

# **DURGESH MERCCHANTS LIMITED**

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

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**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN SECURITIES OF  
DURGESH MERCHANTS LIMITED**

**(As approved by the Board of Directors of the Company)**

**CHAPTER-I**

• **1.1 INTRODUCTION**

Insider trading means dealing in securities of a Company listed/traded on any stock exchange in India based on, or when in possession of, unpublished price sensitive information.

With a view to govern the conduct of 'insiders' on matters relating to insider trading, the Securities and Exchange Board of India (SEBI) had formulated SEBI (Prohibition of Insider Trading) Regulation 1992. SEBI has since amended the existing regulation. These regulations are now called Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ('Regulations').

Chapter IV of the Regulations require, inter alia, all listed Companies to frame a Code of Internal Procedures and Conduct as near thereto the Model Code specified in Part A of Schedule I to the Regulations.

Durgesh Merchants Limited, being listed company on Bombay Stock Exchange and Metropolitan Stock Exchange of India, has accordingly formulated this Code of Conduct hereinafter referred as "Durgesh Merchants Limited Code of Conduct for Prevention of Insider Trading (Code) 2012". All the Directors/ Officers and Designated employees of Durgesh Merchants Limited are governed by the Code.

All the Directors/ officers and designated employees of Durgesh Merchants Limited and its associates are advised to carefully go through and get themselves familiarize with and expected to strictly adhere to the Regulations and the Code.

• **1.2 THE POLICY AND OBLIGATION**

The Company endeavours to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Every Director/ officer and designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company. No Director/ Executive Director/ Manager and other designated employee may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

To achieve these objectives, Durgesh Merchants Limited hereby notifies that this code of conduct to be followed by all Directors, Officers and Designated employees of Durgesh Merchants Limited.

- **1.3 TITLE, COMMENCEMENT AND EXTENT**

- This Code is called “Durgesh Merchants Limited Code of Conduct for Prevention of Insider Trading 2012”.
- This Code is applicable to Durgesh Merchants Limited, all the Directors, Officers, Designated Employees, Connected person or person deemed to be connected person of Durgesh Merchants Limited and their Dependent Family Members.

- **DEFINITIONS**

In this Code, unless the context otherwise requires,

- **ACT: -**

ACT means the Securities and Exchange Board of India Act, 1992

- **BODY CORPORATE: -**

Body Corporate means a body corporate as defined in section 2 (11) of the Companies Act, 2013

- **CONNECTED PERSON: -**

Connected person means any person who –

is a director of Durgesh Merchants Limited or occupies the position as an officer or an employee of Durgesh Merchants Limited or holds a position involving a professional or business relationship between himself and Durgesh Merchants Limited, whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to Durgesh Merchants Limited.

Connected person shall also mean\* any person who is a connected person six months prior to an act of insider trading.

- **CODE: -**

Code means this Durgesh Merchants Limited Code of Conduct for Prevention of Insider Trading, as modified from time to time.

- **DEALINGS IN SECURITIES: -**

Dealing in securities means an act of subscribing, buying, selling, or agreeing to subscribe, buy or sell or deal in any equity shares or listed securities (or derivative

thereof, if any) of Durgesh Merchants Limited by any person either as a principal or as an agent.

- **DEPENDANT FAMILY MEMBERS:** -

Dependant Family Members means persons residing with the Directors/ Officers/ Designated Employees and shall include:

- a. Spouse;
- b. Minor son;
- c. Unmarried daughter;
- d. Father & Mother;
- e. Major son / daughter;
- f. Brother;
- g. Sister.

Provided they are dependant on the Directors/ Officers/ Designated Employees for their livelihood.

- **DIRECTOR:** -

Director means a Director of Durgesh Merchants Limited

- **INSIDER:** -

[Insider means any person who,

- (i) is or was connected with Durgesh Merchants Limited or is deemed to have been connected with Durgesh Merchants Limited, and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of Durgesh Merchants Limited,
- (ii) has received or has had access to such unpublished price sensitive information.]\*

- **INVESTIGATING AUTHORITY:** -

The term "Investigating Authority" means any Officer of the Board or any person, not being a firm, body corporate or an association of persons, having experience in dealing with the problems relating to the securities market and who is authorised by the Board under Chapter III

- **OFFICER:** -

The term "Officer" includes any Director, Manager or Secretary or any person in accordance with whose directions or instructions the Board of Directors or any one or

more of the Directors is or are accustomed to act and shall also include an Auditor of the Company.

- **PERSON IS DEEMED TO BE A CONNECTED PERSON**

(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, -

1. an immediate relative of connected persons specified in clause (i); or
2. a holding company or associate company or subsidiary company; or
3. an intermediary as specified in section 12 of the Act or an employee or director thereof; or
4. an investment company, trustee company, asset management company or an employee or director thereof; or
5. an official of a stock exchange or of clearing house or corporation; or
6. 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
7. 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
8. an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
9. a banker of the company; or
10. 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;

- **PRICE SENSITIVE INFORMATION: -**

Price sensitive information means any information which relates directly or indirectly, to Durgesh Merchants Limited, and which if published is likely to materially affect the price of securities of Durgesh Merchants Limited. The following shall be deemed to be price sensitive information:-

- Periodical financial results (quarterly or annual);
- Intended declaration of dividends (Both interim or final);
- Issue of securities or buy-back of securities;
- Any major expansion plans or execution of new projects;
- Amalgamation, mergers or takeovers;

- Disposal of the whole or substantial part of Undertaking; and
- Significant changes in policies, plans or operations of the Company.

