

Pioneer Distilleries Limited

Policy on Materiality for Disclosures

A. Background

The Company follows the Policy on Fair Disclosures under the SEBI (Prevention of Insider Trading) Regulations, 2015 ('Fair Disclosure Policy'). That Policy covers various principles of Fair Disclosures like timely disclosure, uniform and consistent disclosure (of Material Information which could be classified as Unpublished Price Sensitive Information) and so on. A separate policy for determination of Materiality, based on the criteria specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Regulations') is required to be framed by the Board of Directors of the Company. This Policy on Materiality is to address the issue of Materiality on disclosure of any events or information that is considered Material.

B. Applicability

This Policy shall be applicable to all events or information that needs to be considered for disclosure or otherwise as per the applicable criteria. The Policy shall be read together with Fair Disclosure Policy framed and adopted by the Company.

C. Basic criteria of Materiality

Company shall follow the following criteria for determining the Materiality of events or information.

- 1) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- 2) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; or
- 3) In case where the criteria specified in sub-clauses (1) and (2) above are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of the Company, the event / information is considered material.

D. Specific events considered as material

In the light of para C 3) above, Board of Directors have framed this policy for specific events which could be considered as Material.

- 1) Category of Events that are deemed Material as per Para A of Part A of Schedule III to the Regulations shall be disclosed to the Stock exchanges without any application of Materiality. Such Disclosures shall be made as soon as reasonably possible and not later than twenty four hours from the occurrence of the event or information. Any delay beyond twenty four hours shall be made

along with explanations for the delay. Disclosure with respect to events specified in sub para 4 of Para A of Part A shall be made within thirty minutes of the conclusion of the Board meeting. Details of events covered by Para A of Part A are enclosed as Annexure A.

- 2) Disclosures with respect to events specified in Para B of Part A and events not covered by Part A shall be subject to guidelines on Materiality referred to in sub regulation (4) of Regulation 30 of the Regulations. Disclosures of those events shall be made as soon as reasonably possible and not later than twenty four hours from the occurrence of the event or information. Any delay beyond twenty four hours shall be made along with explanations for the delay.

E. Materiality thresholds for disclosures

Thresholds of Materiality shall be as per Annexure B enclosed to this Document.

F. Further Guidance on Disclosures

- 1) The disclosures referred to in this Policy shall be followed by further disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- 2) The Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this Policy, and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company which is also disclosed on the Company's website.
- 3) The Company shall disclose all events or information with respect to subsidiaries, if any, which are material for the Company.
- 4) The Company shall provide reply to all queries raised by stock exchange(s) with respect to any events or information.
- 5) The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).
- 6) In case where an event occurs or an information is available with the Company, which has not been indicated in Para A or Para B of Part A of Schedule III of the Regulations, but which may have material effect on the Company, Disclosures will be made in terms of Para E above.

G. Authority for determining Materiality

In terms of the Regulation 30(5) of the Regulations, any two Key Managerial Personnel (KMP) shall be authorised to make determination of Materiality. While making such determination such KMPs shall be guided by an internal team of MD, CFO and Company Secretary, for any of the events or information required to be disclosed under this Policy.

The discretion of the KMPs shall not be available in the event the disclosure is hit by Annexure A or crosses the threshold in Annexure B. However, discretion can be exercised if

- a) such an event is neither covered by Annexure A
- b) covered by Annexure B but does not cross the threshold as per Annexure B
- c) Not covered by any of the events of Annexure B.

Email id for any clarifications regarding the disclosure shall be addressed to the email id – info@pioneerdistilleries.com

H. Timing of the occurrence of the event for Disclosure

Timings as to when the event or information has occurred shall be as follows.

1. The timing of the event would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc, the timing when the Company became aware of the event/information.

2.1. In the case of discussion, negotiation or approval, the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval. If such approvals are subject to definitive agreements to be entered into with parties, then such events shall be said to have occurred only if the Board of Director's approval as well as the signing of the definitive agreements have been concluded and not earlier.

2.2. In the case of instances where there are no discussion, negotiation or approval, the events/information can be said to have occurred when a Company becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

Here, the term 'officer' shall have the same meaning as defined under the Companies Act, 2013 and shall also include promoter of the Company.

2.3 The events in various stages of negotiation, discussions etc shall be handled in the following manner.

I. Exceptions to Disclosures

Disclosure need not be made under any one or more of the following circumstances

1. It would be a breach of a law to disclose the information;
2. The information is regarding a proposal or negotiation that is in progress;

3. The information comprises matters that are assumed or insufficient to warrant disclosure;
4. The information is generated for the use of internal management of the entity; or
5. The information is a trade secret; or
6. A reasonable person would not expect the information to be disclosed.

