

# **MEGASTAR FOODS LIMITED**

## **POLICY ON DETERMINING MATERIALITY AND ARCHIVAL OF DISCLOSURES**

### **I. PREFACE**

In terms of Regulation 30 of the Securities and Exchange(s) Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with SEBI's Circular bearing reference CIR/CFD/CMD/4/2015 dated 9th September 2015, the Board of Directors (the "Board") of Megastar Foods Limited (the "Company") has adopted this Policy for determination of material events and information ("Material Information") to be disclosed to the Stock Exchange(s) and archival thereof under applicable SEBI regulations.

### **II. OBJECTIVE**

The objectives of this Policy are as follows:-

- a) To ensure that the Company complies with the disclosure obligations to which it is subject as a publicly-traded company as laid down by the Listing Regulations.
- b) To ensure that the information disclosed by the Company is timely and transparent.
- c) To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.
- d) To protect the confidentiality of Material / Price sensitive information within the context of the Company's disclosure obligations.
- e) To provide a framework that supports and fosters confidence in the quality and integrity of information released by the Company.
- f) To ensure uniformity in the Company's approach to disclosures, raise awareness and reduce the risk of selective disclosures.

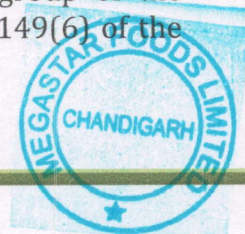
### **III. DEFINITIONS**

**"Act"** shall mean the (Indian) Companies Act, 2013, including any amendments thereto and any rules, regulations, notifications and clarification made thereunder, to the extent notified, and in force.

**"Company"** means Megastar Foods Limited.

**"Board"** means Board of Directors of the Company as constituted from time to time.

**"Independent Director"** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under Section 149(6) of the Companies Act, 2013 and the Listing Regulations as amended time to time.





**"Policy"** means Policy on Disclosure of Material Events/Information.

**"Material Events"** are those that are specified in Para A of Part A of Schedule III of the SEBI (LODR) Regulations, 2015.

**"Other Events"** are those as may be decided from time to time and in accordance with Para B of Part A of Schedule III, of the SEBI (LODR) Regulations, 2015.

**"SEBI (LODR) Regulations, 2015"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended and modified from time to time.

**"Key Managerial Personnel"**, in relation to a company, means—

- i. the Chief Executive Officer or the managing director or the manager;
- ii. the company secretary;
- iii. the whole-time director;
- iv. the Chief Financial Officer;
- v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

#### **IV. AUTHORIZED PERSONS**

1. The materiality or otherwise of an information or event in terms of SEBI Regulations will be determined jointly and severally by the Managing Director, Chief Financial Officer and Company Secretary ("Authorized Persons") in consultation with Chairman.
2. The Authorized Persons will also decide the appropriate period/stage at which disclosure is to be filed with the stock exchanges including details that may be filed.
3. Contact details of the Authorized Persons are given on the website of the Company viz, [www.megastarfoods.com](http://www.megastarfoods.com).

#### **V. MATERIAL EVENTS OR INFORMATION**

1. Events or information specified in **Annexure - 1** will be deemed to be material events /information and will be disclosed irrespective of application of any quantitative or qualitative materiality thresholds.
2. The events or information which will be disclosed based on application of materiality criteria are given in **Annexure - 2**.





## **VI. GUIDELINES FOR DETERMINING MATERIALITY OF AN EVENT/ INFORMATION SPECIFIED IN ANNEXURE – 2**

The Company shall consider the following criteria for determination of materiality of an event or information:-

- a) The omission of disclosure of an event or information shall lead to discontinuity or alteration of event or information already publicly.
- b) The omission of disclosure of an event or information is likely to result in significant market reaction if the said omission came to light at a later date.
- c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the Board of Directors of the listed entity, the event/information is considered material.

## **VII. TIMELINES FOR DISCLOSURE OF INFORMATION TO STOCK EXCHANGE(S)**

- a) The Company shall disclose to stock exchange(s) of all events or information, as specified in Annexure -1 or any other event or information specified in Annexure -2 as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information:

Provided that in certain unavoidable circumstances or due to confidentiality of information, the Company might delay in disclosing the material event/information to the stock exchange(s), in that case the disclosure regarding delay in disclosing the material event/ information along with the reasonable explanation and clarification will be disseminated to the stockexchange(s).

Provided further that disclosure with respect to events specified in Para 4 of Annexure -1 shall be made within the timelines specified therein.

## **VIII. ARCHIVAL OF DISCLOSURES**

1. The Company shall also host all disclosures pursuant to this policy on its website viz., [www.megastarfoods.com](http://www.megastarfoods.com).
2. Such disclosures shall be displayed on the website of the Company for a period of five years from the date of its hosting. The disclosures which are more than five years old will be archived from the website of the Company and will be dealt in an appropriate manner as decided by the Authorized Person(s) from time to time.

## **IX. REVIEW AND AMENDMENT**

1. The Board may review the policy as and when it deems necessary. The right to interpret/amend/modify this policy vests in the Board of Directors of the Company.
2. This policy may be amended or substitute by the Board as and when required and also by the compliance officer where there is any statutory changes necessitating the change in the policy.
3. This policy as amended from time to time shall be made available on the website of the Company.





## ANNEXURE - 1

### **Events which shall be disclosed without any application of the test of materiality**

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring.