- **REGULATIONS:** -

Regulation means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992

- **Relative:** -

Relative means a person, as defined in Section 2 (77) of the Companies Act, 2013

- **UNPUBLISHED:** -

Unpublished means information which is not published by the Company or its agents and is not specific in nature.

Where Speculative reports in print or electronic media shall not be considered as published information;

- **SEBI:** -

SEBI means the Securities and Exchange Board of India

- **SECURITY:** -

Security shall mean shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of the Company that are listed on one or more recognised Stock Exchange(s) in India or abroad.

- **SUBSIDIARIES:** -

Subsidiaries shall have the same meaning as described in the Companies Act, 1956

- **Stock Exchange:** -

Stock Exchange means a stock exchange which is recognised by the Central Government or Securities and Exchange Board of India under section 4 of Securities Contracts (Regulation) Act, 1956 (42 of 1956).

- **WORKING DAY:** -

[Working day shall mean the working day when the regular trading is permitted on the concerned stock exchange where securities of Durgesh Merchants Limited are listed.]\*

**INTERPRETATIONS OF CERTAIN WORDS AND EXPRESSIONS:** -

Words and expressions used herein and not defined in this Code but defined in the SEBI (Prohibition of Insider Trading) Regulations, 1992, Securities and Exchange Board of

India Act, 1992 or the Companies Act, 2013, shall have the same meanings respectively assigned to them in those Acts as amended from time to time.

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## **CHAPTER-II**

### **CONFIDENTIALITY OF PRICE SENSITIVE INFORMATION**

#### **2.1 COMPLIANCE OFFICER**

The company has appointed Compliance Officer senior level employee who shall report to the 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 designated employees' and their dependents' trades (directly or through respective department heads as decided by the company), monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of the company.

Explanation: For the purpose of this code, the term 'designated employee' shall include:

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- Officers comprising the top three tiers of the company management [\*\*]
- The employees designated by the company to whom these trading restrictions shall be applicable, keeping in mind the objectives of this code of conduct.

The Compliance Officer shall maintain a record of the designated employees and any changes made in the list of designated employees.

The Compliance Officer shall assist all the employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the company's code of conduct.

#### **2.2 PRESERVATION OF "PRICE SENSITIVE INFORMATION"**

All Directors/ Officers / Employees/ Designated employees shall maintain the confidentiality of all Price Sensitive Information. They shall not\* pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.

- **2.3 NEED TO KNOW**

Price Sensitive Information is to be handled on a “need to know” basis, i.e., Price Sensitive Information should be disclosed only to those within the company who need the information to discharge their duty.

- **2.4 LIMITED ACCESS TO CONFIDENTIAL INFORMATION**

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

### **CHAPTER III**

#### **TRADING RESTRICTIONS**

- **3.1 PREVENTION OF MISUSE OF “PRICE SENSITIVE INFORMATION”**

All Directors/ officers and designated employees of the company shall be subject to trading restrictions as enumerated below:-

- **3.2 TRADING WINDOW**

The Company shall specify a trading period, to be called “trading window”, for trading in the Company’s securities.

The Trading Window shall remain closed 48 Hrs. before the due date of the Board Meeting. The trading window shall be closed during the time the information referred to in below para is un-published.

The trading window shall be, inter alia, closed at the time of:-

- Declaration of Financial results (quarterly, half-yearly and annually).
- Declaration of dividends (interim and final).
- Issue of securities by way of public/ rights/bonus etc.
- Any major expansion plans or execution of new projects.
- Amalgamation, mergers, takeovers and buy-back.
- Disposal of whole or substantially whole of the undertaking.
- Any changes in policies, plans or operations of the Company.

When the trading window is closed, the designated employees, directors/ officers / employees shall not trade in the company's securities in such period.

The trading window shall be opened 24 hours after the information referred to in above para is made public.

All directors/ officers/designated employees of the company shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not



deal in any transaction involving the purchase or sale of the company's securities during the periods when trading window is closed, as referred to in above para or during any other period as may be specified by the Company from time to time.

In case of ESOPs, exercise of option 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 trading window is closed.

### • **3.3 PRE-CLEARANCE OF TRADES**

All Directors/ officers /designated employees of the company \*\*[and their dependents] who intend to deal in the securities of the company exceeding 5% shares should pre-clear the transactions as per the pre-dealing procedure as described hereunder.

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.

An undertaking shall be executed in favour of the company by such designated employee / director / officer incorporating, inter alia, the following clauses, as may be applicable:

- That the employee/ director/ officer does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
- That in case the employee/ director/ officer 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 change in his position 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 from time to time.
- That he / she has made a full and true disclosure in the matter

### **3.4 OTHER RESTRICTIONS**

All directors/officers /designated employees 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, the employee/ director/ officer must pre- clear the transaction again.

