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POLICY ON DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED

1. PREAMBLE:

This Policy is called “Policy on determination of materiality of events” (hereinafter referred to as “this Policy”) and shall be effective from 1st December, 2015 (“Effective Date”).

In terms of the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Regulations”), Zicom Electronic Security Systems Limited (hereinafter referred to as “the Company”) is required to frame a Policy for determination of materiality of events.

This Policy for determination of materiality of events aims at:

- ensuring that all investors have equal access to important information that may affect their investment decisions;
- ensuring that adequate and timely information is provided to investors;
- avoiding establishment of false market in the securities of the Company; and
- communicating the principles of materiality based on which the Company shall make disclosures of events or information.

2. APPLICABILITY AND EFFECTIVE DATE:

The Policy on Determination of Materiality of Events (“this Policy”) will be applicable to the Company effective from December 1, 2015.

3. DEFINITIONS:

- i. “**Board**” means the Board of Directors of the Company.
- ii. “**Companies Act**” means the Companies Act, 2013 and Rules made thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended from time to time.
- iii. “**Company**” means Zicom Electronic Security Systems Limited.
- iv. “**Key Managerial Personnel**” mean key managerial personnel as defined in sub-section (51) of Section 2 of the Companies Act.
- v. “**Listed Agreement**” means an agreement entered with recognized Stock Exchange and the Company pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.



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- vi. **“Material Event”** or **“Material Information”** means such event or information as set out in Schedule or as may be determined in terms of Clause 4 of the Policy.
- vii. **“Material Subsidiary”** means any subsidiary company of the Company which is or has been determined as a material subsidiary as per the provisions of the Regulations.
- viii. **“Policy”** means Policy on Determination of Materiality of Events or Information as may be amended from time to time.
- ix. **“Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by the Securities and Exchange Board of India and as amended from time to time.
- x. **“Schedule”** means Schedule III of Regulations.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Company.

4. GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION:

Events / information 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 in the opinion of the Board of Directors of the Company.

5. DISCLOSURES OF EVENTS OR INFORMATION:

- a) Events specified in Annexure A are deemed to be material events and 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 exchanges at which the securities of the Company are listed;
 - ii. upload 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.



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- b) The Company shall make disclosure of events as specified in Annexure B based on the threshold limits as specified therein. However, in case the materiality threshold indicated therein cannot be applied to a particular event / information, the Company shall disclose such event / information by applying guidelines for determining Materiality as per Clause 4 of the Policy.
- c) The Company shall make disclosures updating Material developments on a regular basis, till such time the event is resolved / closed, with relevant explanations.
- d) The Company shall disclose all events or information with respect to its Material Subsidiaries.
- e) 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.
- f) 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.

All the above disclosures would be hosted on the website of the Company for a minimum period of five years and thereafter archived as per Company's Policy on Archival and Preservation of Documents.

6. AUTHORITY TO KEY MANAGERIAL PERSONNEL:

Mr. Pramoud Rao, Managing Director and Mr. Hemendra Paliwal, Chief Financial Officer of the Company shall severally have the authority to determine Materiality of any event or information and ensure disclosures of the same are made to stock exchange(s), subject to the provisions of this Policy.

Contact details:

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7. AMENDMENT:

Any change in the Policy shall only be approved by the Board of the Company. The Board shall have exclusive rights to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

8. DISSEMINATION OF POLICY:

This Policy shall be hosted on the website of the Company and reference of weblink shall be provided in the Annual Report of the Company.



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Annexure A

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. – ‘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 credit 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 Company or arrest of Key Managerial Personnel or Promoter.



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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 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.



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Annexure B

Illustrative list of events which shall be disclosed if the impact of such event on the Company exceeds 10% of its consolidated turnover, based on the latest audited Financial Statement of the Company:

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.
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.