

**GAURAV MERCANTILES LIMITED**

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

*Adopted in Board Meeting held on March 20, 2019*

## **Code of Conduct to Regulate, Monitor and Report Trading in Securities by Designated Persons**

### **Introduction:**

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (the “**1992 Regulations**”) have been repealed and have been replaced by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time (the “**Insider Trading Regulations**”). In accordance with the stipulations of the Insider Trading Regulations, Gaurav Mercantiles Limited (“**Company**”) had framed its code of conduct to regulate, monitor and report trading by its Designated Persons (*as defined below*) and Immediate Relatives (*as defined below*) of Designated Persons. The Company is required to ensure that its Code of Conduct is compliant with the Insider Trading Regulations. For ease of reference, Regulation 9(1) of the Insider Trading Regulations, pursuant to which the Company derives this obligation, is reproduced herein below:

*“The board of directors of every listed company and the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or managing director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B (in case of a listed company) and Schedule C (in case of an intermediary) to these regulations, without diluting the provisions of these regulations in any manner.”*

### **Objective:**

In terms of the Insider Trading Regulations, it is mandatory for every listed company to formulate a code of conduct to regulate, monitor and report trading by its Designated Persons and Immediate Relatives of Designated Persons towards achieving compliance with the Insider Trading Regulations.

## **CODE OF CONDUCT**

- (a) This Code of Conduct shall be called the “**GAURAV MERCANTILES’s Code of Conduct to regulate, monitor and report trading in securities by Insiders**” (“**Code**”).
- (b) The Code was adopted by the board of directors of the Company (“**Board of Directors**”) at their meeting held on March 20, 2019 and came into force w.e.f. April 1, 2019.
- (c) The amendments to this Code necessitated due to amendments prescribed in the (i) Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations,

2018; and (ii) Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 ((i) – (ii) collectively referred to as the “**Amendment Regulations**”) were approved by the Board of Directors at their meeting held on March 20, 2019 and such amendments will become applicable vis-à-vis the Company or such other persons (as applicable) from such dates as have been respectively prescribed under the Amendment Regulations.

- (d) This Code shall be applicable to all the Directors of the Company and Designated Persons and their Immediate Relatives.
- (e) In the event of any conflict between this Code and the Insider Trading Regulations, the Insider Trading Regulations shall prevail.

#### **I. Definitions:**

- (a) “**Compliance Officer**” means the Company Secretary of the Company unless otherwise notified by Board of Directors.
- (b) “**Connected Person**” means-
  - (i) any person who is or has during the six months prior to the concerned act been associated with the 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 (b)(i) above; or
    - (b) a holding company or an associate company or a subsidiary company of the Company;
    - (c) an intermediary as specified in Section 12 of the Securities and Exchange Board of India Act, 1992, or any modification thereof, or an employee or director thereof; or
    - (d) an investment company of the Company, trustee company of the Company, asset management company of the Company or an employee or director of any of the said companies; or
    - (e) an official of a stock exchange or of clearing house or corporation; or

- (f) a member of the 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 Securities and Exchange Board of India; 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 the Company or his Immediate Relative or banker of the Company, has more than ten per cent of the holding or interest;
- (c) **“Designated Person”** shall include:
- (i) Managing Director, Executive Director, other employees in the grade of Senior Manager and above and all employees in the Finance, Treasury, Bidding & Marketing, Investor Relations, Legal and Secretarial Functions of the Company its subsidiaries and associates;
  - (iv) Promoter(s) and Promoter Group of the Company;
  - (v) Chief Executive Officer and employees up to two levels below Chief Executive Officer of the Company and its Material Subsidiary(ies) irrespective of their functional role in the Company or ability to have access to Unpublished Price Sensitive Information;
  - (vi) support staff such as secretarial staff/ information technology staff, who have access to Unpublished Price Sensitive Information;
  - (vii) any person or entity the Compliance Officer in consultation with the Board, designate as a Designated Person; and
  - (vii) Immediate Relatives (as applicable) of the Designated Persons set out at (i) – (vii) above.
- (d) **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis;
- (e) **“Immediate Relative”** means spouse of a person, and includes parents, siblings, and children 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;
- (f) **“Insider”** means any person who is:
- (i) a connected person; or
  - (ii) in possession of or having access to Unpublished Price Sensitive Information;
- (g) **“Legitimate Purpose”** shall have the meaning assigned to it in paragraph 9 of Schedule A to this Code;

