

# **MEGASTAR FOODS LIMITED**

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

### **I. OBJECTIVE**

Megastar Foods Limited is committed to being open and transparent with all stakeholders and in disseminating information in a fair and timely manner. The Company's securities are listed on the BSE Limited (BSE). The Company will comply with the continuous disclosure obligations as mandated by the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (Listing Regulations) that came into effect from December 1, 2015.

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.

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.

### **II. DEFINITIONS**

In this policy unless the context otherwise requires,-

- a. "Act" means the Companies Act, 2013 and rules made thereunder, as amended from time to time.
- b. "Board" or "Board of Directors" shall mean the Board of Directors of Megastar Foods Limited, as may be re-constituted from time to time.
- c. "Company" means Megastar Foods Limited.
- d. "Financial Year" shall have the same meaning prescribed to it under the Act.
- e. "Key Managerial Personnel" or "KMP" shall have the same meaning prescribed to it under the Act.
- f. "Material Information/event" shall mean information/events as mentioned under clause IV and V of this Policy.
- g. "Policy" means Policy of Megastar Foods Limited on Determining Materiality and Archival of Disclosures pursuant to regulation 30 of Securities and Exchange(s) Board of

India (Listing Obligations and Disclosures) Regulations, 2015.

h. "SEBI Regulations" or "Listing Regulations" shall mean Securities and Exchange(s) Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time.

The words and expressions used which are not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable Laws, and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

Words importing the singular number shall, unless the context otherwise requires, also include the plural number and vice versa.

### **III. AUTHORIZED PERSONS**

1. The materiality or otherwise of an information or event in terms of SEBI Regulations will be determined jointly 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).

### **IV. 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**.

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

1. Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. In order to determine whether a particular event/information is material in nature, 'quantitative' criteria will be applied.
2. In circumstances where 'quantitative' test may not be applicable or cannot be applied, a 'qualitative' or a 'subjective' criteria as under will be applied to determine materiality:
  - a) the omission of an event or information which is likely to:
    - result in a discontinuity or alteration of an event already available publicly; or
    - result in significant market reaction if the said omission came to light at a later date;
  - b) Any event or information having a significant risk to the reputation of the Company.
  - c) In the opinion of the Authorized Persons or Board of Directors of the Company, the event/information ought to be disclosed.
3. Only such events/information which is direct (not derivative) and reasonably perceivable (not remote) and having a time horizon of 1-3 years.
4. In determining materiality a number of factors such as the nature of the information (both quantitative and qualitative), prevailing market conditions, general business

practices, industry scenario, business outlook, etc. shall be taken into consideration.

5. The Company will disclose material information concerning the business and affairs of the Company to the public immediately, except where permitted by law and when otherwise required for the purpose of maintaining the confidentiality of the information.
6. The extent of the disclosures will depend upon the stage of discussions, studies, or negotiations.

#### **VI. 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 stock exchange(s).

Provided further that disclosure with respect to events specified in Para 4 of Annexure -1 shall be made within thirty minutes of the conclusion of the Board Meeting.

- b) The Company shall disclose all events or information with respect to subsidiaries, if any, which are material for the Holding Company to the stock exchange(s), not later than twenty four hours from the occurrence of event or information.
- c) The Company shall, with respect to disclosures referred to in the regulation 30 of Listing Regulations, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

#### **VII. 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.

#### **VIII. STATUTORY FRAMEWORK**

1. This policy is framed in terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. Where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time this policy is changed to conform to the law, rule, regulation or standard.

#### **IX. EFFECTIVE DATE**

This policy shall be effective from 24<sup>th</sup> May, 2019.

#### **X. REVIEW**

The Policy is subject to review by the Board from time to time.

**Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation 4 of regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause V of this Policy**

**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 Company or any other restructuring:**

**Acquisition (including agreement to acquire):**

- a) name of the target entity, details in brief such as size, turnover etc.;
  - b) whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arms length”;
  - c) industry to which the entity being acquired belongs;
  - d) objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the Company);
  - e) brief details of any governmental or regulatory approvals required for the acquisition;
  - f) indicative time period for completion of the acquisition;
  - g) nature of consideration - whether cash consideration or share swap and details of the same;
  - h) cost of acquisition or the price at which the shares are acquired;
  - i) percentage of shareholding / control acquired and / or number of shares acquired;
  - j) brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);
- [Explanation: For the purpose of the above disclosures the term ‘acquisition’ shall have the same meaning as defined in explanation of sub-para (1) of Para (A) of Part (A) of Schedule III of Listing Regulations].

**Amalgamation/ Merger:**

- a) name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;
- b) whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
- c) area of business of the entity(ies);
- d) rationale for amalgamation/ merger;
- e) in case of cash consideration – amount or otherwise share exchange(s) ratio;
- f) brief details of change in shareholding pattern (if any) of Company.

