



**PAUL MERCHANTS LTD.**<sup>®</sup>

(An ISO 9001:2008 Certified Co.) (CIN: L74900DL1984PLC018679)

CORP. OFF. : PML House, SCO 829-830, Sector 22-A, Chandigarh - 160 022 Ph. 0172-5041786, 5025090 Fax : 0172-5041709

E-mail : info@paulmerchants.net Website : www.paulmerchants.net

REGD. OFF. : DSM 335, 336, 337, 3rd Floor, DLF Tower, 15, Shivaji Marg, Najafgarh Road, New Delhi-110015 Ph. : 011-48602000

## **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. **“SEBI Circular”** means the Circular issued by SEBI bearing Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015;

- vi. **“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 Meeting held on August 10, 2022.

#### **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) In addition to the above mentioned criteria for determination, the materiality of the transactions is required to be determined on the basis of the consolidated Turnover of the company. As such, any transaction with any party during a financial year exceeding 15% of the annual consolidated turnover of the company will be deemed as material and the same is required to be disclosed to the stock exchange and also on the website of the company.

## **AUTHORITY AND RESPONSIBILITY**

The Policy has been reviewed and approved by the Board of Directors in their meeting held on 10-08-2022, 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 Part-I of this policy covers the aspects laid down in Para A of Part A of Schedule III of the Listing Regulations read with Part A of the SEBI Circular bearing no. CIR/CFD/CMD/4/2015 dated September 09, 2015 shall be considered as material and the company is required to make mandatory disclosures to the Stock Exchanges as per Annexure 1 to the said SEBI circular dated September 09, 2015, within the stipulated time period ;
- (b) Events/information as mentioned in Part-II of this policy covers the aspects laid down in Para B of Part A of Schedule III of the Listing Regulations read with Part A of the SEBI Circular bearing no. CIR/CFD/CMD/4/2015 dated September 09, 2015 are needed to be verified on the test of materiality. Based on the materiality, the Company shall make mandatory disclosure of such events and information as per Annexure 1 to the said SEBI circular dated September 09, 2015.

**PART I: Material Events needed to be disclosed 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 Ratings.
4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
  - i. 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;
  - ii. any cancellation of dividend with reasons thereof;
  - iii. the decision on buyback of securities;
  - iv. 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;
  - v. 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;
  - vi. short particulars of any other alterations of capital, including calls;
  - vii. financial results;
  - viii. decision on voluntary delisting by the listed entity from stock exchange(s).

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

5. Agreements (viz. shareholder agreement, joint venture agreement, family settlement agreement (to the extent that it impacts management and control of the listed entity), agreement treaty/contract with media companies) which are binding and not in normal course of business, revision or amendment and termination thereof.
6. Fraud/defaults by promoter or key managerial personnel or by listed entity 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. Resignation of auditor including reasons for resignation. In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said

auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.

9. In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities: -
  - a. The letter of resignation along with detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the listed entities to the stock exchanges.
  - b. Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any
  - c. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
  - d. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified above
10. Appointment or discontinuation of share transfer agent;
11. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:-
  - i. Decision to initiate resolution of loans/borrowings;
  - ii. Signing of Inter-Creditors Agreement (ICA) by lenders;
  - iii. Finalization of Resolution Plan;
  - iv. Implementation of Resolution Plan;
  - v. Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
12. One time settlement with a bank.
13. Reference to BIFR and winding-up petition filed by any party/creditors.
14. 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 listed entity.
15. Proceedings of Annual and extraordinary general meetings of the listed entity.
16. Amendments to memorandum and articles of association of listed entity, in brief.
17. (a) Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;  
Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:-

- (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
- (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

18. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:-

- a. Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default
- b. Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default
- c. Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable
- d. Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
- e. List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
- f. Appointment/ Replacement of the Resolution Professional;
- g. Prior or post-facto intimation of the meetings of Committee of Creditors;
- h. Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
- i. Number of resolution plans received by Resolution Professional;
- j. Filing of resolution plan with the Tribunal;
- k. Approval of resolution plan by the Tribunal or rejection, if applicable;
- l. Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:-
  - i. Pre and Post net-worth of the company
  - ii. Details of assets of the company post CIRP;



