

SOBHAGYA MERCANTILE LIMITED

VIGIL MECHANISM / WHISTLE BLOWER POLICY

1. PREAMBLE

Section 177(9) of the Companies Act, 2013 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) requires every listed company to establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed. The Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 requires listed companies to have a whistleblower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information. Further, every listed company shall have a whistle blower policy for directors and employees to report concerns of unethical behavior, actual or suspected, fraud or violation of the Company’s code of conduct or ethics policy.

2. OBJECTIVE

The objective of the policy is to provide a vigil mechanism for directors and employees to report genuine concerns and to provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and provide for direct access to the Chairperson of the Audit Committee or the Board of Directors, as the case may be, in exceptional case.

This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

3. SCOPE

This policy is an extension of the Company -Code of conduct for Board of Directors and Senior Management.

Employees and Directors of the Company are eligible to make Protected Disclosures under the Policy pertaining to unethical behavior, actual or suspected fraud or violation of the Company’s code of conduct/ terms and conditions of employment.

Protected Disclosures will be appropriately dealt with by the Chairman of the Audit Committee or the Board of directors, as the case may be.

Whistle Blower should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than requested by the Chairman of the Audit Committee or the Board of directors or the investigators.

4. DEFINITION

- a. **“Act”** means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment or modification thereof.
- b. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Regulation 18 of SEBI Listing Regulations.
- c. **“Board”** means the Board of Directors of the Company.

- d. **“Code”** means Code of Conduct for Directors and Senior Management Executives adopted by Sobhagya Mercantile Limited
- e. **“Employee”** means every employee of the Company, including the Directors in the employment of the Company.
- f. **“Investigators”** mean those persons authorized, appointed, consulted or approached by the Chairman of the Audit Committee or the Board, as relevant, and includes the auditors of the Company and the police.
- g. **“Protected Disclosure”** means any communication made in Good Faith that discloses or demonstrates information that may prima facie evidence Unethical or Improper Activity or Alleged Wrongful Conduct, which are not in the best interests of the Company.
- h. **“Subject”** means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.
- i. **“Whistle Blower”** is an employee or group of employees, Directors, who make a Protected Disclosure under this Policy and also referred in this policy as complainant.
- j. **“Unpublished Price Sensitive Information”(“UPSIF”)** 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;

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. THE GUIDING PRINCIPLES

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- a. Ensure that the Whistle Blower and/or the person processing the Protected Disclosure are not victimized for doing so;
- b. Treat victimization as a serious matter including initiating disciplinary action on such person/(s);
- c. Ensure complete confidentiality of the Whistleblower.
- d. Not make any attempt to conceal evidence submitted in the Protected Disclosure;
- e. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
- f. Provide an opportunity of being heard to the persons involved especially to the Subject;

6. DISQUALIFICATIONS

- a. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a mala fide intention.
- c. Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide, frivolous or malicious, shall be liable to be prosecuted under Company's Code of Conduct.

7. ELIGIBILITY

All Employees of the Company including directors are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

8. PROCEDURE:

- a. All Protected Disclosure should be in writing and can be submitted by hand, delivery, courier or by post addressed to the Chairman of the Audit Committee or the Board of directors of the Company.
- b. If protected disclosure is received by any executive of the Company other than chairman of Audit Committee or the Board, the same should be forwarded to the chairman of the Audit Committee or the Board for further appropriate action. Appropriate care must be taken to keep the identity of the Whistleblower confidential.
- c. Protected disclosure should be 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 regional Language of the place of the employment of the Whistle Blower.
- d. Protected disclosure should be factual and not speculative or in 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 and the urgency of a preliminary investigative procedure.
- e. The whistle Blower must disclose his/her identity in the covering letter forwarding such protected Disclosure. Anonymous disclosure will not be entertained by the Audit Committee or the Board, as it would not be possible for it to interview Whistle Blowers.

9. INVESTIGATION

- a. All Protected Disclosures reported under this policy will be thoroughly investigated by the Audit Committee of the Company or the Board, in accordance with normal procedure.
- b. The identity of the subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- c. Subject will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

d. Subject(s) shall have a duty to co-operate with Audit Committee or any of the investigators during investigation to the extent that such co-operation sought does not merely require them to admit guilt.

e. Subject has a right to consult with a person or persons of their choice, except investigators and/or the Audit Committee and/or the Whistle Blower. This may involve representation including legal representation Subject shall free at any time to engage counsel at their own cost to represent them in the investigation proceedings.

10. DECISION AND REPORTING

If Audit Committee to conclude that an improper or unethical act has been committed, the Audit Committee shall recommend to the management of the Company to take disciplinary or corrective action as they deem fit. It is clarified that any disciplinary or corrective action initiated against the subject as a result of the findings of an investigation pursuant to this policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

11. SECRECY / CONFIDENTIALITY

The complainant, Vigilance and Ethics Officer, Members of Audit Committee or the Board, the Subject and everybody involved in the process shall:

- i. Maintain confidentiality of all matters under this Policy
- ii. Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
- iii. Not to keep the papers unattended anywhere at any time.
- iv. Keep the electronic mails / files under password.

12. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

The Whistle Blower shall have right to access Chairman of the Audit Committee or the Board, directly in exceptional cases and the Chairman of the Audit Committee or the Board, is authorized to prescribe suitable directions in this regard.

13. ADMINISTRATION AND REVIEW OF THE POLICY

The Board of Directors shall be responsible for the administration, interpretation, application and review of this policy. The Board also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee.

14. AMENDMENT

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Directors and Employees unless the same is notified to the Directors and Employees in writing.