

MERCANTILE VENTURES LIMITED

Registered Office: New No:73, Old No: 36-40, Armenian Street, Chennai- 600 001

CODE OF CONDUCT FOR DIRECTORS OF THE COMPANY (*)

Objective

MERCANTILE VENTURES LIMITED (“the Company”) is conscious that a business run on principles of fairness, transparency and accountability aids in fostering a healthy relationship with all stakeholders. The Company considers ethical conduct of business as one of the most important factors which will contribute to fulfilment of the Company’s corporate objectives.

This Code of Conduct will be applicable to the Directors of the Company.

The Company’s Code of Conduct envisages that every Member of the Board of Directors, individually and, the Board of Directors, collectively, will, at all times, pursue and uphold ethical standards and values as vigorously as their pursuit of the Company’s business objectives. In line with these principles, the Board of Directors of the Company has adopted this Code as a guide to the high ethical standards and values expected from its Members.

Any change in this code will be made only with the approval of the Board of Directors of the Company.

The Code

In discharge of their functions as Members of Board and Board Committee(s), all Directors shall:

- ❖ take necessary effort to prepare for, attend and actively participate in meetings of the Board of Directors and of the Board Committees of the Company, on which they serve;
- ❖ become familiar with the Company’s business and the economic & competitive environment in which the Company operates;
- ❖ discharge their duties, in the best interests of the Company and all its stakeholders;
- ❖ inform the Board of Directors of any change in their employment and other Board positions; of conditions that may interfere with their ability to perform their duties or whether they meet the requirements applicable to their service on the Company’s Board of Directors and Board Committees as per the Companies Act and the Listing Agreement entered into by the Company with the Exchange

- ❖ not to pursue for their own account, or for the account of any other person, any business opportunity that conflicts with the Company's business strategies, plans or objectives;
- ❖ maintain confidentiality about the Company and its business affairs in respect of all non-public information; and
- ❖ abide by all applicable laws and regulations.

In addition, the Whole-time Directors of the Company will also be bound by the Code of Conduct prescribed for the Senior Management of the Company.

Independent Directors roles and responsibilities

The independent directors shall:

- 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;
- bring an objective view in the evaluation of the performance of board and management;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;
- 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;
- moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

Responsibilities :

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 behavior, 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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I affirm compliance with the aforesaid Code of Conduct.

12th November 2014