

INTRODUCTION

This document embodies the Code of Conduct for Prevention of Insider Trading (**Code**) to be adopted by INDOSOLAR LIMITED, the Company and followed by its Directors, Officers and other Employees. The Code is based on the principle that Directors, Officers and Employees of the Company owe a fiduciary duty to, among others, the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal Securities transactions in a manner that does not create any conflict of interest situation. Further, the Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company's Securities.

Insider trading means dealing in Securities of a company by its Directors, Employees or other Insiders based on unpublished Price Sensitive Information. Such dealings by Insiders erode the investors' confidence in the integrity of the management and is unhealthy for the capital markets.

To strengthen the existing regulations and to create a framework for prevention of insider trading SEBI has framed regulations called "*Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992*" (hereinafter referred to as "the Regulations"). The Regulations are amended from time to time not only to regulate insider trading but also seek to prohibit insider trading. The text of the upto date amended Regulations is given in Appendix A.

Regulation 3 of the Regulations, which prohibits insider trading is quoted below:

"No Insider shall –

- (i) either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any unpublished price sensitive information;*
- or*
- (ii) communicate or counsel or procure directly or indirectly any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities;*

Provided that nothing contained above shall be applicable to any communication required in the ordinary course of business or profession or employment or under any law."

APPLICABILITY:

This Code of Conduct shall be applicable to all the Specified persons and officials of the Company.

DEFINITIONS:

As used in this Code:

- (a) “**Board**” means Board of Directors of the Company.
- (b) “**Code**” means this Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, as applicable, including modifications made thereto from time-to-time.
- (c) “**Company**” means INDOSOLAR LIMITED.
- (d) “**Connected Person**” as defined in Regulation 2 (c) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and any amendment or modifications thereto from time to time .
- (e) “**Dealing in Securities**” means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the Securities of the Company either as principal or agent.
- (f) “**Insider**” as defined in Regulation 2 (e) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and any amendment or modifications thereto from time to time .
- (g) “**Director**” means a member of the Board of Directors of the Company.
- (h) “**Dependent**” shall include the spouse and financially dependent children and parents of the Specified Persons.
- (i) “**Officer**” means as defined in Regulation 2(g) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and any amendment or modifications thereto from time to time.
- (j) “**Person is deemed to be a connected person**” means as defined in Regulation 2 (h) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and any amendment or modifications thereto from time to time .

- (k) **“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.

The following shall be deemed to be Price Sensitive Information:

- (i) Periodical audited or unaudited financial results of the Company, stand-alone or consolidated;
 - (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 a substantial part of the undertaking;
 - (vii) Any significant changes in policies, plans or operations of the Company;
- (l) **“Securities”** as defined in Regulation 2 (h) of the Securities Contracts (Regulation) Act, 1956 and any amendment or modifications thereto from time to time .
- (m) **“Specified Persons”** - the Directors, the Officers, the Designated Employees and their dependents are collectively referred to as Specified Persons.
- (n) **“Minimum Threshold Limit”** means a minimum number of 25,000 securities or Rs. 5,00,000/- in value, whichever is lower.
- (o) **“Trading Window”** means the period during which the specified persons of the Company may trade in the Company’s securities subject to the restrictions imposed by or under the Code.

All terms used in this Code but not defined hereinabove shall have the meanings ascribed to them under the Regulations or the Companies Act, 1956.

COMPLIANCE OFFICER:

The Company Secretary shall act as the Compliance Officer to ensure compliance and for effective implementation of the Regulations and also this Code across the Company.

The Compliance Officer shall report to the Managing Director of the Company.

The Compliance Officer shall hold the position so long as he/she is in the employment of the Company. Till such time a successor is appointed, the Managing Director shall, in the interim period act as the Compliance Officer.

DUTIES OF THE COMPLIANCE OFFICER:

The Compliance Officer shall be responsible for:

- Setting forth policies for prevention of Insider Trading in consultation with the Managing Director of the Company.
- Prescribing procedures for various activities referred to in the Code.
- Monitoring adherence to the rules for the preservation of "*Price Sensitive Information*".
- Grant of pre-dealing approvals to the Specified Persons for dealings in the Company's Securities by them / their Dependents and monitoring of such dealings.

- Implementation of this Code under the overall supervision of the Board.

The Compliance Officer shall maintain a record of the Specified Persons (*see Annexure-1*) and changes thereto from time-to-time.

The Compliance Officer shall assist all the Employees in addressing any clarifications regarding the Regulations and this Code.

The Compliance Officer shall place status reports before the Managing Director of the Company, detailed dealings in the Securities by the Specified Persons along with the documents that such persons had executed in accordance with the pre-dealing procedure prescribed under the Code on a Monthly basis.

CLOSURE OF TRADING WINDOW:

Trading window for dealing in securities of the Company will be closed from the date on which intimation to Stock Exchange or notice is issued to the Directors for convening a meeting of the Board, whichever is earlier to consider the following events:

Unless otherwise specified by the Compliance Officer, the Trading Window for Dealing in Securities of the Company shall be closed for the following purposes-

- (a) Declaration of financial results (quarterly, half-yearly and annual), stand alone and consolidated,
- (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, and

- (g) Any significant changes in policies, plans or operations of the Company.

The trading window shall be opened 24 hours after the information referred to above is made public. All the Specified Persons shall strictly conduct all their dealings in the Securities of the Company only when the Trading Window is open and no Specified Person shall deal in the Securities of the Company during the period the Trading Window is closed or during any other similar period as may be specified by the Compliance Officer from time-to-time.

PRE-CLEARANCE OF DEALS IN SECURITIES:

Applicability:

Every Specified Person shall obtain a *pre-dealing* approval as per the procedure prescribed hereunder for any dealing in any Securities of the Company proposed to be undertaken. Such *pre-dealing* approval would be necessary, if the dealing exceeds 25,000 Securities or Rs. 5,00,000/- (market value), whichever is lower when the trading window is open. No trades shall be undertaken by specified persons with or without approval when the trading window is closed.

No Specified Person shall at any time, enter into and take positions in derivative transactions in the Securities of the Company.

Pre-dealing Procedure:

For the purpose of obtaining a *pre-dealing* approval, the concerned Specified Person shall make an application in the prescribed form (*see Annexure 2*) to the Compliance Officer. Such application should be complete and correct in all respects.

Approval:

- (a) The Compliance Officer shall consider the application made as above and shall approve it forthwith preferably on the same working day but not later than the next working day unless he is of the opinion that grant of such an approval would result in a breach of the provisions of this Code, or the Regulations.
- (b) Every approval letter shall be issued in such format (*see Annexure 3*) as may be prescribed by the Company from time-to-time. Every approval shall be dated and shall be valid for a period of 1 (one) week from the date of approval.

