect		(3.32)	5.54
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>9.87</b>	<b>(16.48)</b>
XVII Total Comprehensive Income for the period (XVII+XVIII) / (Comprising Profit (Loss) and Other Comprehensive Income for the period) Attributable to:			
Owners of the parent		1,018.07	528.80
Non-controlling interests		-	-
<b>Of the Total Comprehensive Income above, Profit for the year attributable to:</b>			
Owners of the parent		1,008.20	545.28
Non-controlling interests		-	-
<b>Of the Total Comprehensive Income above, Other comprehensive income attributable to:</b>			
Owners of the parent		9.87	(16.48)
Non-controlling interests		-	-
XVIII Earnings per equity share (Nominal Value of Share INR 10 per share)	28		
(a) Basic earning per share (in absolute figures)		10.08	5.50
(b) Diluted earning per share (in absolute figures)		10.08	5.50
Significant Accounting Policies	1-2	The above financial statement should be read in conjunction with the basis of preparation and Significant accounting policies appearing in Note of Notes to the financial Statements.	
Notes on Financial Statements	29		

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  
UDIN: 23097591BGSHOH6972

VIKAS GOEL  
Chairman & Managing Director  
DIN: 05122585

VIKAS GUPTA  
Director  
DIN: 05123386

Place : Chandigarh  
Dated : 16.05.2023

MANISHA GUPTA  
Chief Financial Officer

DHIRAJ KHERIWAL  
Company Secretary

MEGASTAR FOODS LIMITED			
CIN: L15311CH2011PLC033393			
Consolidated Statement of Cash Flows for the year ended 31st March, 2023			
		INR in Lakhs	
	Particulars	For the year ended on 31st March 2023	For the year ended on 31st March, 2022
<b>A</b>	<b>Cash flow from operating activities:</b>		
	Profit/(Loss) before tax	1,362.56	721.48
	<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
	Depreciation and Amortisation Expense	215.46	185.44
	Interest Income	(12.24)	(10.07)
	(Profit)/loss on sale of assets/written off (net)	(2.18)	(8.27)
	Finance costs	606.72	298.48
	Deemed Income	(0.80)	(1.05)
	<b>Operating profit before working capital adjustments</b>	<b>2,169.51</b>	1,186.02
	<b>Working Capital adjustments:</b>		
	(Increase)/Decrease in Trade and other receivables & prepayments	(966.89)	(193.32)
	(Increase)/Decrease in Inventories	85.53	2,450.43
	Increase/(Decrease) in Trade and other payables and provisions	192.32	(500.38)
	Cash generated from operations	<b>1,480.47</b>	2,942.75
	Tax (paid)/refund	(326.29)	-201.87
	<b>Net cash flows from operating activities</b>	<b>1,154.18</b>	2,740.88
<b>B</b>	<b>Cash flow from investing activities:</b>		
	Purchase of Property, Plant and Equipment	(2,820.28)	(920.48)
	Proceeds from disposal of PPE	55.06	235.63
	Long term Advances & Deposits	125.92	(127.90)
	Interest received	12.24	10.07
	<b>Net cash used in investing activities</b>	<b>(2,627.06)</b>	(802.68)
<b>C</b>	<b>Cash flow from financing activities:</b>		
	Proceeds from issue of capital	-	50.00
	Government grant received	1.45	7.48
	Repayment of Long Term Borrowings	2,191.02	-195.50
	Repayment of Short Term Borrowings	159.05	(1,386.81)
	Interest paid	(606.72)	(298.48)
	<b>Net cash used in financing activities</b>	<b>1,744.81</b>	(1,823.31)
<b>D</b>	<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>271.93</b>	114.89
<b>E-1</b>	Cash and cash equivalents at the beginning of the year	125.37	10.48
<b>E-2</b>	<b>Cash and cash equivalents at the year end</b>	<b>397.29</b>	125.37
<b>Cash and cash equivalent</b>		<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
		INR Lakhs	INR Lakhs
(A) Balances with Banks			
-Other Balances		-	50.00
-On Current Accounts		391.26	70.68
(B) Cash on hand		5.98	4.68
(C) Others - Fixed Deposits (Bank Deposits due to mature after 3 months of original maturity but within 12 months of the reporting date)		0.05	-
<b>Total</b>		<b>397.29</b>	125.37
<p>As per our report of even date attached  For Avnish Sharma &amp; Associates  Chartered Accountants  FRN - 009398N</p> <p style="text-align: right;">For &amp; on behalf of the Board  MEGAPACIFIC VENTURES PRIVATE LIMITED</p> <p>Dinesh Manchanda (M.No. 097591)  Partner  UDIN: 23097591BGSHOH6972</p> <p style="text-align: right;">VIKAS GOEL  DIRECTOR  DIN: 05122585</p> <p style="text-align: right;">VIKAS GUPTA  DIRECTOR  DIN: 05123386</p> <p style="text-align: right;">MANISHA GUPTA  Chief Financial Officer</p> <p style="text-align: right;">DHIRAJ KHERIWAL  Company Secretary</p> <p>Place : Chandigarh  Dated : 16.05.2023</p>			

MEGASTAR FOODS LIMITED  
Consolidated Balance sheet as at March 31, 2022  
Consolidated Statement of Change in equity for the year ended March 31, 2023

INR IN LAKHS

**A. Equity Share Capital:**

(1) At March 31, 2023

Equity shares of INR 10 each issued, subscribed and fully paid

	Balance as at 01/04/2022	Changes in Equity Share Capital Due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at 31/03/2023
No. in lakhs	100.04	-	-	-	100.04
INR in lakhs	1,000.37	-	-	-	1,000.37

(2) At March 31, 2022

Equity shares of INR 10 each issued, subscribed and fully paid

	Balance as at 01/04/2021	Changes in Equity Share Capital Due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at 31/03/2022
No. in lakhs	99.04	-	-	1.00	100.04
INR in lakhs	990.37	-	-	10.00	1,000.37

**b. Other Equity**

(1) At March 31, 2023

Particulars	Attributable to shareholders of the Company			Non-controlling Interests (NCI)	Total
	Securities Premium	Retained Earning	Other Reserve Sh. Ganesh Ji Maharaj		
Balance at the beginning of the current reporting period	534.60	2,051.84	0.02	-	2,586.46
Change in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the current reporting period	534.60	2,051.84	0.02	-	2,586.46
Total Comprehensive Income for the current year	-	1,018.07	-	-	1,018.07
Dividends	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Share capital issued at premium during the year	-	-	-	-	-
Any other change (to be specified)	-	3.71	-	-	3.71
<b>Balance at the end of the current reporting period</b>	<b>534.60</b>	<b>3,073.62</b>	<b>0.02</b>	<b>-</b>	<b>3,608.23</b>

(2) At March 31, 2022

Balance at the beginning of the current reporting period	494.60	1,523.04	0.02	-	2,017.65
Change in accounting policy or prior period errors	-	-	-	-	-
<b>Restated balance at the beginning of the current reporting period</b>	<b>494.60</b>	<b>1,523.04</b>	<b>0.02</b>	<b>-</b>	<b>2,017.65</b>
Total Comprehensive Income for the current year	-	528.80	-	-	528.80
Dividends	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Any other change (to be specified)	40.00	-	-	-	40.00
<b>Balance at the end of the previous reporting period</b>	<b>534.60</b>	<b>2,051.84</b>	<b>0.02</b>	<b>-</b>	<b>2,586.46</b>

As per our report of even date attached  
For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N

For & on behalf of the Board of Directors

Dinesh Manchanda (M.No. 097591)  
Partner  
UDIN: 23097591BGSHOH6972  
Place : Chandigarh  
Dated : 16.05.2023

VIKAS GOEL  
Chairman & Managing Director  
DIN: 05122585

VIKAS GUPTA  
Director  
DIN: 05123386

MANISHA GUPTA  
Chief Financial Officer

DHIRAJ KHERIWAL  
Company Secretary



**MEGASTAR FOODS LIMITED**  
**CIN: L15311CH2011PLC033393**

**Notes Forming Part of Consolidated Financial Statements for the year ended March 31, 2023**

**1**

**Corporate Information**

Megastar Foods Limited (the Company) is a public limited company and is incorporated under the provisions of the Companies Act, 1956. The Company's shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The registered office of the company is located at Plot No. 807, Industrial Area, Phase II, Chandigarh and plant at Village Solkhian, District Rupnagar, Punjab. The company has a wholly owned subsidiary (100%) namely Megapacific Ventures Pvt. Ltd.

