

SOBHAGYA MERCANTILE LIMITED

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS

1. PREAMBLE

The Board of Directors ("the Board") of Sobhagya Mercantile Limited ("the Company") has adopted the following Code of Conduct to regulate, monitor and report trading by the designated persons as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations" or "Insider Trading Regulations").

Regulations 3 & 4 of the Regulations prohibits Communication or procurement of unpublished price sensitive information and trading when in possession of unpublished price sensitive information are quoted below:

"Regulation 3(1): No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a Company or securities listed or proposed to be listed, to any person including other insider except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Regulation 3(2): No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a Company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Regulation 4(1): No insider shall trade in securities that are listed or proposed to be listed on a Stock exchange when in possession of unpublished price sensitive information."

It is also mandatory in terms of the Regulations for every listed Company to formulate a Code of Conduct for Prevention of Insider Trading.

2. APPLICABILITY

The code of conduct is applicable to all Insiders and designated persons.

3. DEFINITIONS:

- a. "**Board**" shall mean the Securities and Exchange Board of India;
- b. "**Board of Directors**" means the Board of Directors of the Company;
- c. "**Company**" means Sobhagya Mercantile Limited
- d. "**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 d(i) above; or
- b. a holding company or associate company or subsidiary company; or
- c. an intermediary 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 recognized 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 percent of the holding or interest;

e. "**Designated Persons**" means

- i. Promoter
- ii. Director
- iii. Key Managerial Personnel
- iv. Executive Committee members of the Company
- v. All employees in Accounts and finance department handling finalization of financial statements, Internal Audit, legal, Secretarial
- vi. Auditors of the Company
- vii. Any other Connected Person designated by the Company on the basis of their functional role;

The Designated persons include their immediate relatives and any persons for whom such designated persons to take trading decisions. It is the responsibility of the designated persons to take pre-trading approval, disclose to the Company their immediate relatives and any persons for whom such designated person takes trading decision and their holding under this code.

f. "**Generally Available Information**" means information that is accessible to the public on a non- discriminatory basis;

g. "**Immediate Relative**" means a spouse of a person, and includes parent, sibling, and child of such 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;

h. "**Insider**" means any person who is:

- i) a connected person; or
- ii) in possession of or having access to unpublished price sensitive information;

i. "**Securities**" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof ;

j. "**Stock Exchanges**" means a recognised stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956;

k. "**Trading**" means and includes subscribing, redeeming, switching, buying, selling, dealing, or agreeing to subscribe, redeem, switch, buy, sell, deal in any securities, and "trade" shall be construed accordingly;

l. "**Trading day**" means a day on which the recognized stock exchanges are open for trading;

m. "**Unpublished Price Sensitive Information**" means any information, relating to a Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: -

i) financial results;

ii) dividends;

iii) change in capital structure;

iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;

v) changes in key managerial personnel;

Words and expressions used and not defined in this Code but defined in the Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder, shall have the meanings respectively assigned to them in those legislations.

4.. **COMPLIANCE OFFICER**

a. The Board of directors of the Company shall appoint a Compliance officer for effective implementation of this code of conduct under the Insider Trading Regulations.

b. The Compliance officer shall report to the Board of Directors and shall provide reports to the Chairman of the Audit Committee. at such frequency as may be stipulated by the Board.

c. The Compliance officer shall ensure the compliance of this code of conduct and other requirements under the Insider Trading Regulations including setting forth the policies, procedures, maintenance of records, monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of Directors of the Company.

d. The Compliance officer shall assist all the employees in addressing any clarifications and provide necessary assistance on the Insider Trading Regulations and this Code of Conduct.

e. The Compliance officer may in consultation with the Chairman / Executive Director and shall as directed by the Board, specify the prohibited period from time to time and immediately make an announcement thereof to all concerned.

f. The Compliance officer shall maintain a record of prohibited period specified from time to time

5. RESPONSIBILITY OF DESIGNATED PERSONS

A. Preservation of Unpublished Price Sensitive Information

All Designated Persons shall maintain the Confidentiality of Unpublished Price Sensitive Information (UPSI) coming into their possession or control. In order to comply with the confidentiality obligation, the Designated Persons shall not:

- a. Communicate, provide or allow access to any UPSI to any person or
- b. Discuss UPSI in public places or
- c. Disclose UPSI to any person who does not need to know the information for discharging his or her duties/obligations.

