

# **ADARSH MERCANTILE LIMITED**

## **CODE OF PRACTICES AND PROCEDURE FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION (“UPSI”) AND CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING UNDER WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015**

### **(1) Scope and Purpose:**

The Company endeavors to preserve the confidentiality of Un-published Sensitive information (UPSI) and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all the stakeholders and in ensuring adherence to all laws and regulations.

To achieve these objectives, the Company hereby notifies **ADARSH MERCANTILE LIMITED**. Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information (“UPSI”) and Code of Conduct to Regulate, Monitor and Report Trading Under With SEBI (Prohibition Of Insider Trading) Regulations, 2015, hereinafter be referred to as “**Code of PIT**”.

This Code of Conduct has been made pursuant to Regulation 8 and 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (herein referred as Regulations) as amended and may be modified by the Board of Directors of the Company from time to time.

### **(2) Principles adopted :**

- Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
- Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- Appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
- Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
- Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
- Handling of all un-published price sensitive information on a need-to-know basis.

### **(3) Definitions –**

For the purpose of this Code of Conduct –

- (a) **"Committee"** means the Audit Committee constituted by the Company which inter-alia will also look after the implementation of these Regulations.
- (b) **"Chief Investor Relations Officer"** means the senior officer possessing the requisite qualification as mentioned in the Regulations and appointed by the Board of Directors of the Company to deal with dissemination of information and disclosure of UPSI in fair manner time to time.
- (c) **"Connected Person"** means:-
  - (i) any person who is or has during the six months prior to the concerned act been associated with a Company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a Director, officer or an employee of the Company or holds any position including a professional or business relationship between himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
  - (ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -
    - (a). an immediate relative of connected persons specified in clause (i); or
    - (b). a holding Company or associate Company or subsidiary Company; or
    - (c). an intermediary viz. stock-broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market as specified in section 12 of the Act or an employee or Director thereof; or
    - (d). an investment Company, trustee Company, asset management Company or an employee or Director thereof; or
    - (e). an official of a stock exchange or of clearing house or corporation; or
    - (f). a member of Board of trustees of a mutual fund or a member of the Board of Directors of the asset management Company of a mutual fund or is an employee thereof; or
    - (g). a member of the Board of Directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
    - (h). an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
    - (i). a banker of the Company; or

- (j). a concern, firm, trust, Hindu undivided family, Company or association of persons wherein a Director of a Company or his immediate relative or banker of the Company, has more than ten per cent. of the holding or interest;
- (d) "**dealing in securities**" means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities by any person either as principal or agent;
- (e) "**Designated Employees**" means all members of Board of Directors and one level below the Board i.e. all the designated Key Managerial Personnel and/or such other employees who may be so designated from time to time by the Company for the purpose of this Code of Conduct and who may be able to have access to any 'price sensitive information' as defined in the Code of Conduct.
- (e) "**Designated Person**" means a Director/Officer/Designated employees of the Company and professional firms such as auditors, accountancy firms, law firms, analysts, consultants etc. assisting or advising the Company and such other person or persons who may be so designated by the Company from time to time for the purpose of this Code of Conduct.
- (f) "**Insider**" means:-
- a. Designated persons including designated employees
  - b. Any person who is or was connected with the Company or is deemed to have been connected with the Company.
  - c. Any person who is in receipt of unpublished price sensitive information in course of the "legitimate purpose"; and
  - d. Any other person who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a Company or who has received or has/had access to such unpublished price sensitive information.
- (g) "**Legitimate purpose**" shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.
- (h) "**Material Financial Relationship**" shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions
- (i) "**Price Sensitive Information**" means any information which relates directly or indirectly to a Company and which if published is likely to materially affect the price of securities of the Company.
- Explanation –

The following shall be deemed to be price sensitive information:

- Periodical financial results of the Company.
- Intended declaration of dividends (both interim and final).
- Issue of Securities or buy-back of securities.
- Change in capital structure
- Amalgamation, Acquisition, mergers, demergers, delisting, disposals and expansion of business takeovers and buy back.
- Disposal of the whole or substantial part of the undertaking-
- Any changes in policies, plans or operations of the Company.
- Change in Key Managerial Personnel

(h) "**Immediate Relatives**" means a person as defined in section 2(77) of the Companies Act, 2013.

(i) "**Trading Window**" means a trading period for trading in Company's Securities as specified by the Company from time to time.

(j) "**Unpublished**" means information which is not published by the Company or its Agents and is not specific in nature.

Explanation –

Speculative Reports in print or electronic media shall not be considered as published information.

**(4) Publication of the Code** – This Code upon its adoption by the Board of Directors of the Company shall be uploaded on the Company's website and any updates hereto shall be promptly reflected on the Company's website.

**(5) Preservations of "Price Sensitive Information"**:- All information shall be handled within the Company on a need-to-know basis and no UPSI shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of the duties or to discharge the legal obligations.