**De-merger:**

- a) brief details of the division(s) to be demerged;
- b) turnover of the demerged division and as percentage to the total turnover of the Company in the immediately preceding financial year / based on financials of the last financial year;

- c) rationale for demerger;
- d) brief details of change in shareholding pattern (if any) of all entities;
- e) in case of cash consideration – amount or otherwise share exchange(s) ratio;
- f) whether listing would be sought for the resulting entity.

**Sale or disposal of unit(s) or division(s) or subsidiary of the Company:**

- a) the amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the Company during the last financial year;
- b) date on which the agreement for sale has been entered into;
- c) the expected date of completion of sale/disposal;
- d) consideration received from such sale/disposal;
- e) brief details of buyers and whether any of the buyers belong to the promoter/promoter group/group companies. If yes, details thereof;
- f) whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
- g) additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the Company with respect to such slump sale.

For the purpose of this sub-clause, "slump sale" shall mean the transfer of one or more undertakings, as a result of the sale for a lump sum consideration, without values being assigned to the individual assets and liabilities in such sales.

**Other Restructuring:**

- a) details and reasons for restructuring;
- b) quantitative and/ or qualitative effect of restructuring;
- c) details of benefit, if any, to the promoter/promoter group/group companies from such proposed restructuring;
- d) brief details of change in shareholding pattern (if any) of all entities.

**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.**

**Issuance of securities:**

- a) type of securities proposed to be issued (viz. equity shares, convertibles etc.);
- b) type of issuance (further public offering, rights issue, depository receipts (ADR/GDR), qualified institutions placement, preferential allotment etc.);
- c) total number of securities proposed to be issued or the total amount for which the securities will be issued (approximately);
- d) in case of preferential issue the Company shall disclose the following additional details to the stock exchange(s)(s):
  - i. names of the investors;
  - ii. post allotment of securities - outcome of the subscription, issue price / allotted price (in case of convertibles), number of investors;
  - iii. in case of convertibles - intimation on conversion of securities or on lapse of the tenure of the instrument;
- e) in case of bonus issue the Company shall disclose the following additional details to the stock exchange(s)(s):

- i. whether bonus is out of free reserves created out of profits or share premium account;
- ii. bonus ratio;
- iii. details of share capital - pre and post bonus issue;
- iv. free reserves and/ or share premium required for implementing the bonus issue;
- v. free reserves and/ or share premium available for capitalization and the date as on which such balance is available;
- vi. whether the aforesaid figures are audited;
- vii. estimated date by which such bonus shares would be credited/dispatched;
- f) in case of issuance of depository receipts (ADR/GDR) or FCCB the Company shall disclose following additional details to the stock exchange(s)(s):
  - i. name of the stock exchange(s)(s) where ADR/GDR/FCCBs are listed (opening – closing status) / proposed to be listed;
  - ii. proposed no. of equity shares underlying the ADR/GDR or on conversion of FCCBs;
  - iii. proposed date of allotment, tenure, date of maturity and coupon offered, if any of FCCB's;
  - iv. issue price of ADR/GDR/FCCBs (in terms of USD and in INR after considering conversion rate);
  - v. change in terms of FCCBs, if any;
  - vi. details of defaults, if any, by the Company in payment of coupon on FCCBs & subsequent updates in relation to the default, including the details of the corrective measures undertaken (if any);
- g) in case of issuance of debt securities or other non convertible securities the Company shall disclose following additional details to the stock exchange(s)(s):
  - i. size of the issue;
  - ii. whether proposed to be listed? If yes, name of the stock exchange(s)(s);
  - iii. tenure of the instrument - date of allotment and date of maturity;
  - iv. coupon/interest offered, schedule of payment of coupon/interest and principal;
  - v. charge/security, if any, created over the assets;
  - vi. special right/interest/privileges attached to the instrument and changes thereof;
  - vii. delay in payment of interest / principal amount for a period of more than three months from the due date or default in payment of interest / principal;
  - viii. details of any letter or comments regarding payment/non-payment of interest, principal on due dates, or any other matter concerning the security and /or the assets along with its comments thereon, if any;
  - ix. details of redemption of preference shares indicating the manner of redemption (whether out of profits or out of fresh issue) and debentures;
- h) any cancellation or termination of proposal for issuance of securities including reasons thereof.

**Split/consolidation of shares:**

- a) split/consolidation ratio;
- b) rationale behind the split/consolidation;
- c) pre and post share capital – authorized, paid-up and subscribed;
- d) expected time of completion;
- e) class of shares which are consolidated or subdivided;
- f) number of shares of each class pre and post-split or consolidation;
- g) number of shareholders who did not get any shares in consolidation and their pre-consolidation shareholding.



