

Merck Code for Prevention of Insider Trading

Rationale & Objective

Every employee has a duty to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. Any trading in company securities is prohibited by Insiders on the basis of or when the employees are in possession of any unpublished price sensitive information. Securities Exchange Board of India (SEBI) has implemented strict guidelines for prevention of Insider Trading. Any violation of such guidelines results in stringent penalties for the concerned employee and the employer company.

The Merck Code for Prevention of Insider Trading aims at providing guidance to all Merck employees whenever they intend to trade in securities of the Company and lays down certain policies regulating trading in Company securities by all employees.

Executive Summary

The Merck Code for Prevention of Insider Trading prohibits all Merck employees from trading in Company securities, directly or indirectly, on the basis of Insider Unpublished Price Sensitive Information. The policy prescribes certain closed trading windows during which the employees are not allowed to trade in the Company securities irrespective of the fact whether the employee is in possession of any unpublished price sensitive information or not. Each Designated Officer is required to take pre-clearance from the compliance officer before trading in the Company securities. Such designated officers are required to make certain disclosures of their trading in the Company securities.

**MERCK CODE OF CONDUCT
FOR
PREVENTION OF INSIDER TRADING**

1. INTRODUCTION

Securities and Exchange Board of India (SEBI) had initially introduced Securities and Exchange Board of India (Insider Trading) Regulations, 1992 on November 19, 1992 which have been amended from time to time, latest amendments were made in May 2015 vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2015 (“SEBI Code”).

The following Code of Conduct for Prevention of Insider Trading (the ‘Code’) amends the existing code of prevention of insider trading and encapsulates the changes made by SEBI upto date of this Code and was adopted by the Board of Directors of the Company at its meeting held on August 12, 2015.

2. THE POLICY

Every employee has a duty to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. Any trading in company securities is prohibited by Insiders on the basis of or when the employees are in possession of any unpublished price sensitive information.

3. APPLICABILITY

The Code applies to all, employees, Directors, Designated Employees, and the Connected Persons of the Company during their employment with the Company and six (6) months after they ceased to be in employment.

4. DEFINITIONS

- (i) **“Company”** means Merck Limited.
- (ii) **“Designated Employee”** means the following:
 - a. All Directors including Managing Director or Whole Time Director or Part time Director or Independent Director on the Board of the Company;
 - b. All employees in the grade of General Manager and above;
 - c. All functional heads including head of various business units, Finance, Accounts, Taxation, IT, HR, Corporate Communication, Administration, Legal and Secretarial;
 - d. Any Insider who has or is likely to have access to Unpublished Price Sensitive information; and

- e. Any other executive who in the opinion of the Compliance officer need to be covered under the definition of designated employee.
- (iii) **“Dependent”** means Spouse, dependent parents, dependent children and any other person who is dependent on Designated Employee.
- (iv) **“Insider”** means any person who:
- a. 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 about the Company; or
 - b. Has received or has had access to such Unpublished Price Sensitive information.
- (v) **“Insider Trading”** is an unethical practice resorted to by those who are privy to certain Unpublished Price Sensitive information relating to the Company to profit at the expense of the general investors who do not have access to such information.
- (vi) **“Price Sensitive information”** means any information which relates directly or indirectly to the Company and which if published is likely to materially affect the price of securities of the Company.
 Explanation.—The following shall be deemed to be the Price Sensitive information:
- 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. disposal of the whole or substantial part of the undertaking; and
 - g. significant changes in policies, plans or operations of the company.
- (vii) **“Trading Window”** means trading period for trading in the Company’s Securities. All days shall be the trading period except when the trading window is closed.
- (viii) **“Unpublished Price Sensitive Information”** means Price Sensitive Information which has not been published by the Company in the regular channel of publication, where the company is generally accustomed to publish such information, and 24 hours have not lapsed since the time of its publication.

The words and phrases not defined herein shall have the same meaning as defined in the SEBI (Prohibition of Insider Trading) Regulation 2015.

5. CONFIDENTIALITY OF PRICE SENSITIVE INFORMATION

(i) Compliance Officer:

The General Counsel & Company Secretary of the Company shall be the Compliance Officer for the purposes of ensuring the compliance of the Code, who reports to the Managing Director and Board of Directors of the Company.

The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of Price Sensitive Information, pre-clearing of trades of the Directors and Designated Employees and Dependents, monitoring of trades and the implementation of the Code under the overall supervision of the Board of the Company.

The Compliance Officer shall maintain a record of the Directors and Designated Employees and any changes made therein.