**Need to Know** basis means that UPSI 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.

**(6) Chinese Wall:** To prevent the misuse of confidential information the Company shall adopt a "Chinese Wall" policy which separate those areas of the Company which routinely has access to the confidential information viz. Legal, Finance, Strategy, Secretarial departments regarded as the "insider areas" from those areas which deal with sales/marketing/investing advise or other departments providing support services, considered "public areas".

- a. The employees in the inside areas shall not communicate any UPSI to anyone in the public area.
  - b. In exceptional circumstances employees from the public area may be brought “over the wall” and given confidential information on the basis of “need to know” criteria after the approval of the relevant head of the departments.
- (7) The Company Secretary, will be the Compliance Officer/ Chief Investor Relation Officer (CIRO) for the purpose of this Code of Conduct.
- (8) This Code of Conduct will be applicable to Directors/KMPs/Officers/Designated Employees/ Auditors/ Registrars & Share Transfer Agents/ Merchant Bankers/ Solicitors & Advocates/ Consultants and their relatives as defined herein.
- (9) No Designated Person shall pass on any price sensitive information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company.
- (10) No Designated person shall communicate any unpublished price sensitive information to any person except 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.
- (11) No Insider shall communicate or counsel any unpublished price sensitive information to any person who, while in possession of such unpublished price sensitive information, shall not deal in the securities of the Company except communication required in the ordinary course of business or profession or employment or under any law.
- (12) All Designated Persons will have to disclose their interest or holding in shares of the Company to the Compliance Officer in the following manner :-
  - (a) Those holding more than 5% shares or voting rights in the Company shall disclose, in Form A, the number of shares or voting rights within 2 working days of becoming such holder.
  - (b) A Director or officer of the Company shall disclose, in Form B, the number of shares or voting rights within 7(seven) working days of becoming a Director or officer of the Company. If there are no transactions in a particular month, then “NIL” statement is not required to be submitted.
  - (c) Those holding more than 5% shares or voting rights in the Company shall disclose, in Form C, the number of shares or voting rights held & any change in shareholding or voting rights from the last disclosure made under (a) above and any such change exceeds 2% of total shareholding or voting rights in the Company.

- (d) A Director or officer of the Company shall disclose to the Company and the Stock Exchanges (BSE & CSE), in Form D, the total number of shares or voting rights held & change in shareholding or voting rights from the last disclosure made under (b) above & the change exceeds Rupees 5.00 lakhs in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.
- (e) The Company shall, within 2 days of receipt, disclose to all stock exchanges on which the Company is listed, information received as mentioned under sub-clauses (a), (b), (c) & (d) above.

Explanation: The disclosures required to be made in accordance with sub-clauses (c) and (d) above, shall be made within 2 working days of the receipt of intimation of allotment of shares or the acquisition/sale of shares/ voting rights.

- (13) All designated Persons will have to keep the files containing confidential information relating to price sensitive information fully secured. Computer files must be kept with adequate security of login and password etc.
- (14) This Code of Conduct will be applicable to any transactions in securities of the Company exceeding 25,000 equity shares or Rs. 5.00 lakhs in value or 1% of the total holding of the Company whichever is lower.
- (15) The Compliance Officer shall report trading by the Designated Persons to the Board of Directors and in particular, shall provide reports to the Chairman of Audit Committee/Board of Directors at such frequency as may be stipulated by the Board of Directors but not less than once in a year.
- (16) The Designated Persons and immediate relatives shall be subject to trading restrictions in the following manner:

**(A) Trading Window**

The trading window will be closed from the end of every quarter and shall open 48 hours after the declaration of financial results (Quarterly, Half Yearly and Annual).

The trading window will be closed before 7 ( Seven) days of the happening of the following events and shall open 48 hours after the publication of the price sensitive information.

- (a) Declaration of Dividends (interim and final).
- (b) Issue of Securities by way of public/rights/bonus etc.
- (c) Any major expansion plan or execution of new project.
- (d) Amalgamation, mergers, takeovers and buy back.
- (e) Disposal of the whole or substantially the whole of the undertaking.
- (f) Any changes in policies, plans or operations of the Company.
- (g) Any such matter / event which the Compliance officer deem price sensitive information.

Trading window may be closed during such time in addition to the above period as may be deemed fit from time to time.

**(B) Restriction on Trading –**

No Designated Person shall conduct any dealing in the securities of the Company during the closure of the Trading Window.

**(C) Pre-clearance of Trades -**

(i) All Designated Persons of the Company intending to deal in the securities of the Company exceeding the threshold limit of 25,000 equity shares or Rs. 5.00 lakhs in value or 1% of the total holding of the Company, whichever is lower, will have to make an application to the Compliance Officer in the form as attached for pre-clearance of the transaction.

(ii) An undertaking shall also be executed in favour of the Company by designated person incorporating, inter-alia, the following clauses, as may be applicable:

- (a) That the designated person does not have any access to or has not received “Price Sensitive Information” up to the time of signing the undertaking.
- (b) That in case designated person has access to or receives “Price Sensitive Information” after the signing of the undertaking but before execution of the transaction, he will inform the same to the Compliance Officer & would refrain from dealing in the securities of the Company till the time such information becomes public.
- (c) That he has not contravened this Code of Conduct.
- (d) That he has made a full and true disclosure in the matter.