The Company is primarily engaged in the manufacturing of food-based products such as wheat flour and allied flour products like refined flour (maida), Semolina (suji), Bran etc.

The financial statements were authorized for issue in accordance with a resolution by the Board of Directors of the Company on 17th May, 2023

**2**

**Significant Accounting Policies**

**2.1 Basis of Principles of Consolidation**

- (i) The consolidated financial statements of Megastar Foods Limited and its subsidiary (hereinafter referred to as "the Group") have been prepared in accordance with the applicable accounting standard relating to preparation of consolidated financial statements.
- (ii) The consolidated financial statements comprise the audited financial statements of following entities:
  - Megastar Foods Limited, a company incorporated in India ("holding company")
  - Megapacific Ventures Private Limited, a wholly owned subsidiary company, incorporated in India
- (iii) The financial statements of the holding company and its subsidiary are consolidated on a line by line basis adding together the book values of like items of assets, liabilities, incomes and expenses. The effects of inter-company transactions are eliminated in consolidation.
- (iv) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of profit and loss, being the profit or loss on disposal of investment in subsidiary.
- (v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

**2.2 Basis of Preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value:

- a. Plan assets under defined benefit plans.
- b. Certain financial assets and liabilities.

The financial information are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except where otherwise indicated.

**(ii) Use of estimates and judgments**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could results in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

### ***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **a. Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

#### **b. Defined benefit plans**

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates.

#### **c. Fair value measurement of financial instrument**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### **d. Useful lives of PPE:**

The Company reviews the useful life of PPE at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

## **2.3 Summary of Significant Accounting Policies:**

### **2.3.1 Property, Plant & Equipment (PPE):**

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprise of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of GST credit availed wherever applicable. Cost includes borrowing cost for long term construction projects if recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

In respect of others assets, depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life is as follows:

Sr. No.	Nature of asset	Useful Life (years)
1	Building	30 years
2	Plant & Machinery (including lab equipments)	10-15 years
3	Furniture & Fixtures & Electrical Installations	10 years
4	Vehicles	8-10 years
5	Office equipments	5 years
6	Computer & Software	3 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

### 2.3.2 Current versus Non Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

### 2.3.3 Inventories:

Inventories (other than by-products) are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

**Raw materials/ Stores & Spares:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

**Finished goods:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

**Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

**By -products i.e. Refraction** are valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.3.4 Employee Benefits:

#### (a) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's service up to the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligation in the balance sheet.

**(b) Other Long term employee benefit obligations:**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured based on the actuarial valuation using projected unit credit method at the year end. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the term of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

**(c) Post-employment obligations:**

The Company operates the following post-employment schemes:

- (1) defined benefit plans such as gratuity; and
- (2) defined contribution plans such as provident fund and ESI.

**Gratuity Obligations:**

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The amount of the actuarial valuation of the gratuity of employees at the year-end is provided for as liability in the books.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit (liabilities/assets). The Company recognized the following changes in the net defined benefit obligation under employee benefit expenses in statement of profit and loss

- i. Service cost comprising current service cost, past service cost, gain & loss on curtailments and non-routine settlements.
- ii. Net interest expenses or income

**2.3.5**

**Taxes:**

***Current Income Tax:***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961 (as amended) and Income Computation and Disclosure Standards (ICDS) enacted in India by using the tax rates and tax laws that are enacted or substantively enacted, at the reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction relating to OCI & Equity either in OCI (Other Comprehensive Income) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

***Deferred Tax:***

Deferred tax is provided using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction related to OCI & Equity either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax including Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during specified period, i.e. the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

***Goods & Service Tax (GST) on acquisition of assets or on incurring expenses:***

Expenses and assets are recognised net of the amount of GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included  
The net amount of tax recoverable from, or payable to, the taxation authority is included as part of other current assets or other current liabilities in the balance sheet.

**2.3.6 Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(a) Financial Assets:**

The Company classified its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit & loss)
- Those measured at amortized cost

**Initial recognition and measurement:**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement:**

For purposes of subsequent measurement, financial assets are classified in following categories:

***Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a Business model test : The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes), and
- b Cash flow characteristics test : Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate to the gross carrying amount of financial assets. When calculating the effective interest rate the Company estimates the expected cash flow by considering all contractual terms of the financial instruments. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)**

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI (Fair value through Other Comprehensive Income), is classified as at FVTPL. A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

**Derecognition:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

**Impairment of financial assets:**

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit and loss.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

**Reclassification of financial assets:**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

**(b) Financial Liabilities:****Initial recognition and measurement:**

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company's financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits and other payables.

**Subsequent measurement:**

The measurement of financial liabilities depends on their classification, as described below:

**Trade Payables:**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 0-180 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using EIR method.

***Financial Liabilities at fair value through profit & loss:***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognised in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

***Loans & Borrowings:***

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (Effective Interest Rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

***Derecognition:***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

***Offsetting of financial instruments:***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**2.3.7 Cash & Cash Equivalents:**

Cash and cash equivalents in the balance sheet comprise cash at banks; cash in hand, other short term deposits with original maturities of three months or less which are subject to an insignificant risk of changes in value.

**2.3.8 Provisions:**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and are liable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the best estimate.

***Contingent Liabilities***

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

### 2.3.9 Revenue Recognition:

The Company earns revenue primarily from sales of wheat products.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts.

Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is a billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

#### **Interest income:**

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

#### **Use of significant judgments in revenue recognition**

- The Company's contracts with customers could include promises to transfer multiple products to a customer. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

### 2.2.10 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangement entered into prior to April 1, 2020, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.



### **Company as a lessee**

The Company, as a lessee, recognises a right-of-use of asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

### **Company as a Lessor**

Lease income from operating lease where the Company is a lessor is recognized in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate the lessor for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their respective nature.

### **2.3.11 Fair Value Measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring and non-recurring fair value measurement, such as derivative instruments measured at fair value.

External valuers are involved for valuation of significant assets, such as properties and financial assets and significant liabilities. Involvement of external valuers is decided upon annually by the management. The management decided, after discussions with the Company's external valuers which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

The management in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **2.2.12 Borrowing Costs:**

Borrowing cost includes interest expense as per effective interest rate [EIR]. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time that the asset are substantially ready for their intended use. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing incurred. Where surplus funds are available out of money borrowed specifically to finance project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rate applicable to relevant general borrowing of the Company during the year. Capitalisation of borrowing cost is suspended and charged to profit and loss during the extended periods when the active development on the qualifying project is interrupted. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the borrowing costs.

#### **2.3.13 Impairment of Non Financial Assets:**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company basis its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

After impairment depreciation is provided on the revised carrying amount of the asset over its remaining economic life.

An assessment is made in respect of assets at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

#### **2.3.14 Foreign Currency Transactions:**

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit and loss.

#### **2.2.15 Government Grants:**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. However if any export obligation is attached to the grant related to an asset, it is recognized as income on the basis of accomplishment of the export obligation.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

#### **2.3.16 Intangible Assets:**

- (a) Purchased Intangible assets are measured at cost as at the date of acquisition, less accumulated amortization and impairment losses if any. For this purpose, cost includes deemed cost on the date of transition and acquisition price, license fees, non-refundable taxes and costs of implementation/system integration services and any directly attributable expenses, wherever applicable for bringing the asset to its working condition for the intended use.
- (b) Amortization methods, estimated useful lives and residual value Intangible assets are amortized on a straight-line basis (without keeping any residual value) over its estimated useful lives of five years from the date they are available for use. The estimated useful lives, residual values and amortization method are reviewed at the end of each financial year and are given effect to, wherever appropriate.
- (c) The cost and related accumulated amortization are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

#### **2.3.17 Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. This condition is regarded as met only when the sale is probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately from other assets in the balance sheet. The non current assets after being classified as held for sale are not depreciated or amortized.

