POLICY ON DETERMINATION OF MATERIALITY OF EVENTS

1. Preamble

As per Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations), a listed entity is required to frame a policy for determination of materiality for disclosure of events or information to Stock Exchanges, based on the criteria specified in Regulation 30 of the said Regulations and the same is also required to be disclosed on the Company's website.

In this context, the following policy has been framed by the Board of Directors ("**Board**") of Vertex Securities Limited ("**Company**") at its meeting held on November 06, 2015 with the objective of determining materiality of events.

This Policy shall be effective from December 1, 2015.

2. Objective

The objective of the Policy is to determine materiality of events or information of the Company and to ensure that such information is adequately disseminated in pursuance with the Regulations and to provide an overall governance framework for such determination of materiality.

3. Definitions

In this Policy, unless the context requires otherwise:—

"Board of Directors" shall mean the Board of Directors of Vertex Securities Limited.

"Key Managerial Personnel" means Managing Director, Chief Financial Officer and Company Secretary of Vertex Securities Limited.

"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 4 of the Policy. In the Policy, the words, "material" and "materiality" shall be construed accordingly.

"Material Subsidiary" shall mean any subsidiary company of the Company which is or has been determined as a material subsidiary as per the provisions of the Regulations.

"Officer" includes any Director, Manager or Key Managerial Personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the Directors is or are accustomed to act and includes Promoter of the Company.

"Promoter" and "Promoter Group" shall have the same meaning as assigned to them respectively in clauses (za) and (zb) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

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

All other words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made there under shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. Guidelines for Determining Materiality of Events or Information

1. Events / information shall be considered as Material if it meets any of the following criteria:

a) has an impact of 10% or more on the stand alone gross turnover or revenues or total income or 20% of the net worth, whichever is lower as per the latest audited accounts of the Company;
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.

2. In case of any confusion with regard to the date of occurrence of event or information for the purpose of informing to the Stock Exchanges, the Company shall decide the same after examining it in light of the Guidance note issued by SEBI in this regard.

3. With respect to its Material Subsidiaries, if any of the Company, an Event/ Information of the Material Subsidiary shall be considered Material if it has impact of 10% or more on the stand alone gross turnover or revenues or total income or 20% of the net worth, whichever is lower as per the latest audited accounts 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:

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i. inform the stock exchanges in which the securities of the Company are listed;
ii. upload on the corporate 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) The Company shall make disclosure of events as specified in Annexure B based on application of guidelines for determining Materiality as per clause 4 of the Policy.

6) Authorization for determining materiality of an event or information :

The Board of Directors of the Company has authorised the Managing Director Mr. Kumar Nair and Director Mr. U Ramachandran to determine the materiality of an event or information and to make appropriate disclosure on a timely basis. The Authorised Persons are empowered to seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders as he/she may deem fit.

The Board of Directors have authorised the Company Secretary to make disclosure to the Stock Exchanges in respect of material events or information.

7) 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 a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

8) Scope and Limitation

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013; Regulations or any other statutory enactments, rules, the provisions of the Companies Act, 2013 Regulations or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

9) Dissemination of Policy

This Policy shall be hosted on the website of the Company and address of such web link thereto 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;

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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 (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.

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Annexure B

Illustrative list of events which shall be disclosed upon application of the guidelines for materiality:

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.

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