- (h) “**Material Subsidiary**” shall have the meaning assigned to the term under the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, or any modification thereof and the expression “Material Subsidiaries” shall be construed accordingly;
- (i) “**Promoter**” shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
- (j) “**Promoter Group**” shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
- (k) “**Securities**” means all instruments defined as such in the Securities Contracts (Regulations) Act, 1956 (42 of 1956) or any modification thereof;
- (l) “**Takeover regulations**” means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, or any modification thereof;
- (m) “**Trading**” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities of the Company, and the expression "Trade" shall be construed accordingly;
- (n) “**Trading day**” means a day on which the recognized stock exchanges are open for trading;
- (o) “**Unpublished Price Sensitive Information**” means any information, relating to the Company or its securities, directly or indirectly, that is not Generally Available Information which upon becoming Generally Available Information, is likely to materially affect the price of the securities and shall, ordinarily include but not be 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; and
  - (vi) winning of any new Project or the Company being declared as the successful bidder for any project.

## **II. IDENTIFICATION, PRESERVATION AND COMMUNICATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

- (1) Insiders shall maintain the confidentiality of all Unpublished Price Sensitive Information and shall not communicate, provide or allow access to any Unpublished Price Sensitive Information relating to the Company to any person including other Insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- (2) No Insider shall pass on any information to any person directly or indirectly by way of making a recommendation for Trading in the Securities of the Company. Insiders shall not use Unpublished Price Sensitive Information to Trade in the Securities of the Company, whether for their own account or their Immediate Relative's account.
- (3) Unpublished Price Sensitive Information is to be handled on a "need to know" basis. Thus, Unpublished Price Sensitive Information should be disclosed only to those persons within the Company who need the information to discharge their duty and whose possession of such Unpublished Price Sensitive Information will not give rise to a conflict of interest or appearance of misuse or actual misuse of the Unpublished Price Sensitive Information.
- (4) All files containing confidential information/ Unpublished Price Sensitive Information of the Company and/ or its subsidiaries & associates shall be kept secure by the Insider.
- (5) All reasonable measures must be taken to ensure that Unpublished Price Sensitive Information is adequately secured while held by users and in course of communication. The following shall be observed as minimum prudent practice:
  - (a) Documents containing Unpublished Price Sensitive Information shall not be left unattended in a manner permitting access, reading or copying by unauthorized persons; persons working outside secure areas shall place such documents in closed storage whenever these are left unattended;
  - (b) Access to personal computers and laptops shall be restricted by use of personalized password and other measures to prevent unauthorised access;
  - (c) Documents containing confidential information/ Unpublished Price Sensitive Information shall only be conveyed to persons who need such information in the ordinary course of business. Confidential information/ Unpublished Price Sensitive Information by electronic transmission may only be conveyed:

- (i) to the unique address of the addressee;
- (ii) through the official address and using the official communication facilities provided by the Company

(6) Chinese Walls:

“Chinese Walls” refer to arrangements that effectively prevent the use of Unpublished Price Sensitive Information in the possession of those on one side of the Chinese Wall from influencing the decisions or conduct of those on the other side of the Chinese Wall;

“Inside Areas” shall be those in which Designated Persons are likely to get access to Unpublished Price Sensitive Information during the course of their work assignments;

“Public Areas” shall be the areas other than the Inside Areas wherein there is a possibility of misuse of Unpublished Price Sensitive Information;

However, Designated Persons in these areas are subject to the general principles governing confidentiality and the handling and use of Unpublished Price Sensitive Information.

(7) Identification of Inside Areas and Public Areas:

To prevent the misuse of confidential information/ Unpublished Price Sensitive Information, the Company has established procedures and processes which separate/demarcate those areas of the Company which routinely have access to confidential information/ Unpublished Price Sensitive Information, considered “Inside Areas” from other departments providing support services, considered “Public Areas”.

The Designated Persons in the Inside Area shall not communicate any Unpublished Price Sensitive Information to any one in Public Area.

Even on a particular side of the Chinese Wall, Unpublished Price Sensitive Information shall not be shared among Designated Persons, except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations and is on a need-to-know basis.

In exceptional circumstances (i.e., in furtherance of legitimate purposes, performance of duties or discharge of legal obligations) Designated Persons from Public Areas may be brought “over the wall” and given confidential information/ Unpublished Price Sensitive Information strictly on “need-to-know basis” under intimation to the Compliance Officer.

The Directors and Compliance Officer shall be considered above the Chinese Wall.

