

CITYON SYSTEMS (INDIA) LIMITED
POLICY FOR DETERMINATION OF MATERIALITY

LEGAL FRAMEWORK

In Compliance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) mandates all the Listed Companies to formulate and put in place a policy for determination for materiality of event or information.

The Board of Directors of Cityon Systems (India) Limited (the “Company”) is obliged to formulate a policy for “Determination for Materiality” to comply with the requirements of Regulation 30 of the Listing Regulations.

This Policy will be applicable to the Company effective 1 December, 2015.

1. OBJECTIVE OF THE POLICY

The Policy is framed in accordance with the requirements of the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Regulations’).

The objective of the Policy is to determine the materiality of events and information of the Company and to ensure that such information is timely and adequately disseminated to the Stock Exchange in order to enable investors to make well informed for event and information.

2. DEFINITIONS:-

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“Board of Directors” means the Board of Directors of Cityon Systems (India) Limited, as constituted from time to time.

“Company” means “Cityon Systems (India) Limited”.

“Listing Agreement” shall mean an agreement that is to be entered into between a recognized stock exchange and the Company pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

“Material Event” or “Material Information” shall mean such event or information as set out in the Schedule or as may be determined in terms of Clause 3 of the Policy. In the Policy, the words, “material” and “materiality” shall be construed accordingly.

“Policy” means this Policy for determining Materiality of events or information and as may be amended from time to time.

“Regulations” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

“Schedule” means a Schedule III of 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 defined in the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Regulations’) or any other applicable law or Regulations to the extent applicable to the Company.

3. CRITERIA FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION

The Company shall consider the following criteria for determination of materiality of events/information which shall be considered as Material if it meets any of the following criteria:

- a. the event or information is in any manner Unpublished Price Sensitive Information;
- b. the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly;
- c. 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; and
- d. any other event/information which is treated as being material by Authorized Key Managerial Personnel of the Company.

4. DISCLOSURES OF EVENTS OR INFORMATION

- a. Events specified in Para A of Part A of Schedule III of the Regulations shall be **deemed to be material** and the company is required to make disclosure of the same (attached as **Annexure A** to this policy). The Company shall make disclosure of such events or information as soon as reasonably possible and not later than twenty-four (24) hours from the occurrence of such event or information in the following manner:
 - i. inform the Stock Exchange in which the securities of the Company is listed;
 - ii. upload the same on the Website of the Company.

Provided that in case the disclosure is made after twenty-four (24) hours of occurrence of such event or information, the Company shall, along with such disclosure(s) provide an explanation for delay.

- b. Events specified in Para B of Part A of Schedule III of the Regulations shall be disclosed by the Company **based on application of guidelines** for determining Materiality (list of Events attached as **Annexure B** to this policy).
- c. The Company shall make necessary disclosure(s) updating Material developments on a regular basis, till such time the event is resolved/closed with relevant explanations.
- d. The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information and on its own initiative. Further it shall confirm or deny any event or information to stock exchange(s) reported in the media.

- e. In case where an event occurs or information is available with the Company, which has not been indicated in Annexure A or Annexure B, but which may have material effect on it, the Company will make adequate disclosures in regard thereof.

5. AUTHORIZE TO KEY MANAGERIAL PERSONNEL

The following person have the authority to determine the Materiality of an event or information and hence, they would ensure that disclosures of the same are made to Stock Exchange subject to the provisions of this Policy:

Chief Financial Officer;

Company Secretary and

Managing Director

The Compliance Officer/Company Secretary/ Managing Director of the Company shall do all the necessary arrangements for the purpose of making necessary disclosures to the Stock Exchange under these Regulations.

The contact details for KMP are as follows:

Tel: +91-11-41563395

Mob: +91-70548-65564

Address: 215, Delhi Chambers, Delhi Gate, Delhi – 110002

6. AMENDMENTS

The Board may subject to the applicable laws amend any provision (s) or substitute any of the provision(s) with the new provision(s) or replace the policy entirely with new policy. All such amendments / modifications must be in compliance with the applicable provisions of SEBI Regulations or any other law for the time being in force.

7. SCOPE AND LIMITATION

In case of any conflict between the provisions of this Policy with that of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Companies Act, 2013 or any other statutory enactment(s) as the case may be, then in such a situation, the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act 2013 or any other statutory enactment(s) shall prevail over the Policy.

8. DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company.

EVENTS WHICH SHALL BE DISCLOSED WITHOUT ANY APPLICATION OF THE GUIDELINES FOR MATERIALITY AS SPECIFIED IN SUB-REGULATION (4) OF REGULATION 30:

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. - '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 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 subscribers;

- 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 Company or arrest of Key Managerial Personnel or promoter;
 7. Change in Directors, Key Managerial Personnel, 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 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;

EVENTS WHICH SHALL BE DISCLOSED UPON APPLICATION OF GUIDELINES FOR MATERIALITY REFERRED IN SUB-REGULATION 4 OF REGULATION 30:

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 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