

NAVKETAN MERCHANTS LTD

Code of conduct for Prevention of Insider Trading

Preface:

As per the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, every listed company is required to frame a code of conduct for prevention of Insider Trading. The new norms, which have revamped nearly two-decade old regulations on insider trading and which have come into effect from 15th May 2015, provide for greater clarity on concepts and definitions and have been put in place along with stronger legal and enforcement frameworks for prevention of insider trading under the new set of norms-the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Policy:

In compliance of the above requirements, Navketan Merchants Limited (NML), being a Listed Company has established a "Code of Conduct for Insider Trading" and formulated a Policy in order to provide a framework for prevention of insider trading. This code of conduct may be known as " Code of conduct for Prevention of Insider Trading" prepared as per SEBI (Prohibition of Insider Trading) Regulations, 2015 which shall come into effect from 15th May 2015 including modifications made thereto from time to time.

Policy Objectives:

This policy aims to adhere compliance as per (Prohibition of Insider Trading) Regulations, 2015 by ensuring that no insider:

- (a) Either on his own behalf or on behalf of any other person, deal in securities of a Company listed on any stock exchange when in possession of any unpublished price sensitive information; or
- (b) Communicate or counsel directly or indirectly any unpublished price sensitive information to any person.

Interpretation:

For the purposes of this code of conduct references to the following shall be construed as:

- (i) "**Act**" mean the SEBI (Prohibition of Insider Trading) Regulations, 2015.

"**insider**" means any person who is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company, OR has received or has had access to such unpublished price sensitive information

- (ii) "**unpublished price sensitive information**" means any information, relating to a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:

- (a) periodical financial results of the company;
 - (b) intended declaration of dividends (both interim and final);
 - (c) issue of securities or buy-back of securities;
 - (d) any major expansion plans or execution of new projects;
 - (e) amalgamation, mergers or takeovers;
 - (f) changes in key managerial personnel; and
 - (g) disposal of the whole or substantial part of the undertaking; and
 - (h) significant changes in policies, plans or operations of the company;
- (iii) **“Unpublished”** means information which is not published by the Company or its agents and is not specific in nature.
- (iv) **“NML”** or **“Company”** shall mean Navketan Merchants Limited.
- (v) **“Compliance Officer”** means the Officer of the company designated by the Board of Directors of the company for the purpose of implementation and monitoring of the **“Code of Conduct”**.
- (vi) **“Board”** means the Board of Director of Navketan Merchants Limited.
- (vii) **“Designated Employees”** mean –
- (a) any employee in the rank of Chief Executive Officer, Chief Financial Officer;
 - (b) President, Vice-President, General Manager, Deputy General Manager or equivalent of the Company, Senior Manager, Manager and such other employees who may be so designated from time to time by the company for the purpose of this code.
- (viii) **“Dependent family members”** means Dependent Spouse, Children & Parents of Directors/Officers/Employees.
- (ix) **“Officer”** includes any Director, Manager or Secretary or any person in accordance with whose directions or instructions the Board of Directors of the Company or any one or more Directors is or are accustomed to act including the Auditors of the Company.
- (x) **“Trading Window”** means the period for trading in the company’s securities as specified by the compliance officer. Particularly, the trading window will be closed on the

following events, during the time the information referred below is un-published i.e. it will be closed, inter alia, at the time of:-

- (a) Declaration of Financial results (quarterly, half-yearly and annual)
- (b) Declaration of dividends (interim and final)
- (c) Issue of securities by way of public/rights/bonus etc.
- (d) Amalgamation, mergers, takeovers and buy-back
- (e) Disposal of whole or substantially whole of the undertaking
- (f) Any changes in policies, plans or operations of the company.

(xi) Other terms not defined here shall have same meaning as defined in the Regulation or SEBI Act.

Compliance Officer:

The **Company Secretary**, will be the Compliance Officer for the purpose of this Code for the time being.

Responsibilities.