(8) Crossing the Chinese Wall:

To complete or assist in a particular mandate or assignment of Inside Area of the Chinese Wall, assistance of Designated Person(s) in the Public Area may be required for discussion on or as a part of a team for such mandate or assignment. In such an instance, the Designated Person(s) in the Public Area would be considered as having “Crossed the Chinese Wall” and have come on the Inside Area of the Chinese Wall, only during the duration of the mandate / assignment. Approval of the head of the concerned business and the Compliance Officer must be obtained to Cross the Chinese Wall and such precautions taken, as may be stipulated. Compliance Officer will maintain the record of such approvals.

(9) Responsibilities post Crossing of the Wall:

While any Designated Person from the Public Area is in the Inside Area after having crossed the Chinese Wall, he/ she shall not carry out his normal activities in respect of the Company if there is any conflict perceived with the work relating to which he has crossed the Chinese Wall. Designated Persons shall be provided with only such information as is reasonably necessary and appropriate for him to accomplish the purpose for which the Chinese Wall is crossed from the Public Area to the Inside Area.

(10) Notwithstanding anything contained in this Code, Unpublished Price Sensitive Information may be communicated, provided, allowed access to or procured, in connection with a transaction only in the following instances which would:

- (a) entail an obligation to make an open offer under the Takeover Regulations where the Board is of the informed opinion that the proposed transaction is in the best interests of the Company; and
- (b) not attract the obligation to make an open offer under the Takeover Regulations but where the Board is of the informed opinion that the sharing of such information is in the best interests of the Company and the information that constitutes Unpublished Price Sensitive Information is disseminated to be made generally available at least two (2) Trading Days prior to the proposed transaction being effected in such form as the Board may determine to be adequate and fair to cover all relevant and material facts.

For the aforementioned purposes, the Board shall require the parties to execute agreements to contract confidentiality and non- disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub-clauses (a) and (b) above, and shall not otherwise Trade in Securities of the Company when in possession of Unpublished Price Sensitive Information.



### **III. Compliance Officer:**

- (a) The Compliance Officer shall report to the Board and in particular, shall provide reports to the chairman of the Audit Committee, if any, or to the chairman of the Board of Directors at such frequency as stipulated by the Board of Directors (which must not be less than once in a year).
- (b) The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules or issuing notifications for any modifications thereof for the preservation of “Unpublished Price Sensitive Information”, pre-clearing of request for Trading of the Designated Persons and their Immediate Relatives, monitoring of trades and implementation of the Code under the overall supervision of the Board of Directors.
- (c) The Compliance Officer shall place before the chairman of the Audit Committee, on a quarterly basis reports related to delayed submission or non-submission of the disclosures and any breach under this Code.
- (d) The Compliance Officer shall maintain a record of the Designated Persons and any changes therein.
- (e) The Compliance Officer shall oversee the maintenance of a structured digital database that contains the names of such persons or entities as the case may be (with whom Unpublished Price Sensitive Information is shared in accordance with this Code and the Insider Trading Regulations) along with the permanent account number or any other identifier authorized by law where permanent account number is not available. The Compliance Officer to ensure that such database must have adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.
- (f) The Compliance Officer shall review the trading plans to assess whether the plan would have any potential for violation of the Insider Trading Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the trading plan. Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the Securities of the Company are listed.
- (g) The Compliance Officer shall assist all the Designated Persons in addressing any clarification regarding the Insider Trading Regulations and this Code
- (h) The Compliance Officer shall also be responsible for :
  - 1) Opening, closing and re-opening of the Trading Window;
  - 2) Pre-clearing trades in Securities;
  - 3) Obtaining necessary declarations;

- 4) Granting relaxations from strict application of this Code based on the written explanations (where the Insider Trading Regulations permit for providing such relaxations);
  - 5) Monitoring of trades from time to time; and
  - 6) Administration of this Code.
- (i) The Compliance Officer shall also oversee that the Company complies with the disclosure requirements in accordance with the principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information enclosed as **Schedule A** to this Code.
  - (j) In order to discharge his functions effectively, the Compliance Officer shall be adequately empowered and provided with adequate manpower and infrastructure to effectively discharge his function. In the performance of his duties, the Compliance Officer shall have access to all information and documents relating to the Securities of the Company.
  - (k) The Compliance Officer shall act as the focal point for dealings with the Securities and Exchange Board of India in connection with all matters relating to the compliance and effective implementation of the Insider Trading Regulations and this Code.