The Compliance Officer shall assist all employees in addressing any clarifications regarding the Code or the SEBI Regulations or other applicable law.

(ii) Preservation of Unpublished Price Sensitive Information

All Directors and Designated Employees shall maintain confidentiality of all Unpublished Price Sensitive Information. Unpublished Price Sensitive Information is to be handled on a “Need to know” basis, i.e. such 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.

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc. Files containing confidential information should be deleted/destroyed after its use.

6. PROHIBITION OF TRADING ON MATTERS RELATED TO INSIDER TRADING

Employees, including Directors and Designated Employees or Dependents when in possession of any Unpublished Price Sensitive Information, shall not:

- a) Buy / sell or deal in any manner in the securities of the Company, either on their own behalf or on behalf of any other person; and
- b) Communicate, counsel or advise any third party to buy/sell or deal in the Company securities in any manner.

7. TRADING RESTRICTIONS

- (i) **No Trading When Trading Window is Closed:** When the trading window is closed Directors and Designated Employees shall not trade in the Company securities. Compliance Officer will inform through email to all Directors and Designated Employees when the trading window will remain closed.
- (ii) **Trading Window:** The Company has specified a trading period, to be called "Trading Window" i.e., the period during which transactions in the shares of the Company can be effected by Directors and Designated Employees. The trading window shall remain closed during the time the information referred to in paragraph 4 (vi) is unpublished.

Trading Window Closure Rules: Generally the trading window shall, inter alia, remain closed for the periods stated herein below at the time of:-

	Price Sensitive Information	Trading Window Closure Period
a.	Declaration of Financial results (quarterly, half-yearly and annual)	from the 15 days prior to the close of the calendar quarter for relevant accounting period until publication of the financial results*
b.	Declaration of dividends (interim and final)	} from the date of notice for convening of the board meeting given to the Stock Exchanges until publication of information*
c.	Issue of securities by way of public/ rights/bonus etc	
d.	Any major expansion plans or execution of new projects	
e.	Amalgamation, mergers, takeovers and buy-back of shares	
f.	Disposal of whole or substantially whole of the undertaking	
g.	Any significant changes in policies, plans or operations of the company	for such periods as the Compliance officer shall determine in consultation with the Managing Director of the Company

* The information would be considered published when it has been announced by the Company in the regular channel of publication, where the company is generally accustomed to publish such information, and 24 hours have lapsed since the time of its publication.

- (iii) **Intimation of Status of Trading Window:** The intimation regarding period of closure of Trading Window will be given by the Compliance Officer to all Directors and Designated Employees by circular/internal email from time to time.
- (iv) **Minimum Holding Period:** All Directors and Designated Employees shall hold their investments in securities for a minimum period of 6 months in order to be considered as being held for investment purposes. The holding period shall also apply to subscription

in the primary market and the holding period would commence when the securities are actually allotted. In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing her/his reasons in this regard.

8. PRE-CLEARANCE OF TRADE

All Directors and Designated Employees and their Dependents who intend to deal in the securities of the Company in excess of 1000 shares in any one financial year should get such intended trade pre-cleared from the Company in the manner described hereunder.

- (i) *Pre-clearance Application:* An application shall be made in the prescribed form (*Proforma – I*) to the Compliance Officer indicating the estimated number of securities to be dealt in by the Director or Designated Employee or any of her/his Dependent along with an undertaking shall be executed in favour of the Company.
- (ii) *Pre-clearance Approval:* Pre-clearance approval will be intimated in writing by the Compliance Officer (*Proforma –II*). This approval shall remain valid for a period of seven (7) days from the date of pre-clearance. All Directors and Designated Employees and their Dependent shall execute their order in respect of securities of the Company within seven (7) days from the date of pre-clearance. If the order is not executed within seven (7) days the Director or Designated Employee or their Dependent must obtain a fresh pre-clearance of their intended transaction.

9. REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES

- (i) *(a) Initial Disclosures:* All Directors and Designated Employees, Key managerial personnel shall disclose to the Company, holding of securities or voting rights held by them and their Dependent as on 15 May 2015 in prescribed format *Form– A*
- (b)* Every person on appointment as a key managerial personnel, director or becoming promoter shall disclose his holding of securities as on date of appointment or becoming promoter within seven (7) days of such appointment or becoming Director, Promoter, key managerial personnel or Designated Employee to the Company in prescribed format in Form B
- (ii) *Continual Disclosures:* Every Promoter, all Directors, Key Managerial personnel and Designated Employees are also required to disclose to the Company, on continual basis in prescribed form (*Form – C*), the total number of securities or voting rights held and changes in shareholding or voting rights if there has been a change in such holding (including such change relating to their Dependant’s holdings) since the last disclosure to the company and such change exceeds Rupees 10 (Ten) Lacs’

The aforesaid disclosure is to be made within two (2) Trading Days of :

- a) The receipt of the intimation of allotment of shares; or
 - b) The acquisition or sale of securities or voting rights, as the case may be.
- (iii) *Disclosure by the Company:* The Compliance Officer within two (2) trading days of receipt of such disclosure shall disclose to all stock exchanges where the Company is listed the information received from Directors, Promoter, Key Managerial Personnel and Designated Employees.
- (iv) *Maintenance of Records:* The Compliance officer shall maintain records of all the declarations in the appropriate forms given by the Directors and Designated Employees for a minimum period of three years.

The Compliance Officer shall place before the Managing Director or a Committee specified by the company, on a monthly basis all the details of the dealing in the securities by Directors and Designated Employees of the Company (including those relating to their Dependent) and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

10. PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT

Employees / officers / directors of the Company who violates the Code shall be subject to disciplinary action by the Company, which may include wage freeze, suspension, termination, ineligibility for participation in employee benefits, etc.

The action by the Company does not preclude SEBI from taking any action in case of violation of the Code i.e. the person who violates the above Code may also be liable for action under the SEBI Regulation and other applicable laws.

In terms of the SEBI guidelines the Company would be required to report to SEBI all violations of the Code.

11. TRADING PLAN

An insider shall be entitle to formulate a trading plan for dealing in securities of the Company 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 plan.

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 twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;
- (iii) entail trading for a period of not less than twelve months;
- (iv) not entail overlap of any period for which another trading plan is already 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 intervals at, or dates on which such trades shall be effected; and
- (vi) not entail trading in securities for market abuse.

The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.

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

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

12. CODE OF FAIR DISCLOSURE

A code of practices and procedures for fair disclosure of unpublished price sensitive information for adhering each of the principles is set out below:

1. Prompt public disclosure of unpublished price sensitive information:

The Company shall disseminate the Price Sensitive Information on uniform and universal basis no sooner than credible and concrete information comes into being in order to make such information generally available to the Stock Exchanges and/or publish the

same on its website, www.merck.co.in as the case may be. The Company shall avoid any selective disclosure of any price sensitive information.

In a situation where any unpublished price sensitive information inadvertently or otherwise gets disclosed or is selectively available, then the Company shall take immediate steps to disseminate such information to make it generally available.

2. Overseeing and Co-ordinating Disclosure

The Company shall designate a senior officer as Chief Investor Relations Officer (CIRO).

The Company shall ensure that only the generally available information be shared with analyst/ large investors. In case any unpublished price sensitive information is shared with any third party otherwise than to a person who need to know such information for performing its function then such information shall be simultaneously be made generally available to public.

As and when the Company organises meetings with analysts, the CIRO shall ensure that the Company shall make a press release or post relevant information on its website after every such meet. The Company may also consider live web casting of analyst meets.

The CIRO shall also be responsible for developing 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.

3. Responding to market rumours

The employees, officers and Directors of the Company shall promptly forward all queries or requests for information or verification of market rumors received from Stock Exchanges or any regulatory authorities or from the press or media or from any other source to the CIRO.

CIRO shall ensure to provide appropriate and fair response to queries on news reports and request for verification of market rumours by stock exchanges.

CIRO in consultation with the Managing Director and such other executives as may be relevant for the subject in the news shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure

No person, except CRO or the Managing Director or any person authorised by him or the Managing Director, shall communicate or disclose any unpublished price sensitive information about the Company to any third party including press, media, research analysts, investors.

4. Handling of all unpublished price sensitive information on a need-to-know basis.

All Unpublished Price Sensitive Information shall be handled by the employees on a need-to-know basis, i.e., the Unpublished Price Sensitive Information shall be disclosed only to those within the Company who need the information for legitimate purposes under legal obligation.

PROFORMA - I

Serial No. :

APPLICATION FORM FOR PRE-CLEARANCE OF TRADES IN COMPANY'S SECURITIES

The Compliance Officer
Merck Limited
Mumbai

Dear Sir,

I am desirous of dealing in the securities of the Company as per details furnished below and seek your approval to acquire/purchase/sale.