- (a) setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing of designated employees' and their dependents' trades, monitoring of trades and the implementation of this Code under the overall supervision of the Directors of the Company.
- (b) maintaining record of the designated employees and any changes made in the list of such employees and assisting the employees concerned in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and this Code.

Compliance:

The Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 at Navketan Merchants Limited will be adhered to by taking following course of action:

- Preservation of Price Sensitive Information
- Prevention of Misuse of Price Sensitive Information

Preservation of Price Sensitive Information:

Employees/Directors shall maintain the Confidentiality of all Price Sensitive Information & must not pass such Information directly or indirectly by way of making a recommendation for the purchase or sale of securities.

Price Sensitive Information is to be handled on a "Need to Know" basis, i.e. Price Sensitive Information should be disclosed only to those, 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.

All Files of NML, containing Confidential Information shall be kept secure & all computer files must have adequate security of Login and Password, etc

To prevent the Misuse of Confidential Information NML separates those areas which routinely have access to Confidential Information, considered "Inside Areas" from those areas which deal with Sale/Marketing/Investment or other Departments providing Support Services, considered "Public Areas".

The employees in "Inside Area" may be physically segregated from employees in "Public Area". The Employees in the "Inside Area" shall not communicate any Price Sensitive Information to anyone in Public.

Prevention of Misuse of Price Sensitive Information:

In respect of matters referred to under the heading "Trading Window" in Interpretations, the Trading Window shall remain closed during the time those matters are published.

The Trading Window shall open 24 hours after information in respect of the above mentioned matters are made public.

When the trading window is closed, the Designated Employees/Officers/Directors/their dependants shall not trade in the company's securities in such period and all Directors/Officers/Designated Employees shall conduct all their dealings in the securities of the Company only when the trading window is open.

Pre-clearance of trade:

All Officers/ designated employees and their dependants who intend to deal in the securities of the Company (above a minimum threshold limit to be decided by the company) shall obtain pre-clearance of the transaction(s) from the Compliance Officer before entering into the transaction as per the pre-dealing procedure as described hereunder:

- (i) An application may be made in such form as the company may notify in this regard, to the Compliance officer indicating the estimated number of securities that the designated employee/ officer/ director intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.
- (ii) An undertaking executed in favour of the Company, forming part of the application as mentioned hereinabove, shall incorporate, inter alia, the following clauses:

- That the Officer/Designated Employee does not have any access or has not received “Price Sensitive Information” upto the time of signing the undertaking.
- That in case the Officer/ Designated Employee has access to or receives “Price Sensitive Information” after the signing of the undertaking but before the execution of the transaction, he/she shall inform the Compliance Officer of the fact and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.
- That he/she has not contravened the Code of Conduct for prevention of insider trading as notified by the Company / SEBI from time to time.
- That he/she has made a full and true disclosure in the matter.

Other Restrictions:

- i. All Directors/Officers/Designated Employees and their dependants shall execute their order in respect of securities of the company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given then they must pre clear the transaction again.
- ii. All directors/officers /designated employees shall hold their investments in securities for a minimum period of 30 days in order to be considered as being held for investment purposes. The holding period shall also apply to subscription in the primary market (IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.
- iii. In case sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing his/her reasons in this regard.

Disclosures by certain persons:

(a) Initial Disclosures:

- (i) Every promoter, key managerial personnel and director of every company whose securities are listed on any recognized stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect.
- (iii) Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

(b) Continual Disclosures:

- (i) Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within 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 ten lakh rupees or such other value as may be specified;

- (ii) Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Penalty for contravention:

- a) Any Officer/Designated Employee who trades in securities or communicates any information for trading in securities, in contravention of the Code of Conduct, may be penalized and appropriate action may be taken by the Company.

- b) Officers/Designated Employees who violate the Code of Conduct shall also be subject to disciplinary action by the Company, which may include wage/promotion freeze, suspension, ineligibility for future participation in employee stock option plans, etc. or any other action as the Company deem fit.

- c) The action by the Company through Compliance Officer shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading), Regulations, 2015.