- (c) In the absence of the Compliance Officer due to leave etc., the Managing Director shall discharge the function referred to in (a) above.

Completion of Pre-cleared Dealing:

- (a) All the Specified Persons shall ensure that they complete execution of every pre-cleared deal in the Company's Securities as prescribed above and not later than 1 (one) week from the date of the approval. The Specified Person shall file within 2 (Two) working days of the execution of the deal, the details of such deal, with the Compliance Officer in the prescribed form (*see Annexure 4*). In case the transaction is not undertaken, a report to that effect shall be filed (*see Annexure 4*).
- (b) If a deal is not executed by the Specified Persons pursuant to the approval granted by the Compliance Officer within 1 (one) week, the Specified Person shall apply once again to the Compliance Officer for *pre clearance* of the transaction covered under the said approval.

Holding Period:

The Specified Persons shall not, within six months of buying or selling any number of Securities of the Company, enter into an opposite transaction i.e. sell or buy, as the case may be, any number of the Securities of the Company.

In case the sale of Securities of the Company is necessitated due to personal reasons or emergency situations, the holding period referred to above may be waived by the Compliance Officer after recording the reasons in this regard. It may however, be noted that in terms of the Regulations, no such sale will be permitted when the Trading Window is closed.

Advice regarding Pre-Clearance:

In case of doubt, the Specified Person shall check with the Compliance Officer or Managing Director whether the provisions relating to *pre-clearance* are applicable to any proposed transaction in the Company's Securities.

REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES:

In addition to complying with the reporting requirements as prescribed under this Code, all the Specified Persons shall file with the Compliance Officer, inter alia, the following details within 15 (fifteen) days of the date of adoption of the Code or date of joining the Company, whichever is later, and for 31st March every year.

- (a) all holdings in Securities of the Company. (*see Annexure 5*);
- (b) a statement in such form and manner (*see Annexure 6*) to be submitted by the 15th of April and October every year giving details of all transactions in Securities of the Company during the preceding six months; and
- (c) annual statements of all holdings in Company's Securities as on 31st March every year in such form and manner (*see Annexure 7*) as may be prescribed by the Compliance Officer from time-to-time.

The Compliance Officer shall maintain records of all the above declarations in an appropriate form for a minimum period of 3 (three) years from the date of the filing thereof.

PENALTY FOR CONTRAVENTION:

Every Specified Person shall be individually responsible for complying with the provisions of this Code.

The Specified Persons who violate this Code shall, in addition to any other penal action that may be taken by the Company pursuant to law, also be subject to disciplinary action including the termination of employment.

Action taken by the Company for violation of the Regulations and the Code against any Specified Person will not preclude SEBI from taking any action for violation of the Regulations or any other applicable laws/rules/regulations.

In case it is observed by the Compliance Officer that there has been a violation of the Regulations by any Specified Person, he/she shall forthwith inform the Managing Director about the violation. The penal action will be initiated on obtaining suitable directions from. The Managing Director and Compliance Officer shall simultaneously inform SEBI about such violation. The Specified Person against whom information has been furnished by the Company/Compliance Officer to SEBI for violations of the Regulations/Code, shall provide all information as may be required by the Company/Compliance Officer or SEBI in this connection.

POWER TO AMEND CODE OF CONDUCT

The code may be amended from time to time by the Board.

CLARIFICATIONS:

For all queries concerning this Code, the Directors, Officers and Employees may please contact the Compliance Officer.

SECURITIES AND EXCHANGE BOARD OF INDIA

(¹ [PROHIBITION OF] INSIDER TRADING)

REGULATIONS, 1992

In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board with the previous approval of the Central Government, hereby makes the following regulations, namely :—

CHAPTER I PRELIMINARY

Short title and commencement.

1. (1) These regulations may be called the Securities and Exchange Board of India (²[Prohibition of] Insider Trading) Regulations, 1992.

(2) These regulations shall come into force on the date of their publication in the Official³Gazette.

Definitions.

2. In these regulations, unless the context otherwise requires :—

(a) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(b) “body corporate” means a body corporate as defined in section 2 of the Companies Act, 1956 (1 of 1956) ;

(c) “connected person” means any person who—

(i) is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1 of 1956), of a company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307 of that Act or

(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 company⁴[whether temporary or permanent] and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company:

⁵[*Explanation* :—For the purpose of clause (c), the words “connected person” shall⁶[mean] any person who is a connected person six months prior to an act of insider trading;]

(d) “dealing in securities” means an act of⁷[subscribing,] buying, selling or agreeing to⁸[subscribe,] buy, sell or deal in any securities by any person either as principal or agent;

¹ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-02-2002.

² Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-02-2002.

³ 19-11-1992.

⁴ Inserted by the SEBI (Trading) (Amendment) Regulations, 2002, w.e.f. 20-02-2002.

⁵ Inserted by the SEBI (Trading) (Amendment) Regulations, 2002, w.e.f. 20-02-2002.

⁶ Substituted for “include” by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 29-11-2002.

⁷ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002.

⁸ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002.

⁹[(e) “insider” means any person who,

(i) is or was connected with the company or is deemed to have been connected with the company and is reasonably expected to have access ¹⁰[***] to unpublished price sensitive information in respect of securities of ¹¹[a] company, or

(ii) has received or has had access to such unpublished price sensitive information ;]

(f) “investigating authority” means any officer of the Board or any other 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 ;

(g) “officer of a company” means any person as defined in clause (30) of section 2 of the Companies Act, 1956 (1 of 1956) including an auditor of the company;

(h) “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 sub-section (1B) of section 370, or sub-section (11) of section 372, of the Companies Act, 1956 (1 of 1956) or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) as the case may be; or

¹² [(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; or

(v) is an official or an employee of a Self-regulatory Organisation recognised or authorised by the Board of a regulatory body; or

(vi) is a relative of any of the aforementioned persons;

(vii) is a banker of the company.

¹³ [(viii) relatives of the connected person; or

¹⁴ [(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

⁹ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

¹⁰ The words “by virtue of such connection,” omitted by the SEBI Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002.

¹¹ Substituted for the word “the” by the Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002.

¹² Substituted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002. Prior to its substitution, sub-clause (ii) read as under:-

“is an official or a member of a stock exchange or of a clearing house of that stock exchange, or a dealer in securities within the meaning of clause (c) of section 2 , and section 17 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), respectively, or any employee or such member or dealer of a stock exchange.”

¹³ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002.

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;]]

¹⁵ [(ha) “price sensitive information” means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of company.