#### **IV. Trading Window**

All Designated Persons shall be subject to certain Trading restrictions, as enumerated below:

- (a) The Company has designated a trading window (“**Trading Window**”) being **the period during which transactions in the shares of the Company can be effected** by the Designated Persons (hereinafter referred to as ‘**Trading Window**’) for Trading in the Company’s Securities;
- (b) The time for commencement of closing of Trading Window shall be decided by the Compliance Officer in consultation with the Managing Director and shall be intimated to all the Designated Persons;
- (c) The Trading Window shall remain **closed** from the date of notice given to the stock exchanges for convening the meeting of the Board of Directors to consider the following items:
  - (i) Declaration of financial results (quarterly, half-yearly and annual);
  - (ii) Declaration of dividends (interim and final);
  - (iii) Changes in the capital structure;
  - (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - (v) any other event which the Compliance Officer in consultation with the Managing Director deem fit.

However, in respect of declaration of financial results, the closure of Trading Window shall commence from the end of the quarter in relation to which the financial results of the Company have to be declared.

Further, the gap between the clearance of accounts by the audit committee and the board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.

- (d) The **Trading Window** shall be **opened 48 hours** after the information referred to in Clause (c) above is made public, unless otherwise intimated by the Compliance Officer taking into account various factors including the Unpublished Price Sensitive Information in question becoming Generally Available Information and being capable of assimilation by the market, which in any event shall not be earlier than 48 hours after the Unpublished Price Sensitive information becomes Generally Available Information.
- (e) The Designated Persons and their Immediate Relatives shall not trade in the Company's Securities during the period when the **Trading Window** is closed.
- (f) All the Designated Persons shall conduct all their dealings in the Securities of the Company only in a valid **Trading Window** and shall not undertake Trading when the Trading Window is **closed** or during any other period as may be specified by the Company from time to time.
- (g) In case of employee stock options ("**ESOPs**"), exercise of ESOPs (in respect of which the exercise price was pre-determined in accordance with applicable law) may be allowed in the period when the Trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when the Trading Window is closed.

The Trading Window shall also be applicable to persons having contractual or fiduciary relation with the Company which may be assisting or advising the Company including but not limited to the statutory auditors, internal auditors, tax auditors, secretarial Auditors or any other entity in such capacity from time to time may be identified by the Compliance Officer for compliance with the Trading Window restrictions.

#### **V. Pre-Clearance of Trades:**

All Designated Persons and their Immediate Relatives who intend to deal in the Securities of the Company in excess of ₹ 5,00,000/- in a calendar quarter shall get the transactions pre-cleared in the manner enumerated below:

- a an application in the prescribed form (**Annexure 1**) shall be made to the Compliance Officer indicating the estimated number of Securities of the Company that such person intends to deal in, and such other information as may be

prescribed by the Company and should obtain pre-clearance of the Compliance officer.

- b. before the deal is executed, the Designated Persons or their Immediate Relatives (as the case may be) shall execute an undertaking in the prescribed form (**Annexure 2**) in favour of the Company incorporating inter-alia, the following clauses, as may be applicable:
- (i) the concerned Designated Persons or their Immediate Relatives (as the case may be) do not have any access or has not received '**Unpublished Price Sensitive Information**' upto the date of signing of the undertaking;
  - (ii) in case the concerned Designated Persons or their Immediate Relatives have access to or receive '**Unpublished Price Sensitive Information**' after the signing of this undertaking but before the execution of the transaction, he/she shall inform the Compliance Officer of the change in his/her position and that he/she shall completely refrain from dealing in the Securities of the Company till such time such Unpublished Price Sensitive Information becomes Generally Available Information;
  - (iii) he/she has not contravened the Code as amended by the Company from time to time; and
  - (iv) he/she has made full and true disclosure in the matter.

In granting a pre-clearance, the Compliance Officer shall also have regard to whether any of the aforesaid declarations is reasonably capable of being rendered inaccurate.

- c. The Compliance Officer shall on receiving an application provide the Designated Person with an acknowledgement on the duplicate of the application. The Compliance Officer shall grant approval in the prescribed form (**Annexure 3**) within 2 days from the date of acknowledgement. The Compliance Officer shall retain copies of all applications & acknowledgements. In exceptional circumstances consent may not be given if the Compliance officer is of the opinion that the proposed deal is on the basis of possession of any unpublished Price sensitive information. There shall be no obligation to give reasons for any withholding of consent. If so requested by the Compliance Officer, Designated person must ensure that his stock broker is authorised to disclose to the Company all matters relevant to his share dealings.
- d. The Managing Director or in his / her absence, the Executive Director shall be responsible to approve the Trades of the Compliance Officer in the Securities of the Company.