Explanation- For the purpose of this sub-para, the word 'acquisition' shall mean-

- i. acquiring control, whether directly or indirectly; or,
  - ii. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that-
    - a) the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
    - b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.
2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
  3. Revision in Rating(s).
  4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:-
    - a. dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
    - b. any cancellation of dividend with reasons thereof;
    - c. the decision on buyback of securities;
    - d. the decision with respect to fund raising proposed to be undertaken
    - e. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
    - f. reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
    - g. short particulars of any other alterations of capital, including calls;





- h. financial results;
- i. decision on voluntary delisting by the listed entity from stock exchange(s);

**Provided** that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

- 5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
- 6. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
- 7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
- 7A. In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.
- 7B. Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:-
  - i. *The letter of resignation along with detailed reasons for the resignation as given by the said director.*
  - (ia) *Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.*
  - ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
  - iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.
- 8. Appointment or discontinuation of share transfer agent.
- 9. Resolution plan/ Restructuring in relation to loans/ borrowings from banks /





financial institutions including the following details:

- i. Decision to initiate resolution of loans/borrowings;
- ii. Signing of Inter-Creditors Agreement (ICA) by lenders;
- iii. Finalization of Resolution Plan;
- iv. Implementation of Resolution Plan;
- v. Salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders.

10. One time settlement with a bank.

11. Reference to BIFR and winding-up petition filed by any party / creditors.

12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.

13. Proceedings of Annual and extraordinary general meetings of the listed entity.

14. Amendments to memorandum and articles of association of listed entity, in brief.

15. (a) Schedule of analysts or institutional investors meet and presentations made by the listed entity to analysts or institutional investors.

Explanation: For the purpose of this clause "meet" shall mean group meetings or group conference calls conducted physically or through digital means.

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

- i. the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
- ii. the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

16. *The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:*

- a) *Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;*
- b) *Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;*
- c) *Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;*
- d) *Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;*





- e) *List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;*
- f) *Appointment/ Replacement of the Resolution Professional;*
- g) *Prior or post-facto intimation of the meetings of Committee of Creditors;*
- h) *Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;*
- i) *Number of resolution plans received by Resolution Professional;*
- j) *Filing of resolution plan with the Tribunal;*
- k) *Approval of resolution plan by the Tribunal or rejection, if applicable;*
- l) *Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:-*
  - i. *Pre and Post net-worth of the company;*
  - ii. *Details of assets of the company post CIRP;*
  - iii. *Details of securities continuing to be imposed on the companies' assets;*
  - iv. *Other material liabilities imposed on the company;*
  - v. *Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;*
  - vi. *Details of funds infused in the company, creditors paid-off;*
  - vii. *Additional liability on the incoming investors due to the transaction, source of such funding etc.;*
  - viii. *Impact on the investor – revised P/E, RONW ratios etc.;*
  - ix. *Names of the new promoters, key managerial persons(s), if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;*
  - x. *Brief description of business strategy*
- m) *Any other material information not involving commercial secrets.*
- n) *Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;*
- o) *Quarterly disclosure of the status of achieving the MPS;*
- p) *The details as to the delisting plans, if any approved in the resolution plan.*

17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:

- a) *The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;*
- b) *Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.*





## ANNEXURE - 2

**The events/information and corresponding materiality criteria pursuant to Para B of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause V of this Policy**

S. No.	Event/Information	Threshold
1	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.	Impact of 10% or more of Turnover of the Company (as per the latest audited financial statements) for one full year of operation.
2	Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).	Impact of 10% or more of Turnover of the Company as per the latest audited financial statements.
3	Capacity addition	Capacity addition of not less than 25% in respect of any business segment
4	Product launch	Impact of 15% or more of the turnover of Company (as per the latest audited financial statements)
5	Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.	Consideration exceeding INR 100 crores.
6	Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.	Agreement (loan agreement or any other agreement) for a minimum period of 5 years for an amount exceeding 50% of the net worth of the Company as per last audited Annual Accounts or Rs.100 crores, whichever is higher.
7	Disruption of operations of any one or more units or division of the listed entity/Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.	<p>a) Disruption of operations due to natural calamity:- estimated impact of 10% or more of the production or the turnover (as per the latest audited financial statements) of the Company</p> <p>b) In case of strike, lockout, etc.:- complete closure of the plant for continuous period of atleast 30 days.</p>






8	Effect(s) arising out of change in the regulatory framework applicable to the listed entity/Company	Impact of 10% or more to the turnover of the Company as per the latest audited financial statements.
9	Litigation(s)/dispute(s)/regulatory action(s) with impact.	Outcome of single litigation/dispute determined by a Court of Law (not below High Court unless lower court's decision is not disputed) and regulatory action having an impact of not less than 10% of the turnover of the Company as per the latest audited financial statements.
10	Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity/Company.	Amount exceeding INR 1 crores in case of employees and any amount as regards Directors. (Only established Frauds and Defaults affecting the Company.)
11	Options to purchase securities including any ESOP/ESPS Scheme.	Grant of option exceeding 0.5% of the paid up share capital in a calendar year to a director/employee
12	Giving of guarantees or indemnity or becoming a surety for any third party.	Any single guarantee / indemnity having an impact of 10% or more of turnover of the Company (as per the latest audited financial statements).
13	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Impact of 10% or more of turnover as per the latest audited financial statements.

**Notwithstanding anything stated above, the Authorized Persons may apply qualitative criteria for deeming an event/information to be material or not in cases where aforementioned quantitative criteria cannot be ascertained/applied reasonably.**

**This Policy is amended and approved by the Board on and effective from 30 May 2022.**

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**For Megastar Foods Limited**

  
**Director**