### **2.3.18 Earnings per share**

Basic and diluted earnings per Equity Share are computed in accordance with Indian Accounting Standard 33 'Earnings per Share', notified accounting standard by the Companies (Indian Accounting Standards) Rules of 2015 (as amended). Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of company (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

MEGASTAR FOODS LIMITED  
CIN: L15311CH2011PLC033993  
Note 3: Property, Plant and equipment (PPE)

Particulars	Freehold Land	Building	Plant & Machinery	Vehicles	Furniture & Fixtures & Electrical Installations	Computers & Softwares	Office equipments	Total	Capital Work-on-progress
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
<b>Year ended 31 March 2022</b>									
Deemed cost as at 1 April 2021	529.98	400.86	942.29	460.60	19.02	25.46	7.63	2,385.83	-
Additions	345.90	-	120.47	61.89	6.68	8.02	11.01	553.96	366.52
Disposals	-	-	16.58	-	-	-	-	16.58	-
<b>Total cost as on 31 March 2022</b>	<b>875.88</b>	<b>400.86</b>	<b>1,046.17</b>	<b>522.49</b>	<b>25.70</b>	<b>33.48</b>	<b>18.63</b>	<b>2,923.22</b>	<b>366.52</b>
<b>Depreciation</b>									
As at April 1, 2021	-	6.77	77.47	66.82	3.13	5.70	1.35	161.25	-
Depreciation charged during the year	-	15.22	82.92	72.28	3.46	9.08	2.48	185.44	-
Disposals	-	-	7.96	-	-	-	-	7.96	-
<b>Closing accumulated depreciation as at 31 March 2022</b>	<b>-</b>	<b>21.99</b>	<b>152.43</b>	<b>139.11</b>	<b>6.59</b>	<b>14.79</b>	<b>3.83</b>	<b>338.74</b>	<b>-</b>
<b>WDV as at March 31, 2022</b>	<b>875.88</b>	<b>378.87</b>	<b>893.74</b>	<b>383.39</b>	<b>19.11</b>	<b>18.69</b>	<b>14.80</b>	<b>2,584.48</b>	<b>366.52</b>
<b>Year ended 31 March 2023</b>									
Cost as at 1 April 2022	875.88	400.86	1,046.17	522.49	25.70	33.48	18.63	2,923.22	366.52
Additions	26.26	1,182.54	395.53	0.65	5.43	4.47	4.67	1,619.55	2,744.77
Disposals	-	-	3.56	-	-	-	-	3.56	1,544.03
<b>Total cost as on 31 March 2023</b>	<b>902.13</b>	<b>1,583.40</b>	<b>1,438.14</b>	<b>523.15</b>	<b>31.13</b>	<b>37.95</b>	<b>23.30</b>	<b>4,539.20</b>	<b>1,567.25</b>
<b>Depreciation</b>									
As at April 1, 2022	-	21.99	152.43	139.11	6.59	14.79	3.83	338.74	-
Depreciation charged during the year	-	29.86	94.62	72.23	4.00	10.53	4.22	215.46	-
Disposals	-	-	0.01	-	-	-	-	0.01	-
<b>Closing accumulated depreciation as at 31 March 2023</b>	<b>-</b>	<b>51.85</b>	<b>247.04</b>	<b>211.34</b>	<b>10.59</b>	<b>25.32</b>	<b>8.05</b>	<b>554.18</b>	<b>-</b>
<b>WDV as at March 31, 2023</b>	<b>902.13</b>	<b>1,531.55</b>	<b>1,191.11</b>	<b>311.81</b>	<b>20.54</b>	<b>12.63</b>	<b>15.25</b>	<b>3,985.02</b>	<b>1,567.25</b>
<b>Net Book Value</b>									
At March 31, 2023	902.13	1,531.55	1,191.11	311.81	20.54	12.63	15.25	3,985.02	1,567.25
At March 31, 2022	875.88	378.87	893.74	383.39	19.11	18.69	14.80	2,584.48	366.52

Borrowing cost are capitalized on PPE & on Asset under construction (CWIP). Financial Year March 31, 2023 - Rs. 32.79 lakhs , March 31, 2022 - Nil

The CWIP includes advances paid for purchase of capital goods from suppliers .

Charge on PPE - Land & Building are subject to first charge to secure bank loans. Respective vehicles are also subject to charge to secure the loans availed to acquire the same.

Capital Work In Progress (Including Ageing Schedule)

CWIP	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total as on 31.03.2023
Project in Progress	1,567.25	-	-	-	1,567.25
Project Temporarily Suspended	-	-	-	-	-
<b>Total</b>	<b>1,567.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,567.25</b>

CWIP	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total as on 31.03.2022
Project in Progress	366.52	-	-	-	366.52
Project Temporarily Suspended	-	-	-	-	-
<b>Total</b>	<b>366.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366.52</b>

**MEGASTAR FOODS LIMITED**  
**CIN: L15311CH2011PLC033393**  
**Notes forming part of the Consolidated Financial Statements**

4. Loans	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
(Unsecured, considered good)		
<b>Other Advances</b>		
- Kamal Milk Food	-	125.00
<b>Total</b>	-	125.00
Current	-	-
Non-Current	-	125.00

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	
Promoter, Directors, KMPs	-	-
Related Parties	-	-

Note: The loan of Rs. 125.00 lakhs was provided to Kamal Milk Food for working capital requirements @ 9% rate of interest for two years repayable in one or more tranches ending on 31.05.2023. The loan was received back during the year 2022-23.

5. Other Financial Assets	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
(Unsecured, considered good, unless otherwise stated)		
(a) Security Deposits	37.02	36.92
(b) Bank deposits with more than 12 months maturity	-	1.02
(c) Tax Recoverable of earlier years	10.62	0.02
(d) Duty Drawback	-	0.26
(e) TDS/TCS Recoverable from parties	0.00	0.09
<b>Total</b>	<b>47.64</b>	<b>38.31</b>
Current	10.62	0.37
Non-Current	37.02	37.94

6. Inventories	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
(a) Raw Materials (at Cost)	2,051.15	2,057.00
(b) Finished Goods (at lower of cost and net realisable value)	66.40	167.52
(c) Stores and spares (at Cost)	4.05	2.47
(d) Packing Material (At Cost)	107.16	78.89
(e) Stock-in-Transit (at lower of cost and net realisable value)	115.11	123.53
<b>Total</b>	<b>2,343.88</b>	<b>2,429.41</b>

7. Trade Receivables	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
(Unsecured, considered good)		
Trade receivables	2,630.02	1,714.97
<b>Total</b>	<b>2,630.02</b>	<b>1,714.97</b>
<b>Trade receivables ageing schedule</b>		
(Outstanding for following periods from transaction date of payment)	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
(i) Undisputed Trade Receivables - Considered Good		
Less than 6 months	2,567.88	1,666.34
6 months to 1 year	18.59	9.94
1 -2 years	30.94	8.48
2-3 years	7.10	2.77
More than 3 years	5.51	20.64
Total (i)	2,630.02	1,708.17
(ii) Undisputed Trade Receivables - Considered doubtful		
Less than 6 months	-	-
6 months to 1 year	-	-
1 -2 years	-	-
2-3 years	-	4.64
More than 3 years	-	2.16
Total (ii)	-	6.80
(iii) Disputed Trade Receivables - Considered good	-	-
(iv) Disputed Trade Receivables - Considered doubtful	-	-

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

8. Cash and cash equivalent	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
(A) Balances with Banks		
<i>(I) Bank balances held as margin money or as security against:</i>		
(i) Guarantees	-	-
(ii) Letters of Credit	-	-
(iii) Other commitments	-	50.00
(II) On Current Accounts	391.26	70.68
(B) Cash & Imprest on hand	5.98	4.68
(C) Others - Fixed Deposits <i>(Bank Deposits due to mature after 3 months of original maturity but within 12 months of the reporting date)</i>	0.05	-
<b>Total</b>	<b>397.29</b>	<b>125.37</b>
Cash & Cash Equivalents	397.24	75.37
Bank Balance other than above	0.05	50.00