- e. No Designated Person or their Immediate Relative shall apply for pre-clearance of any proposed Trade if such Designated Person is in possession of Unpublished Price Sensitive Information.
- f. The Designated Persons shall file the details of the trade with the Compliance Officer in the prescribed form (**Annexure 4**) within 2 (two) working days of from the date of execution of the Trade. In case the Trade is not undertaken, a report to that effect shall also be filed with the Compliance Officer in the same form within 2 working days after expiry of seven trading days of pre clearance approval.

## **VI. Period for completing the transaction**

All Designated Persons of the Company and their Immediate Relatives who have sought pre-clearance shall execute their orders in respect of the Securities of the Company within seven (7) Trading Days after pre-clearance approval is received from the Compliance Officer of the Company. The date on which the order is executed shall be intimated to the Compliance Officer in the prescribed format. If the order is not executed within seven (7) trading days after the approval is given, the concerned Designated Person and his/ her Immediate Relative must get the proposed transaction pre-cleared again from the Compliance Officer of the Company.

All Designated Persons or their Immediate Relatives who having obtained pre-clearance for dealing in the securities of the Company have refrained from or been prevented from doing so within the period of 7 trading days shall provide reasons for the same to the Compliance Officer in the format prescribed (**Annexure 2**) within fifteen (15) days of the expiry of the validity period of the pre-clearance.

## **VII. Holding Period**

All Designated Persons and their Immediate Relatives who buy or sell any number of shares of the Company shall not execute a contra trade i.e., sell or buy any number of shares during the next six (6) months following the prior transaction. The Compliance Officer may, however, grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate the Insider Trading Regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Securities and Exchange Board of India for credit to the Investor Protection and Education Fund administered by the Securities and Exchange Board of India under the Securities and Exchange Board of India Act

The aforementioned restriction shall not be applicable for the Trades undertaken pursuant to exercise of ESOPs.

## VIII. Maintenance of Records of Disclosure

The Compliance Officer shall maintain records of all the declarations in the appropriate forms given by the Designated Person for a minimum period of five (5) years

## IX. Disclosure & reporting requirements for transactions in Securities:

The disclosures to be made by any Designated Person shall include those relating to Trading by such person's Immediate Relatives and by any other person for whom such person takes Trading decisions.

The disclosures of trading in securities shall also include Trading in derivatives of Securities and the traded value of the derivatives shall be taken into account.

### (A) Initial Disclosures from Key Managerial Personnel, Directors' & Promoter:

1. Within thirty (30) days of the Code taking effect, the Compliance Officer shall seek and obtain from the Promoter of the Company, member of the Promoter Group of the Company, key managerial personnel and the Directors, their respective holding of Securities of the Company, in accordance with the stipulations under the Insider Regulations in the format prescribed (**Form A**).
2. Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a Promoter of the Company, member of the Promoter Group of the Company shall disclose his holding of securities of the Company as on the date of appointment or becoming a Promoter of the Company, member of the Promoter Group of the Company, to the Company within seven days of such appointment or becoming a Promoter in the format prescribed (**Form B**).

### (B) Continual Disclosures from Key Managerial Personnel, Directors' & Promoter:

1. Every Promoter of the Company, member of the Promoter Group of the Company, Designated Person, director of the Company shall disclose to the Company the number of Securities acquired or disposed of within two (2) 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 ten lakh rupees (INR 10,00,000) in the format prescribed (**Form C**).
2. The Company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two (2) Trading Days of receipt of the disclosure or from becoming aware of such information.
3. Disclosure of the incremental transactions after any disclosure as above, shall be made when the transactions effected after the prior disclosure cross the threshold limit specified in the Insider Trading Regulations.

(C) Disclosures by other connected persons

The Company may also at its discretion require any other Connected Person or class of Connected Persons to make disclosures of holdings and Trading in securities of the Company in and at such frequency in order to monitor compliance with the Insider Trading Regulations in the format prescribed (**Form D**).

