

WHISTLE BLOWER POLICY

1. PREFACE

As per the Listing Agreement with the Madras Stock Exchange, the Company is supposed to draft and implement a Whistle Blower Policy, by which all unethical and improper practices or wrongful conduct that may occur in the conduct of business of the Company when comes to the knowledge of an employee, can be brought to the attention of the concerned, including Whole-time Director and Audit Committee of the Board. The Policy should provide a frame work by which a Whistle Blower has access to the top Management so that the wrongful conduct is brought to their attention, investigated and the concerned person punished. The frame work will also provide adequate safe guards to the Whistle Blower who will act in good faith and prevent harassment and victimisation to him. The Whistle Blower also cannot use this Policy as a defence against a personal action against him for an unconnected issue. The Policy enclosed has the following sections:

- a) Policy
- b) Definitions of the terminologies used
- c) Guidelines
- d) Procedure
- e) This policy as amended from time to time shall be made available at the Web site of the Company.

2. POLICY

This Whistle Blower Policy is formulated to provide an opportunity to employees to raise concerns, in case they detect or observe unethical and improper practices or any other wrongful conduct in the Company to Whole-time Director and/or even the Audit Committee of the Board of Directors. This Policy also provides necessary safeguards for protection to such whistle blower employees from reprisals and to prohibit managerial personnel from taking any adverse personnel action against them.

3. APPLICABILITY

This policy applies to all employees of the Company.

4. DEFINITIONS

A. Alleged Wrongful Conduct

Alleged Wrongful Conduct shall mean violation of law, mismanagement, misappropriation of monies, actual or suspected fraud, or abuse of authority.

B. Whistle Blower / Complainant

An employee of the Company who discloses in good faith any unethical & improper practices or alleged wrongful conduct to the Head of Department or in case it involves Managerial Personnel to the Whole-time Director and in exceptional cases to the Audit Committee in writing. The Whistle Blower's role is as a reporting party, he/she is not an investigator. Although the Whistle Blower is not expected to prove the truth of an allegation, he needs to demonstrate to the Audit Committee, that there are sufficient grounds for concern.

C. Unethical and Improper Practices

Unethical and improper practices shall mean –

- a) An act which does not conform to approved standard of social and professional behaviour;
- b) An act which leads to unethical business practices;
- c) Improper or unethical conduct;
- d) Breach of etiquette or morally offensive behaviour,
- e) Incorrect financial reporting;
- f) Deviating from applicable company policy;
- g) Unlawful Act.

D. Good Faith

An employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.

E. Managerial Personnel

Managerial Personnel shall include Director including Whole-time Director, Functional Heads, CFO, Company Secretary and Managers and above, who has authority to make or materially influence significant personnel decisions.

F. Audit Committee

Audit Committee shall mean a Committee of Board of Directors of the Company, constituted in accordance with provisions of Section 177 of Companies Act, 2013 read with Clause 49 of Listing Agreement entered into by the Company with Stock Exchanges.

G. Adverse Personnel Action

An employment-related act or decision or a failure to take appropriate action by managerial personnel which may affect the employee's employment, including but not limited to compensation, increment, promotion, job location, job profile, immunities, leaves and training or other privileges.

H. Company

Company means, "Mercantile Ventures Limited."

I. Compliance Officer

Compliance Officer means, "Company Secretary" of the Company.

5. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or SEBI Act and/or any other SEBI Regulation(s) as amended from time to time.

6. GUIDELINES

a. Internal Policy & Protection under Policy

This Policy is an internal policy on disclosure by employees of any unethical and improper practices or wrongful conduct and access to the Head of Department or in case it involves Senior Managerial Personnel access to the Managing Director and in exceptional cases access to Audit Committee of Directors constituted by the Board. This Policy prohibits the Company to take any adverse personnel action against its employees. Any employee against whom any adverse personnel action has been taken due to his disclosure of information under this policy may approach the Audit Committee.

b. Confidentiality:

Confidentiality of whistle blower shall be maintained to the greatest extent possible. Every effort will be made to protect the whistle blower's identity, subject to legal constraints.

c. Anonymous Allegations:

Complainants must put their names to allegations as follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously SHALL NOT BE usually investigated BUT subject to the seriousness of the issue raised the Audit Committee can initiate an investigation independently.

d. False Allegation & Legitimate Employment Action

An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct to the Audit Committee shall be subject to disciplinary action, up to and including termination of employment, in accordance with Company rules, policies and procedures. Further, this policy may not be used as a defense by an employee against whom an adverse personnel action has been taken independent of any disclosure of information by him and for legitimate reasons or cause under Company rules and policies.

e. Disclosure

An employee who observes or notices any unethical & improper practices or alleged wrongful conduct in the Company may report the Managerial Personnel of the Company.

f. Accountabilities – Employees

a. Bring to early attention of the company any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern.

b. Avoid anonymity when raising a concern.

c. Co-operate with investigating authorities, maintaining full confidentiality.

d. The intent of the policy is to bring genuine and serious issues to the fore and it is not intended for petty complaints. Malicious allegations by employees may attract disciplinary action.

e. A complainant has the right to protection from retaliation. But this does not extend to immunity for complicity in the matters that are the subject of the allegations and investigation.

f. In exceptional cases, where the complainant is not satisfied with the outcome of the investigation carried out by the Ombudsperson, she/he can make a direct appeal to the Chairman of the Audit Committee.

g. Accountabilities – Managerial Personnel & Audit Committee

- a. Conduct the enquiry in a fair, unbiased manner.
- b. Ensure complete fact-finding.
- c. Maintain strict confidentiality.
- d. Decide on the outcome of the investigation, whether an improper practice has been committed and if so by whom.
- e. Recommend an appropriate course of action – suggested disciplinary action, including dismissal, and preventive measures.
- f. Minute Committee deliberations and document the final report.

7. Procedures

The whistle blowing procedure is intended to be used for serious and sensitive issues. Serious concerns relating to financial reporting, unethical & improper practices or alleged wrongful conduct shall make a disclosure to the Head of Department or in case it involves Managerial Personnel to the Managing Director and in exceptional cases to the Audit Committee as soon as possible but not later than 45 consecutive calendar days after becoming aware of the same. The Departmental Head shall immediately forward Whistle Blower Report to the Managing Director of the Company. The Managing Director may inquire in respect of the Whistle Blower Report and after preliminary inquiry, if required, shall report the same to the Audit Committee.

Audit Committee shall appropriately and expeditiously investigate all whistle blower reports received. In this regard, Audit Committee, if the circumstances so suggest, may appoint a senior executive or a committee of managerial personnel to investigate into the matter and prescribe the scope and time limit therefore.

Audit Committee shall have right to outline detailed procedure for an investigation. Where the Audit Committee has designated a senior executive or a committee of managerial personnel for investigation, they shall mandatorily adhere to scope and procedure outlined by Audit Committee for investigation.

The Audit Committee or officer or committee of managerial personnel, as the case may be, shall have right to call for any information/document and examination of any employee of the Company or other person(s), as they may deem appropriate for the purpose of conducting investigation under this policy.

A report shall be prepared after completion of investigation and the Audit Committee shall consider the same. After considering the report, the Audit Committee shall determine the cause of alleged Adverse Personnel action and may order for appropriate course of action, which may inter-alia, include:

- a) Order for an injunction to restrain continuous violation of this policy;
- b) Reinstatement of the employee to the same position or to an equivalent position;
- c) Order for compensation for lost wages, remuneration or any other benefits, etc.

d) Disciplinary action, including dismissal, if applicable, as well as preventive measures for the future.

Subject to legal constraints, she/he will receive information about the outcome of any investigations. All discussions would be minuted and the final report prepared. The decision of Audit Committee shall be final and binding. If and when the Audit Committee is satisfied that the alleged unethical & improper practice or wrongful conduct existed or is in existence, then the Audit Committee may –

a) recommend to Board to reprimand, take disciplinary action, impose penalty / punishment order recovery when any alleged unethical & improper practice or wrongful conduct of any employee is proved.

b) recommend termination or suspension of any contract or arrangement or transaction vitiated by such unethical & improper practice or wrongful conduct.

8. Annual Affirmation

The Company shall annually affirm that it has not denied any personnel access to the Audit Committee and that it has provided protection to whistle blower from adverse personnel action. The affirmation shall form part of Corporate Governance report as attached to the Annual Report of the Company.