

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

I. PREAMBLE

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, (hereinafter referred to as the 'Regulations') requires a Company to frame a Code of Conduct for prevention of insider trading by employees of the Company, including the Directors, in relation to the securities of the Company.

In line with the said Regulations, this Code for Prevention of Insider Trading has been formulated and adopted by the Board of Directors of the Company to be effective from June 5, 2008.

II. DEFINITIONS

1. **“Code”** means this Code for Prevention of Insider Trading
2. **“Company”** means Praneel Innovations Limited
3. **“Compliance Officer”** shall mean Company Secretary of the Company.
4. **“Dealing in Securities”** means subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities either as principal or agent.
5. **“Designated Employee”** shall mean:-
 - a) All Directors, Executive and Non-Executive;
 - b) All employees of top management i.e. Vice President and above;
 - c) All employees of Corporate Governance and Capital Management, Business Revenue, Accounts, MIS and Budgeting and Strategic Planning department and their dependant family members; and
 - d) Other employees as designated by the Board of Directors from time to time to whom the trading restrictions shall be applicable.
6. **“Dependent Family Members”** shall mean a relative of the designated employee who is dependent on designated employee.
7. **“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 Company. The following is deemed to be price sensitive information:-
 - a) Periodical financial results of the company (Quarterly, half Yearly and annually);
 - 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) Any significant changes in policies, plans or operations of the company.

8. “Relative” shall mean any of the following persons:-

- a) Husband
- b) Wife
- c) Father
- d) Mother (including step-mother)
- e) Son (including step-son)
- f) Son’s wife
- g) Daughter (including step-daughter)
- h) Father’s father
- i) Father’s mother
- j) Mother’s mother
- k) Mother’s father
- l) Son’s son
- m) Son’s son’s wife
- n) Son’s daughter
- o) Son’s daughter’s husband
- p) Daughter’s husband
- q) Daughter’s son
- r) Daughter’s son’s wife
- s) Daughter’s daughter
- t) Daughter’s daughter’s husband
- u) Brother (including step-brother)
- v) Brother’s wife
- w) Sister (including step-sister)
- x) Sister’s husband

II. INTERPRETATION

- 1. Terms that have not been defined in this Code shall have the same meaning assigned to them in the Companies Act, 1956 and/or any other SEBI Regulation(s) as amended from time to time.

2. This Code can be modified/amended/alterd only by Board of Directors of the Company.

III APPLICABILITY

This Code shall come into force with effect from June 5, 2008 and shall be applicable on all the designated employees, present and future. The term officer shall have the meaning as defined under the Companies Act, 1956 including the Auditors of the Company.

IV CODE

1.0 PRESERVATION OF “PRICE SENSITIVE INFORMATION” AND PROHIBITION TO BUY / SELL SECURITIES OF THE COMPANY BY DIRECTORS/DESIGNATED EMPLOYEES

1.1 Designated Employees and Officers of the Company shall maintain the confidentiality of all Price Sensitive Information. Designated Employees and Officers of the Company 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.

1.2 Designated Employees and Officers of the Company when in possession of any unpublished price sensitive information pertaining to the Company shall not:

1.2.1 Buy/sell securities of the Company, either on their own behalf or on behalf of any other person.

1.2.2 Communicate, counsel or procure any unpublished price sensitive information to/from any person.

2.0 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.

3.0 Limited access to confidential information

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

4.0 RESTRICTION TO BUY / SELL SECURITIES BY DESIGNATED EMPLOYEES

4.1 All Designated Employees and Officers of the Company shall not buy/sell securities of the Company during Closure of the 'Trading Window', i.e. the period during which trading in the securities of the Company is prohibited. The Designated Employees and Officers of the Company 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 the trading window is closed.

4.2 The closure of trading Window for the purpose of declaration of quarterly, half yearly and annually financial results shall commence as follows:

Nature of financial results	Date of Declaration	Date of closure of Trading Window
Unaudited Results for the first quarter (April to June)	On or before July 31	w.e.f July 1
Unaudited Results for the second quarter/ Half Year (July to September)	On or before October 31	w.e.f October 1
Unaudited Results for the third quarter (October to December)	On or before January 31	w.e.f January 1
Audited Results for the Financial Year ending on March 31	On or before June 30	w.e.f. April 1

The Trading Window shall be opened after passing of 24 hours of conclusion of Board Meeting in which the Financial Results as above are approved.

4.3 The closure of the trading window for the following events shall be advised by the Compliance officer of the Company ,while the opening of the window shall be 24 hours after the such information is made public:-

- 4.3.1 Proposal in respect of issue of securities by way of public/ rights/ bonus etc.;
- 4.3.2 Proposal in respect of major expansion plans or execution of new projects;
- 4.3.3 Proposal in respect of amalgamation, mergers, takeovers and buyback;
- 4.3.4 Proposal in respect of disposal of whole or substantially the whole of the undertaking;
- 4.3.5 Declaration of Dividends (Interim and Final);
- 4.3.6 Any change in Policies, plans or operations of the Company; and

- 4.3.7 Any other information which can be considered to be price sensitive
- 4.4 In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted in exercise of ESOPs shall not be allowed when trading window is closed.
- 4.5 All designated employees or officers of the company 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 designated employees or officers of the company shall also not take positions in derivative transactions in the shares of the company at any time. In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted. However, in case the sale of securities is necessitated by personal emergency, the holding period may be waived by Compliance Officer after recording in writing reasons in this regard. The application for this approval should be made to the Compliance Officer as per Annexure II.
- 4.6 All Designated Employees and Officers of the Company are required to obtain the pre-clearance of the proposed acquisition/purchase/sale transactions by themselves or through their dependent family members as per the procedure described hereunder if the said transaction of the securities of Company is in excess of 5,000 in number or Rupees One Lac in market value, whichever is lower, in transaction(s) in a single day. An application stating, inter alia, the estimated number of securities that the Designated Employee or Officer of the Company intends to deal in, the details as to the depository with which he has security account and the details as to the securities in such depository mode for pre-clearance shall be made to the compliance officer of Company in format specified in Annexure II of the Code. An undertaking shall also be executed in favour of the Company by such designated employee or officer of the Company incorporating, inter alia, the following clauses, as may be applicable:
- a) That the said designated employee or the officer of the Company does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
- b) That incase the said designated employee or the officer of the Company has access to or receives "Price Sensitive Information" after signing of the undertaking but before the execution of the transaction he shall inform the Compliance Officer of the change in his position and that he would completely refrain from dealing in the securities of the Company till the time such information becomes public.

(c) That he has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.

(d) That he has made a full and true disclosure in the matter.

4.7 The Compliance Officer will scrutinize the application within 2 working days of submission and communicate the approval/ refusal (alongwith reasons therefore) to the applicant. The decision of the Compliance Officer in this regard will be final. In the absence of the Compliance Officer, the preclearance application will be decided upon by the Managing Director.

4.8 The pre-clearance approval shall be valid only for one week from the date of communication and shall lapse thereafter. If the transaction is not consummated within one week from the approval date, the designated employee/ officers/their dependants will be required to follow the process of pre clearance again.

4.9 The requirements of pre- clearance of a proposed transaction shall not apply in the following cases:

4.9.1 In the event of participation of a public event i.e. a rights or a bonus issue.

4.9.2 In the case of any acquisition of shares through transmission or inheritance, or like mode.

4.9.3 By way of any court settlement or award thereof.

5.0 DISCLOSURES

5.1 Designated Employees shall make the following disclosures of shares and other securities held in the Company by them and their dependant family members, to the Compliance Officer:

Periodicity of Disclosure	Disclosure Requirement	Time period within which disclosure is to be made
Initial Disclosure by Designated Employee/officers of the Company	Number of Securities or voting rights held by them & their dependent family members (as per format specified in Annexure I of this Code).	Within 2 days of his becoming designated employee/officers of the Company of the Company. In case of existing designated employee within 2 days of coming into effect of this Code.
Annual Disclosure by all Designated Employee/officers of the Company	Number of Securities or voting rights held by them & their dependent family members (as per format specified in Annexure I of this Code).	Annual disclosure of number of securities held as on 31 st March shall be made within 30 days.

Periodicity of Disclosure	Disclosure Requirement	Time period within which disclosure is to be made
Disclosure by Designated Employee/officers of the Company if there has been Change in shareholding and such change exceeds Rs. 5 lacs in market value or 25,000 shares or 1% of the total shareholding of the Company or any other limit notified by SEBI, whichever is lower	Number of Securities or voting rights held by them & their dependent family members (as per format specified in Annexure III of this Code).	Within 2 working days of acquisition/sale /transfer / of shares.

6.0 PENALTIES FOR CONTRAVENTION

- 6.1 Any employee/officer/director 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.
- 6.2 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.
- 6.3 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.

7.0 GENERAL

- 7.1 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.
- 7.2 Employees are advised to pursue the Code and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time, carefully and acquaint themselves with all the provisions contained therein. 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 for Prevention of Insider Trading.

- 7.3 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 designating employees or the officers of the Company and their dependants’ trades and the implementation of the code of conduct under the overall supervision of the Board of the listed company.
- 7.4 The Compliance officer of the Company shall maintain a record of the designated employees or officers of the Company and any changes made in the list of designated employees or officers of the Company
- 7.5 The Compliance officer shall maintain records of all the declarations in the appropriate form given by the designated employees or the officer of the Company for a minimum period of three years.
- 7.6 The Compliance officer shall place before the Managing Director on a monthly basis all the details of the dealing in the securities by designated employees or the officer of the Company and the accompanying documents that such persons had executed the pre-dealing procedure as envisaged in this code.

Annexure I

Date:

Compliance Officer
Praneel Innovations Limited
Trident Complex,
Raikot Road, Barnala

Sub: Initial Disclosure/Annual Disclosure of Securities held pursuant to Code for Prevention of Insider Trading

Dear Sir,

I, hereby disclose that I am holding _____ Number of Securities of Praneel Innovations Limited (including those held by dependent family members) as per following details as on _____(date of joining)/March 31_____*:

1. Name :
2. Designation, Department & Employee Code :
3. Client Id & Details of Depository :
4. Name(s) of Account Holder(s)** :
5. Relation with Designated Employee** :
6. Number of securities held (including those held by dependent family members):

Thanking you,

(Signature)

Notes:

1. * Strike out whichever is not applicable
2. ** Applicable in case of dependent family member of Designated Employee
3. A separate Statement should be attached in respect of number of Shares held by dependent family members.

Annexure II

Date:

Compliance Officer
Praneel Innovations Limited
Trident Complex,
Raikot Road,
Barnala

Sub : Application for Selling before six months from the date of Purchase of Security pursuant to Clause 4.5 of Code for Prevention of Insider Trading/Pre-clearance of the Transaction pursuant to Clause 4.6 of Code for Prevention of Insider Trading*

Dear Sir,

I intend to deal in the Securities of Company. Detailed particulars of Proposed Transaction are as follows:

1. Name :
2. Designation, Department & Employee Code :
3. Client Id & Details of Depository :
4. Name(s) of Account Holder(s)** :
5. Relation with Designated Employee** :
6. No of securities held (including those held by dependent family members) before proposed Transaction:
7. Nature of Proposed Transaction :
8. Estimated number of securities to be dealt in proposed Transaction (including by dependent family members):
9. Estimated value of securities to be dealt in proposed Transaction (including by dependent family members):
10. Reason for proposed Transaction :

You are requested to pre-clear the above transaction.

Thanking you,

(Signature)

Notes:

1. * Strike out whichever is not applicable
2. ** applicable in case of dependent family member of Designated Employee
3. A separate statement should be attached in respect of number of Shares held by dependent family members.

Annexure III

Date:

Compliance Officer
Praneel Innovations Limited
Trident Complex,
Raikot Road, Barnala

Sub : Disclosure Pursuant to Clause 5.1 of Code for Prevention of Insider Trading of Praneel Innovations Limited for change in shareholding in excess of Rs. 5 lacs in market value or 25,000 shares or 1% of the total shareholding of the Company or any limit notified by SEBI, whichever is lower

Dear Sir,

I am disclosing herewith details of securities held by me (including those held by dependent family members) pursuant to Clause 5.1 of Code for Prevention of Insider Trading of Praneel Innovations Limited.

1. Name :
2. Designation, Department & Employee Code:
3. Client Id & Details of Depository :
4. Name(s) of Account Holder(s)* :
5. Relation with Designated Employee* :
6. Shareholding prior to acquisition/sale (including those held by dependent family members) :
7. Number and % of shares/voting rights acquired /sold :
8. Receipt of allotment/advice/acquisition of shares/sale of shares :
9. Mode of acquisition on (market Purchase/public/rights/preferential offer etc.):
10. Trading member through whom the trade was executed with SEBI: Registration No. of Trading Member
11. Exchange on which the trade was executed :
12. Buy quantity :
13. Buy Value :
14. Sell quantity :
15. Sell Value :

Thanking you,

(Signature)

Notes:

1. * Applicable in case of dependent family member of Designated Employee
2. A separate statement should be attached in respect of number of Shares held by dependent family members.