J. Archival Policy

Pursuant to Sub Regulation 8 to Regulation 30 of the Regulations, Board of Directors are required to have an Archival Policy for retaining disclosures in the Company's website. The policy of the Company is to provide for retaining disclosures made under this Policy and disclosed on the Company's website for a minimum period of five years. The authority referred to in Para G above for determining Materiality shall have the discretion to decide on retention periods for such disclosures in the website beyond a period of five years.

Annexure A

Disclosure with respect to events specified in Para A of Part A of Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 30 of the Regulations.

The following shall be events/information, upon occurrence of which the Company shall make disclosure to stock exchange(s) without any application of the guidelines for 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 Company 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 Company 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 Company 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 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 Company from stock exchange(s).

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.
6. Fraud/defaults by promoter or key managerial personnel or by the Company 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.
8. Appointment or discontinuation of share transfer agent.
9. Corporate debt restructuring.
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 Company.
13. Proceedings of Annual and extraordinary general meetings of the Company.
14. Amendments to memorandum and articles of association of the 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;

Annexure B

Disclosure with respect to events specified in Para B of Part A of Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 30.

The following shall be events/information, upon occurrence of which the Company shall make disclosure to stock exchange(s) as per thresholds of Materiality mentioned against each of the events given below:

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division. (Any Unit/business contributing to more than 5% of consolidated revenue of the Company as per last audited consolidated Financial Statement of the Company).
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). (Any Unit/ business contributing to more than 5% of consolidated revenue of the Company as per last audited consolidated Financial Statement of the Company).
3. Capacity addition or product launch. (Any such addition or Product launch likely to additionally contribute to more than 5% of consolidated revenue of the Company as per last audited consolidated Financial Statement of the Company).
4. Awarding, bagging/receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business. (Any such deal likely to additionally contribute to more than 10% of consolidated revenue of the Company as per last audited consolidated Financial Statement of the Company).
5. 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. (Any Long Term Borrowing accounting for more than 20% of the existing borrowing as per the last audited consolidated Financial Statement of the Company).
6. Disruption of operations of any one or more units or division due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc. (having impact of more than 10% on consolidated Turnover or 5% of Net Profit of the Company as per last audited consolidated Financial Statement of the Company or likely to disrupt production for more than two consecutive working days).
7. Effect(s) arising out of change in the regulatory framework applicable to the Company. (having impact of more than 10% on consolidated Turnover or 5% of Net Profit of the Company as per last audited consolidated Financial Statement of the Company).

8. Litigation(s) / dispute(s) / regulatory action(s) with impact. (Having an impact of more than 10% on consolidated Turnover or 5% of Net Profit of the Company as per last audited consolidated Financial Statement of the Company).

9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company. (having impact of more than 1% on consolidated Turnover of the Company as per last audited consolidated Financial Statement of the Company or Rs 1 crore, whichever is less).

10. Options to purchase securities including any ESOP/ESPS Scheme. (resulting in issues of shares carrying voting rights of more than 1% on paid up equity capital of the Company as per last audited consolidated Financial Statement of the Company).

11. Giving of guarantees or indemnity or becoming a surety for any third party. (Value of such Guarantee or indemnity or surety to any third party exceeds 10% of Consolidated Turnover or 10% of contingent liability as per last audited consolidated Financial Statement of the Company).

12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals. (Having an impact of more than 10% on consolidated Turnover or 5% of Net Profit of the Company as per last audited consolidated Financial Statement of the Company).

13. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities. (Any such event which is likely to additionally contribute to more than 5% of revenue of the Company as per last audited Financial Statement of the Company).

14. Other events and materiality Thresholds are as follows-

S. No	Events/ Information	Threshold limit as per last audited Financial Statement
1	Loss of a deal or an order from a customer	Impact of more than 5% of Turnover
2	Death of an employee in the office or factory premises due to an accident	-
3	Any investigation by any statutory authority into the affairs of the Company	To be decided
4	Tax or other demand from statutory authorities	Having impact of more than 10% of Turnover or 5% of Net Profits, whichever is less
5	Raid or confiscation of product by any statutory authority	Resulting in loss of business of more than 5% of Turnover of the Company.

6	Any issue of Sexual Harassment resulting in separation of the Employee	If being a member of Management Committee, if any or above
7	Any change in shareholding reported to the Company	As per applicable SEBI Regulations
8	Receipt of show cause notice from any statutory authority	If such notice results in fine (of Rs 1 crore or above) or in imprisonment
9	Any other event considered Material	As decided by the Authority referred to in Para G of the Policy.

15. Any other disclosures of event/information as specified by the Board of Directors from time to time and in terms of the Regulations, Guidelines and Circulars issued by SEBI or Stock exchanges from time to time.