

MEGASTAR FOODS LIMITED

CIN: L15311CH2011PLC033393

Regd. Off: Plot No. 807, Industrial Area, Phase-II
Chandigarh-160002; **Telephone:** +91 172 2653807, 5005024

Works: Kurali-Ropar Road, Village Solkhian-140108

Distt. Rupnagar, Punjab

Telephone: +91 1881 240403-240406

Website: www.megastarfoods.com;

Email: cs@megastarfoods.com



MFL/CS/2024-25/43

Date: -January 03, 2025

Department of Corporate Services
The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001.

National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (E), Mumbai-400051.

Scrip Code: 541352

Company Symbol: MEGASTAR

Subject: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

This has reference to our earlier disclosure dated May 14, 2024, May 27, 2024 and December 27, 2024 under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), informing that the Company had filed a settlement application with SEBI and based on the settlement proposal received, paid the Settlement Amount of Rs. 20,15,000 (Rupees Twenty Lakhs Fifteen Thousand Only) to the Securities and Exchange Board of India (“SEBI”).

In this regard, we wish to inform you that a Settlement Order no. SO/AK/2024-25/7952 dated January 02, 2025 in the matter of a suo moto Settlement Application has been passed and downloaded from the Official Website of the SEBI. The same has not yet been served on the Company as of now.

The details of the above in terms of Regulation 30 and Clause 20 Para A of Part A of Schedule III to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), read with the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 are enclosed as Annexure A.

We also enclose a copy of the Settlement Order for your reference.

Kindly take the above information on record.

Thanking you,

Yours Sincerely,

For **Megastar Foods Limited**

(Deepali Chhabra)

Company Secretary & Compliance Officer
A61299

Encl: as above

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Telephone: +91 1881 240403-240406**Website:** www.megastarfoods.com;**Email:** cs@megastarfoods.com**Annexure A**

1.	Name of the Authority	Securities and Exchange Board of India ("SEBI")
2.	Nature and details of the action(s) taken, initiated or order(s) passed.	Settlement Order dated January 02, 2025 (downloaded from the Website of SEBI, not yet served on the Company by SEBI), in respect of the suo moto Settlement Application regarding the Related Party Transactions.
3	Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	Settlement Order dated January 02, 2025, has been downloaded by the Company from the official website of the SEBI, as of now this order has not been served on the Company.
4	Details of the violation(s)/ contravention(s) committed or alleged to be committed	The Company filed a suo moto settlement application in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as Settlement Regulation) proposing to settle by neither admitting nor denying the findings of fact and conclusions of law, the enforcement proceedings that may be initiated against the Company, for the violation of: i. Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as LODR Regulations) ii. Regulation 23(4) of the LODR Regulations.
5	Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.	There would be no material impact on the financial, operation or other activities of the Company in lieu of the Settlement Application Order, except for the outlay on account of payment of settlement amount.

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER No. SO/AK/2024-25/7952**

In respect of:

Name of the applicant	Application No.	PAN of the applicant
Megastar Foods Limited	7952/2024	AAHCM9649M

In the matter of Megastar Foods Limited

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') initiated adjudication proceedings under SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**") against the applicant for alleged violation of Regulation 23(1) and 23(4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**")
2. SEBI appointed Mr. Shashi Kumar Valsakumar as the Adjudicating Officer (AO), vide communique dated April 01, 2024 under Section 19 of the SEBI Act r/w Sub-section (1) of Section 15-I of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**SEBI Adjudication Rules**') to inquire into and adjudge u/s 15HB of SEBI Act for violations of aforementioned provisions of LODR Regulations. Pursuant to transfer of Mr. Shashi Kumar Valsakumar, Ms. Asha Shetty was appointed by SEBI as the AO in the matter, vide communique dated July 29, 2024. Subsequently, vide communique dated December 27, 2024, undersigned was appointed as AO in the instant matter.
3. A Show Cause Notice dated May 13, 2024 (hereafter referred to as "**SCN**") was issued to the Applicant by the erstwhile AO in terms of the provisions of Rule 4(1) of the SEBI Adjudication Rules r/w Section 15-I of SEBI Act calling upon the Applicant to show cause why an inquiry should not be held and penalty not

imposed u/s 15HB of the SEBI Act against the Applicant for the alleged violation of the aforesaid provisions. The said SCN was issued to the Applicant as the Applicant failed to ensure the following compliances-

- a) Applicant failed to take prior approval of its Shareholders for the Related Party transactions (RPT) entered between Applicant and M/s Ganesh Flour Mills (GFM) wherein revised prior approval for increasing the limit from Rs 15 crores (approved by the Audit Committee on May 30, 2023) to Rs 25 crores for the transaction with GFM from the audit committee was taken on November 11, 2022 and post facto approval from shareholders through postal ballot was taken on July 07, 2023, after the same was pointed out in its Annual Secretarial Report for FY 2022-23.
 - b) Applicant's RPT policy was devoid of prior approval of shareholders for material RPTs rather it provided for ex-post facto approval or ratification of the RPTs despite Regulation 23(4) of the LODR Regulations providing for the prior approval of the shareholders for material RPTs w.e.f April 01, 2022 and failure on the part of applicant to update its RPT policy.
4. Pending Adjudication Proceedings, the Applicant proposed to settle the instant proceedings initiated against it, without admitting or denying the facts and conclusions of law, through a settlement order and filed a settlement application with SEBI, bearing Application No. 7952/2024 dated July 10, 2024, in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as "**Settlement Regulations**").
 5. After attending meeting with the Internal Committee of SEBI on August 27, 2024 in terms of the Settlement Regulations, applicant, vide an email dated September 07, 2024 proposed revised settlement terms. The High Powered Advisory Committee (hereinafter referred to as '**HPAC**') in its meeting held on October 28, 2024, considered the settlement terms proposed and recommended that the case may be settled upon payment of INR 20,15,000/- (Rupees Twenty Lakhs and

Fifteen Thousand Only) by the applicant as settlement amount towards the settlement terms.

6. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on December 03, 2024 and Notice of demand was issued to the applicant, vide email dated December 05, 2024. Authorized Representative (AR) of the Applicant, vide email dated December 27, 2024, informed about the remittance of the settlement amount, the receipt of which is confirmed.
7. Therefore, in view of the acceptance of the settlement terms and the receipt of settlement amount as above by SEBI, the adjudication proceedings initiated against Applicant, vide SCN dated May 13, 2024 is disposed of in terms of section 15JB of the SEBI Act read with Regulation 23(1) of the Settlement Regulations.
8. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect of which the settlement order is passed against the applicant, if:
 - i. It comes to the notice of the Board that the applicant has not made full and true disclosure;
 - ii. Applicant has violated the undertakings or waivers:
9. This settlement order is passed on this day of **2nd January, 2025** and shall come into force with immediate effect.
10. In terms of Regulation 25 of the Settlement Regulations, copies of this order are being sent to the Applicant viz. Megastar Foods Limited and also to SEBI.

AMIT
KAPOOR
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Date: January 02, 2025
Place: Mumbai

Digitally signed
by AMIT
KAPOOR
Date: 2025.01.02
15:15:54 +05'30'

AMIT KAPOOR
ADJUDICATING OFFICER

Settlement Order in the matter of Megastar Foods Limited