Explanation.—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 (1 of 1956);
- (j) “stock exchange” means a stock exchange which is recognised by the Central Government ¹⁶[or Securities and Exchange Board of India] under section 4 of Securities Contracts (Regulation) Act, 1956 (42 of 1956);

¹⁷ [(k) “unpublished” means information which is not published by the company or its agents and is not specific in nature.

Explanation.—Speculative reports in print or electronic media shall not be considered as published information.]

¹⁸[(l) “working day” shall mean the working day when the regular trading is permitted on the concerned stock exchange where the securities of the company are listed]

¹⁴ Substituted by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 29-11-2002. Earlier it was inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-02-2002. Prior to its substitution, sub-clause (ix) read as under:-

“a concern, firm, trust, Hindu undivided family, company, association of persons wherein the relatives of persons mentioned in sub-clauses (vi) , (vii) and (viii) has more than 10 per cent of the holding or interest. ”

¹⁵ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002.

¹⁶ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002.

¹⁷ Substituted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002. Prior to its substitution, clause (k) read as under:-

“(k) Unpublished price sensitive information means any information which related to the following matters or is of concern, directly or indirectly, to a company, and is not generally known or published by such company” for general information , but which if published or known, is likely to materially affect the price of securities of that company in the market –

- (i) financial results (both half-yearly and annual) of the company;
- (ii) intended declaration of dividend (both interim/final);
- (iii) issue of shares by way of public rights, bonus etc.;
- (iv) any major expansion plans or execution of new projects;
- (v) amalgamations, mergers and takeovers;
- (vi) disposal of the whole or substantially the whole of the undertaking;
- (vii) such other information as may affect the earnings of the company.

¹⁸ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

CHAPTER II
PROHIBITION ON DEALING, COMMUNICATING OR COUNSELLING

Prohibition on dealing, communicating or counselling on matters relating to insider trading.

3. No insider shall—

- (i) either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange ¹⁹[when in possession of] any unpublished price sensitive information; or
- ²⁰ [(ii) communicate ²¹[or] counsel or procure directly or indirectly any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities :

Provided that nothing contained above shall be applicable to any communication required in the ordinary course of business ²²[or profession or employment] or under any law.]

²³ [***]

- ²⁴ [**3A.** No company shall deal in the securities of another company or associate of that other company while in possession of any unpublished price sensitive information.]

²⁵ [**Regulation 3A not to apply in certain cases.**

3B. (1) In a proceeding against a company in respect of regulation 3A, it shall be a defence to prove that it entered into a transaction in the securities of a listed company when the unpublished price sensitive information was in the possession of an officer or employee of the company, if :

- (a) the decision to enter into the transaction or agreement was taken on its behalf by a person or persons other than that officer or employee; and
- (b) such company has put in place such systems and procedures which demarcate the activities of the company in such a way that the person who enters into transaction in securities on behalf of the company cannot have access to information which is in possession of other officer or employee of the company; and

¹⁹ Substituted for “on the basis of” by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-02-2002.

²⁰ Substituted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-02-2002. Prior to its substitution clause (ii) read as under:-

“(ii) communicate any unpublished price sensitive information to any person, with or without his request for such information, except as required in the ordinary course of business or under any law; or”

²¹ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

²² Inserted by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

²³ Omitted by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-2-2002. Prior to its omission clause (iii) read as under:-

“(iii) counsel or procure any other person to deal in securities of any company on the basis of unpublished price sensitive information.”

²⁴ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

²⁵ Inserted by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002 w.e.f. 29-11-2002.

(c) it had in operation at that time, arrangements that could reasonably be expected to ensure that the information was not communicated to the person or persons who made the decision and that no advice with respect to the transactions or agreement was given to that person or any of those persons by that officer or employee; and

(d) the information was not so communicated and no such advice was so given.

(2) In a proceeding against a company in respect of regulation 3A which is in possession of unpublished price sensitive information, it shall be defence to prove that acquisition of shares of a listed company was as per the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.]

Violation of provisions relating to insider trading.

4. Any insider who deals in securities ²⁶[***] in contravention of the provisions of regulation 3 ²⁷[or 3A] shall be guilty of insider trading.

CHAPTER III INVESTIGATION

²⁸ **[Power to make inquiries and inspection.**

4A. (1) If the Board suspects that any person has violated any provision of these regulations, it may make inquiries with such persons or any other person as mentioned in clause (i) of sub-section (2) of section 11 as deemed fit, to form a *prima facie* opinion as to whether there is any violation of these regulations.

(2) The Board may appoint one or more officers to inspect the books and records of insider(s) or any other persons as mentioned in clause (i) of sub-section (2) of section 11 for the purpose of sub-regulation (1).]

Board's right to investigate.

5. (1) Where the Board, ²⁹[is of *prima facie* opinion] that it is necessary to investigate and inspect the books of account, either records and documents of an insider ³⁰[or any other person mentioned in clause (i) of sub-section (1) of section 11 of the Act] for any of the purposes specified in sub-regulation (2), it may appoint an investigating authority for the said purpose.

(2) The purpose referred to in sub-regulation (1) may be as follows:

- (a) to investigate into the complaints received from investors, intermediaries or any other person on any matter having a bearing on the allegations of insider trading; and
- (b) to investigate *suo-motu* upon its own knowledge or information in its possession to protect the interest of investors in securities against breach of these regulations.

²⁶ The words "or communicates any information or counsels any person dealing in securities" omitted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

²⁷ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

²⁸ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

²⁹ Substituted for "on the basis of written information in its possession, is of the opinion" by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

³⁰ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

Procedure for investigation.

6. (1) Before undertaking any investigation under regulation 5, the Board shall give a reasonable notice to insider for that purpose.

(2) Notwithstanding anything contained in sub-regulation (1), where the Board is satisfied that in the interest of investors or in public interest no such notice should be given, it may by an order in writing direct that the investigation be taken up without such notice.

(3) On being empowered by the Board, the investigation authority shall undertake the investigation and inspection of books of account and the insider against whom an investigation is being carried out ³¹[an insider or any other person mentioned in clause (i) of sub-section (1) of section 11 of the Act] shall be bound to discharge his obligations as provided in regulation 7.

Obligations of insider on investigation by the Board.

7. (1) It shall be the duty of every insider, who is being investigated ³²[or any other person mentioned in clause (i) of sub-section (1) of section 11 of the Act], to produce to the investigating authority such books, accounts and other documents in his custody or control and furnish the authority with the statements and information relating to the transactions in securities market within such time as the said authority may require.

(2) The insider ³³[or any other person mentioned ³⁴[in] clause (i) of sub-section (2) of section 11 of the Act] shall allow the investigating authority to have reasonable access to the premises occupied by such insider and also extend reasonable facility for examining any books, records, documents and computer data in the possession of the stock-broker or any other person and also provide copies of documents or other materials which in the opinion of the investigating authority are relevant.