(D) Other Disclosures from Designated Persons

Without prejudice to anything contained in this Code:

- (a) Every Designated Persons and director of the Company shall submit particulars of his Immediate Relatives & their holdings in Securities of the Company in the specified format (**Annexure 5**) to the Compliance Officer as of the date of joining the Company within one month of the date of joining and shall also notify promptly any change therein;
- (b) The annual Statement of Holdings in Securities (**Annexure 5**) shall be prepared as of March 31st every year and shall be submitted on or before April 15 of every calendar year;
- (c) In the event of separation from the services of the Company, Designated Persons shall submit particulars of transaction in securities upto the date of separation and a statement of holding as of that date;
- (d) Reporting requirements applicable to Designated Persons/Directors in respect of holding and transactions in securities shall apply equally to Immediate Relatives and shall be the responsibility of the concerned employee;
- (e) Designated Persons shall be required to disclose names and permanent account number or any other identifier authorized by applicable law of the following persons to the Company on an annual basis and as and when the information changes:
  - (i) Immediate Relatives;
  - (ii) persons with whom such Designated Person(s) share a material financial relationship;
  - (iii) Phone, mobile and cell numbers which are used by them.

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

For the purpose of this Code, '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 (12) months, equivalent to at least twenty five (25%) percent of such payer's annual income but shall exclude relationships in which the payment is based on an arm's length transaction.

## **XI. Trading plans**

An Insider may formulate a Trading Plan and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such Trading Plan.

Such Trading Plan shall:

- (a) not entail commencement of Trading on behalf of the Insider earlier than six months from the public disclosure of the plan;
- (b) not entail Trading for the period between the twentieth (20<sup>th</sup>) 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 (2<sup>nd</sup>) Trading Day after the disclosure of such financial results;
- (c) entail Trading for a period of not less than twelve (12) months;
- (d) not entail overlap of any period for which another trading plan is already in existence;
- (e) set out either the value of the Trades to be effected or the number of Securities to be traded along with the nature of the Trade and the intervals at, or dates on which such Trades shall be effected;
- (f) not entail Trading in securities for market abuse

The Compliance Officer shall review the trading plan to assess whether the Trading plan would have any potential for violation of the Insider Trading Regulations. The Compliance Officer may seek such express undertaking as may be necessary to enable assessment and to approve and monitor the implementation of the plan.

The Trading plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the Trading plan, without being entitled to either deviate from it or to execute any Trade in the Securities outside the scope of the Trading plan.

*Provided that* the implementation of the Trading Plan shall not be commenced if any Unpublished Price Sensitive Information in possession of the Insider at the time of formulation of the plan has not become Generally Available Information at the time of the commencement of implementation. In such circumstances the Insider shall make a disclosure to that effect to the Compliance Officer, at least three days ahead of the commencement of the Trading Plan, and the Compliance Officer shall confirm commencement of the Trading Plan to be deferred until such Unpublished Price Sensitive Information becomes Generally Available Information.



Upon approval of the Trading Plan, the Compliance Officer shall notify the plan to the stock exchanges on which the securities are listed.

## **XII. Amendment**

Any amendments to the Code shall be approved by the Board of Directors and shall be promptly intimated to the stock exchanges where the Securities of the Company are listed.

## **XIII. Penalty**

- (a) Any Designated Person/Director who Trades in Securities or communicates any Unpublished Price Sensitive Information or counsels any person Trading in Securities, in contravention of this Code shall be penalised and appropriate action may be taken by the Company.
- (b) Employees/Directors of the Company who violate the Code of Conduct may also be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery, claw-back etc.
- (c) Whenever a violation of the Insider Trading Regulations is identified, the Company shall inform the Board promptly.

## **XIV. Clarifications**

For all queries concerning the Code, the Board of Directors, Employees and Insiders may please contact the Compliance Officer.

## **XV Corporate Disclosure Practices**

The Company has formulated a code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information (“**Fair Disclosure Policy**”) that it would follow in order to adhere to each of the principles set out in the Insider Trading Regulations. The same is enclosed at **Schedule A**.

## **XVI Institutional Mechanism for prevention of Insider Trading**

In addition to the Code and the Fair Disclosure Policy, the Company has also adopted certain internal controls to ensure compliance with the Insider Trading Regulations. Such internal controls have been set out at **Schedule B**.

## SCHEDULE A

*[See sub-regulation (1) of regulation 8]*

### **Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“Fair Disclosure Policy”)**

1. The Company shall promptly disclose to the public all 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.
2. The Company shall follow uniform and universal dissemination of Unpublished Price Sensitive Information to avoid selective disclosure.
3. The Compliance Officer of the Company shall act as a Chief Investor Relations Officer to deal with the dissemination of information and disclosure of Unpublished Price Sensitive Information.
4. The Company shall ensure prompt disclosure of UPSI, in the event of any UPSI getting disclosed selectively, inadvertently or otherwise to make such information generally available by publishing the same on its website [www.gmlmumbai.com](http://www.gmlmumbai.com)
5. The Company shall make appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. The Company shall ensure that information shared with analysts and research personnel is not Unpublished Price Sensitive Information .
7. The Company shall develop 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.
8. The Company shall handle all Unpublished Price Sensitive Information on a need-to- know basis.
9. For the purpose of this Fair Disclosure Policy, among others, the following purposes shall qualify as “legitimate purpose”

(a) sharing of Unpublished Price Sensitive Information in the ordinary course of business

- (i) partners;
- (ii) collaborators;
- (iii) lenders;
- (iv) customers;
- (v) suppliers;
- (vi) merchant bankers;
- (vii) legal advisors;
- (viii) auditors; and
- (ix) insolvency professionals; or other advisors or consultants.

(b) sharing of Unpublished Price Sensitive Information with the Promoter(s) for genuine business reasons such as the Company entering into strategic transactions including acquisitions, mergers, divestments, obtaining of financing by the Company.

(c) Sharing of Unpublished Price Sensitive Information for undertaking legitimate transactions in furtherance of:

- (i) a corporate purpose;
- (ii) discharge of a fiduciary duty;
- (iii) public interest; and
- (iv) the interest of a body of public shareholders or stakeholders in a company

9.1 The sharing of Unpublished Price Sensitive Information set out in this clause 9 should not be carried out to evade or circumvent the prohibitions of the Insider Trading Regulations.

10. Any person in receipt of Unpublished Price Sensitive Information in furtherance of legitimate purposes, performance of duties or discharge of legal obligations (provided such Unpublished Price Sensitive Information has been shared on a “need to know basis”) will also qualify as an Insider. The Compliance Officer will provide due notice to such persons to maintain confidentiality of such Unpublished Price Sensitive Information or by way of entering into requisite confidentiality agreement or non disclosure agreement (As deemed fit by the Compliance Officer) in accordance with the Insider Trading Regulations. The Compliance Officer to further ensure that such persons are made aware of the duties and responsibilities attached to the receipt of Unpublished price Sensitive Information, and the liability that is attached to the misuse or unwarranted use of such information.

## **SCHEDULE B**

*[See sub-regulation (2) of regulation 9A]*

### **Adequate and effective system of internal controls to ensure compliance with Insider Trading Regulations**

1. The internal controls adopted by the Company are as follows:

- (a) All employees who have access to Unpublished Price Sensitive Information have been identified as Designated Persons and all such employees who will get access to Unpublished Price Sensitive Information will be identified as Designated Persons;
- (b) All the Unpublished Price Sensitive Information shall be identified by the Compliance Officer (individually or in consultation with the appropriate designation holder) from time to time and its confidentiality shall be maintained in accordance with the Insider Trading Regulations including by way of (i) entering into non- disclosure agreements; (ii) entering into confidentiality agreements; (iii) serving notice on the recipient of such Unpublished Price Sensitive Information to maintain confidentiality of the Unpublished Price Sensitive Information;
- (c) adequate restrictions have been placed on communication or procurement of Unpublished Price Sensitive Information (including by way of this Code) in accordance with the Insider Trading Regulations;
- (d) maintenance of a list of employees of the Company and other persons with whom Unpublished Price Sensitive Information is shared, from time to time;
- (e) to enter into confidentiality agreements with employees of the Company and other persons with whom Unpublished Price Sensitive Information is shared, from time to time or to serve a notice to all such employees of the Company and such persons stating maintenance of confidentiality with respect to the Unpublished Price Sensitive Information;
- (f) to ensure compliance with all the provisions of the Insider Trading Regulations;
- (g) undertake periodic process review to evaluate effectiveness of the internal controls.

## Annexure 1

### Application Form to be submitted to Compliance Officer for pre-clearance of trade

To,  
The Compliance Officer  
Gaurav Mercantiles Limited,  
3<sup>rd</sup> Floor, Tower 2B, One Indiabulls Centre,  
Senapati Bapat Marg,  
Lower Parel (West),  
Mumbai – 400 013

#### **Sub: Approval for pre-clearance of trades**

Dear Sir,

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and Gaurav Mercantiles Limited Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, (“Code”), seek approval to purchase/ sale / subscription/dealing of securities of the Company as per details given below:

S.No	Particulars	
1	Name	
2	Designation, Department & Employee Code	
3	Number of securities held as on date	
4	Folio No. / DP ID / Client ID No.	
5	The proposal is for	
6	Proposed date of dealing in securities	
7	Estimated number of securities proposed to be acquired/subscribed/sold	
8	Price at which the Transaction is proposed	
9	Current market price (as on the date of application)	
10	Whether the proposed transaction will be through stock exchange or off-market deal	
11	Folio No. /DP ID / Client ID No. where the securities will be credited / debited	

Kindly grant approval for trading in the equity shares of the Company at the earliest.