B. Restriction on Trading

No Designated Persons shall trade in securities of the Company when in possession of UPSI and when the trading window is closed. Further no designated person shall apply for pre-clearance of any proposed trade when such designated persons are in possession of UPSI, even if trading window is closed.

C. Need to Know

The Designated persons, who are privy to UPSI, shall handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis and no UPSI should be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of information.

D. Limited Access to Confidential Information

Files containing confidential information shall be kept secured. Computer files must have adequate security log in and password, etc. Files containing confidential information should be deleted / destroyed after its use.

E. Chinese Wall

- a. To prevent the misuse of confidential information the Company shall adopt a "Chinese Wall" procedures which separate those areas of Company that routinely have access to confidential information, considered "inside areas" from those which provide support services and teams of sales and marketing, considered "public areas".
- b. The employees in inside area may be physically segregated from employees in public area.
- c. Demarcation of the various departments as inside area may be implemented by the Company.
- e. In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the Compliance Officer.
- d. The Company shall have process of maintaining securely, computer files containing confidential information and physical storage of documents relating to UPSI.

6. PREVENTION OF MISUSE OF PRICE SENSITIVE INFORMATION

All the Designated Person of the Company shall be subject to trading restrictions as given below:

A. Trading Window

The period prior to declaration of Unpublished Price Sensitive Information is particularly sensitive for transactions in the Company's securities. This sensitivity is due to the fact that the Designated Persons will, during that period, often possess Unpublished Price Sensitive Information.

During such sensitive times, the Designated Persons will have to forego the opportunity of trading in the Company's securities.

The Designated Persons of the Company shall not deal in the securities of the Company when the trading window is closed. The period during which the trading window is closed shall be termed as prohibited period.

a. The trading window shall be, inter alia, closed at the time of:

- i) not later than end of every quarter till 48 hours after declaration of financial results (quarterly, half-yearly and annual)
- ii) Declaration of dividend (interim and final)
- iii) Change in the capital structure i.e issue of securities by way of public/ rights / bonus etc.
- iv) Any major expansion plans or execution of new projects.
- v) Mergers, de-mergers, acquisitions, takeover and buy-back
- vi) Disposal of whole or substantially whole of the undertaking
- vii) Any significant Changes in policies, plans or operations of the Company
- viii) Material events in accordance with the clauses of listing agreement
- ix) Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect prices of the securities of the Company.

The Closure of Trading Window shall be communicated to all the Designated Persons of the Company by the Compliance Officer by Electronic means (i.e E-Mail) or such other means as he /she may deems fit.

b. The period of closure of the trading window, except for declaration of financial results, shall be effective from the date on which the Company sends intimation to the Stock Exchange advising the date of the Board Meeting, up to 48 hours after the Unpublished Price Sensitive Information is submitted to the Stock Exchange / made public.

c. All Designated Persons of the Company shall conduct all their dealings in the securities of the Company only during the free period and shall not deal in any transaction involving the purchase or sale of the Company's securities during the prohibited periods or during any other period as may be specified by the Company from time to time.

B. Pre- Clearance of Trade:

a. Every Designated Person shall obtain a pre-trading approval as per the procedure prescribed hereunder for trading in any securities of the Company proposed to be undertaken by such Designated Persons.

b. For the purpose of obtaining a pre- trading approval, the concerned Specified Person shall make an application in the prescribed form to the Compliance Officer. The Compliance Officer shall submit his / her application for pre-trading approval to the Managing Director.

c. The Compliance Officer shall consider the application made as above and approve it forthwith preferably on the same working day but not later than the next working day unless he is of the opinion that grant of such an approval would result in the breach of the provisions of this code, or the Regulations.