## **HOLDING PERIOD**

[All directors/officers /designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction, i.e., sell or buy any number of shares during the next six months following the prior transaction. All directors/officers/ designated employees shall also not take positions in derivative transactions in the shares of the company at any time.]

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## **CHAPTER IV**

### **REPORTING AND DISCLOSURE REQUIREMENTS**

- **4.1 REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES**

All Directors/officers /designated employees of the Durgesh Merchants Limited shall be required to forward following details of their securities transactions including the statement of dependent family members to the Compliance officer:

- (a) All holdings in securities of that Company by directors/ officers/ designated employees at the time of joining the company;
- (b) Periodic statement of any transactions in securities (the periodicity of reporting may be defined by the Company. The Company may also be free to decide whether reporting is required for trades where pre clearance is also required); and
- (c) Annual statement of all holdings in securities.

The Compliance officer shall maintain records of all the declarations in the appropriate form given by the directors/ officers / designated employees for a minimum period of three years.

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 his / her reasons in this regard.

The Compliance officer shall place before the Executive Director / Directors or a committee specified by the company, on a monthly basis all the details of the dealing in the securities by designated employees / director / officer of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

• **4.2 DISCLOSURE REQUIREMENTS**

Disclosure of Interest or holding by Directors and Officers and Substantial Shareholders

**The following disclosures shall be made to the Compliance officer:**

**I. Initial Disclosures**

<b>By whom</b>	<b>What to be disclosed</b>	<b>When to be disclosed</b>	<b>Form</b>
Any person holding more than 5% shares or voting rights	Number of Shares or voting rights held by such person	Within 2 working days of <ul style="list-style-type: none"> <li>• receipt of intimation of allotment of shares or</li> <li>• acquisition of shares or voting rights as the case may be.</li> </ul>	A
Director/ Officer	Number of Shares or voting rights and position taken in derivatives by such persons and his dependents	Within 2 working days of becoming a director or officer of the Company	B

**II. Continual Disclosures**

<b>By whom</b>	<b>What to be disclosed</b>	<b>When to be disclosed</b>	<b>Form</b>
Any person holding more than 5% shares or voting rights	<ul style="list-style-type: none"> <li>• Number of Shares or voting rights held and</li> <li>• Change in shareholding or voting rights, even if such change results in shareholding falling below 5%</li> </ul> <p>If there has been change in such holdings from the last disclosure and such change exceeds 2% of total shareholding or voting rights in the Company</p>	Within 2 working days of <ul style="list-style-type: none"> <li>• Receipt of intimation of allotment of shares or</li> <li>• Acquisition or sale of shares or voting rights, as the case may be.</li> </ul>	C
Director/ Officer to the Company and Stock Exchange	<ul style="list-style-type: none"> <li>• Number of shares or voting rights held and</li> <li>• Change in shareholding or voting rights</li> </ul> <p>If there has been a change in such holdings of such person</p>	Within 2 working days of <ul style="list-style-type: none"> <li>• Receipt of intimation of allotment of Shares or</li> <li>• Acquisition or sale of shares or voting rights as the case may be.</li> </ul>	D

also	and his dependants from the last disclosure and the change exceeds Rs. 5 Lakhs in value or 25,000 shares or 1% of total shareholding or voting rights whichever is lower		
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### **Disclosure by Company to Stock Exchange**

The information received as per above disclosure shall be intimated to all stock exchanges on which the Shares of the company are listed within two working days of receiving the same.

### **Annual Disclosure**

A director/ employee/ designated employee of a listed company shall submit to the company annual statement of all holding in securities held by him and his dependent family members.

### **Violation of provision relating to disclosure**

Without prejudice to the directions under regulation 11 of SEBI (Prohibition of Insider Trading) Regulation 1992, if any person violates provisions of these regulations, he shall be liable for appropriate action under section 11, 11B, 11D, Chapter VIA and section 24 of the SEBI Act.

### **POWER OF SEBI TO INVESTIGATE**

Any insider who deals in securities in contravention of these regulations shall be guilty of insider trading and if SEBI suspects that any person who has violated any provisions of these regulations, it may inquire with such person or persons as deem fit to form a prima facie opinion as to whether there is any violation of these regulations.

## **CHAPTER IV**

### **MISCELLANEOUS**

- **5.1 PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT**

Any designated employee/ officer / director who trades in securities or communicates any information for trading in securities in contravention of the code of conduct may be penalised and appropriate action may be taken by the company.

Designated Employees / officers / directors of the company who violate the code of conduct shall also be subject to disciplinary action by the company, which may include wage freeze, suspension, \*ineligible for future participation in employee stock option \*\*plans etc.

The action by the company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading), Regulations, 1992.

- **5.2 INFORMATION TO SEBI IN CASE OF VIOLATION OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATION, 1992**

In case it is observed by the company/ Compliance officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall be informed by the company.

By order of the Board  
For **DURGESH MERCHANTS LIMITED**

Place:

Date:

**COMPLIANCE OFFICER**