Thanking you,

Yours faithfully,

Name:

Designation:

Department:

Location:

**Annexure 2**

**Declaration / Undertaking**

I/We, \_\_\_\_\_ the undersigned have been Designated Person / Connected Person / Immediate Relative of Designated Person / Connected Person of the Company.

As on the date of signing this declaration / undertaking, I/We am/are holding \_\_\_\_\_ / not holding any equity shares of the Company.

I/We have gone through the Code of Conduct of the Company and also understood the same.

I/We hereby declare that up to the signing of this declaration / undertaking, I/We do not possess any price sensitive information in respect of the Company.

I/We undertake that in case I/We have access to or receive any Unpublished Price Sensitive Information in respect of the Company after signing this declaration / undertaking, but before the execution of transaction in the equity shares of the Company, I/We shall inform Compliance Officer, of the change in my position and I/We will completely refrain from dealing in the securities of the Company till the time such Unpublished Price Sensitive Information becomes Generally Available. I/We will not pass on any Unpublished Price Sensitive Information to anyone.

I/We further declare that till the signing of this declaration / undertaking, I/We have not contravened the Code of Conduct and that I/We have made a full and true disclosure in this matter.

\_\_\_\_\_  
Name & Signature

Date:

**Annexure 3**

**Pre- clearance Approval**

To,  
Name:  
Designation:  
Place:

This is to inform you that your request for dealing in (nos.) shares of the Company as mentioned in your application dated is approved. Please note that the said transaction must be completed on or before (date) that is within Seven (7) days from today.

In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek fresh pre-clearance before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the attached format within 2 days from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be filed.

For Gaurav Mercantiles Limited

Compliance Officer  
Date:



**Annexure 4**

**Format for confirmation of trades executed, pursuant to pre clearance**

To,  
The Compliance Officer  
Gaurav Mercantiles Limited,  
3rd Floor, Tower 2B, One Indiabulls Centre,  
Senapati Bapat Marg,  
Lower Parel (West),  
Mumbai – 400 013

Dear Sir,

Pursuant to your pre clearance dated ..... I / my immediate relative have dealt in the below-mentioned securities of the Company in my own name or on behalf of my immediate relative ..... (write name of family member and relationship)

Type of Security	No. of Shares	Price at which transacted	Nature of Trade Buy / Sell	Date on which executed	Folio No./ DP ID No./Client ID No. Along with the name of depository	Present Holding (No. of Shares)	
Equity Shares						Physical	Demat

I hereby confirm that I did not have any access to or have not received any “Price Sensitive Information” upto the time of execution of this transaction. I have made full and true disclosure in the matter.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

Signature:  
Name:  
Designation:  
Department:  
Location:

**Annexure 5**

**Disclosure by Designated Persons**

Date: \_\_\_\_\_

To,  
The Compliance Officer  
Gaurav Mercantiles Limited,  
3<sup>rd</sup> Floor, Tower 2B, One Indiabulls Centre,  
Senapati Bapat Marg,  
Lower Parel (West),  
Mumbai – 400 013

I. Details of the Designated Person

Name : \_\_\_\_\_  
Designation : \_\_\_\_\_  
Department : \_\_\_\_\_  
PAN : \_\_\_\_\_

No. of Equity Shares held as on date of declaration: \_\_\_\_\_

Telephone/Mobile No.: \_\_\_\_\_

Name of Educational Institutions (One-Time Basis):  
\_\_\_\_\_

Name of Past Employers (One-Time Basis):  
\_\_\_\_\_

II. Details of Immediate Relatives / Persons with Material Financial Relationship:

<b>Name of Immediate Relatives / Persons with Material Financial Relationship</b>	<b>Relation ship</b>	<b>PAN</b>	<b>Telephone / Mobile No.</b>	<b>No. of Equity Shares held</b>	<b>DP ID/Cl. ID</b>

**Name:**  
**Designation:**  
**Department:**  
**Location:**