



## **CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**

### **POLICY FOR DETERMINATION OF MATERIALITY OF DISCLOSURES**

#### **1. EFFECTIVE DATE:**

This policy shall be effective and come into force from December 1<sup>st</sup>, 2015.

#### **2. OBJECTIVE**

The Board of Directors (the "Board") of CG Power and Industrial Solutions Limited ("the Company") has adopted this policy for determination of materiality of disclosures ("Policy") at its meeting held on 28<sup>th</sup> October, 2015, with an objective to determine the materiality of reportable events in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"). The Policy aims at providing clear guidelines and procedures for making disclosure of material information/events in order to ensure timely and accurate communication of material information in the best interest of present and potential investors.

Regulation 30 of the Listing Regulations prescribes norms for such disclosure of material information pertaining to the Company as under :

- a) Events specified in Para A of Part A of Schedule III of the Listing Regulations are required to be disclosed irrespective of application of any materiality criteria as these are "deemed" to be material. These events are listed at Annexure 1.
- b) Events specified in Para B of Part A of Schedule III of the Listing Regulations are expected to be disclosed if they are of such nature that, non-disclosure of these would result in discontinuity or alteration of publicly available information or likely to result in a significant market reaction at a later date. The applicable events, so specified presently, are given in Annexure 2.
- c) In the event that the reportability of events at (b) above may be considered material for disclosure upon meeting materiality norms as defined under this materiality policy, approved by a Company's Board of Directors.
- d) Events to which neither Para A or B of Part A of Schedule III applies, should be disclosed if such events, in the opinion of the Company's Board of Directors or persons authorised by the Board in this regards, have a material effect on the Company.

This Policy has been framed by the Board with the objective of determining materiality of reportable events at 2(c) and 2(d) above, in terms of Regulation 30(4)(ii) of the Listing Regulations.



Further, Regulation 30 also prescribes for disclosure of all events or information relating to the material subsidiaries identified in terms of clause (c) of sub-regulation (1) of Regulation 16 of Listing Regulations.

### **3. PROCEDURE FOR DISCLOSURE**

- a) Any event or information purported to be reportable under the Listing Regulations shall be informed to the Company's CEO and Managing Director on an immediate basis with adequate supporting data/information to facilitate a prompt and appropriate disclosure. Any other event, even if not covered under the Listing Regulations or other SEBI Regulations, as amended from time to time but is potentially of price sensitive nature, must also be informed, for further evaluation by the CEO and Managing Director.
- b) CEO and Managing Director shall be the responsible person and have authority to determine the materiality of any information/event and its reportability in consultation with the Company's Chief Financial Officer, General Counsel and the Company Secretary and ascertain the appropriate time and contents of the disclosures to be made as per the provisions of Listing Regulations.
- c) In absence of the CEO and Managing Director, any Key Managerial Personnel shall be authorised to evaluate and determine the materiality of any information/event and its reportability.
- d) After evaluation, the CEO and Managing Director or the Chief Financial Officer or the Company Secretary shall make the disclosure to the Stock Exchanges.
- e) Statutory timeframes for disclosure shall be adhered. Delay, if any, should be sufficiently explained along with the disclosure.
- f) The Company shall make disclosures updating material developments, where relevant, on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- g) All disclosures shall be available on the CG website for a period of 5 years and thereafter archived in terms of the Archival Policy of the Company.

### **4. DETERMINING MATERIALITY**

Materiality must be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. The criteria given hereunder shall be used as a guide or reference for determining materiality and arriving at the overall decision on reportability of the event by the CEO and Managing Director.

This criteria shall apply to events specified in Para B of Part A of Schedule III of the Listing Regulations or for events/information considered material in the opinion of the CEO and Managing Director only (reproduced herein in Annexure 2 for ease of reference).

An event specified in Annexure 2 would be considered material in the following situations:

- (a) the omission of an event/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 case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the CEO and Managing Director, the event / information is considered material.

## **5. POLICY REVIEW**

This Policy is framed based on the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as on 28<sup>th</sup> October, 2015. and has been updated in line with the provisions of the Listing Regulations vide approval of the Board of Directors of the Company dated 11<sup>th</sup> August, 2017 on the recommendation of the Risk & Audit Committee of the Board.

This Policy shall be reviewed by the Risk and Audit Committee and the Board as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Risk and Audit Committee. Any changes or modification in the Policy as recommended by the Risk and Audit Committee would be presented for approval of the Board of Directors. Any subsequent amendment / modification in the Listing Regulations, Act and/or other applicable laws in this regard shall automatically apply to this Policy.

The list of events in Annexure 1, as it stands today may be updated, from time to time, by the Company Secretary, to reflect any changes to the Listing Regulations or any other SEBI Regulations and the updated version be issued and published as necessary, without any requirement for approval from the Risk and Audit Committee or the Board.

## ANNEXURE 1

### EVENTS WHICH SHALL 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 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
  - 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, 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.

**CG Power and Industrial Solutions Limited  
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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 2**

### **EVENTS WHICH SHALL BE DISCLOSED UPON APPLICATION OF THE GUIDELINES FOR MATERIALITY PROVIDED UNDER 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(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.
6. Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the Company
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.
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.
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.