(3) The investigating authority, in the course of investigation, shall be entitled to examine or record statements of any member, director, partner, proprietor and employee of the insider ³⁵[or any other person mentioned in clause (i) of sub-section (2) of section 11 of the Act].

(4) It shall be the duty of every director, proprietor, partner, officer and employee of the insider to give to the investigating authority all assistance in connection with the investigation, which the insider ³⁶[or any other person mentioned in clause (i) of sub-section (2) of section 11 of the Act] may be reasonably expected to give.

Submission of Report to the Board.

8. The investigating authority shall, within ³⁷[reasonable time] of the conclusion of the investigation, submit an investigation report to the Board.

Communications of findings, etc.

³¹ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

³² Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

³³ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

³⁴ Inserted by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

³⁵ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

³⁶ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

³⁷ Substituted for the words "one month" by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

9. ³⁸[(1) The Board shall, after consideration of the investigation report communicate the findings to the person suspected to be involved in insider trading or violation of these regulations.

(2) The person to whom such findings has been communicated shall reply to the same within 21 days; and

(3) On receipt of such a reply or explanation, if any, from such person, the Board may take such measures as it deems fit to protect the interests of the investors and in the interests of the securities market and for the due compliance of the ³⁹[provisions] of the Act, the regulations made thereunder including the issue of directions under regulation 11.]

Appointment of Auditor.

10. Notwithstanding anything contained in ⁴⁰[regulation 4A and] regulation 5, the Board may appoint a qualified auditor to investigate into the books of account or the affairs of the insider ⁴¹[or any other person mentioned in clause (i) of sub-section (1) of section 11 of the Act] :

Provided that, the auditor so appointed shall have the same powers of the inspecting authority as stated in regulation 5 and the insider shall have the obligations specified in regulation 7.

⁴² **[Directions by the Board.**

11. The Board may without prejudice to its right to initiate criminal prosecution under section 24 or any action under Chapter VIA of the Act, to protect the interests of investor and in the interests of the securities market and for due compliance with the provisions of the Act, regulation made thereunder issue any or all of the following order, namely :

³⁸ Substituted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002. Prior to their substitution, sub-regulations (1) and (2) read as under:-

“(1) The Board shall after consideration of the investigation report communicate the findings to the insider and he shall be given an opportunity of being heard before any action is taken by the Board on the findings of the investigating authority.

(2) On receipt of the explanation, if any, from the insider, the Board may call upon the insider to take such measures as the Board may deem fit to protect the interest of the securities market and for due compliance with the provisions of the Ac, rules made thereunder and these regulations.”

³⁹ Substituted for “province” by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

⁴⁰ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

⁴¹ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

⁴² Substituted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002. Prior to its substitution regulation 11 read as under:-

“11. *Directions by the Board* – On receipt of the explanation, if any, from the insider under sub-regulation (2) of regulation (9) , the Board may without prejudice to its right to initiate criminal prosecution under section 24 of the Act, give such directions to protect the interest of investors and in the interest of the securities market and for due compliance with the provisions of the Act, rules made thereunder and these regulations, as it deems fit for all or any of the following purposes, namely:-

- (a) directing the insider not to deal in securities in any particular manner;
- (b) prohibiting the insider from disposing of any of the securities acquired in violation of these regulations;
- (c) restraining the insider to communicate or counsel any person to deal in securities.”
- (d)

- (a) directing the insider or such person as mentioned in clause (i) of sub-section (2) of section 11 of the Act not to deal in securities in any particular manner;
- (b) prohibiting the insider or such person as mentioned in clause (i) of sub-section (2) of section 11 of the Act from disposing of any of the securities acquired in violation of these regulations;
- (c) restraining the insider to communicate or counsel any person to deal in securities;
- (d) declaring the transaction(s) in securities as null and void;
- (e) directing the person who acquired the securities in violation of these regulations to deliver the securities back to the seller :
 Provided that in case the buyer is not in a position to deliver such securities, the market price prevailing at the time of issuing of such directions or at the time of transactions whichever is higher, shall be paid to the seller;
- (f) directing the person who has dealt in securities in violation of these regulations to transfer an amount or proceeds equivalent to the cost price or market price of securities, whichever is higher to the investor protection fund of a recognised stock exchange.]

⁴³ **[Manner of service of summons and notice issued by the Board.**

11A. *A summons or notice issued by the Board under these regulations may be served in the manner provided in regulation 22 of the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002.]*

⁴⁴ **[CHAPTER IV
POLICY ON DISCLOSURES AND INTERNAL PROCEDURE
FOR PREVENTION OF INSIDER TRADING**

Code of internal procedures and conduct for listed companies and other entities.

- 12.** (1) All listed companies and organisations associated with securities markets including :
- (a) the intermediaries as mentioned in section 12 of the Act, asset management company and trustees of mutual funds ;
 - (b) the self-regulatory organisations recognised or authorised by the Board;
 - (c) the recognised stock exchanges and clearing house or corporations;
 - (d) the public financial institutions as defined in section 4A of the Companies Act, 1956; and
 - (e) the professional firms such as auditors, accountancy firms, law firms, analysts, consultants, etc., assisting or advising listed companies,

⁴³ Inserted by the SEBI (Manner of Service of Summons and Notices by the Board) (Amendment) Regulations, 2007, w.e.f. 23-04-2007.

⁴⁴ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

shall frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations ⁴⁵[without diluting it in any manner and ensure compliance of the same].

(2) The entities mentioned in sub-regulation (1), shall abide by the code of Corporate Disclosure Practices as specified in Schedule II of these Regulations.

(3) All entities mentioned in sub-regulation (1), shall adopt appropriate mechanisms and procedures to enforce the codes specified under sub-regulations (1) and (2).

(4) Action taken by the entities mentioned in sub-regulation (1) against any person for violation of the code under sub-regulation (3) shall not preclude the Board from initiating proceedings for violation of these Regulations.

Disclosure of interest or holding by directors and officers and substantial shareholders in a listed companies - Initial Disclosure.

13. (1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company ⁴⁶[in Form A], the number of shares or voting rights held by such person, on becoming such holder, within ⁴⁷[2 working days] of :—

(a) the receipt of intimation of allotment of shares; or

(b) the acquisition of shares or voting rights, as the case may be.

(2) ⁴⁸[Any person who is a director or officer of a listed company shall disclose to the company in Form B the number of shares or voting rights held and positions taken in derivatives by such person and his dependents (as defined by the company), within two working days of becoming a director or officer of the company.]

Continual disclosure.

(3) Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company ⁴⁹[in Form C] the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.

⁵⁰[(4) Any person who is a director or officer of a listed company, shall disclose to the

⁴⁵ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

⁴⁶ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2003 w.e.f. 11-07-2003.

