

MERCANTILE VENTURES LIMITED
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Code of Internal Procedures and Conduct for Regulation, Monitoring and Reporting of Trading in the Securities of Mercantile Ventures Limited by the Insiders
(Internal Procedures and Conduct)

WHEREAS under Regulation 9 of the Regulations, the Company is required to formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with the said Regulations adopting the minimum standards set out in Schedule B thereto.

AND

WHEREAS, the Board of Directors of the Company has approved the following Code;

NOW THEREFORE, this Code of conduct for regulation, monitoring and reporting of trading in the securities of ***Mercantile Ventures Limited*** by its employees and other connected persons is hereby published for strict compliance by all concerned.

1.0 Title and Applicability

- a. This Code shall be called “The Code of Internal Procedures and Conduct for Regulation, Monitoring and Reporting of trading in the securities of ***Mercantile Ventures Limited*** by the Insiders”
- b. It shall come into force with effect from 14th May 2015
- c. This Code shall apply to all employees, whether permanent or temporary, of ***Mercantile Ventures Limited*** and also to those employed on contract for a term, or on deputation to the Company and individuals retained as consultants and connected persons as defined under the SEBI (Prohibition of Insider Trading) Regulations, 2015 including their ‘Immediate Relatives’ as defined under this Code.

2.0 Definitions

- a. “Act” means the Securities and Exchange Board of India Act, 1991
- b. “Board” means the Board of Directors of ***Mercantile Ventures Limited*** “Chief Investor Relations Officer” shall mean the Whole-time Director of the Company
- c. “Company” means ***Mercantile Ventures Limited***
- d. “Code” means the Code of Internal Procedures and Conduct for Regulation, Monitoring and Reporting of Trading in the Securities of ***Mercantile Ventures Limited***

- e. "Compliance Officer" means the officer performing the duties of the Company Secretary, for the time being and he shall report to the Board.
- f. "Connected person" means any person who is covered under Regulation 2 (d) of the Regulations
- g. "Designated Persons" means the employees and connected persons who on the basis of their functional roles in the Company have access to the Unpublished Price Sensitive Information and such other persons as may be specified by the Board from time to time.
- h. "Director" means a person occupying the position of a Director or an Additional Director or an Alternate Director in the Company.
- i. "Immediate Relative" means the spouse, parents, sibling and children of the person or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.
- j. "Insider" shall have the meaning as contained in the Regulations as amended, and shall include Designated Persons.

- k. "Need to know" basis means that unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

- l. "Regulations" means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as in force.
- m. "Securities" shall mean the equity shares and other securities, if any, of the Company listed on the stock exchanges
- n. "Trading" shall have the meaning as defined under Regulation 2 (l) of the Regulations.
- o. "Trading Day" means a day on which the recognized stock exchanges are open for trading;
- p. "Trading Plan" means the plan of an insider for trading in the Securities of the Company as specified under Clause 5 of this Code

- q. "Trading Window" means the period during which a designated person may buy/sell the securities of the Company, subject to this Code and applicable SEBI regulations and excluding the period(s) of book closure duly so notified in terms of Section 91 of the Companies Act, 2013.
- r. "Unpublished Price Sensitive Information" shall have the meaning as provided in Regulation 2(n) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. Without prejudice to the generality of the foregoing, the term shall include any information which relates directly or indirectly to the Company and which if published is likely to materially affect the price of Securities of the Company.

- s. Words and expressions used and not defined herein but defined in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 shall have the meanings respectively assigned to them in that Regulation.

3. Prohibition on trading of the securities of the Company by Insider

No Insider when in possession of any Unpublished Price Sensitive Information (UPSI) pertaining to the Company, as defined in the Regulations, shall trade in the Securities

4. Prohibition on communication or procurement of unpublished information by Insider

- a. No Insider shall communicate, provide, or allow access to any UPSI, relating to the Company or the securities to any person including other Insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations and except in the manner provided under the Regulations and this Code.
- b. The Insider shall maintain confidentiality of all UPSI and disclose the same only to those within the Company who need the information to discharge their duty.
- c. No Insider shall pass on such information to any person, directly or indirectly, by way of making a recommendation for the purchase or sale or otherwise deal in the Securities of the Company.
- d. All non-public price sensitive information directly received by any employee should immediately be reported to the Head of the Department.
- e. In case of doubts on whether information is unpublished and price sensitive, clarification may be sought from the Chief Investor Relations Officer or the Compliance Officer.

f. Chinese Wall:

(i) To prevent the misuse of unpublished price sensitive information, the Company adopts a “Chinese Wall” policy separating those areas of the Company which routinely have access to such confidential information, considered “core areas” and other departments providing support services, considered “other areas”.

(ii) The employees and other persons operating in the core area shall not communicate any Price-Sensitive Information to anyone in other area.

