

# CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN SECURITIES

## INSIDER TRADING

Insider trading mean dealing in securities of a company listed / traded on any stock Exchange in India based on, or when in possession of, unpublished price sensitive information.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) has 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.

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.

Pentokey Organy (India) Limited being listed company at Mumbai Stock Exchange Limited has accordingly formulated the code of conduct. All the Directors / Officers and Designated Employees of Pentokey Organy (India) Limited are governed by the code. The code shall come into force w.e.f. 31<sup>st</sup> January, 2012.

All the Directors/Officers and Designated Employees of Pentokey Organy (India) 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.

## 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, Pentokey Organy (India) Limited hereby notifies that this code of conduct to be followed by all Directors, Officers and Designated employees the Company.

## DEFINITIONS

- a) **Act** means the Securities and Exchange Board of India Act, 1992

- b) **Body Corporate** means a body corporate as defined in Section 2 of the Companies Act, 1956
- c) **Connected Person** means any person who –
- i) is a director of Pentokey Organy (India) Limited
  - ii) occupies the position as an officer or an employee of the Company or holds a position involving a professional or business relationship between himself and the company whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to the company
- d) **Dealing in Securities** means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities by any person either as principal or agent
- e) **Insider** means any person who is or was connected with the company or is deemed to have been connected with the Company and is reasonably expected to have access to unpublished price sensitive information
- f) **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
- g) **person is deemed to be a connected person** if such person –
- i) is a company under the same management or group or any subsidiary company thereof within the meaning of Monopolies and Restrictive Trade Practices Act or Section 372(11) of the Companies Act, 1956 as the case may be.
  - ii) is an intermediary as specified in Section 12 of the Act, Investment company, Trustee Company, Asset Management Company or an employee or director thereof or an official of a stock exchange or of clearing house or corporation
  - iii) is a merchant banker, share transfer agent, registrar to an issue, debenture trustee, broker, portfolio manager, Investment Advisor, sub-broker, Investment Company or an employee thereof, or is member of the 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 who have a fiduciary relationship with the company
  - iv) is a Member of the Board of Directors or an employee of a public financial institution as defined in Section 4A of the Companies Act, 1956
  - v) is an official or an employee of a Self-regulatory Organisation recognised or authorised by the Board of a regulatory body
  - vi) is a relative of any of the aforementioned persons
  - vii) is a banker of the company
  - viii) relatives of the connected person
  - ix) is a concern, firm, trust, Hindu undivided family, company or association of persons wherein any of the connected persons mentioned in sub-clause (i) of clause (c), of this regulation or any of the persons mentioned in sub-clause (vi), (vii) or (viii) of this clause have more than 10 per cent of the holding or interest

- h) **Price Sensitive Information** means any information which relates directly or indirectly to Pentokey Organy (India) Limited and which if published is likely to materially affect the price of securities. The following shall be deemed to be price sensitive information: –
- (i) periodical financial results of the company
  - (ii) intended declaration of dividends (both interim and final)
  - (iii) issue of securities or buy-back of securities
  - (iv) any major expansion plans or execution of new projects
  - (v) amalgamation, mergers or takeovers
  - (vi) disposal of the whole or substantial part of the undertaking
  - (vii) and significant changes in policies, plans or operations of the company
- i) **Relative** means a person, as defined in Section 6 of the Companies Act, 1956
- j) **Unpublished** means information which is not published by the Company or its agents and is not specific in nature.
- k) **Trading Window** means the period during which Directors/Officers and Designated Employees of the Company shall be permissible to deal in the Securities of the Company.
- l) **Interpretation 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, 1956 shall have the same meaning respectively assigned to them in those acts as amended from time to time.

## COMPLIANCE OFFICER

The Company has appointed Company Secretary as Compliance officer who shall report to Managing Director/Board of Directors and Chief Executive Officer 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: -

- i) Officers comprising the top three tiers of the Company Management.
- ii) 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 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.

## **PRESERVATION OF PRICE SENSITIVE INFORMATION**

All Directors/Officers/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.

## **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.

## **LIMITED ACCESS TO CONFIDENTIAL INFORMATION**

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

## **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:-

## **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 Hours before the due date of the Board Meeting. The trading window shall be closed during the time the information referred below is un-published i.e.