⁴⁷ Substituted for the figure and words “4 working days” by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

⁴⁸ Substituted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008. Prior to substitution sub-regulation (2) read as under:-

“(2) Any person who is a director or officer of a listed company, shall disclose to the company in Form B, the number of shares or voting rights held by such person, within 4 working days of becoming a director or officer of the company.”

⁴⁹ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2003 w.e.f. 11-07-2003.

⁵⁰ Substituted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008. Prior to its substitution sub-regulation (4) read as under:-

“(4) Any person who is a director or officer of a listed company, shall disclose to the company in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings from the last disclosure made under sub-regulation (2) or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.”

company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.]

(5) The disclosure mentioned in sub-regulations (3) and (4) shall be made within ⁵¹[two] working days of :

- (a) the receipts of intimation of allotment of shares, or
- (b) the acquisition or sale of shares or voting rights, as the case may be.

Disclosure by company to stock exchanges.

(6) Every listed company, ⁵²[within two working days] of receipt, shall disclose to all stock exchanges on which the company is listed, the information received under sub-regulations (1), (2), (3) and (4) ⁵³[in the respective formats specified in Schedule III.]

⁵⁴[E-filing.

(7) The disclosures required under this regulation may also be made through electronic filing in accordance with the system devised by the stock exchange.]

⁵⁵[Action in case of default.

14. Without prejudice to the directions under regulation 11, if any person violates provisions of these regulations, he shall be liable for appropriate action under Sections 11, 11B, 11D, Chapter VIA and Section 24 of the Act.]

⁵⁶ [Appeal to the ⁵⁷[Securities Appellate Tribunal].

⁵⁸ [15.] Any person aggrieved by an order of the Board under these regulations may prefer an appeal to the Securities Appellate Tribunal.]

⁵¹ Substituted for the number “4” by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

⁵² Substituted for the words “within five days” by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

⁵³ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2002, w.e.f. 11-07-2003.

⁵⁴ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

⁵⁵ Substituted by the . Prior to its substitution regulation 14 read as under:-

“Violation of provision relating to disclosure.

14. (1) A person who violates provisions of regulation 12 shall be liable for action under section 11 or 11B and/or section 24 of the Act.

(2) A person who violates provisions of regulation 13 shall be liable for action as specified in regulation 11 or sections 11, 11B or action under Chapter VIA or section 24 of the Act.”

⁵⁶ Substituted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002. Prior to its substitution it was substituted by the SEBI (Appeal to the Securities Appellate Tribunal) (Amendment) Regulations, 2000, w.e.f. 28-03-2000, which read as under:-

“12. Appeal to the Central Government - Any person aggrieved by an order of the Board made on and after the commencement of the Securities Laws (Second Amendment) Act, 1999,(i.e., after 16th December, 1999), under these regulations may prefer an appeal to a Securities Appellate Tribunal having jurisdiction in the matter.”

⁵⁷ Substituted for “Central Government” by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

⁵⁹ [SCHEDULE I
[Under regulation 12(1)]]

PART A
MODEL CODE OF CONDUCT FOR PREVENTION OF
INSIDER TRADING FOR LISTED COMPANIES

1.0 Compliance Officer

1.1 The listed company has appointed a Compliance Officer senior level employee who shall report to the Managing Director/Chief Executive Officer.

1.2 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 listed company.

Explanation : For the purpose of this Schedule, the term ‘designated employee’ shall include :—

- (i) officers comprising the top three tiers of the company management ⁶⁰[***];
- (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.

1.3 The compliance officer shall maintain a record of the designated employees and any changes made in the list of designated employees.

1.4 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.

2.0 Preservation of “Price Sensitive Information”

2.1 Employees/directors shall maintain the confidentiality of all Price Sensitive Information. Employees/Directors shall ⁶¹[not] pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.

2.2 Need to know

2.2-1 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.

2.3 Limited access to confidential information

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

⁵⁸ Regulation 12 renumbered as regulation 15 by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

⁵⁹ Inserted by the SEBI (Insider Trading) (Amendment) Regulations, 2002 w.e.f. 20-02-2002.

⁶⁰ The words “and all employees in the finance department” omitted by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

⁶¹ Substituted for “no” by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

3.0 Prevention of misuse of “Price Sensitive Information”

3.1 All directors/officers and designated employees of the company shall be subject to trading restrictions as enumerated below.

3.2 Trading window

3.2.1 The company shall specify a trading period, to be called “trading window”, for trading in the company’s securities. The trading window shall be closed during the time the information referred to in para 3.2.3 is unpublished.

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

3.2.3 The trading window shall be, *inter alia*, closed at the time :—

- (a) Declaration of financial results (quarterly, half-yearly and annually).
- (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.

⁶² [3.2.3A The time for commencement of closing of trading window shall be decided by the company.]

3.2-4 The trading window shall be opened 24 hours after the information referred to in para 3.2.3 is made public.

3.2-5 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 para 3.2.3 or during any other period as may be specified by the Company from time to time.

3.2-6 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 ⁶³[not] be allowed when trading window is closed.

3.3 Pre-clearance of trades

3.3.1 All directors/officers/designated employees of the company ⁶⁴[and their dependents as defined by the company] who intend to deal in the securities of the company (above a minimum threshold limit to be decided by the company) should pre-clear the transaction as per the pre-dealing procedure as described hereunder.

3.3.2 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.

⁶² Insider by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

⁶³ Substituted for “no” by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2002, w.e.f. 29-11-2002.

⁶⁴ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

3.3.3 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 :

- (a) That the employee/director/officer does not have any access or has not received “Price Sensitive Information” upto the time of signing the undertaking.
- (b) 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.
- (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 a full and true disclosure in the matter.

4.0 Other restrictions

4.1 All directors/officers/designated employees ⁶⁵[and their dependents (as defined by the company)] 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.

⁶⁶[**4.2** 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.

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.]

4.3 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.

5.0 Reporting Requirements for transactions in securities

5.1 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:

- (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

⁶⁵ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

⁶⁶ Inserted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008. Prior to its substitution clause 4.2 read as under:-

“4.2. 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.”

(c) annual statement of all holdings in securities.

5.2 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.

5.3 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.

6.0 Penalty for contravention of code of conduct

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 penalised 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,⁶⁷[ineligible] for future participation in employee stock option⁶⁸[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 Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992

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.

PART B

MODEL CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING FOR OTHER ENTITIES

1.0 Compliance Officer

1.1 The organisation/firm has a Compliance Officer (senior level employee) reporting to the Managing Partner/Chief Executive Officer.