(iii) Only after receiving the clearance, the transaction should be carried out.

(iv) The execution of the order in respect of the security of the Company will have to be completed not more than seven trading days of approval or pre-clearance failing which Fresh pre-clearance would be needed for the trades to be executed.

(v) The investment in securities will have to be held for a minimum period of 180 days from the date of purchase/actual allotment.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

In case of personal emergency the 30 days holding period may be waived by the Compliance Officer after recording his reasons in this regard.

- (17) The Board will be promptly informed in case it is observed that there is any violation of the regulations under which the Code has been formulated.

- (18) The Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the Company on an annual basis and as and when the information changes:

- a) immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on one time basis

- (19) Designated Persons who trade in securities or communicate any information for trading in securities in contravention of this Code of Conduct will be penalised and appropriate action will be taken against them by the Company after giving reasonable opportunity to them to show cause. They shall also be subject to disciplinary action including wage freeze, suspension, in-eligibility for future participation in Employee Stock-option etc.
- (20) The Compliance officer shall place before the Managing Director/Joint Managing Director, all the details of dealing in the securities by the designated persons on a monthly basis.
- (21) In addition to the action which may be taken by the Company, the persons violating these Regulations will also be subject to action by SEBI as per SEBI Act. In case of any violation, the Company shall inform SEBI accordingly.
- (22) This Code may be modified/amended/replaced as and when necessary by the Board of Directors on recommendations of the Audit Committee or any other Committee to be formed by the Board for the purpose.

*Note: This 'Code of Conduct' is subject to any further changes or amendments by Board of Directors of the Company, from time to time.*



**“Form for Application/Undertaking to be made to the Compliance Officer of the Company for pre-clearance of transactions in Securities of the Company”**

To  
Compliance Officer  
Adarsh Mercantile Ltd.  
8A & 8B, Satyam Towers,  
3, Alipore Road,  
Kolkata-700027

Dear Sir,

In terms of the Company’s Code of Conduct under SEBI (Prohibition of Insider Trading) Regulations, 1992, I/We hereby request you to pre-clear my/our intended transaction in Securities of the Company.

Estimated number of Securities proposed to be dealt in	
Depository Participant Name	
Depository Participant ID	
Beneficiary Client ID	
Number of Shares in the Company held in demat Mode	

I/We hereby undertake as follows:

- a) That I/We have not had any access to nor have received “Price Sensitive Information” up to the time of signing this letter.
- b) That in case I/We have access to or receive “Price Sensitive Information” after the signing of this undertaking but before execution of the transaction, I/We will inform the same to you & would refrain from dealing in the securities of the Company till the time such information becomes public.
- c) That I/We have not contravened the Code of Conduct as aforesaid.
- d) That I/We shall execute the order in respect of securities of the Company within one week after your approval of pre-clearance is given. If the same has not been executed within one week, I/We shall pre-clear the transaction again.
- e) That I/We shall hold investment in securities of the company for a minimum period of 30 days from the date of purchase/actual allotment.
- f) That I/We have made a full and true disclosure in this matter and have not concealed any relevant information.

***Thanking you,***

***Yours faithfully,***

## FORM A

*Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992*  
[Regulation 13(1) and (6)]

### Regulation 13(1) - Details of acquisition of 5% or more shares in a listed company

<i>Name, PAN No. &amp; address of shareholder with telephone number</i>	<i>Share holding prior to acquisition</i>	<i>No. and percentage of shares/voting rights acquired</i>	<i>Date of receipt of allotment/ advice. Date of acquisition (specify)</i>	<i>Date of intimation to Company</i>	<i>Mode of acquisition (market purchase/ public/ rights/ preferential offer etc.)</i>	<i>Shareholding subsequent to acquisition</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>

## FORM B

*Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992*  
[Regulation 13(2) and (6)]

### Regulation 13(2)—Details of shares held or positions taken in derivatives by Director or Officer of a listed company and his dependents

<i>Name, PAN No. &amp; Address of Director/ Officer</i>	<i>Date of assuming office of Director/ Officer</i>	<i>No. &amp; % of shares/voting rights held at the time of becoming Director/ Officer</i>	<i>Date of intimation to company</i>	<i>Mode of acquisition (market purchase/ public/ rights/ preferential offer etc.)</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>

*Note: The above table shall be applicable with suitable modifications to disclosures for position taken in derivatives also.*

# FORM C

*Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992*  
[Regulation 13(3) and (6)]

**Regulation 13(3) — Details of change in shareholding in respect of persons holding more than 5% shares in a listed company**

[illegible]

# FORM D

*Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992*  
[Regulation 13(4) and (6)]

**Regulation 13(4) — Details of change in shareholding by Director or Officer of a listed company and his dependents**

[illegible]

[illegible]