9. Current Tax Assets (Net)	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Advance Tax	330.00	185.00
Tax deducted/collected at source	30.08	13.80
Less: Provision for current tax	(324.00)	(194.95)
<b>Total</b>	<b>36.08</b>	<b>3.85</b>

10. Other Assets	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
(Unsecured, considered good)		
(a) Staff Advances	2.45	3.39
(b) Advances for raw material & expenses	14.41	14.55
(c) Interest and other Receivable	14.97	8.47
(d) Prepaid Expenses	24.74	14.80
(e) Balance with revenue authorities	0.48	0.48
<b>Total</b>	<b>57.05</b>	<b>41.69</b>
Current	57.05	41.69
Non-Current	-	-

11. Share Capital		
Authorised Share Capital	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Equity Share Capital	No. in Lakhs	INR Lakhs
At April 1, 2021	150.00	1,500.00
Increase/(decrease) during the year	-	-
At March 31, 2022	150.00	1,500.00
Increase/(decrease) during the year	-	-
At March 31, 2023	150.00	1,500.00
<b>Terms/ rights attached to equity shares</b>		
The Equity Shares of the Company, having par value of Rs. 10.00 per share, rank pari passu in all respects including voting rights and entitlement of dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
Issued & Subscribed Share Capital		
Equity Shares	No. in Lakhs	INR Lakhs
At April 1, 2021	99.04	990.37
Issued during the year	1.00	10.00
At March 31, 2022	100.04	1,000.37
Issued during the year	-	-
At March 31, 2023	100.04	1,000.37

<b>(B) Details of shareholders holding more than 5% shares in the Company</b>				
Equity Shares of INR 10 each	As at March 31, 2023		As at March 31, 2022	
	No. of shares in Lakhs	% holding in the class	No. of shares in Lakhs	% holding in the class
<b>Name of the shareholder</b>				
1. Vikas Goel	25.33	25.32%	25.33	25.32%
2. Vikas Gupta	21.80	21.79%	21.80	21.79%
3. Pankaj Goyal	11.21	11.21%	11.21	11.21%

<b>(C) Details of shareholding of promoters</b>			
Name of the promoter shareholder	As at March 31, 2023		
	No. of shares in Lakhs	% holding in the class	% Changes during the year
1. Vikas Goel	25.33	25.32%	0.00%
2. Vikas Gupta	21.80	21.79%	0.00%
3. Pankaj Goyal	11.21	11.21%	0.00%
3. Satpal Gupta	3.03	3.02%	0.00%
4. Shivani Gupta	2.62	2.62%	0.00%
6. Indira Rani	2.42	2.42%	0.00%
7. Mudit Goyal	2.02	2.01%	0.00%
Name of the promoter shareholder	As at March 31, 2022		
	No. of shares in Lakhs	% holding in the class	% Changes during the year
1. Vikas Goel	25.33	25.32%	0.15%
2. Vikas Gupta	21.80	21.79%	0.18%
3. Pankaj Goyal	11.21	11.21%	-0.11%
3. Satpal Gupta	3.03	3.02%	-0.03%
4. Shivani Gupta	2.62	2.62%	-0.03%
6. Indira Rani	2.42	2.42%	-0.02%
7. Mudit Goyal	2.02	2.01%	0.18%

<b>12. Other Equity</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
a. Securities Premium	534.60	534.60
b. Other Reserve Sh. Ganesh Ji Maharaj	0.02	0.02
c. Retained Earnings	3,073.62	2,051.84
	<b>3,608.23</b>	<b>2,586.46</b>
Reserves and Surplus	3,073.62	2,051.84
Other Reserve	534.62	534.62
<b>a. Securities Premium</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Opening Balance	534.60	494.60
Additions during the year	-	40.00
<b>Closing Balance</b>	<b>534.60</b>	<b>534.60</b>
<b>b. Other Reserve Sh. Ganesh Ji Maharaj</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Opening Balance	0.02	0.02
Appropriations during the year	-	-
Less: written back during the year	-	-
<b>Closing Balance</b>	<b>0.02</b>	<b>0.02</b>
<b>c. Retained Earnings</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Opening balance	2,051.84	1,523.04
Net profit for the period	1,008.20	545.28
Appropriation from :		
Other Adjustment - Income Tax Adjustment of previous year	3.71	-
<b>Items of OCI recognised directly in retained earnings</b>		
Re-measurement gains/(losses) on defined benefits plan (net of tax)	9.87	(16.48)
<b>Closing balance</b>	<b>3,073.62</b>	<b>2,051.84</b>



13. Borrowings	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
<b>13 (i) Non-Current Borrowings</b>		
Term Loan From Banks/NBFC & Financial Institution		
Secured [Refer Note 1 & 2 below]		
(i) Term loans from Banks	2,945.86	489.00
(ii) Vehicle loans From Banks	73.01	92.25
(iii) Vehicle loans From NBFC/Others	-	6.32
<b>Total Secured Term Loans</b>	<b>3,018.86</b>	587.57
Less: Current maturities of Secured Loans	463.11	222.84
<b>Long Term maturities of Term Loan (A)</b>	<b>2,555.75</b>	364.73
<b>Unsecured loans [Refer Note 2 below]</b>		
- From Directors	-	-
<b>Total Unsecured loans</b>	-	-
Less: Current maturities of Unsecured Loan	-	-
<b>Long Term maturities of Term Loan (A)</b>	-	-
<b>Total borrowings (A+B)</b>	<b>2,555.75</b>	364.73

1 (a) Terms of Repayments and Rate of interest of all loans:

Name of Lender	Rate of Interest	Periodicity	Outstanding Amount (INR Lakhs)	No. of Installments Outstanding	EMI/Installments
HDFC GECL Loan -1	9.25%	Nov 2020 to Oct 2024	292.71	19	1695254
HDFC GECL Loan -2	9.25%	May 2022 to Jun 2027	785.00	51	2443642
HDFC Term Loan-1	8.63%	Feb 2023 to Mar 2029	504.21	72	1022348
HDFC Term Loan-2	8.63%	Feb 2023 to Jul 2028	679.70	64	1378192
HDFC Truck Loan 1	8.11%	Nov 2020 to Oct 2025	18.12	31	64990
HDFC Truck Loan 2	6.75%	Mar 2022 to Feb 2026	27.94	35	88180
UBI Car Loan	9.55%	Jul 2020 to Jun 2027	26.94	54	61156
Citi Bank Loan-1	8.06%	May 2022 to Apr 2027	138.02	49	372413
Citi Bank Loan-2	8.44%	Sept 2022 to Aug 2027	218.12	53	554597
Citi Bank Loan-3	9.62%	Oct 2022 to Sept 2027	121.50	54	313695
Citi Bank Loan-4	9.38%	Dec 2022 to Nov 2027	61.60	56	154986
Citi Bank Loan-5	8.26%	Feb 2023 to Jan 2028	145.00	58	351722

2. (a) The first term loan from HDFC Bank Ltd. of Rs. 504.21 lakhs was taken against factory land & building, personal guarantee of Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of Vikas Gupta. The loan was for the tenure of 74 months having an EMI of Rs. 10.22 lakhs beginning 07.02.2024 & carrying ROI of 8.63%

(b) The second term loan from HDFC Bank Ltd. of Rs. 679.70 lakhs was taken against factory land & building, personal guarantee of Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of Vikas Gupta. The loan was for the tenure of 66 months having an EMI of Rs. 13.78 lakhs w.e.f. 07.06.2023 & carrying ROI of 8.63%

(c) The first GECL loan from HDFC Bank Ltd. of Rs. 539.00 lakhs was taken against factory land & building, personal guarantee of directors Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of Vikas Gupta. The loans was for the tenure of 48 months having an EMI of Rs. 16.95 lakhs w.e.f. 16.11.2021 & carrying ROI of 9.25%.