d. Every approval letter shall be issued in such or similar format as may be prescribed by the Company from time- to -time. Every approval shall be dated and shall be valid for a period of seven trading days from the date of approval. In the absence of Compliance Officer due to leave etc., the officer designated by the Company from time- to- time shall discharge the function above.

e. All the designated persons shall ensure that they/ their immediate relatives and persons for whom such designated persons takes trading decisions complete execution of every pre-cleared trade in the securities of the Company as prescribed above and no later than seven trading days from the date of approval. The Designated Persons shall file within 2 (two) trading days of the execution of the transaction, the details of such transaction, with the Compliance Officer in the Prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed.

f. No Designated Person/ Connected Person(s) shall enter into or execute a contra trade within six months from the date of trading in securities of the Company. The Compliance Officer may be empowered to grant relaxation for the sale of securities of the Company on Genuine requirements with reasons to be recorded in writing, subject to such relaxation does not violate the insider trading regulations.

C. Trading Plans

a. An insider shall be entitled to formulate trading plan and present it to the compliance officer for approval and public disclosure, pursuant to which trade may be carried out by them. However, such trading plan shall:

i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan.

ii) not entail trading for the period between the 20th trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;

iii) entail trading for the period of not less than 12 months.

- iv) not entail overlap of any period for which another trading plan is ready in existence.
- v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the interval at, or dates on which such trades shall be effected and
- vi) not entail trading in securities for market abuse.

b. The Compliance Officer shall review the trading plan and shall be entitled to seek such express undertakings as may be necessary to approve and monitor the implementation of the plan. Further, the Compliance officer has the power to defer the commencement of the trading plan till UPSI becomes generally available, if he/ she is of the opinion that the Insider possesses UPSI at the formulation of the plan.

c. The Compliance officer shall notify the plan to the stock exchange upon approval.

d. The trading plan once approved shall be irrevocable and the Insider shall have to implement the same without any deviation from it or to execute trade outside the scope of the trading plan.

7. DISCLOSURE REQUIREMENTS OF TRADING IN SECURITIES

General Provisions

- i. Every public disclosure shall be made in such form as prescribed under the Regulations from time to time.
- ii. The disclosures to be made by any person under this Code and, or, the Regulations shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- iii. The disclosures made under this Part shall be maintained by the Company, for a minimum period of five years, in such form as may be specified.

a. Initial Disclosures

Every person on appointment as a Director or a Key Managerial Personnel of the Company or upon becoming a Promoter or a member of the Promoter Group shall disclose his holding of securities of the Company as on the date of appointment or becoming a Promoter or a member of the Promoter Group, to the Company, within seven days of such appointment or becoming a Promoter or member of the Promoter Group. Such disclosure shall be made in the prescribed format to the Company.

b. Continual Disclosure:

- i. Every Promoter, member of the Promoter Group, Designated Person and Director of the Company shall disclose to the Company the number of such Securities acquired or disposed of within 2 (two) Trading Days of such transaction, if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. 10,00,000/- or such other value as may be specified in the prescribed format to the Company.

ii. The Company shall notify the particulars of such Trading to the Stock Exchanges within 2 (two) Trading Days of receipt of the disclosure or from becoming aware of such information.

c. 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 a onetime basis.

The term “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 (from a designated person] during the immediately preceding twelve months, equivalent to at least 25% [of the annual income of such designated person] but shall exclude relationships in which the payment is based on arm’s length transactions.]

d. Disclosures by other Connected Persons

The Company may at its own discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the Company in such form and at such frequency as may be determined by the Company in order to monitor compliance with this Code and the Regulations. Such disclosure shall be made in the prescribed format under the Regulations, as amended from time to time.

8. PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT

Any designated person who trades in the securities when in possession of UPSI in contravention of the code of conduct may be penalized and appropriate action will be taken by the Company as the case may be. The violation of this code of conduct shall also invite disciplinary action by the Company which may include wage freeze, suspension, recovery etc. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

9. INFORMATION TO SEBI IN CASE OF VIOLATION

In case, it is observed by the Company that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company shall inform the SEBI accordingly.