(iii) In exceptional circumstances employees from the other areas could be allowed to “cross the wall” and given confidential information on the basis of “need- to-know” criteria and with the concurrence of the immediate supervisor

5. Trading Plan and Trades by Insiders

Trading Plan

- a. An insider shall be entitled to formulate a Trading Plan for trading in the Securities of the Company as provided for under the Regulations
- b. Such Trading Plan shall be prepared for not less than 12 months. The plan may specify the value of trades or the number of securities to be traded and the intervals or dates on which such trades shall be effected.
- c. No trading shall be executed between the twentieth trading day prior to the end of each quarter and the second trading day after disclosure of such financial results and the Trading Plan shall be made taking this restriction into account.
- d. The insider shall not use the Trading Plan for market abuse.
- e. The Trading Plan shall be presented to the Compliance Officer for prior approval and public disclosure.
- f. Before granting the approval the Compliance Officer shall comply with the requirements of the Regulations relating to such approvals.
- g. Upon approval the Plan shall be notified by the Compliance Officer immediately to the stock exchanges on which the Securities of the Company are listed.
- h. The Plan shall commence after six months from approval and public disclosure.
- i. The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.
- j. The Insider shall strictly adhere to the Trading Plan except that he shall not commence the implementation during the period in which he possesses any UPSI at the time of formulation of the Plan which has not become generally available at the time of commencement of implementation of the Plan. In such cases the Compliance Officer shall ensure that the implementation is deferred till the subject UPSI becomes public.

Trading without a Trading Plan

- k. An Insider who has not submitted a Trading Plan may execute a trade when the Trading Window is not closed subject to pre-clearance by the Compliance Officer where the value of the proposed trades is in excess of Rs. 50,000 in a month.
- l. The Application shall be made in Form I annexed to this Code
- m. Application for pre-clearance shall not be made by an Insider when he is in possession of any UPSI, even if the Trading Window is not closed.
- n. Prior to granting approval for pre-clearance the Compliance Officer may seek a declaration to the effect that the applicant is not in possession of any UPSI.
- o. The Compliance Officer shall scrutiny the application with specific focus on the timing of the application and the veracity of the information and declarations by the applicant before approving the same.

p. Granting of preclearance shall be done with the consent of the competent authority as shown below:

- i. For Whole-time Director & Directors Board of Directors other than the director who is intending to trade
 - ii. For Compliance Officer & Other Designated persons Whole-time Director
- q. Once the pre-clearance for any trade is granted, the applicant shall execute the trade within 5 trading days of such approval failing which he shall make a fresh application for pre-clearance duly explaining the reasons for failing to execute the trade as per the previous approval.
- r. All pre-clearance accorded shall be placed before the Board on a quarterly basis and recorded.

Other Conditions

- s. No trades shall be made by the Insiders during the closure of Trading Window
- t. The Insiders shall execute the Trade subject to complying with the Code, the Regulations and other applicable laws.
- u. The Insider who has been permitted to execute any Trade under this Code shall not be permitted to enter into a contra trade within six months of execution of the permitted trade.
- v. The Compliance Officer may grant relaxation to an Insider from the above for reasons to be recorded in writing provided that such relaxation does not violate the Code and the Regulations.
- w. In the event of any contra trade taking place, inadvertently or otherwise, the profits, if any, from such contra trade shall be liable to be disgorged from the Insider and remitted to the Investor Protection and Education Fund administered by the Securities and Exchange Board of India (SEBI)
- x. All the trades shall be executed only in dematerialized form unless otherwise approved specifically by the Compliance Officer in writing.
- y. Notwithstanding anything contained under this Code, execution of trades by the Directors and Promoters shall be subject to compliance with the other provisions of the Act, Companies Act, 2013 and other securities laws for the time being in force.

6. Trading Restrictions and closure of Trading Window

- a. No Insider shall trade in the Securities of the Company during the period(s) when the Trading Window is closed.
- b. The restriction shall apply to any person having contractual or fiduciary relation with the Company, including but not limited to the financial Auditors, Cost Auditors, Internal Auditors, Consultants, Advisors and the like.
- c. Unless otherwise notified by the Compliance Officer, the Trading Window shall remain closed From Twentieth Trading Day prior

to 30th June/30th September/31st December and 31st March and the second trading day after disclosure of the financial results for each of the said period.

- d. The Trading Window shall remain closed in connection with the following for periods as may be specified by the Compliance Officer/Chief Investor Relations Officer:
- ✓ Issue of Securities by way of public/rights/bonus etc.
 - ✓ Buyback of shares/Debentures;
 - ✓ Proposal for Dividends [both interim and final];
 - ✓ Significant expansion plans or new projects;
 - ✓ Acquisition/amalgamation/merger/takeover ;
 - ✓ Disposal of whole or substantially the whole of the undertaking;
 - ✓ Significant changes in plans or operations of the Company;
 - ✓ Any other event as may be decided by the Chief Investor Relations Officer.
- e. In case of Employees Stock Option/Purchase Schemes, exercise of option may be allowed in the period when the Trading Window is closed. However, sale of shares allotted on exercise of the Schemes shall not be allowed when Trading Window is closed.
- f. No Connected Person shall trade in the securities of the Company for a period of six months after ceasing to be a Connected Person.
- g. No employee of the Company, not being a Connected Person or his Immediate Relatives shall execute any trade in the securities of the Company for a period of 30 trading days after cessation of employment by superannuation or otherwise. He shall give an undertaking to this effect at the time of ceasing to be an employee of the Company.

7. Prohibition of Speculative Transactions

- a. All the Insiders are prohibited from engaging in speculative transactions with respect to Securities of the Company. The prohibition shall also apply to other employees of the Company, even if he is not an Insider within the meaning of the Code or Regulations.
- b. For a transaction to qualify as being for investment purposes and not as speculative, the Insider shall be required to hold the investment for a minimum period of 30 days. This restriction shall also apply to subscription to an issue of shares by the Company (public, rights or otherwise), in which case the holding period would be reckoned from the date the Securities are actually allotted in favour of the concerned employee;

Provided that where sale of Securities of the Company is necessitated due to personal emergency, the Competent Authority mentioned in Clause 5 (o) above may, for valid and

justifiable reasons and to be recorded in writing, waive the minimum holding period.

8. Disclosures and Reporting

- a. All the persons covered under the Regulations shall make disclosures as stipulated in Chapter III of the Regulations in the Form and in the manner prescribed therein.
- b. Other Insiders who are not covered under the above sub-clause shall make the following disclosures with respect to themselves as well as their Immediate Relatives in relation to their holding/transactions in the Securities of the Company:
 - i. **Initial Disclosure**
The number of shares or voting rights held by him/her and his/her Immediate Relatives in Form II, within 30 days of this Code coming into force.
Disclosure shall be made in Form III, within 7 (seven) working days on becoming covered under this Code at any point of time.
 - ii. **Continual Disclosure**
Any transaction in securities of the Company by an Insider and/or his Immediate Relatives shall be disclosed within 2 trading days of such transaction and where pre-clearance has been accorded but not executed shall also be reported within 2 trading days of expiry of the period for executing the trade as per the pre-clearance in Form IV.
 - iii. Disclosure shall be made in Form V, within two trading days of such transaction, if the value of the securities traded, whether in one or in a series of transactions in a month aggregates to a traded value in excess of Rs. 50,000 by an employee who is not an Insider and/or his immediate relative.
 - iv. **Annual Disclosure**
Annual disclosure by the designated persons of number of securities held as on last date of the financial year, including details of each transaction of purchase/sale of shares and other securities during the financial year Form VI within 30 days from the close of each financial year.
- c. The Compliance Officer shall place before the Whole-time Director or before such other Senior Officer or committee as may be specified in this behalf by the Whole-time Director, on a monthly basis, the details of all the disclosures reported in terms of the above clauses together with the copies of the

Forms, and the documents submitted. A summary report on the various disclosures received and other relevant information under the Code and the Regulations shall be placed by the Compliance Officer before the Board every quarter.

- d. Any instance of non-compliance of this Code or of the Regulations, shall be reported with full details promptly by the Compliance Officer to the Whole-time Director.
- e. In any case where it is observed by the Company / Compliance Officer that there has been a violation of the Regulations, the same shall be duly informed by the Company to SEBI.

9. Preservation of Records

Reports/Forms rendered in terms of this Code shall be preserved by the Company for at least three years.

10. Contravention of the Regulations or Code

- a. Without prejudice to any action or proceedings that may be instituted under the Regulations for violation of the provisions by any person, any employee of the Company and other persons covered under this Code and the Regulations who deals in the Securities of the Company in contravention of the provisions of this Code shall be deemed to be guilty of misconduct and subjected to disciplinary action including but not limited to wage freeze, suspension, withholding of promotions and so on.
- b. The provisions contained in this Code shall be in addition to and not in derogation or substitution of any duty, obligation or requirement on the part of an Insider including the Immediate Relative of such Insider under the Standing Orders or code of conduct for the employees of ***Mercantile Ventures Limited*** or the Agreement/Contract entered into with ***Mercantile Ventures Limited*** as the case may be.

11. General

A copy of the Regulations is available with the Secretarial Department and is also available in the website of SEBI www.sebi.gov.in . Employees are required to acquaint themselves with the Regulations and the Code and comply with the same without any default.