(d) The second GECL loan from HDFC Bank Ltd. of Rs. 785.00 lakhs was taken against factory land & building, personal guarantee of Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of Vikas Gupta. The loans was for the tenure of 5 years having an EMI of Rs. 24.44 lakhs w.e.f. 07.05.2024 & carrying ROI of 9.25%

(e) The term loans from Citi Bank were taken against factory land & building, personal guarantee of Vikas Goel, Vikas Gupta, Mudit goel directors of company & residential properties of two directors Vikas Gupta & Vikas Goel and the ROI, terms of loan and repayment are stated above.

(f) Vehicle loans from banks and NBFC are secured by hypothecation of vehicles financed.

Detail of default		
(a) Period of default	-	-
(b) Amount of default	-	-

13 (ii) Current borrowings	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
<b>(A) Loans repayable on demand from Banks</b>		
Secured		
HDFC Bank CC Limit [Refer Note 3(i) below]	1,848.23	2,844.80
Citi Bank CC Limit [Refer Note 3(ii) below]	115.35	-
Citi Bank-WCDL	800.00	-
	<b>2,763.57</b>	2,844.80
<b>(B) Current maturities of Term Loans</b>		
Current maturities of term loans from Banks	442.53	196.86
Current maturities of vehicle loans from Banks	20.58	19.66
Current maturities of vehicle loans from NBFCs/Others	-	6.32
	<b>463.11</b>	222.84
<b>Total Current borrowings</b>	<b>3,226.68</b>	3,067.63

3(i) Working Capital facilities from HDFC Bank Ltd. are secured by Hypothecation of Stock, debtors & all other current assets of company and extension of charges on block fixed assets on pari passu charges basis and extension of residential property of Vikas Gupta on pari passu basis. These loans are further secured by personal guarantee of the promoters/directors. Interest rate is 3 months T-bill+1.63% and present 3 months T-bill rate is 6.89%.

3(ii) Working Capital facilities from Citi Bank are secured by Hypothecation of Stock, debtors & all other current assets of company on pari passu basis and extension of charges on block fixed assets on pari passu basis. These loans are further secured by personal guarantee of the promoters/directors and extension of charges on pari passu basis on the residential properties of the directors namely Vikas Goel & Vikas Gupta. Interest rate is 3 months T-bill+1.70% and present 3 months T-bill rate is 6.66%.

14. Provisions	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Provision for employee benefit	66.42	61.19
<b>Total</b>	<b>66.42</b>	<b>61.19</b>
Current	12.05	8.73
Non-Current	54.36	52.46

15. Deferred Tax Assets/Liabilities (Net)	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Deferred Tax (Asset)/Liability	164.59	130.91
<b>Total</b>	<b>164.59</b>	<b>130.91</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2023:</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Accounting profit before income tax	1,362.56	721.48
<b>Tax Liability</b>		
Tax Rate	25.168%	25.168%
At India's statutory income tax rate	342.93	181.58
Adjustments in respect of current income tax of previous years	-	-
Adjustments in respect of Statutory Dues (Net)	-	-
Depreciation (Net)	-25.48	-0.74
<b>Non-deductible expenses for tax purposes:</b>		
Employee Benefits (Net)	4.87	10.67
Other Non Deductable Expenses (Net)	3.29	3.44
Current year unabsorbed tax losses/(Unabsorbed Business Loss Adjusted)	-	-
<b>Income tax expenses charged to the statement of Profit &amp; Loss A/c</b>	<b>325.61</b>	<b>194.95</b>
<b>Reconciliation of deferred tax (asset)/liabilities (net):</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Opening balance as of 1 April	130.91	155.21
Tax (income)/expense during the period recognised in profit or loss	30.36	(24.30)
Tax (income)/expense during the period recognised in OCI	3.32	-
<b>Closing balance as at 31 March-Deferred tax (asset)/liability</b>	<b>164.59</b>	<b>130.91</b>

Deferred tax relates to the following:	Balance Sheet		Profit & Loss	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Accelerated depreciation for tax purposes	-	(134.17)	(134.17)	(12.98)
MAT credit utilisation	-	-	-	(9.66)
Tax during the period recognised in OCI	(3.32)	-	3.32	5.54
Asset held for sale	-	1.65	-	(1.65)
Unabsorbed business loss	-	1.61	-	-
<b>Deferred Tax Expense/(Income)</b>	<b>-</b>	<b>-</b>	<b>(130.86)</b>	<b>(18.76)</b>
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(3.32)</b>	<b>(130.91)</b>	<b>-</b>	<b>-</b>

16. Other Liabilities	AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Govt. Grant received	7.09	6.43
Interest accrued but not due	41.45	21.43
Advances from customers	0.53	10.51
<b>Total</b>	<b>49.07</b>	<b>38.37</b>
Current	42.69	32.58
Non-Current	6.38	5.79

17. Trade Payables		AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Trade Payables - Micro & Small Enterprises		13.59	9.75
Trade Payables - Raw Material		111.37	6.85
Trade Payables - Capital		10.05	11.15
Trade Payables - Others		181.97	132.79
	<b>Total</b>	<b>316.97</b>	<b>160.55</b>
<b>Trade payable ageing schedule:</b>			
<b>Trade Payables - MSME</b>			
	Less than 1 year	13.59	9.75
	1 -2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
	<b>Total</b>	<b>13.59</b>	<b>9.75</b>
<b>Trade Payables - Raw material</b>			
	Less than 1 year	111.37	6.85
	1 -2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
	<b>Total</b>	<b>111.37</b>	<b>6.85</b>
<b>Trade Payables - Capital Goods</b>			
	Less than 1 year	9.05	11.15
	1 -2 years	1.00	-
	2-3 years	-	-
	More than 3 years	-	-
	<b>Total</b>	<b>10.05</b>	<b>11.15</b>
<b>Trade Payables - Others</b>			
	Less than 1 year	175.30	128.47
	1 -2 years	3.82	1.99
	2-3 years	0.51	0.10
	More than 3 years	2.34	2.23
	<b>Total</b>	<b>181.97</b>	<b>132.79</b>

18. Other Current financial liabilities		AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Statutory dues		22.97	19.02
Other payables		53.19	49.70
	<b>Total</b>	<b>76.16</b>	<b>68.72</b>
Current		76.16	68.72
Non-Current		-	-

19. Revenue from Operations		AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
Sale of products			
- Domestic Sales		30,339.14	18,037.49
- Export Sales		81.05	441.81
	<b>Total</b>	<b>30,420.19</b>	<b>18,479.30</b>
<i>Other operating income</i>			
Duty Drawback (Government grant)		0.12	0.71
	<b>Total</b>	<b>30,420.31</b>	<b>18,480.01</b>

20. Other Income		AS AT 31ST MARCH, 2023	AS AT 31ST MARCH, 2022
<i>Other non-operating income</i>			
Interest Income		12.24	10.07
Insurance claim received		0.64	5.31
Deemed Income		0.80	1.05
Foreign exchange gain		1.17	16.10
Gain on disposal of property, plant and equipment		2.18	14.54
Excess amount/provision written off		2.85	-
	<b>Total</b>	<b>19.88</b>	<b>47.06</b>

<b>21. Cost of Material Consumed</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Inventory at the beginning of the year		
- Raw Material	2,057.00	4,500.98
- Packing Material	78.89	85.38
Add: Purchases		
- Raw Material	19,164.20	9,738.44
- Packing Material	405.68	284.98
Add: Freight inward	296.26	211.76
Add: Packing Charges	51.78	41.21
	22,053.81	14,862.74
Less: Inventory at the end of the year		
- Raw Material	2,051.15	2,057.00
- Packing Material	107.16	78.89
<b>Total Cost of Material Consumed</b>	<b>19,895.49</b>	<b>12,726.84</b>

<b>22. Purchase of Finished Goods</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Purchases of Finished Goods	6,467.70	3,090.79
<b>Total</b>	<b>6,467.70</b>	<b>3,090.79</b>

<b>23. Change in inventories of finished goods</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Inventory at the beginning of the year	167.52	291.93
Opening Stock in transit	123.53	-
Less: Inventory at the end of the year	66.40	167.52
Closing Stock in Transit	115.11	123.53
<b>(Increase)/Decrease in inventories of finished goods</b>	<b>109.55</b>	<b>0.88</b>