- iii. Details of securities continuing to be imposed on the companies' assets;
  - iv. Other material liabilities imposed on the company;
  - v. Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
  - vi. Details of funds infused in the company, creditors paid-off;
  - vii. Additional liability on the incoming investors due to the transaction, source of such funding etc.;
  - viii. Impact on the investor – revised P/E, RONW ratios etc.;
  - ix. Names of the new promoters, key managerial persons(s), if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
  - x. Brief description of business strategy.
  - m. Any other material information not involving commercial secrets
  - n. Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS
  - o. Quarterly disclosure of the status of achieving the MPS
  - p. The details as to the delisting plans, if any approved in the resolution plan
19. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:-
- a. The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available
  - b. Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any

As regards each of the above matters, the Company shall, within the stipulated time frame, make the requisite Disclosures of the mandated information/ details, to the Stock Exchange(s), where the shares of the Company are listed.

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

## **PART II: Other Events that needed to be disclosed upon clearing the test of materiality**

The below mentioned are the events whose materiality shall be determined as per the criteria specified in this Policy.

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
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).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement (as a borrower) or any other agreement which are binding and not in normal course of business) and revision or amendment or termination thereof.
6. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect arising out of change in the regulatory framework applicable to the listed entity
8. Litigation/dispute/regulatory action with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.

It is also provided here that any addition/deletion/modification in Para B of Part A of Schedule III of the Listing Regulations 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 are to be included in the light of Annexure 1 to the SEBI circular no. CIR/CFD/CMD/4/2015 dated September 09, 2015.

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](http://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 Part-I of this Policy 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 Part-II of this Policy then the Compliance Officer and Chief Financial Officer of the Company would determine 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.

Thereafter, the Compliance Officer will prepare the content of the disclosure and make the adequate disclosure of the said event/information to the stock exchange as per the timeframe defined in this Policy. Subsequently, the said disclosures are required to be taken on record by the Board.

## TIMELINE FOR DISCLOSURE OF MATERIAL EVENTS

- **PRIOR INTIMATIONS:** With regard to the following events, the prior intimation is required to be given by the Company to the Stock Exchanges:
  - a) For Financial Results:** *At least 5 days advance notice (excluding the date of intimation and date of meeting)* before consideration of Financial Results of the company;
  - For Corporate Actions:** *At least 2 working days advance notice (excluding the date of intimation and date of meeting)* for considering the proposals related to buyback of securities, voluntary delisting, fund raising including determination of issue price.
  - b) For alteration in the date of payment of interest or nomenclature of the specified securities:** *At least 11 working days'* advance notice for considering the proposals pertaining to:

(i) Change in nomenclature of any of the securities listed on the Stock Exchange;

(ii) Alteration in the date on which,

- the interest is required to be paid on debentures or bonds;
- the redemption amount is required to be paid on redeemable shares or debentures or bonds.

• **OUTCOMES OF BOARD MEETINGS WITHIN 30 MINUTES:** In respect of the following events, the disclosure by the Compliance Officer shall be made within 30 minutes of the closure of the meeting of the Board held to consider the following events:

- 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, a 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 exchanges.

• **DISCLOSURE WITHIN 24 HRS OF THE CONCLUSION OF THE MEETINGS:** The Company will disclose all the material events or information concerning its affairs to the Stock Exchange within 24 hours of the occurrence of such event or information. In case the disclosure is made after 24 hours of the occurrence of such event or information, the Company shall along with such disclosures provide explanation for such delay. However, events or information specified in Sub-Para 4 of Para A of Part A of Schedule III of the

Listing Regulations, shall be disclosed within such time limit as may be prescribed under the Listing Regulations from time to time.

- **REPLY TO THE CLARIFICATIONS SOUGHT BY STOCK EXCHANGES:** In respect of the 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 within 10 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

10-08-2022