



MRS. BECTORS FOOD SPECIALITIES LIMITED

MATERIALITY POLICY

Introduction

This Policy has been formulated to define the materiality policy for identification of (i) material companies to be disclosed as 'Group Companies'; (ii) material outstanding litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters (direct or indirect)); and (iii) material outstanding dues to creditors in respect of Mrs. Bectors Food Specialities Limited (the "**Company**"), pursuant to the disclosure requirements under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"), which states that the policy of materiality should be disclosed in the Offer Document (as defined below).

Applicability

The Board of Directors of the Company ("**Board**") at their meeting held on September 19, 2020 discussed and approved this policy. This policy shall be effective from the date of approval of policy by the Board.

"**Offer Documents**" means the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus to be filed by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, Registrar of Companies, Punjab, Chandigarh and/or stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalised terms not specifically defined in this policy shall have the same meanings ascribed to such terms in the Offer Documents.

Identification of 'Material' Group Companies:

Requirement:

As per the requirements of the SEBI ICDR Regulations, Group Companies include such companies (other than the subsidiaries, if any, and the promoter) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Documents, as covered under Ind AS 24, and also other companies as considered material by the board of the issuer company. The policy on identification of material Group Companies (other than those covered under AS 24), as below, shall be disclosed in the Offer Documents.

Policy on materiality:

For the purpose of disclosure in the Offer Documents, companies which, subsequent to the date of the last audited restated consolidated financial statements of the Company disclosed in the Offer Documents, would require disclosure in the consolidated financial statements of the Company for subsequent periods as entities covered under AS 24 in addition to/ other than those companies covered under applicable accounting standards in the latest audited and restated consolidated financial statements of the Company included in the Offer Documents, shall be considered material and will be disclosed as a 'Group Company' in the Offer Documents.

For avoidance of doubt, it is clarified that the Subsidiaries of our Company, namely, Bakebest Foods Private Limited and Mrs. Bectors English Oven Limited have not been considered as 'Group Companies' for the purpose of disclosure in the Offer Documents.

Identification of 'Material' Litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters (direct or indirect)):

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its Subsidiaries, directors, Promoter related to:

- (i) All criminal proceedings;
- (ii) All actions by statutory / regulatory authorities;
- (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoter in the last five financial years including any outstanding action;
- (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
- (v) Other pending litigations - as per policy of materiality defined by the Board and disclosed in the Offer Documents.

Policy on materiality:

Other than litigations mentioned in point (i) to (iv) above, any other pending litigation involving the Company, its Subsidiaries, Promoter and Directors shall be considered “material” for the purpose of disclosure in the Offer Documents if:

- a. the monetary amount of claim made by or against the Company, its Subsidiaries, Promoter and Directors in any such pending litigation is in excess of 2.5% of the annual consolidated profit after tax of the Company for Fiscal 2020, being ₹ 7.60 million; or
- b. any such litigation an adverse outcome of which would materially and adversely affect the Company’s business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation.

Identification of ‘Material’ Outstanding dues to Creditors:

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents for outstanding dues to creditors as follows:

- (i) Based on the policy on materiality defined by the Board and as disclosed in the Offer Document, disclosure for such creditors;
- (ii) Consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved; and
- (iii) Complete details about outstanding dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of the Company with a web link thereto in the Offer Documents.

Policy on materiality:

For identification of material creditors, in terms of point (i) above, a creditor of the Company, shall be considered to be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor exceeds 10.00% of the total consolidated trade payables as on the date of the latest restated consolidated financial statements included in the Offer Documents.

The Company shall make relevant disclosures before the Audit Committee/ Board of directors as required by applicable law from time to time.

General:

This policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory and factual amendments from time to time.