<b>24. Employee Benefits Expense</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Salaries, wages and bonus	483.05	432.21
Contribution to provident and other funds	29.82	33.94
Gratuity	10.22	9.12
Staff welfare expense	23.12	16.51
<b>Total</b>	<b>546.21</b>	<b>491.78</b>

<b>25. Finance Costs</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Interest on Term Loans	119.63	53.29
Interest on Working Capital Loans	453.08	239.31
Other borrowing cost	34.01	5.87
<b>Total</b>	<b>606.72</b>	<b>298.48</b>

<b>26. Depreciation and amortisation expense</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Depreciation and amortisation of property, plant and equipment [Refer Note No. 3]	215.46	185.44
	215.46	185.44

<b>27. Other Expenses</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Consumption of stores & spares	44.16	29.99
Power and Fuel	292.10	288.24
Rent	74.99	51.13
Rates and taxes	8.67	10.88
Insurance	35.84	24.14
<i>Repair &amp; Maintenance</i>		
- Plant & Machinery	81.77	75.32
- Building	20.34	11.55
- Others	23.21	16.11
Vehicle running & maintenance	274.99	274.80
Donations	0.83	2.17
Advertisement & sales promotion	24.23	14.07
Other selling expenses	127.37	73.35
Loss on sale of PPE	-	6.27
Travelling & Conveyance	56.19	25.87
Legal and professional Charges	64.93	46.80
Directors' sitting fees	0.77	0.63
Payment to auditors	9.76	8.81
CSR Expenses	11.89	-
Bad debts written off	20.91	-
Miscellaneous expenses	63.56	51.25
<b>Total</b>	<b>1,236.51</b>	<b>1,011.38</b>

<b>28. Earnings per Equity Share</b>	<b>AS AT 31ST MARCH, 2023</b>	<b>AS AT 31ST MARCH, 2022</b>
Net attributable profit to Equity Shareholders	1,008.20	545.28
Weighted Average Number of Equity Shares	100.04	99.12
<b>Basic and Diluted Earnings Per Share</b>	<b>10.08</b>	<b>5.50</b>
Face Value per Share	10.00	10.00

29 Notes to the Financial Statements for the year ended March 31, 2023:  
29.1 Contingent Liabilities, Commitments and Contingencies (to the extent not provided for)

(INR in lakhs)

Particulars	March 31, 2023	March 31, 2022
<b>(A) Contingent liabilities:</b>		
(a) Claims against the Company not acknowledged as debt	NIL	NIL
(b) Bank Guarantees	NIL	NIL
<b>(B) Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	4,129.74	1,425.72
Advance paid against above	1,209.64	217.55

29.2 Related Party Transactions:

Name of the related parties and description of relationship:-

Particulars	Name
Key Managerial Personnel (KMPs)	Mr. Vikas Goel, Chairman and Managing Director
	Mr. Vikas Gupta, Whole Time Director
	Mr. Mudit Goyal, Whole Time Director
	Ms. Manisha Gupta, Chief Financial Officer
	Mr. Dhiraj Kheriwal, Company Secretary
Independent Directors	Mr. Amit Mittal, Mr. Prabhat Kumar, Ms. Savita Bansal
Relatives of KMPs	Mr. Satpal Gupta, Mr. Madan Lal Aggarwal, Mrs. Indira Rani, Ms. Shivani Gupta, Ms. Savita Goyal, Mr. Pankaj Goel, Mr. Amit Goel
Entities in which directors, KMPs and their relatives are interested	Ganesh Flour Mills, Madan Lal Vikas Kumar, Kulwant Rai Ram Kishan, Madan Lal Aggarwal (HUF), Baisakhi Mal Ram Kishan, Shree Ganesh Grain Products

Name	Nature of Transaction	Amount (INR in lakhs)	
		March 31, 2023	March 31, 2022
Vikas Goel	Salary Paid (including perks)	66.82	55.22
	Balance Due	3.95	2.38
Vikas Gupta	Salary Paid (including perks)	66.82	55.22
	Balance Due	3.85	2.38
Mudit Goel	Salary Paid (including perks)	35.15	29.42
	Balance Due	2.55	1.55
Amit Mittal	Sitting Fees Paid	0.28	0.21
Prabhat Kumar	Sitting Fees Paid	0.21	0.21
Savita Bansal	Sitting Fees Paid	0.28	0.21
Manisha Gupta	Salary Paid	15.07	12.71
Dhiraj Kheriwal	Salary Paid	7.02	6.22
	Salary Paid	12.00	12.00
Savita Goyal	Salary Paid	12.00	12.00
	Balance Due	0.73	0.82
Shivani Gupta	Salary Paid	12.00	12.00
	Balance Due	0.63	0.82
Satpal Gupta	Salary Paid	7.95	4.80
	Rent Paid	4.00	12.00
	Balance Due	0.25	0.40
Amit Goel	Rent Paid	2.00	6.00
Pankaj Goel	Rent Paid	2.00	6.00
Madan Lal	Rent Paid	2.00	6.00
Ganesh Flour Mills	Purchases	1971.14	670.90
	Sales	597.27	192.45
	Sale of Machinery	0.00	2.77
Kulwant Rai Ram Kishan	Rent Paid	1.56	1.56
Baisakhi Mal Ram Kishan	Sales	0.00	10.39
Shree Ganesh Grain Products	Sales	56.67	52.52
Director's Travelling	Travelling Expenses	50.20	21.15

The company has not granted any loans to promoters, director, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person during the year under consideration.

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties, if any are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2023: Nil, March 31, 2022: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

29.3 Employee Benefits:

The Company has a defined benefit gratuity plan. Under Gratuity Plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. The level of benefits provided depends on the member's length of service and salary at retirement age.

**Description of Risk Exposures**

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow:

i) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

ii) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

iii) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

iv) Investment Risk – The plan is unfunded hence the greatest risk to the beneficiary is that there are insufficient funds available to provide the promised benefits. This may be due to (a) The insufficient funds set aside, i.e. underfunding; (b) The insolvency of the Employer; (c) The holding of investments which are not matched to the liabilities; or (d) a combination of these events

**A. Defined Contribution Plan**

Contribution to defined contribution plan, recognized as expense for the year is as under:

INR in lakhs

Particulars	2022-23	2021-22
Employer's contribution towards Provident Fund	14.36	9.85
Employer's contribution towards ESI	4.51	3.21

**B. Defined Benefit Plan**

General description of the plan:

Gratuity	Leave Encashment
Unfunded	Unfunded

**C. Method of valuation:** Projected unit Credit Method

**D. Reconciliation of opening and closing balance of defined benefit obligation:**

INR in lakhs

Item	Gratuity		Leave Encashment	
	2023	2022	2023	2022
Net opening liability/(asset)	41.79	18.80	19.40	-
Expenses as recognized in P&L account	10.22	9.12	9.13	19.40
Remeasurements	(7.22)	22.02	(5.97)	-
Contributions/benefits paid	(0.93)	(8.16)	-	-
<b>Net closing liability(asset)</b>	<b>43.86</b>	<b>41.79</b>	<b>22.55</b>	<b>19.40</b>

**E. Amount recognized in the balance sheet:**

INR in lakhs

Particulars	Gratuity		Leave Encashment	
	2023	2022	2023	2022
Present value of DBO/LTEB	43.86	41.79	22.55	19.40
FV of plan assets	-	-	-	-
Unrecognized past service cost(Non vested)	-	-	-	-
<b>Net Liability/(Asset) recognized in Balance Sheet</b>	<b>43.86</b>	<b>41.79</b>	<b>22.55</b>	<b>19.40</b>

**F. Expense Recognized in Profit or Loss Statement:**

INR in lakhs

Particulars	Gratuity		Leave Encashment	
	2023	2022	2023	2022
Current Service Cost	7.37	7.90	7.81	19.40
Interest Cost	2.85	1.23	1.32	-
Actuarial (Gain)/Loss of obligations	-	-	-	-
Actuarial (Gain)/Loss of plan assets	-	-	-	-
Benefits paid directly by the employer	-	-	-	-
Expected Return on plan assets	-	-	-	-
Net Interest Cost	-	-	-	-
Past Service Cost – Vested	-	-	-	-
Past Service Cost – Non Vested	-	-	-	-
<b>Total Expense Recognized in Profit or Loss Statement</b>	<b>10.22</b>	<b>9.12</b>	<b>9.13</b>	<b>19.40</b>

**G. Amount Recognized in Other Comprehensive Income:**

INR in lakhs

Particulars	Gratuity		Leave Encashment	
	2023	2022	2023	2022
Actuarial (Gain)/Loss on obligations– Due to change in Financial Assumptions	(1.04)	(4.10)	-0.57	-
Actuarial (Gain)/Loss on obligations – Due to change in demographic Assumptions	-	(0.39)	-	-
Actuarial (Gain)/Loss – Due to experience variance	(6.18)	26.51	(5.41)	-
Return on plan assets other than amounts included in net interest cost	-	-	-	-
Re-measurement arising from change in asset ceiling	-	-	-	-
<b>Net(Income)/Expense for the period recognized in Other Comprehensive Income</b>	<b>(7.22)</b>	<b>22.02</b>	<b>(5.97)</b>	<b>-</b>

H. Changes in the present value of obligations

INR in lakhs

Particulars	Gratuity		Leave Encashment	
	2023	2022	2023	2022
Opening present value of DBO/LTEB	41.79	18.80	19.40	-
Service cost	7.37	7.90	7.81	19.40
Interest Cost	2.85	1.23	1.32	-
Benefits paid directly by the employer	(0.93)	(8.16)	-	-
Actuarial (Gain)/ Loss on obligations-Due to change in Financial Assumptions	(1.04)	(4.10)	(0.57)	-
Actuarial (Gain)/Loss on obligations – Due to change in demographic Assumptions	-	(0.39)	-	-
Actuarial (Gain)/ Loss on obligations-Due to experience variance	(6.18)	26.51	(5.41)	-
<b>Closing present value of DBO/LTEB</b>	<b>43.86</b>	<b>41.79</b>	<b>22.55</b>	<b>19.40</b>

I. Valuation Assumptions:

	2023	2022
Discount Rate	7.36%	6.81%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	N.A.	N.A.
Average future service (in Years)	24.09 Years	23.85 Years
Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14

Average weighted duration of liabilities

Sensitivity Analysis – Gratuity

INR in lakhs

Change in Valuation Assumption	Gratuity – PV of liability obligations for the year ended 2023	Gratuity – PV of liability obligations for the year ended 2022
Increase Discount Rate by 0.50%	42.96	40.81
Decrease Discount Rate by 0.50%	44.80	42.82
Increase Salary Inflation by 1.00%	45.76	43.89
Decrease Salary Inflation by 1.00%	42.07	39.85
Increase Withdrawal Rate by 5.00%	43.63	41.23
Decrease Withdrawal Rate by 5.00%	43.83	42.18

Sensitivity Analysis – Leave Encashment

INR in lakhs

Change in Valuation Assumption	Leave – PV of liability obligations for the year ended 2023	Leave – PV of liability obligations for the year ended 2022
Increase Discount Rate by 0.50%	22.06	18.91
Decrease Discount Rate by 0.50%	23.07	19.91
Increase Salary Inflation by 1.00%	23.60	20.43
Decrease Salary Inflation by 1.00%	21.58	18.44
Increase Withdrawal Rate by 5.00%	22.90	19.61
Decrease Withdrawal Rate by 5.00%	22.01	19.03

29.4 Segment Information:

The Company at present is engaged in the business of manufacture and sale of wheat products, which constitutes a single business segment.

29.5

Particulars	March 31, 2023	March 31, 2022
Value of Imports calculated on CIF basis in respect of Raw Material	-	-
Expenses in foreign exchange	1,090.75	0.48
Foreign currency exposure not hedged by derivative or forward contract as on last day of the year	-	-
Earnings in foreign exchange	167.45	542.00

29.6 Fair Value of Financial Instruments

The comparison of carrying value and fair value of financial instruments by categories that are not measured at fair value are as follows:

The management assessed that trade receivables, cash and cash equivalents, other bank balances, loans and advances to related parties, interest receivable, trade payables, capital creditors, other current financial assets and liabilities are considered to be the same as their fair values, due to their short term nature.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:



Category	Note No.	Carrying Value		Fair Value	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Financial assets at amortized cost</b>					
Loans	4	-	125.00	-	125.00
Trade Receivables	7	2,630.02	1,714.97	2,630.02	1,714.97
Cash & Cash Equivalents	8	397.24	75.37	397.24	75.37
Bank Balance	8	0.05	50.00	0.05	50.00
Other Financial Assets	5	47.64	38.31	47.64	38.31
<b>Total</b>		<b>3,074.96</b>	<b>2,003.65</b>	<b>3,074.96</b>	<b>2,003.65</b>
<b>Financial liabilities at amortized cost</b>					
Borrowings	13	5,782.44	3,432.36	5,782.44	3,432.36
Trade Payable	17	316.97	160.55	316.97	160.55
Other Financial Liabilities	18	76.16	68.72	76.16	68.72
<b>Total</b>		<b>6,175.57</b>	<b>3,661.64</b>	<b>6,175.57</b>	<b>3,661.64</b>

#### Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

- (i) Quantitative disclosure of fair value measurement hierarchy for financial assets

INR in lakhs

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
<b>Loans (refer note no.4)</b>				
March 31, 2023	0.00	-	-	-
March 31, 2022	125.00	-	125.00	-
<b>Security deposits &amp; others (refer note no. 5)</b>				
March 31, 2023	47.64	-	47.64	-
March 31, 2022	38.31	-	38.31	-

- (ii) Quantitative disclosure of fair value measurement hierarchy for financial liabilities

INR in lakhs

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
<b>Non-Current borrowings including current maturities (refer note no 13)</b>				
March 31, 2023	3018.86	-	3,018.86	-
March 31, 2022	587.57	-	587.57	-
<b>Current borrowings (refer note no 13)</b>				
March 31, 2023	2763.57	-	2,763.57	-
March 31, 2022	2844.80	-	2,844.80	-

#### 29.7 Financial risk management objectives and policies

The Company has instituted an overall risk management programme which also focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Financial risk management is carried out by Finance department under policies approved by the Board of Directors from time to time. The Finance department, evaluates and hedges financial risks in close co-operation with the various stakeholders. The Board of Directors approves written principles for overall financial risk management, as well as written policies covering specific areas, such as credit risk, use of derivative financial instruments and non-derivative financial instruments.

The Company is exposed to market risk, credit risk and liquidity risk. These risks are managed pro-actively by the Senior Management of the Company, duly supported by various Groups and Committees.

##### (a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company employs prudent liquidity risk management practices which inter alia means maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Given the nature of the underlying businesses, the corporate finance maintains flexibility in funding by maintaining availability under committed credit lines and this way liquidity risk is mitigated by the availability of funds to cover future commitments. Cash flow forecasts are prepared and the utilized borrowing facilities are monitored on a daily basis and there is adequate focus on good management practices whereby the collections are managed efficiently. The Company while borrowing funds for large capital project, negotiates the repayment schedule in such a manner that these match with the generation of cash on such investment. Longer term cash flow forecasts are updated from time to time and reviewed by the Senior management of the Company.