Name of the person who has to execute the transaction	
Relationship with the applicant	
No. of shares covered by the transaction	
Nature of transaction for which approval is sought	Purchase / Sale / Both *
Depository I. D. No.	
Client I. D. No./Folio No.*	
Particulars of the broker through whom the transaction is to be executed	Name : Address : Phone No. :

In relation to the above acquisition/purchase/sale, I hereby undertake that:

- that I did not have any access or received '**Unpublished Price Sensitive Information**' upto the date of signing this undertaking ;
- that in case I have access to or receive '**Unpublished Price Sensitive Information**' after the signing of this undertaking but before the execution of the transaction, I shall inform the Compliance Officer of the change in my position and that I shall completely refrain from dealing in the securities of the Company till such time such information becomes public ;
- that I have not contravened the Code of Conduct for Prevention of Insider Trading as notified by the Company from time to time; and
- that I have made full and true disclosure in the matter..

Name of the Applicant

Designation:

Department:

Date :

Place :

PROFORMA II

[date]

Mr.

Subject: Pre-clearance of your transaction in the Company's Securities

Dear Sir,

Reference your application dated ----- for pre-clearance of trading in ----- shares of the Company. We are pleased to accord you our approval to the proposed transaction.

Validity of preclearance - Please note that the said transaction shall be executed within one week from the date of receipt of this approval letter, failing which a fresh application needs to be made to the Company seeking pre-clearance together with undertaking in the prescribed format.

Disclosure of Transaction - Within 2 working days from the date of execution of your trade, a disclosure needs to be made to the Company and the stock exchanges (BSE and NSE) in the form attached with this letter, giving details of total number of shares traded, shares held and changes in shareholding. The form with the completed information, duly signed, shall be sent to the Company and stock exchanges via email or fax at the IDs/Fax No.s given below.

	Company	BSE	NSE
Email	Vikas.r.gupta@merckgroup.com	corp.relations@bseindia.com	cmlist@nse.co.in
Fax	2495 0307	22723121	26598237

Thanking you,

Yours faithfully,
For Merck Limited

Vikas Gupta
General Counsel & Company Secretary

FORM A

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7 (1) (a) read with Regulation 6 (2)]

Name of the company: _____

ISIN of the company: _____

Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person (Promoters/ KMP / Directors/immediate relatives/others etc)	Securities held as on the date of regulation coming into force		% of Shareholding	Open Interest of the Future contracts held as on the date of regulation coming into force		Open Interest of the Option Contracts held as on the date of regulation coming into force	
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.		Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms
1	2	3	4	5	6	7	7	

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature:

Designation:

Date:

Place:

FORM B

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7 (1) (b) read with Regulation 6(2)]

Name of the company: _____
 ISIN of the company: _____

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN No., CIN/DIN & Address with contact nos.	Category of Person (Promoters/ KMP / Directors/immediate relatives/others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding	Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP		Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP	
			Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.		Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms
1	2	3	4	5	5	6	7	7	7

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature:

Designation:

Date:

Place:

FORM C

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7 (2) read with Regulation 6(2)]

Name of the company: _____

ISIN of the company: _____

Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN No., CIN/DIN, & address of Promoter/ Employee / Director with contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate relatives/ others etc.)	Securities held prior to acquisition/disposal		Securities acquired/Disposed		% of shareholding	Date of allotment advice/ acquisition of shares/ sale of shares specify	Date of intimation to company	Mode of acquisition (market purchase/public rights/preferential offer / off market/ Inter-se transfer etc.	Trading in derivatives (Specify type of contract, Futures or Options etc)				Exchange on which the trade was executed		
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.					Buy	Value	Number of units (contracts * lot size)	Sell		Value	Number of units (contracts * lot size)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature:

Designation:

Date:

Place:

Form D (Indicative format)

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

Regulation 7(3) – Transactions by Other connected persons as identified by the company

Name, PAN No., CIN/DIN & address of connected persons, as identified by the company with contact nos.	Connection with company	Securities held prior to acquisition/disposal		Securities acquired/Disposed		% of shareholding	Date of allotment advice/acquisition of shares/sale of shares specify		Date of intimation to company	Mode of acquisition (market purchase/public rights/preferential offer / off market/ Inter-se transfer etc.)	Trading in derivatives (Specify type of contract, Futures or Options etc)				Exchange on which the trade was executed	
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.		Pre transaction	Post transaction			Buy	Sell	Value	Number of units (contracts * lot size)		Value
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Name:

Signature:

Date:

Place:
