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## **CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED**

### **A. PREFACE:**

This Code of Conduct for the Board of Directors and Senior Management Personnel (hereinafter referred to as “the Code”) has been framed and adopted by Zicom Electronic Security Systems Limited (hereinafter referred to as “the Company or ZESSL”) in compliance with the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

This Code is intended to provide guidance to the Board of Directors and Senior Management Personnel to manage the affairs of the Company in an ethical manner. The purpose of this Code is to recognize and emphasis upon the ethical behaviour and to develop a culture of honesty and accountability.

This Code attempts to set forth the guiding principles on which the Company and its Board and Senior Management Personnel shall operate and conduct themselves with stakeholders, government and regulatory agencies, media and anyone else with whom it is connected.

### **B. DEFINITIONS:**

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning as defined below:

1. “**Board / Directors**” shall mean the Board of Directors of the Company.
2. “**Company**” shall mean Zicom Electronic Security Systems Limited (ZESSL).
3. “**Conflict of Interest**” means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.
4. “**Executive Directors / Whole time Directors**” shall mean and include Company’s Managing Director and Directors who are in whole time employment of the Company.
5. “**Independent Directors**” shall mean an Independent Director as per the provisions of the Companies Act, 2013 and Listing Agreement (as revised from time to time).
6. “**Non-Executive Directors**” shall mean the Directors who are not in whole time employment of the Company.
7. “**Senior Management Personnel**” shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this shall comprise all members of management one level below the Executive Directors, including all functional heads.

### **C. APPLICABILITY:**

This Code is applicable to:

1. Directors of the Company and its subsidiaries;
2. Senior Management Personnel of the Company and its subsidiaries.



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All Directors and Senior Management Personnel are expected to comply with the letter and spirit of this Code. The Senior Management Personnel shall continue to comply with applicable laws & regulations and the relevant policies, rules and procedures of the Company.

The Code comes into immediate effect.

**D. INTERPRETATION OF CODE:**

In this Code, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa. Any question or interpretation under this Code will be considered and dealt with by the Board or any person authorized by the Board on their behalf.

**E. PRINCIPLES OF THE CODE:**

The Board and Senior Management Personnel of the Company shall act within the authority conferred upon them, in the best interests of the Company and observe the following:

**1. Conduct:**

- Act honestly, ethically, in good faith and in the best interest of the Company and to fulfill their fiduciary obligations.
- Whilst carrying out the duties, ensure that it is executed in terms of the authorizations granted and within the limits prescribed under the relevant policies, codes, guidelines and other directives issued by the Board of Directors or Committee of Directors of the Company, from time to time.
- Not to receive or offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business except accepting a gift or entertainment if warranted by the accepted ethical customs and practices.
- Refrain from indulging in any discriminatory practice or behaviour based on race, colour, sex, age, religion, ethnic or national origin, disability or any other unlawful basis. The ethical conduct, performance and skills shall be the qualifying indicatives for an employee's performance.
- Conduct themselves in a professional, courteous and respectful manner and shall not take any improper advantage of their position.
- Use the Company's assets, property, proprietary information and intellectual rights for business purposes of the Company and not for any personal benefits or gains.
- Maintain confidentiality of the information that is entrusted upon them for carrying on their respective responsibilities and duties and shall not use the same for personal benefits or gains.
- Be transparent in all their dealings except in cases where the needs of business security dictate otherwise and shall hold themselves accountable to the Board or Managing Director / Compliance Officer as the case may be.
- Uphold the values of trust, teamwork, mutuality and collaboration, meritocracy, objectivity, self respect and human dignity while dealing with the people within the Company.



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## **2. Compliance:**

- Ensure compliance of various legal / regulatory requirements as applicable to the business of the Company and endeavour that before any directions are given or decisions taken, relevant legal / regulatory requirements are taken into account.
- Report concerns about unethical behaviour, actual or suspected instances of fraud, misconduct or irregularity or failure of internal control system, likely to impact the business interest of the Company or any other information that may be perceived to be violating any legal / regulatory requirements as per the Whistle-blower Policy of the Company.
- Comply with all laws, rules, and regulations governing trading in the shares of the Company and the Company's Code of Conduct for Prevention of Insider Trading in dealing with the securities of the Company which, inter-alia, prohibits buying or selling of the Company's securities on the basis of any unpublished price sensitive information and prohibits disclosure of such information to any other person (including relatives) where such information may be used by such person for his or her personal benefit or gain.
- Any transaction falling under the definition of related party transactions as per the provisions of the Companies Act, 2013 and the Listing Agreement and as detailed in the Related Party Transaction Policy of the Company must be entered into by the Director or the Senior Management Personnel only after obtaining prior approval of the Board or any Committee thereof.

## **3. Conflict of Interests:**

- Not enter into any transaction which is or may likely to have a conflict with the interest of the Company and shall not engage any of its relative(s), or any other person or entity, for the purposes of circumventing the personal interest involved.
- Not take up any position or engagement that may be prejudicial to the interest of the Company.
- Not engage in misinformation, disinformation or personal vilification or victimization of any employee or stakeholder.
- The Executive Directors / Whole time Directors and the Senior Management Personnel shall not take up any outside employment.

## **F. DUTIES OF DIRECTORS:**

While the Companies Act, 2013 specifies certain duties and responsibilities of the Directors of the Company, as detailed below, however, by no means it should be considered to be exhaustive:

- To devote sufficient time and attention to professional obligations for informed and balanced decision making.
- To act in accordance with the Articles of Association of the Company and in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
- To have a clear understanding of the aims and objectives, capabilities and capacity and various policies of the Company.



- To exercise their duties with due and reasonable care, skill and diligence.
- To intimate the change in the directorships held within thirty days of such change.
- To bring an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standard of conduct and an objective view in the evaluation of the performance of the Board and the Management.
- To ensure that the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
- To seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice.
- To strive to attend and participate constructively & actively, in all general meetings, meetings of the Board and its Committees of which they are Chairman or member.
- To not assign his office of director of the Company to another person.
- To ensure that adequate deliberations are held before approving related party transactions and shall assure themselves that the same are in the best interest of the Company.

#### **G. CODE FOR INDEPENDENT DIRECTORS:**

A guide to professional conduct for Independent Directors is separately specified under the Companies Act, 2013, in Schedule IV – “Code for Independent Directors”. The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

#### **I. Guidelines of professional conduct:**

An Independent Director shall:

1. Uphold ethical standards of integrity and probity;
2. Act objectively and constructively while exercising his duties;
3. Exercise his responsibilities in a bona fide manner in the interest of the company;
4. Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. Not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. Refrain from any action that would lead to loss of his independence;
8. Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. Assist the company in implementing the best corporate governance practices.



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## **II. Role and functions:**

The Independent Directors shall:

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. Bring an objective view in the evaluation of the performance of board and management;
3. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. Safeguard the interests of all stakeholders, particularly the minority shareholders;
6. Balance the conflicting interest of the stakeholders;
7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

## **III. Duties:**

The Independent Directors shall:

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
3. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. Strive to attend the general meetings of the company;
6. Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. Keep themselves well informed about the company and the external environment in which it operates;
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.



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#### **IV. Manner of appointment:**

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
4. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a) the term of appointment;
  - b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d) provision for Directors and Officers (D and O) insurance, if any;
  - e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - f) the list of actions that a director should not do while functioning as such in the company; and
  - g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

The re-appointment of Independent Director shall be on the basis of report of performance evaluation.

#### **VI. Resignation or removal:**

1. The resignation or removal of an independent director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act, 2013.
2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
3. Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **VII. Separate meetings:**

1. The Independent Directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
2. All the independent directors of the company shall strive to be present at such meeting;



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3. The meeting shall:
  - a) Review the performance of non-independent directors and the Board as a whole;
  - b) Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c) Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **VIII. Evaluation mechanism:**

1. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
2. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

#### **H. REPORTING:**

The Company Secretary shall be the Compliance Officer for the purpose of this Code. Senior Management Personnel are required to report observed violations of the Code and illegal or unethical behavior to the Managing Director / Compliance Officer. All reports will be treated in a confidential manner and it is Company's policy not to allow retaliation for reports made in good faith of misconduct by others. In accordance with an established, documented & approved process, the Company will undertake, review and where appropriate, investigate of alleged violations or misconduct. Senior Management Personnel are expected to cooperate in internal investigations of misconduct and violations of this Code.

#### **I. AMENDMENTS:**

The provisions of this Code can be amended or modified by the Board of Directors from time to time and all such amendments / modifications shall take effect from the date stated therein.

#### **J. COMPLIANCE OF THE CODE:**

The matters covered in this Code are of utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. The Company expects all the Directors and Senior Management Personnel to adhere to these rules in carrying out their duties for the Company. Directors and Senior Management Personnel are accountable for full compliance with this Code. Sanctions for breach of this Code shall be determined by the Board of Directors in case of Directors and the Managing Director in the case of Senior Management Personnel.

#### **K. ACKNOWLEDGEMENT:**

The Code shall become applicable to all the existing Directors and Senior Management Personnel as soon as it is approved by the Board of Directors. In case of a new Director or Senior Management Personnel, the Code shall become applicable from the date of the appointment. All Directors and Senior Management Personnel shall acknowledge the receipt of this Code in the acknowledgement form appended to this Code indicating that they have received, read and understood, and agreed to comply with the Code and send the same to the Compliance Officer.



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**L. AFFIRMATION TO THE CODE:**

All the Directors and Senior Management Personnel shall affirm compliance with this Code of Conduct on an annual basis as at the end of the each financial year of the Company (within 30 days of the close of every financial year).

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To  
The Compliance Officer  
Zicom Electronic Security Systems Limited  
501, Silver Metropolis,  
Western Express Highway,  
Goregaon (E), Mumbai 400063.

**Sub: Affirmation to the Code of Conduct**

I have received and read the Company's Code of Conduct for Directors and Senior Management Personnel (hereinafter referred to as "Company's Code"). I understand the standards and policies contained in the Company's Code and understand that there may be additional policies or laws specific to my job or role. I agree to comply with the Company's Code and shall be responsible and accountable for any non-compliance of the Company's Code by me. I also understand that if I have any clarification concerning the Company's Code, I can consult with the Managing Director / Compliance Officer and that my questions or reports to these sources will be maintained in confidence.

Name:

Designation:

Signature:

Date: