

ADARSH MERCANTILE LIMITED

VIGIL MECHANISM (WHISTLE BLOWER POLICY)

Preface

In terms of Section 177 of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 requires every listed Company to establish a vigil mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy. Such a vigil mechanism shall provide for adequate safeguards against victimization of directors and employees who avail of such mechanism and also make provisions for direct access to the Chairperson of Audit Committee in exceptional cases.

Accordingly, a Vigil Mechanism (Whistle Blower Policy) has been formulated with a view to provide a mechanism for employees of the Company to approach the Chairman of the Audit Committee of the Company.

Definitions

- (a) “**Audit Committee**” means the Audit Committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Companies Act, 2013 and Rules made thereunder, read with relevant provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (as amended from time to time).
- (b) “**Board**” means the Board of Directors of Adarsh Mercantile Limited.
- (c) “**Complaint**” means an expression of an improper activity, made in writing by any Director or Employee of the Company in conformity with this Policy.
- (d) “**Complainant**” or “**Whistle Blower**” means a complainant who makes Protected Disclosure under this Policy.
- (e) “**Competent Authority**” means the Chairperson of Audit Committee of the Board of Directors.
- (f) “**Improper Activity**” means any activity by an employee of the Company that is undertaken in performance of his or her official duty, whether or not that act is within the scope of his or her employment, and that is in violation of any law or the provisions of Company’s Code of Conduct applicable to the employees, including but not limited to corruption, bribery, theft, misuse of Company’s property, fraudulent claim, actual or suspected fraud, willful omission to perform duty, actual or suspected leakage of unpublished price sensitive information etc.
- (g) “**Protected Disclosures**” means a bona-fide communication of any improper activity in relation to the matters concerning the Company, raised by a Director /Employee of the Company through a written communication and made in good faith. The protected disclosure should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

Scope

This Vigil Mechanism/Whistle-blower Policy (the “Policy”) sets out the procedure to be followed when making a disclosure.

This Policy applies to all Employees, regardless of their location. Violations will result in appropriate disciplinary action. The Employees are required to familiarize themselves with this Policy.

Policy and Procedure

- a) All Protected Disclosures including financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation.
- b) If a protected disclosure is received by any executive of the Company other than Chairman of Audit Committee, the same should be forwarded to the Chairman of the Audit Committee for further appropriate action. Appropriate care must be taken to keep the identity of the Whistle Blower confidential.
- c) Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower.
- d) The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. The Chairman of the Audit Committee, as the case may be shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- e) Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- f) For the purpose of providing protection to the Whistle Blower, the Whistle Blower should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

Protection

If a Whistle-blower does provide his or her name when making a Protected Disclosure, will treat as confidential the identity of the Whistle-blower and the fact that a Protected Disclosure has been made, except as otherwise required by law and to the extent possible while allowing an investigation to proceed.

A Whistle-blower may make a Protected Disclosure without fear of retaliation or intimidation. Company prohibits its Employees from engaging in retaliation or intimidation that is directed against a Whistle-blower. Employees who engage in retaliation or intimidation in violation of this Policy will be subject to disciplinary action, which may include dismissal from employment.

If a Whistle-blower has been found to have made a deliberately false Protected Disclosure that Whistle-blower may be subject to disciplinary action, which may include dismissal from employment.

Role of the Audit Committee

The Audit Committee is responsible for supervising the development and implementation of this Policy. The Audit Committee shall periodically review the Policy to consider whether amendments are necessary, and, if so, it shall communicate any such amendments to all Employees as soon as possible.

The Audit Committee shall ensure investigation and resolution of Protected Disclosures made pursuant to the Policy given by the Audit Committee.

Conflict of Interest

Where a Protected Disclosure concerns any member of the Audit Committee, that member of the Audit Committee shall be prevented from acting in relation to that Protected Disclosure. In case of doubt, the Chairman of the Board of Directors shall be responsible for determining whether a member of the Audit Committee must recuse himself or herself from acting in relation to a Protected Disclosure.

Reporting

The Chairman of the Audit Committee will submit a report to the Board on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

Retention of Documents

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of two years.

Amendments

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

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