The table below represents the maturity profile of Company's financial liabilities at the end March 31, 2022 and March 31, 2021 based on contractual undiscounted payments:-

March 31, 2023	0-1 Years	1-5 Years	More than 5 Years	Total
Interest bearing borrowings	3,226.68	2,404.41	151.35	5,782.44
Non-Interest bearing borrowings:				
Trade and Other payable (refer note no. 17)	316.97	-	-	316.97
Other financial liabilities (refer Note no. 18)	76.16	-	-	76.16
<b>Total</b>	<b>3,619.81</b>	<b>2,404.41</b>	<b>151.35</b>	<b>6,175.57</b>
<b>% to Total</b>	<b>58.62%</b>	<b>38.93%</b>	<b>2.45%</b>	
March 31, 2022	0-1 Years	1-5 Years	More than 5 Years	Total
Interest bearing borrowings	3,067.63	363.30	1.43	3,432.36
Non-Interest bearing borrowings:				
Trade and Other payable (refer note no. 17)	160.55	-	-	160.55
Other financial liabilities (refer Note no. 18)	68.72	-	-	68.72
<b>Total</b>	<b>3,296.91</b>	<b>363.30</b>	<b>1.43</b>	<b>3,661.64</b>
<b>% to Total</b>	<b>90.04%</b>	<b>9.92%</b>	<b>0.04%</b>	

#### Reconciliation of Interest bearing borrowings

	Schedule No.	INR in lakhs	
		As at March 31, 2023	As at March 31, 2022
Non-Current borrowings	13	2,555.75	364.73
Short-term borrowings	13	3,226.68	3,067.63
<b>Total</b>		<b>5,782.44</b>	<b>3,432.36</b>

#### (b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks, foreign exchange transactions and other financial assets.

##### (i) Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Management evaluate credit risk relating to customers on an ongoing basis. Receivable control management team assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on group/category basis. The calculation is based on exchange losses, historical data and available facts as on date of evaluation. Trade receivables comprise a customer base including FMCG companies, dealers and retail customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

##### (ii) Financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by the Company's Finance department team in accordance with the Company's policy. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments. Credit limits of all authorities are reviewed by the management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Company.

#### (c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at March 31, 2022 and March 31, 2021. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of at March 31, 2022 and March 31, 2021.

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue, expense or capital expenditure is denominated in foreign currency). The company is not exposed to material foreign currency risk.

#### (e) Interest rate risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligation at floating interest rates which is not material.

#### (f) Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of raw material and therefore requires a continues supply. The Company operations may impact due to changes in prices of those raw materials.

#### Commodity price sensitivity of Raw material

Nature	(Rs in lakhs)	
	Change in year-end price	Effect on profit before tax
For the year ended March 31, 2023	5%	-958.50
For the year ended March 31, 2023	-5%	958.50
For the year ended March 31, 2022	5%	-609.12
For the year ended March 31, 2022	-5%	-609.12

**29.8 Capital Management**

For the purpose of the Company's capital management, capital includes issued equity attributable to the equity shareholders of the Company, security premium and all other equity reserves. The primary objective of the Company's capital management is that it maintain an efficient capital structure and maximize the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net interest bearing debt divided by total capital attributable to shareholders. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, other bank balances which are free.

(INR in Lakhs)

	As at March 31, 2023	As at March 31, 2022
Borrowings	5,782.44	3,432.36
Other financial liabilities	-	-
Less: Cash and Cash equivalents	(397.24)	(75.37)
Less: Other bank balances	(0.05)	-
<b>Net Debt</b>	<b>5,385.15</b>	<b>3,356.99</b>
Equity share capital	1,000.37	1,000.37
Other equity	3,608.23	2,586.46
Total Equity	<b>4,608.60</b>	<b>3,586.83</b>
<b>Gearing ratio (Times)</b>	<b>1.17</b>	<b>0.94</b>

**29.9** Based on and to the extent of information available with the Company under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

(INR in Lakhs)

Particulars	31.03.2023	31.03.2022
Principal amount due to suppliers under MSMED Act, as at the end of the year	13.59	9.75
Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (under Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

29.10 RATIO ANALYSIS

S.NO	PARTICULARS	FORMULA	2023	2022	Changes %	Explanation
1	<b>CURRENT RATIO (Times)</b>  CURRENT ASSETS CURRENT LIABILITIES	<b>CURRENT ASSETS</b>	<b>1.49</b>  5,474.95 3,674.56	<b>1.29</b>  4,315.66 3,338.22	<b>15.25</b>	-
		<b>CURRENT LIABILITIES</b>				
2	<b>DEBT-EQUITY RATIO (Times)</b>  LONG TERM DEBT SHAREHOLDER'S EQUITY	<b>LONG TERM DEBTS</b>	<b>0.66</b>  3,018.86 4,608.60	<b>0.16</b>  587.57 3,586.83	<b>-299.88</b>	Basis change in debts & Equity
		<b>SHAREHOLDER'S EQUITY</b>				
3	<b>DEBT SERVICE COVERAGE RATIO (Times)</b>  NET OPERATING INCOME TOTAL DEBT SERVICE	<b>PAT+INTEREST ON LT DEBTS +DEPRECIATION</b>	<b>3.21</b>  1,363.16 424.17	<b>3.75</b>  837.35 223.10	<b>-14.38</b>	-
		<b>INTEREST ON LT DEBT +PRINCIPAL PAID/TO BE SERVED DURING THE YEAR</b>				
4	<b>RETURN ON EQUITY RATIO (%)</b>  PROFIT AFTER TAX AVERAGE SHAREHOLDER'S EQUITY	<b>PROFIT AFTER TAX</b>	<b>24.60</b>  1,008.20 4,097.72	<b>16.54</b>  545.28 3,297.43	<b>48.78</b>	Basis change in Profits & equity
		<b>AVG. EQUITY SHAREHOLDER'S FUND</b>				
5	<b>INVENTORY TURNOVER RATIO (Times)</b>  COST OF GOODS SOLD AVERAGE INVENTORY	<b>COST OF GOODS SOLD</b>	<b>11.59</b>  27,672.78 2,386.65	<b>4.62</b>  16,900.84 3,654.63	<b>150.73</b>	Basis change in inventory holding and cost of goods
		<b>AVERAGE INVENTORY</b>				
6	<b>TRADE RECEIVABLES TURNOVER RATIO (Times)</b>  SALES AVERAGE TRADE RECEIVABLE	<b>SALES</b>	<b>14.00</b>  30,420.31 2,172.50	<b>11.31</b>  18,480.01 1,633.87	<b>23.80</b>	-
		<b>AVERAGE TRADE RECEIVABLE</b>				
7	<b>TRADE PAYABLES TURNOVER RATIO (Times)</b>  TOTAL PURCHASE AVERAGE TRADE PAYABLE	<b>TOTAL PURCHASE</b>	<b>367.85</b>  26,037.58 70.78	<b>250.02</b>  13,114.21 52.45	<b>47.13</b>	Basis change in trade payables and purchases
		<b>AVERAGE TRADE PAYABLE</b>				
8	<b>NET CAPITAL TURNOVER RATIO (Times)</b>  TOTAL SALES NET WORKING CAPITAL	<b>TOTAL SALES</b>	<b>16.90</b>  30,420.31 1,800.39	<b>18.91</b>  18,480.01 977.44	<b>-10.63</b>	-
		<b>NET WORKING CAPITAL</b>				
9	<b>NET PROFIT RATIO (%)</b>  NET PROFIT NET SALES	<b>PAT</b>	<b>4.48</b>  1,362.56 30,420.31	<b>3.90</b>  721.48 18,480.01	<b>14.73</b>	-
		<b>NET SALES</b>				
10	<b>RETURN ON CAPITAL EMPLOYED (%)</b>  EBIT CAPITAL EMPLOYED	<b>EBIT</b>	<b>26.78</b>  1,969.27 7,352.66	<b>25.96</b>  1,019.96 3,928.44	<b>3.16</b>	-
		<b>FIXED ASSETS+CURRENT ASSETS-CURRENT LIABILITIES</b>				

**29.11 Other statutory information**

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries)
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (viii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**29.12** In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of amount reasonably necessary.

**29.13** Previous year figures have been recasted/regrouped/rearranged wherever necessary to make them comparable with that of current year.

**As per our report of even date attached  
For Avnish Sharma & Associates  
Chartered Accountants  
FRN - 009398N**

**Partner  
UDIN: 23097591BGSHOH6972**

**Place : Chandigarh  
Dated : 16.05.2023**

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

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

**VIKAS GUPTA**  
Director  
DIN: 05123386

**MANISHA GUPTA**  
Chief Financial Officer

**DHIRAJ KHERIWAL**  
Company Secretary

