

# **SONAL MERCANTILE LIMITED**

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## **CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

[Under Regulation 8(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]

This Code shall be known as “Sonal Mercantile Limited-Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information”. The Board of Directors of the Company has formulated the said code at their meeting held on Tuesday, July 21, 2015 and is effective from the said date.

## **1. INTRODUCTION**

The Securities and Exchange Board of India (SEBI), vide Notification No. LADNRO/GN/2014-15/21/85 dated 15<sup>th</sup> January, 2015 has notified the SEBI (Prohibition of Insider Trading) Regulations, 2015. In terms of the Regulations, this Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter “the Code”) is formulated so that the Company would follow in order to adhere to each of the principles set out in Schedule A of the Regulations.

## **2. OBJECTIVE**

The objective of this Code is to disseminate and disclose unpublished price sensitive information which would impact the price of the securities of the Company, as and when it become due for dissemination or disclosure and to maintain uniformity and fairness in dealing with all Stakeholders.

## **3. DEFINITIONS**

2. (1) In these regulations, unless the context otherwise requires, the following words, expressions and derivations there from shall have the meanings assigned to them as under:-

(a) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(b) “Board” means the Securities and Exchange Board of India;

(c) “compliance officer” means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be;

(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 (i); 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 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;

(e) "generally available information" means information that is accessible to the public on a non-discriminatory basis;

(f) "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;

(g) "insider" means any person who is:

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information;

(h) "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;

(i) "securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;

(j) "specified" means specified by the Board in writing;

(k) "takeover regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

(l) "trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;

(m) "trading day" means a day on which the recognized stock exchanges are open for trading;

(n) "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, delisting, disposals and expansion of business and such other transactions;

(v) changes in key managerial personnel; and

(vi) material events in accordance with the listing agreement.

(2) Words and expressions used and not defined in these regulations but defined in the 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 there under shall have the meanings respectively assigned to them in those legislation.

#### **4. CODE OF FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

The Company will adhere to the following code for fair disclosure to ensure fair and uniform disclosure of all events and occurrences that would impact the price of the securities of the Company:

3.1 The Company shall ensure 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.

3.2 The Company shall ensure Uniform and Universal dissemination of unpublished price Sensitive Information to avoid selective disclosure.

3.3 The Company Secretary & Compliance Officer of the Company shall act as the Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished Price Sensitive Information.

3.4 The Company shall make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

3.5 The Company shall provide appropriate and fair responses to queries on news reports and requests for verification of market rumours by regulatory authorities.

3.6 The Company will ensure that information share with analysts and research personnel, if any, is not unpublished price sensitive information.

3.7 The Company shall develop and follow 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 & documentation of disclosures made.

3.8 The Company shall handle all unpublished Price Sensitive information on a need to know basis.

#### **4. DISCLOSURE OF THE CODE**

This Code shall be uploaded on the Company's website for public information and the Code and every amendment thereto shall be promptly intimated to Stock Exchange(s) where the securities of the Company are listed.