1.2 The Compliance Officer shall be responsible for setting forth policies and procedures and monitoring adherence to the rules for the preservation of “Price Sensitive Information”, pre-clearing of all designated employees and their dependents trades (directly or through respective department heads as decided by the organisation/firm), monitoring of trades and the implementation of the code of conduct under the overall supervision of the partners/proprietors.

1.3 The Compliance Officer shall also assist all the employees/directors/partners in addressing any clarifications regarding SEBI (Prohibition of Insider Trading) Regulations, 1992 and the organisation/firm’s code of conduct.

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

2.0 Preservation of “Price Sensitive Information”

⁶⁷ Substituted for “intelligibility” by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

⁶⁸ Substituted for “plants” by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

2.1 Employees/directors/partners shall maintain the confidentiality of all Price Sensitive Information⁶⁹[.] Employees/directors/partners must not pass on such information directly or indirectly by way of making a recommendation for the purchase⁷⁰[or] sale of securities.

2.2 Need to know

2.2.1 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 organisation/firm 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.

2.3 Limited access to confidential information

2.3-1 Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

2.4 Chinese Wall

2.4.1 To prevent the misuse of confidential information the organisation/firm shall adopt a “Chinese Wall” policy which separates those areas of the organisation/firm which routinely have access to confidential information, considered “inside areas” from those areas which deal with sale/marketing/investment advise or other departments providing support services, considered “public areas”.

2.4.2 The employees in the inside area shall not communicate any Price Sensitive Information to any one in public area.

2.4.3 The employees in inside area may be physically segregated from employees in public area.

2.4.4 Demarcation of the various departments as inside area may be implemented by the organisation/firm.

2.4.5 In exceptional circumstances employees from the public areas may be brought “over the wall” and given confidential information on the basis of “need to know” criteria, under intimation to the compliance officer.

3.0 Prevention of misuse of Price Sensitive Information

3.1 Employees/directors/partners shall not use Price Sensitive Information to buy or sell securities of any sort, whether for their own account, their relative’s account, organisation/firm’s account or a client’s account. The following trading restrictions shall apply for trading in securities.

3.2 Pre-clearance of trades

3.2.1 All directors/officers/designated employees of the organisation/firm who intend to deal in the securities of the client company (above a minimum threshold limit to be determined by the organisation/firm) shall pre-clear the transactions as per the pre-dealing procedure as described hereunder.

3.2.2 An application may be made in such form as the organisation/firm may specify in⁷¹[this] regard, to the Compliance Officer indicating the name and estimated number of securities that the designated employees/director/partner intends to deal in, the details as to the depository with which

⁶⁹ Inserted by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

⁷⁰ Substituted for “of” by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

⁷¹ Inserted by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

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 organisation/firm in this behalf.

3.2.3 An undertaking shall be executed in favour of the organisation/firm by such designated employee/partners/directors incorporating, *inter alia*, the following clauses, as may be applicable:

- (i) That the designated employee/director/partner does not have any access or has not received any “Price Sensitive Information” upto the time of signing the undertaking.
- (ii) That in case the designated employee/director/partner 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 client company till the time such information becomes public.
- (iii) That he/she has not contravened the code of conduct for prevention of insider trading as specified by the organisation/firm from time to time.
- (iv) That he/she has made a full and true disclosure in the matter.

4.0 Restricted/Grey list

4.1 In order to monitor chinese wall procedures and trading in client securities based on inside information, the organisation/firm shall restrict trading in certain securities and designate such list as restricted/grey list.

4.2 Security of a listed company shall be put on the restricted/grey list if the organisation/firm is handling any assignment for the listed company or is preparing appraisal report or is handling credit rating assignment and is privy to Price Sensitive Information.

4.3 Any security which is being purchased or sold or is being considered for purchase or sale by the organisation/firm on behalf of its clients/schemes of mutual funds, etc. shall be put on the restricted/grey list.

4.4 As the restricted list itself is a highly confidential information it shall not be communicated directly, or indirectly to anyone outside the organisation/firm. The Restricted List shall be maintained by Compliance Officer.

4.5 When any securities are on the Restricted List-trading in these securities by designated employees/directors/partners may ⁷²[be] blocked or may be disallowed at the time of pre-clearance.

5.0 Other restrictions

5.1 All directors/designated employees/partners shall execute their order within one week after the approval of pre-clearance is given. If the order is not executed within one week after approval is given the employee/director/partners must ⁷³[pre] clear the transaction again.

5.2 All directors/officers/designated employees/partners shall hold their investments for a minimum period of 30 days in order to be considered as being held for investment purposes.

5.3 The holding period shall also apply to purchases in the primary market (IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.

5.4 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.

⁷² Inserted by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

⁷³ Substituted for “are” by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

5.5 Analysts, if any, employed with the organisation/firm while preparing research reports of a client company(s) shall disclose their shareholdings/interest in such company(s) to the Compliance Officer.

5.6 Analysts who prepare research report of a listed company shall not trade in securities of that company for thirty days from preparation of such report.

6.0 Reporting Requirements for transactions in securities

6.1 All directors/designated employees/partners of the organisation/firm shall be required to forward following details of their securities transactions including the statement of dependent family members (as defined by the organisation/firm) to the Compliance Officer:—

- (a) all holdings in securities by directors/officers/designated employees/partners at the time of joining the organisation;
- (b) periodic statement of any transactions in securities (the periodicity of reporting may be defined by the firm or organisation. The organisation/firm may also be free to decide whether reporting is required for trades where pre-clearance is also required;
- (c) annual statement of all holdings in securities.

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

6.3 The Compliance Officer shall place before the Chief Executive Officer/Partner or a committee notified by the organisation/firm, on a monthly basis all the details of the dealing in the securities by designated employees/directors/partners of the organisation/firm and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

7.0 Penalty for contravention of code of conduct

7.1 Any employee/partner/director who trades in securities or communicates any information or counsels any person trading in securities, in contravention of the code of conduct may be penalised and appropriate action may be taken by the organisation/firm.

7.2 Employees/partners/directors of the organisation/firm who violate the code of conduct may also be subject to disciplinary action by the company, which may include wage freeze, suspension, etc.

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

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

8.1 In case it is observed by the organisation/firm/compliance officer that there has been a violation of these Regulations, SEBI shall be informed by the organisation/firm.

9.0 Listed intermediaries to comply with both Parts A and B of Schedule I

9.1 The intermediaries such as credit rating agencies, Asset Management Companies, or broking companies etc. whose securities are listed in recognised stock exchange shall comply with both Part A and Part B of this Schedule in respect of its own securities and client's securities.

SCHEDULE II

[See under regulation 12(2)]

CODE OF CORPORATE DISCLOSURE PRACTICES FOR

PREVENTION OF INSIDER TRADING

1.0 Corporate Disclosure Policy

1.1 To ensure timely and adequate disclosure of price sensitive information, the following norms shall be followed by listed companies:—

2.0 Prompt disclosure of price sensitive information

2.1 Price sensitive information shall be given by listed companies to stock exchanges and disseminated on a continuous and immediate basis.

