



PAUL MERCHANTS LTD.[®]
(An ISO 9001:2008 Certified Co.) (CIN: L74900DL1984PLC018679)

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POLICY ON DETERMINATION OF MATERIALITY

[Pursuant to Regulation 30 of Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015]

POLICY STATEMENT

In an endeavor to promote transparency and to enable the investor to take well-informed decision thereby providing a vision to the listed entities to clearly outline a methodology for determination of material events, the Securities and Exchange Board of India (hereinafter referred as “SEBI”) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that cast a responsibility on every listed company to have a policy on determination of material events and disclosures thereof.

The Policy outlines the guidelines to be followed by Paul Merchants Limited (hereinafter referred as “the Company”) for the consistent, transparent, regular and timely public disclosure and dissemination of material events/information. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and strives to disseminate factual, timely and accurate disclosures in terms of applicable statutes.

OBJECTIVE OF POLICY

- The policy has been framed with the objective of providing adequate and appropriate disclosures that are consistent with the facts of the material events.

- While making any disclosures, it shall be company's endeavor to refrain from misrepresentation and to ensure that the information provided to the Stock Exchange(s) and investors is not misleading.
- The Company shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the Company, in the following manner:
 - (i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure;
 - (ii) Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by users;
 - (iii) Minutes of the meeting shall be maintained explicitly recording dissenting opinions, if any.

The policy is intended to ensure the determination of materiality of an event/information and reporting of transactions thereof. The policy regulates:

- the events prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- the aspects for determining the materiality of the events/information;
- the procedure governing the disclosure of the events that are deemed to be material;
- the decisions pertaining to the instances when the material events have occurred and the time frame within which the information is to be disclosed.

DEFINITIONS

- i. **“Company”** means Paul Merchants Limited;
- ii. **“Board”** means the board of directors of Paul Merchants Limited;
- iii. **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- iv. **“Policy”** means this Policy on Determination of Materiality of events/information of Paul Merchants Limited;
- v. **“Mainstream Media”** shall include print or electronic mode of the following:
 - a) Newspapers registered with the Registrar of Newspapers for India;
 - b) News channels permitted by Ministry of Information and Broadcasting under Government of India.
 - c) Content published by the publisher of news and current affairs content as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021; and
 - d) Newspapers or news channels or news and current affairs content similarly registered or permitted or regulated, as the case may be, in jurisdictions outside India;]
- vi. **“SEBI Circulars”** means the Circular issued by SEBI bearing Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 read with Circular No. **SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123** dated July 13, 2023
- vii. **“Schedule III”** means Schedule III of the Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Any other term not defined herein shall have the same meaning as ascribed to it under the Companies Act, 2013, Listing Regulations framed by the Securities and Exchange Board of India or any other relevant Regulation/Legislation applicable to the Company and Any amendment in the said Acts/Regulations at any point of time in future shall be automatically deemed to be incorporated herein.

INTERPRETATION:

In this document, unless the contrary intention appears:

- a) The singular includes the plural and vice versa;

- b) Any word or expression importing the masculine, feminine or neuter genders only, shall be taken to include all three genders.

REFERENCES:

Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.

COMPLIANCE OFFICER:

The Company Secretary of the Company shall be the Compliance Officer of the Company.

EFFECTIVE DATE:

The Board of Directors of the Company, at its Meeting held on 09.11.2015 had adopted this Policy for Determination of Materiality of an Event/Information with the intention to define the Company's responsibilities towards adequate disclosure of material events and price sensitive information to the Stock Exchanges and on the website of the Company. The Policy has been reviewed and revised by the Board of Directors of the Company at its various meetings with latest revision on August 11, 2023.

MATERIALITY

In a business parlance, **Materiality** is a concept or convention within auditing, accounting and securities regulation relating to the importance/significance of an amount, transaction, or discrepancy.

BASIC CRITERIA FOR DETERMINING MATERIALITY

The Company shall consider the following criteria for determining the materiality of the events:

- a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- b) 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;
- c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - (1) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
 - (2) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative
 - (3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity
- d) In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the listed entity, the event or information is considered material:

AUTHORITY AND RESPONSIBILITY

The Policy has been reviewed and approved by the Board of Directors in its various meetings, pursuant to the Listing Regulations.

The Compliance Officer and Chief Financial Officer, as designated by the Board of the Company in this behalf, shall be responsible for determining the materiality of an event/information and to deal with the dissemination of information and disclosure of any material event or information covered under this Policy to the Stock Exchange, where the shares of the Company are listed, as well as hosting the said event or information on the website of the Company simultaneously.