**Buy back of securities:**

- a) number of securities proposed for buyback;
- b) number of securities proposed for buyback as a percentage of existing paid up capital;
- c) buyback price;
- d) actual securities in number and percentage of existing paid up capital bought back;
- e) pre & post shareholding pattern.

**Any restriction on transferability of securities:**

- a) authority issuing attachment or prohibitory orders;
- b) brief details and reasons for attachment or prohibitory orders;
- c) name of registered holders against whom restriction on transferability has been placed;
- d) total number of securities so affected;
- e) distinctive numbers of such securities if applicable;
- f) period for which order would be applicable (if stated).

**Any action, which will result in alteration of the terms or structure of any existing securities, including, but not limited to:**

- a) forfeiture of shares;
- b) 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;
- c) proposal to issue any class of securities;
- d) alterations of capital, including calls;
- e) change in the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the Company.

**3.Revision in Rating(s)**

Any new rating or revision in rating assigned from a credit rating agency to any debt instrument of the Company or to any fixed deposit programme or to any scheme or proposal of the Company involving mobilization of funds whether in India or abroad. In case of a downward revision in ratings, the Company shall also intimate the reasons provided by the rating agency for such downward revision.

**4.Outcome of meetings of the board of directors:**

- 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).

The intimation of outcome of meeting of the board of directors shall also contain the time of commencement and conclusion of the meeting.

**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 Company), 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:**

- name(s) of parties with whom the agreement is entered;
- purpose of entering into the agreement;
- shareholding, if any, in the entity with whom the agreement is executed;
- significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
- whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
- whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
- in case of issuance of shares to the parties, details of issue price, class of shares issued;
- any other disclosures related to such agreements, viz., details of nominee on the board of directors of the Company, potential conflict of interest arising out of such agreements, etc;
- in case of termination or amendment of agreement, Company shall disclose additional details to the stock exchange(s)(s):
  - a) name of parties to the agreement;
  - b) nature of the agreement;
  - c) date of execution of the agreement;
  - d) details of amendment and impact thereof or reasons of termination and impact thereof.

**6. Fraud/ Defaults by promoter or key managerial personnel or by the Company or arrest of key managerial personnel or promoter:**

**At the time of unearthing of fraud or occurrence of the default / arrest:**

- nature of fraud/default/arrest;
- estimated impact on the Company;
- time of occurrence;
- person(s) involved;
- estimated amount involved (if any);
- whether such fraud/default/arrest has been reported to appropriate authorities.

**Subsequently intimate the stock exchange(s) further details regarding the fraud/ default/ arrest including:**

- actual amount involved in the fraud /default (if any);
- actual impact of such fraud /default on the Company and its financials; and
- corrective measures taken by the Company on account of such fraud/default.

**7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer:**

- reason for change viz. appointment, resignation, removal, death or otherwise;
- date of appointment/cessation (as applicable) & term of appointment;
- brief profile (in case of appointment);
- disclosure of relationships between directors (in case of appointment of a director).



**8.Appointment or discontinuation of share transfer agent:**

- reason for appointment or discontinuation;
- date on which above would become effective.

**9.Corporate debt restructuring (“CDR”):**

- whether CDR is voluntary and reasons for opting or referred by lenders/creditors;
- details of the loan to be subjected to restructuring under CDR;
- brief details of the CDR proposal (if any);
- the following updates to be provided at the time of the execution and at various stages of the implementation of the CDR scheme;
  - a) upon execution of any agreement in relation to the CDR proposal, disclose details such as date of execution, parties to the agreement and principal terms;
  - b) details of final CDR package as approved by RBI and the lenders;
  - c) lenders involved;
  - d) brief summary of the CDR scheme including details of the securities, interest payment, repayment schedule, negative and other restrictive covenants.

**10. One time settlement (OTS) with a Bank:**

- reasons for opting for OTS;
- brief summary of the OTS.

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

- reasons for such a reference/petition;
- impact of such reference/petition on Company.

**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 Company and the following:**

- date of notice/call letters/resolutions etc.;
- brief details viz. agenda (if any) proposed to be taken up, resolution to be passed, manner of approval proposed etc.

**13. Proceedings of annual and extraordinary general meetings of the Company and the following details in brief:**

- date of the meeting;
- brief details of items deliberated and results thereof;
- manner of approval proposed for certain items (e-voting etc.).

**14. Amendments to memorandum and articles of association of Company, in brief.**

**15. Schedule of analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.**

**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**

<b>S. No.</b>	<b>Event/Information</b>	<b>Threshold</b>
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	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

	etc.	b) In case of strike, lockout, etc.:- complete closure of the plant for continuous period of atleast 30 days.
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.**