2.2 Listed companies may also consider ways of supplementing information released to stock exchanges by improving Investor access to their public announcements.

3.0 Overseeing and co-ordinating disclosure

3.1 Listed companies shall designate a senior official (such as compliance officer) to oversee corporate disclosure.

3.2 This official shall be responsible for ensuring that the company complies with continuous disclosure requirements. Overseeing and co-ordinating disclosure of price sensitive information to stock exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure.

3.3 Information disclosure/dissemination may normally be approved in advance by the official designated for the purpose.

3.4 If information is accidentally disclosed without prior approval, the person responsible may inform the designated officer immediately, even if the information is not considered price sensitive.

4.0 Responding to market rumours

4.1 Listed companies shall have clearly laid down procedures for responding to any queries or requests for verification of market rumours by exchanges.

4.2 The official designated for corporate disclosure shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure.

5.0 Timely Reporting of shareholdings/ownership and changes in ownership

5.1 Disclosure of shareholdings/ownership by major shareholders and disclosure of changes in ownership as provided under any Regulations made under the Act and the listing agreement shall be made in a timely and adequate manner.

Disclosure/dissemination of Price Sensitive Information with special reference to Analysts, Institutional Investors

6.0 Listed companies should follow the guidelines given hereunder while dealing with analysts and institutional investors:—

- (i) *Only Public information to be provided* - Listed companies shall provide only public information to the analyst/research persons/large investors like institutions ⁷⁴[.] Alternatively, the information given to the analyst should be simultaneously made public at the earliest.
- (ii) *Recording of discussion* - In order to avoid misquoting or misrepresentation, it is desirable that at least two company representative be present at meetings with Analysts, brokers or Institutional Investors and discussion should preferably be recorded.

⁷⁴ Inserted by the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002, w.e.f. 29-11-2002.

- (iii) *Handling of unanticipated questions* - A listed company should be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.
- (iv) *Simultaneous release of Information* - When a company organises meetings with analysts, the company shall make a press release or post relevant information on its website after every such meet. The company may also consider live webcasting of analyst meets.

7.0 Medium of disclosure/dissemination

- (i) Disclosure/dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.
- (ii) Corporates shall ensure that disclosure to stock exchanges is made promptly.
- (iii) Corporates may also facilitate disclosure through the use of their dedicated Internet website.
- (iv) Company websites may provide a means of giving investors a direct access to analyst briefing material, significant background information and questions and answers.
- (v) The information filed by corporates with exchanges under continuous disclosure requirement may be made available on the company website.

8.0 Dissemination by stock exchanges

- (i) The disclosures made to stock exchanges may be disseminated by the exchanges to investors in a quick and efficient manner through the stock exchange network as well as through stock exchange websites.
- (ii) Information furnished by the companies under continuous disclosure requirements, should be published on the website of the exchange instantly.
- (iii) Stock exchanges should make immediate arrangement for display of the information furnished by the companies instantly on the stock exchange website.

⁷⁵ [SCHEDULE III

FORMS

FORM A

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
[Regulation 13(1) and (6)]

Regulation 13(1) - Details of acquisition of 5% or more shares in a listed company

⁷⁵ Substituted by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 w.e.f. 19-11-2008.

Name, PAN No. & address of shareholder with telephone number	Shareholding prior to acquisition	No. and percentage of shares/voting rights acquired	Date of receipt of allotment/ advice. Date of acquisition (specify)	Date of intimation to Company	Mode of acquisition (market purchase/public/rights/preferential offer etc.)	Shareholding subsequent to acquisition	Trading member through whom the trade was executed with SEBI Registration No. of	Exchange on which the trade was executed	Buy quantity	Buy value
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							the TM			

FORM B

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

[Regulation 13(2) and (6)]

Regulation 13(2)—Details of shares held or positions taken in derivatives by Director or Officer of a listed company and his dependents

Name, PAN No. & Address of Director/ Officer	Date of assuming office of Director/ Officer	No. & % of shares/voting rights held at the time of becoming Director/ Officer	Date of intimation to company	Mode of acquisition (market purchase/public/rights/preferential offer etc.)	Trading member through whom the trade was executed with SEBI Registration No. of the TM	Exchange on which the trade was executed	Buy quantity	Buy value

Note: The above table shall be applicable with suitable modifications to disclosures for position taken in derivatives also.

FORM C

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

[Regulation 13(3) and (6)]

Regulation 13(3) — Details of change in shareholding in respect of persons holding more than 5% shares in a listed company

<i>Name, PAN No. & address of share-holders</i>	<i>Share-holding prior to acquisition/sale</i>	<i>No. & % of shares/voting rights acquired/sold</i>	<i>Receipt of allotment advice/acquisition of shares/sale of shares specify</i>	<i>Date of intimation to company</i>	<i>Mode of acquisition (market purchase/public rights/preferential offer etc.)</i>	<i>No. & % of shares/voting rights post-acquisition/sale</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>	<i>Sell quantity</i>	<i>Sell value</i>

ANNEXURE 2

SPECIMEN OF APPLICATION FOR PRE - DEALING APPROVAL

Date: _____

To,
The Compliance Officer
INDOSOLAR Limited
C-12, Friends Colony (East),
New Delhi - 110065

Dear Sir,

APPLICATION FOR PRE-DEALING APPROVAL IN SECURITIES OF THE COMPANY

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Company's Code of Conduct for Prevention of Insider Trading, I seek approval for purchase/ sale/subscription of the _____ Securities (give description) of the Company as per the details given below:

NAME: of the person in whose name the proposed transaction in to be under taken:

State whether

Director Officer Designated Employee Dependent

Nature of transaction (Buy/ sell/ subscribe)	*Name of Proposed Buyer/ Seller	No. Of Securities	Date of Previous/ Sell/ Allotments	Previous approval no. and date for purchase/Sell allotment)	DP/Client of the account / folio no. where the securities will be credited/ debited	No. of Securities held in such Account /Folio No.
					<i>DP ID</i> _____ <i>Client ID</i> _____ <i>FOLIO NO</i> _____	

* applicable for off market transaction

I further declare that I am not in possession of or otherwise privy to any unpublished Price Sensitive Information up to the time of signing this application.

In case I have access to or I receive any unpublished Price Sensitive Information after signing this application but before execution of the transaction, I shall inform the Compliance Officer of the change in my position and I would, and ensure that my Dependents would completely refrain from Dealing in the Securities of the Company till the time such unpublished Price Sensitive Information becomes public.