DISCLOSURES COVERED BY THIS POLICY:

The Company shall make timely disclosure of events which are material in nature in terms of this Policy to the stock exchange where the shares of the Company are listed. The events/information are broadly classified as follows:

- (a) Events/information as mentioned in Para A of Part A of Schedule III of the Listing Regulations, as amended from time to time, read over with relevant SEBI Circulars, shall be deemed to be material and the company shall make disclosures of such events to the Stock Exchanges as per the format prescribed under the said circulars and within the time period stipulated under the Listing Regulations read over with relevant SEBI Circulars, as amended from time to time;
- (b) The Company shall make disclosure of events specified in Para B of Part A of Schedule III of the Listing Regulations, as amended from time to time, based on application of the guidelines for materiality, as specified in the Listing Regulations and this Policy. Based on the materiality, the Company shall make disclosure of such events to the Stock Exchanges as per the format prescribed under the Listing Regulations and the relevant SEBI circulars, as amended from time to time;

Further, any event or the information which comes in the knowledge of the Compliance officer or Chief Financial Officer, though not covered above but has material effect on the operations of the Company will be adequately disclosed to the Stock Exchange. Compliance officer and Chief Financial Officer of the Company shall be responsible for determining the materiality of such events in consultation with the Managing Director of the Company. In the event the said officers of the company, as authorized by the Board in this behalf are not sure about whether a particular event constitutes a material event or not for the Company in consultation with the Managing Director of the Company, they may consult the Board of Directors or Audit Committee in order to clarify the situation.

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, shall also be disclosed to the Stock Exchange.

It is also provided here that any addition/deletion/modification in Part A of Schedule III of the Listing Regulations at any point of time, shall automatically be deemed to be incorporated herein.

As regards the above mentioned events, the “materiality” shall be tested on the basis of parameters, as enumerated in the preceding paragraphs and relevant disclosures shall be made to the Stock Exchange(s), where the shares of the Company are listed.

Without prejudice to the generality of para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.

MANNER OF DISCLOSURES OF MATERIAL INFORMATION

The disclosure and communication of the material events and information shall be addressed in a clear and precise manner and the details shall be included in the light of Listing Regulations and relevant SEBI Circulars, as amended from time to time.

The access to all the disclosures made by the Company to stock exchange(s) will also be made available on the website of the Company at www.paulmerchants.net. Any material developments in the events disclosed to the stock exchange shall also be disclosed in the requisite time frame.

PROCESS OF DISCLOSURES OF MATERIAL INFORMATION

In case any Functional Head becomes aware of any material event/information about the Company, then as per Schedule III of the Listing Regulations, the said Functional Head shall inform the Compliance Officer of the Company.

If the said event/information is covered under Para A of Part A of Schedule III to the Listing Regulations then the Compliance Officer shall take all requisite measures to disseminate the information to the Stock Exchanges within the stipulated time period.

If the said event/information is covered under Para A of Part A of Schedule III to the Listing Regulations then the Compliance Officer and Chief Financial Officer of the Company would determine, either of their own or in consultation with the Managing Director, Audit Committee or the Board of Directors of the Company, as the case may be, whether the said event/ information is required to be disclosed to the Stock Exchange or not, in terms of the criteria laid down in this Policy read with the Listing Regulations.

The Company shall also disclose all events or information with respect to subsidiaries which are material for the listed entity

TIMELINE FOR DISCLOSURE OF MATERIAL EVENTS

- **PRIOR INTIMATIONS:** With regard to the events mentioned in Regulation 29 of the Listing Regulations, as amended from time to time, the prior intimation shall be given by the Company to the Stock Exchanges as per time lines specified in the said Regulation.
- **DISCLOSURE OF EVENTS/INFORMATION:** The disclosure by the Company shall be made as per time lines specified in Regulation 30 of the Listing Regulations read over with Part A of Schedule III to the said Regulations, as amended from time to time.
- **REPLY TO THE CLARIFICATIONS SOUGHT BY STOCK EXCHANGES:** In respect of any clarification sought by the Stock Exchanges in relation to any events or information disclosed, the Compliance Officer of the Company will furnish reply

to the stock exchange immediately and not later than 5 working days or within the time specified by the Exchange.

DELAY IN DISCLOSING MATERIAL INFORMATION

In certain unavoidable circumstances or for maintaining confidentiality for a limited period of time till the transactions gets finalized, the Company might delay in disclosing the material event/information to the stock exchange, 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 by the Compliance Officer of the Company.

REVIEW OF THE POLICY

This policy shall be subject to review by the Board as may be deemed necessary and in accordance with any regulatory amendments. This Policy has been formulated as per prevailing provisions of the Listing Regulations. However, if due to subsequent changes therein, a particular provision or part hereof becomes redundant or is inconsistent with the Listing Regulations, in such case the applicable provisions of the Listing Regulations shall prevail.

Sd/-

Managing Director

Last reviewed and Amended as on 11-08-2023