

Code of Conduct to regulate, monitor and report the trading by Designated Persons and their immediate relatives

Introduction

Darjeeling Industries Limited (Formerly known as Darjeeling Ropeway Company Limited) **Code of conduct for prevention of Insider Trading** (hereinafter referred to as “the Code”) has been framed under Regulation 9 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [hereinafter referred to as “SEBI (PIT) Regulations”].

1. Definitions:

“Board” means the Board of Directors of the Company.

“Code” or **“Code of Conduct”** shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of **Darjeeling Industries Limited (Formerly known as Darjeeling Ropeway Company Limited)** as amended from time to time.

“Company” means **“Darjeeling Industries Limited (Formerly known as Darjeeling Ropeway Company Limited)”**.

“Compliance Officer” means Company Secretary or such other senior officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations designated so and reporting to the Board of Directors 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board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 Company.

“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himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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;

“Designated Employee(s)” shall include:

- (i) every employee in the grade of General Managers and above;
- (ii) such employee in the finance, accounts, secretarial and legal department as may be determined and informed by the Compliance Officer and
- (iii) any other employee as may be determined and informed by the Compliance Officer from time to time.

“Financially Literate” means shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows

“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;

“Insider” means any person who is:

- i) a connected person; or
- ii) in possession of or having access to unpublished price sensitive information;

“Key Managerial Person” means person as defined under Section 2(51) of the Companies Act, 2013.

“Trading Day” means a day on which the recognized stock exchanges are open for trading.

“Regulations” shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

Terms not defined herein shall be construed as per the definition given in the Companies Act, 2013, Securities and Exchange Board of India Act, 1992, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Unpublished price sensitive information” means any information, relating to the 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, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor
- (vi) change in rating(s), other than ESG rating(s);
- (vii) fund raising proposed to be undertaken;
- (viii) agreements, by whatever name called, which may impact the management or control of the company;
- (ix) fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad
- (x) resolution plan/ restructuring or one time settlement in relation to loans/borrowings from banks/financial institutions;
- (xi) admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
- (xii) initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
- (xiii) action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;
- (xiv) outcome of any litigation(s) or dispute(s) which may have an impact on the company;
- (xv) giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
- (xvi) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

2. Role of Compliance Officer:

The Compliance Officer shall be responsible for, procedures, monitoring adherence to the rules for the preservation of “Unpublished Price Sensitive Information”, pre-clearance to designated employees’ and their immediate relatives’ 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. In case there is no Company Secretary at any point of time, the Board of Directors shall appoint a senior level employee as Compliance Officer.

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, 2015 and the Company’s code of conduct.

The compliance officer shall review the trading plan provided by the Insider in order to assess whether the plan would have potential for violation of the regulations and shall be entitled to seek express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of plan.

The Compliance Officer shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee or to the Chairman of the Board of Directors at such frequency as may be stipulated by the Board of Directors which shall not be less than once in a year.

3. Preservation of “Unpublished Price Sensitive Information”

Directors/designated persons shall maintain the confidentiality of all Unpublished 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.

Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

- an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company; or
- not attracting the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.

However, the Board of Directors 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 limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

Chinese Walls

Chinese Walls are designed to operate as barriers to the passing of Inside Information and Confidential Information. Chinese Walls are also designed as a means of managing Conflicts of Interest.

Designated persons / employees working within an Organization either at Registered Office or Corporate Office or Branch office are prohibited from communicating any Confidential or Inside Information to employees in Public Areas without the prior approval of their local Compliance Officer.

Designated persons / employees within a Chinese Wall have a responsibility to ensure the Chinese Wall is not breached deliberately or inadvertently. Known or suspected breaches of the Chinese wall must be referred to the Compliance Officer immediately.

Need to know

Unpublished Price Sensitive Information is to be handled on a “need to know” basis, i.e., Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty or legal obligations or legitimate purposes.

All non-public information directly received by any employee should immediately be reported to the head of the department.

Limited access to confidential information

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

4. Prevention of misuse of “Unpublished Price Sensitive Information”

Designated Employees and connected persons designated on the basis of their functional role (“designated persons”) in the Company and their immediate relatives shall be governed by an internal code of conduct governing dealing in securities.

Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:

- a) immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile and cell numbers which are used by them

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

Explanation – The term “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 months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

Trading Plan:

An Insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure, as provided in the Regulations.

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

However, the pre-clearance of trades shall not be required for a trade executed as per an approved trading plan and also the trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

5. Trading Window and Window closure

The Company specifies trading window as the period during which the Directors / officers / designated employees can trade in the Company’s Securities. The trading window shall be closed during the time the unpublished price sensitive information is not made public/generally available. When the trading window is closed, the designated employees/directors/designated persons shall not trade in the Company’s securities in such period.

All directors/officers/designated employees/ persons of the Company and their dependents 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.

6. Pre-clearance of trades

All directors / officers / designated employees / designated persons of the Company and their immediate relatives who intend to deal in the securities of the Company above a threshold limit as mentioned below should pre-clear the transaction as per the pre- dealing procedure as described hereunder.

Threshold limit shall mean: Transaction for purchase or sale of securities of the Company, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value/limit in excess of Rupees Ten Lakhs or such other value / limit as may be specified under the Regulations.

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/person or 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.

A declaration shall be executed in favour of the Company by such designated persons/ employee/director/officer incorporating, inter alia, the following clauses, as may be applicable:

- (a) That the employee/director/officer does not have any access or has not received or not in possession of "Unpublished Price Sensitive Information" upto the time of signing the declaration.
- (b) That in case the employee / director / officer has access to or receives "Unpublished Price Sensitive Information" after the signing of the declaration 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.
- (c) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- (d) That he/she has made accurate, full and true disclosure in the matter.

7. Other restrictions

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, the employee/director must pre-clear the transaction again.

All directors / officers / designated employees who buy or sell any number of shares of the Company shall not execute a contra trade or 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 / persons shall also not take positions in derivative transactions in the shares of the Company at any time.

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. If contra trade is executed, inadvertently or otherwise, in violation of such

restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI and for credit to the Investor Protection and Education Fund administered by the SEBI. However, this shall not be applicable for trades pursuant to exercise of stock options.

Reporting Requirements for transactions in securities

Initial disclosures by every Promoter/ Key Managerial Personnel / Director of the Company, within thirty days of these regulations taking effect, shall forward to the Company the details of all holdings in securities of the Company presently held by them including the statement of holdings of dependent family members in the prescribed Form. 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.

Continual disclosures by every Promoter, designated persons and Director within 2 trading days of transaction, if value of one transaction or series of transactions over any calendar quarter, aggregates to a traded value/ limit in excess of ten lakh rupees or such other value/limit as may be specified under the Regulations. Within 2 days of the receipt of intimation, Compliance Officer shall disclose to BSE Limited, the information received.

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

The Compliance Officer shall place before the Chairman of the Audit Committee / Board, all the details of the dealing in the securities by employees / director / officer / designated persons of the Company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code, at the next Audit Committee Meeting / Board Meeting after dealing.

8. Penalty for contravention of code of conduct

Any employee / officer / director who trades in securities or communicate 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.

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, recovery, clawback, ineligible for future participation in employee stockoption 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, 2015.

Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015

In case it is observed by the Company/Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI shall be informed by the Company.