The trading window shall be, inter-alia, closed 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) Any major expansion plans or execution of new projects
- (e) Amalgamation, mergers, takeovers and buy-back
- (f) Disposal of whole or substantially whole of the undertaking
- (g) Any changes in policies, plans or operations of the Company

Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company.

When the trading window is closed, the designated employees, directors/ officers 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 submitted to the Stock Exchange.

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.

### **PRE-CLEARANCE OF TRADES**

All directors/officers/designated employees of the company who intend to deal in the securities of the company exceeding 1000 (One Thousand) Shares should pre-clear the transaction 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:

- 1) That the employee/director/officer does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
- 2) 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.
- 3) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.
- 4) That he/she has made a full and true disclosure in the matter.

### **OTHER RESTRICTIONS**

All directors/officers/designated employees and their relatives 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 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.

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.

## **REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES**

All directors/officers/designated employees of the listed company shall be required to forward following details of their securities transactions including the statement of dependent family members (as defined by the company) to the Compliance Officer

All holdings in securities of that company by directors/officers/designated employees at the time of joining the company

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

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.

The Compliance Officer shall place before the Managing Director/Chief Executive Officer or a committee specified by the Company, on a monthly basis all the details of the dealing in the securities by 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.

## **PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT**

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 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 for future participation in employee stock option 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.

## **INFORMATION TO SEBI IN CASE OF VIOLATION OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 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

## **POWER OF SEBI TO INVESTIGATE**

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

# **CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

## **INTRODUCTION**

This Code of Conduct (hereinafter referred to as the "Code") shall be called "The Code of Conduct for Board Members and Senior Management Personnel" of Pentokey Organy (India) Limited (hereinafter referred to as the "Company").

This Code envisages that the Board of Directors of the Company ("Board") and Senior Management Personnel (as hereinafter defined) (collectively referred to as "Officers") must act within the bounds of the authority conferred upon them and with a duty to comply with the requirements of applicable law.

The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company and thus to sustain the trust and confidence reposed in the Officers by the Shareholders of the Company. Officers are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.

The principles prescribed in this Code are general in nature and lay down broad standards of compliance and ethics, as required by Clause 49 of the Listing Agreement with The Stock Exchange of Mumbai. The Officers should also review other applicable policies and procedures of the Company for specific instructions and guidelines, which are to be read in conjunction with this Code.

This Code shall come into effect on 31<sup>st</sup> January, 2012.

Accordingly, the Director/Officers (as defined herein below) are expected to read and understand this Code and uphold these standards in their business dealings and activities.

## **DEFINITIONS AND INTERPRETATION**

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

- "Board" shall mean the Board of Directors of the Company.
- "Company" shall mean the Pentokey Organy (India) Limited.
- "Officers" shall collectively refer to the Board Members and the Senior Management Personnel
- "Senior Management Personnel" shall mean personnel of the Company who are members of its core management team excluding the Board of Directors and would comprise of all members of management one level below the Whole-time Director, including head of departments directly reporting to Whole Time Directors.
- "Whole Time Directors" shall mean the Board Members who are in the whole-time employment of the Company.
- "Non Whole Time Directors" shall mean the Board Members who are part-time Directors and not in the whole time employment of the Company.

## **APPLICABILITY**

This Code of Conduct applies to the following:

1. Board Members
2. Senior Management Personnel

## **HONEST AND ETHICAL**

Board Members and Senior Management Personnel shall act in accordance with the highest standards of integrity, honesty, fairness and ethical conduct while working for the Company as well when representing the Company. Honest conduct means conduct that is free from fraud or deception. Ethical conduct includes ethical handling of actual or apparent conflict of interest between personal and professional relationships.

Senior Management Personnel should promote ethical behavior and take steps to ensure that the Company promotes ethical behavior and also encourages employees to freely report violations of laws, rules, regulations or the Company's Code of Conduct to the appropriate personnel.

They must abide by the policies and procedures that govern the conduct of the Company's business. The Company shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards.

## **CONFLICT OF INTEREST**

Duty of the Directors/Officers of the Company demands that he avoids and discloses actual and apparent conflicts of interest. A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. For eg:

**a) Business Interest:**

The Directors and Senior Management Personnel are expected to:

Disclose any personal interest (financial or otherwise) in any matter relating to the business of the Company to the Board of Directors of the Company

Protect Company's assets and resources (including information and intellectual property rights) and shall use the same only for the Company's business and not for personal gain / advantage.