I declare that I have not contravened the Code as notified by the Company from time to time.

I undertake to submit the necessary report within two working days of execution of the transaction/a 'Nil' report if the transaction is not undertaken.

I am aware that, I shall be liable to face penal consequences as set forth in the Code including disciplinary action under the Code of the Company, in case the above declarations are found to be misleading or incorrect at any time.

I declare that I have made full and true disclosure in the matter.

Yours faithfully,

Name:

Designation

Department

Place:

ANNEXURE 3

FORMAT FOR PRE-DEALING APPROVAL LETTER

Date: _____

To,

Mr./Mrs. _____

Designation: _____

PRE-DEALING APPROVAL/DISAPPROVAL -Your application dt _____

Dear Mr/Mrs. _____

With reference to your above application seeking approval for undertaking certain transactions in Securities of the Company detailed therein, please be informed that you are / your Dependent _____ is hereby authorised/not authorised to undertake the transaction(s) as detailed in your said application.

This approval is being issued to you based on the various declarations, representations and warranties made by you in your said application.

This approval letter is valid till _____ (i.e. for {1} week). If you / your Dependent _____ do(es) not execute the approved transaction /deal on or before this date you would have to seek fresh pre-dealing approval before executing any transaction/deal in the Securities of the Company. Further, you are required to file the details of the executed transactions in the attached format within two {2} working days from the date of transaction/deal. In case the transaction is not undertaken a “Nil” report shall be necessary.

Yours truly,

For INDOSOLAR Limited

Compliance Officer

Encl: Format for submission of details of transaction

ANNEXURE 4

FORMAT FOR DISCLOSURE OF PRE-APPROVED TRANSACTIONS

(To be submitted within 2 working days of transaction/Dealing in Securities of the Company)

Date: _____

To,
The Compliance Officer
INDOSOLAR Limited
C-12, Friends Colony (East),
New Delhi - 110065

Dear Sir,

DETAILS OF PRE-DEALING APPROVAL

Ref: Your Approval letter No. _____ dated _____

I hereby inform you that I / my _____

- have not bought/sold/subscribed any Securities of the Company

- have bought/sold/subscribed to the _____ Securities (give description) as mentioned below on _____ (insert date)

Name of holder	** First or joint holder	No. of Securities dealt with	Bought / Sold/ Subscribed	DP ID/CLIENT ID (electronic form) or Folio no. for physical where the Sec. will be debited or credited	Price (Rs)

** "F" first holder "J" joint holder

In connection with the aforesaid transaction(s), I hereby undertake to preserve, for a period of 3 (Three) years and produce to the Compliance Officer/SEBI any of the following documents:

1. Broker's contract note
2. Proof of payment to/from brokers
3. Extract of bank passbook/statement (to be submitted in case of demat transactions).
4. Copy of Delivery instruction slip (applicable in case of sale transaction)

I declare that the above information is correct and that no provisions of the Company's Insider Trading Code and/or applicable laws/regulations have been contravened for effecting the above said transaction(s).

I agree not to enter into opposite transaction i.e. sell or buy any number of shares of the company during the next six months following the prior transaction and will also not take any positions in derivative transactions in the shares of the company at any time.

I agree to hold the subscription in the primary market (initial public offer) for a minimum period of 30 days from the date of allotment.

In case there is any urgent need to sell these Securities within the said period, I shall approach the Company (Compliance Officer) for necessary approval (applicable in case of purchase / subscription).

Yours truly,

Signature: _____

Name: _____

Emp No: _____

Dept/ Div. _____

- Strike out whichever is not applicable.

ANNEXURE 5

**FORMAT FOR DISCLOSURE OF PARTICULARS BY
DIRECTORS/ OFFICERS/ DESIGNATED EMPLOYEES**

Date: _____

To,
The Compliance Officer,
INDOSOLAR Limited
C-12, Friends Colony (East),
New Delhi - 110065

Dear Sir,

My personal details are as under:

Name. _____
Father's Name: _____
Empl No. _____ Department _____
Date of appointment _____

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Company's Code of Conduct for Prevention of Insider Trading, I hereby declare that I have the following Dependent(s):

Sr No.	Name of the dependant	Relationship

I hereby declare that I / my dependants (mark tick whichever is applicable)

- do not hold any Securities as on date.
- hold Securities _____ (give description) as per the details given below :

Name of holder *	**First or joint holder	Folio No. (physical form)	Holding No. of Securities	DP Id/Client Id (electronic form)	Holding No. of Securities	Total Holding

*Include holdings where Director/ Officer / Designated Employee or dependant is a joint holder.

** Indicate "F" where the named holder is the first holder of the Securities and "J" where he/ she is the joint holder of the Securities.

I hereby undertake to inform the changes in the above details from time-to-time.

I hereby declare that the above details are true, correct and complete in all respects.

Signature: _____

Name: _____

Designation _____

ANNEXURE 6

**FORMAT OF HALF-YEARLY STATEMENT OF DEALINGS BY
DIRECTORS/OFFICERS/DESIGNATED EMPLOYEES AND THEIR DEPENDANTS**

Date:

To,
The Compliance Officer
INDOSOLAR Limited
C-12, Friends Colony (East),
New Delhi - 110065

Dear Sir,

STATEMENT OF DEALINGS IN SECURITIES OF THE COMPANY (INDOSOLAR LTD.)

During _____, I along with my Dependents have undertaken the following transactions in the Securities of the Company:

Description of Security:

<i>Name of Holder(s) with folio number / DP ID & Client ID</i>	<i>Nature of Transaction</i>	<i>Date of the Transacti on</i>	<i>Number of Securities</i>	<i>Price at which Transaction undertaken</i>	<i>Holding post the Transaction</i>	<i>Details of approval if any taken</i>

Yours truly,

Signature: _____

Name: _____

ANNEXURE 7

**FORMAT OF ANNUAL STATEMENT OF HOLDINGS BY
DIRECTORS/OFFICERS/DESIGNATED EMPLOYEES AND THEIR DEPENDANTS**

Date:

To,
The Compliance Officer
INDOSOLAR Limited
C-12, Friends Colony (East),
New Delhi - 110065

Dear Sir,

STATEMENT OF SHAREHOLDINGS IN THE COMPANY (INDOSOLAR LTD.)

As on _____, I along with my Dependents hold the Securities of the Company, details whereof are as under:

Description of Security:

<i>Name of Holder</i>	<i>Physical Holdings</i>		<i>Electronic Holdings</i>			<i>Total holdings</i>
	<i>Folio No.</i>	<i>Holding no. of shares</i>	<i>DP ID</i>	<i>Client ID</i>	<i>Holding no. of shares</i>	

Yours truly,

Signature: _____

Name: _____