Not to exploit, for their personal gain, opportunities that are discovered by or through the Company.

Not to divert to their own advantage any business opportunity that the Company is in pursuit.



**b) Outside Directorship:**

It is a conflict of interest to serve as a Director of any company that competes with the Company. The Directors are expected not to associate himself/herself with any competitor of the Company.

However, nominee directors appointed by institutions, which have invested in or lent to the Company, may act/continue to act as directors of other companies where they have been /may be nominated by such institutions.

**c) Outside Employment:**

In consideration of employment with the Company, Whole-time Directors and Senior Management Personnel are expected to devote their full attention to the business interest of the Company. The Senior Management Personnel are prohibited from holding any position or job or be on the Board of any other company outside the Company without approval of the Managing Director of the Company.

**d) Related Parties:**

As a general rule, Directors and Senior Management Personnel should avoid conducting Company business with a relative (as defined in the Companies Act, 1956), or with a business in which a relative is associated in any significant role. The Company discourages the employment of relatives of Directors and Senior Management Executives in positions or assignments within the same department. Further, the Company prohibits the employment of such individuals in positions that have a financial dependence or influence.

**e) Gifts:**

The Company regards the giving and receiving of gifts, favours or entertainment as inherently compromising unless they are of reasonable value (i.e. not extravagant) under the circumstances. This means they must have a valid business purpose are appropriate as to time, place and kind are infrequent in occurrence do not influence or give the appearance of influencing the recipient and are not likely to be viewed as a bribe, kickback or payoff. However, gifts of money shall never be accepted or given.

**f) Confidentiality:**

Any information concerning the Company's business, its customers, suppliers, etc. shall be considered as confidential.

No Directors or Senior Management Personnel shall provide any information concerning the Company or its business or its customers, suppliers etc., either formally or informally, to any person including press or publicity media, unless such information is -

- in public domain at the time of disclosure; or
- authorized or required to be disclosed pursuant to a decision of the

- Board / Committee thereof; or
- required to be disclosed in accordance with applicable laws or requirement of any government authority.

The obligation of confidentiality shall continue even after such person ceases to be Director or Senior Management Personnel of the Company.

**g) Other situations**

Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, Directors/Officers must consult the Company's Chairman and/ or the Board of Directors.

**COMPLIANCES**

It is the Company's policy to comply fully with all applicable laws and regulations governing contact and dealings with government employees and public officials and to adhere to high ethical, moral and legal standards of business conduct. This policy includes strict compliance with all local, state, Central and other applicable laws, rules and regulations.

**WAIVER AND AMENDMENTS**

The Board has, at its absolute discretion, the power to waive compliance with any or all of the provisions of the Code and promptly disclosed on the Company's website.

The Board may amend the provisions of this Code from time to time.

Unless otherwise specified, such amendments shall be effective from the date of the Board meeting at which such amendments are approved.

**AFFIRMATION**

All Directors and Senior Management Executives shall affirm compliance with the Code on annual basis within 30 days of close of every financial year ending on 31<sup>st</sup> March.

The Annual Affirmation (as per format specified hereunder) shall be forwarded to the Company Secretary of the Company within the said period of 30 days.

**DISCLOSURE**

This Code of conduct is a statement of certain fundamental principles, ethics, values, policies and procedures that govern the Directors and senior management of the Company in the conduct of the Company' business. It is not intended to and does not create any rights in any employees, customer, client, supplier, competitor, shareholder or any other person or entity.

Acknowledgement of Receipt of Code of Conduct for All the Directors and Senior Executives of Pentokey Organy (India) Limited

I, \_\_\_\_\_, Whole-time/Part time Director/Senior Executive/Director of the Company have received and read the Company's Code of Conduct for the Directors and Senior Executives Personnel (the Code). I understood the standards and policies contained in the Code and further understood that there may be additional policies or laws specific to my job. I agree to adhere to the standards described in the Code and comply with the Code at all times.

If I have any clarifications/questions concerning the meaning/definition or application of the Code, any Company policies or the legal and regulatory requirements applicable to my job, I understood that I can consult the Company Secretary/Compliance Officer and that my clarifications/questions/requests or reports to these sources will be maintained in confidence.

Signature:

Name:

Designation:

Place: \_\_\_\_\_

Date: \_\_\_\_\_

Note: this acknowledgement shall be handed over to the Company Secretarial Department.