

PIONEER EMBROIDERIES LIMITED
CODE OF CONDUCT
FOR
PREVENTION OF INSIDER TRADING

Introduction

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, has been amended from time to time (hereinafter referred to as the 'Regulations') in terms of which the Company is required to frame a Code of Conduct for prevention of insider trading by employees of the Company, including the Directors, in relation to the securities of the Company.

In line with the said Regulations, a Code of Conduct (hereinafter referred to as the 'Code') was adopted by the Board of Directors of the Company at its meeting held on 14th February, 2011 is given below:

This Code of Conduct has been made pursuant to Regulation 12 of the SEBI (Prohibition of Insider Trading) Regulation, 1992 as amended and may be modified by the Board of Directors of the Company from time to time.

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 as applicable, including modifications made thereto from time-to- time.
- (c) "Company" means PIONEER EMBROIDERIES LIMITED
- (d) "Compliance Officer" means an Employee appointed by the Board for the implementation of and overseeing compliance with the Regulations and the Code across the Company.
- (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) 'Designated Employee' means: -
 - i). Every Employee in the top three layers of the management,
 - ii). Every Executive Secretary/ Executive Assistant to every Employee covered under (i) above,
 - iii). Every Employee in the corporate finance & accounts department and secretarial department; and
 - iv). any other Employee as may be designated by the Compliance Officer in consultation with the Managing Director or Chief Executive Officer of the Company considering the objectives of the Code.
- (g) "Director" means a member of the Board of Directors of the Company.

- (h) “Dependent” shall include the spouse, dependent children, dependent parents and such other family members of the Specified Persons as may be notified by him/her.
- (i) “Designated Person” means a Director/an Employee working with any other company, who by virtue of his/her position has an access to unpublished Price Sensitive Information relating to the Company and who is so designated by the Managing Director.
- (j) “Employee” means every employee of the Company (whether working in India or abroad) including the Directors in the employment of the Company.
- (k) “Insider” means any person who, is or was connected with the Company or is deemed to have been connected with the Company, and who is reasonably expected to have access to unpublished Price Sensitive Information in respect of Securities of the Company, or who has received or has had access to such unpublished Price Sensitive Information.
- (l) “Officer” includes any Director, Manager or Secretary or any person in accordance with whose directions or instructions the Board of Directors of the Company or any one or more of the Directors is or are accustomed to act including an auditor.
- (m) “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.

Explanation:

The following shall be deemed to be Price Sensitive Information:

- (i) periodical audited or unaudited 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 initiation/execution of new projects;
- (v) disposal of the whole or a substantial part of the undertaking;
- (vi) any significant changes in policies, plans or operations of the Company

(n) “Securities” includes:

- (i) shares, scrips, bonds, debentures, debenture stock or other marketable securities of a like nature,
- (ii) put, call or any other option on the Company’s Securities even though they are not issued by the Company,
- (iii) futures, derivatives and hybrids, and
- (iv) such other instruments recognized as securities and issued by the Company from time-to-time

(o) “Specified Persons” - the Directors, the Officers, the Designated Employees and the Designated Persons are collectively referred to as Specified Persons.

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

Mr. N. K. Jain, Company Secretary will be the Compliance Officer for the purpose of this Code of Conduct who 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, monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board.

The Compliance Officer shall report to the Managing Director or Chief Executive Officer as the case may be. The Compliance Officer shall hold the position so long as he is in the employment of the Company. Till such time a successor is appointed, the Head of Finance shall, in the interim period act as the Compliance Officer.

In order to discharge his functions effectively; the Compliance Officer shall be adequately empowered and provided with adequate manpower and infrastructure to effectively discharge his function. In the performance of His duties, the Compliance Officer shall have access to all information and documents relating to the Securities of the Company.

Applicability

This Code of Conduct will be applicable to Directors/ Officers comprising top three tiers of the Company Management/ Designated Employees and their relatives as defined herein.

The Compliance officer shall be responsible for maintaining record of the designated employees and any changes made in the list of designated employees. Further the Compliance Officer shall assist all the employees in addressing any clarifications regarding the regulations and Company’s Code of Conduct.

Preservation of Price Sensitive Information

Employees/directors shall maintain the confidentiality of all Price Sensitive Information. Employees/Directors 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.

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.

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

Trading Window

Other than the period(s) for which the Trading Window is closed as prescribed hereunder, the same shall remain open for Dealing in the Securities of the Company.

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

The trading window will be closed before Seven (7) days of the happening of the following events and shall remain closed upto 24 hours after the publication of the price sensitive information.

- (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 plan or execution of new project.
- (e) Amalgamation, mergers, takeovers and buy back.
- (f) Disposal of the whole or substantially the whole of the undertaking.
- (g) Any changes in policies, plans or operations of the Company.

When the trading window is closed, the Directors/Officers/ Designated Employees of the Company shall not trade in the Company's securities in such period.

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 or during any other period as may be specified by the Company from time to time.

In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed.

Pre Clearance of Deals in Securities

Application

All Specified Persons, who intend to deal in the securities of the Company exceeding the threshold limit of Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower, have to pre-clear the transaction by way of making application to the Compliance Officer in the prescribed **Annexure A** for pre-clearance of the transaction.

The application should indicate the estimated number of securities that the Specified Person 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 additional details as may be required by any rule made by the company in this behalf from time to time.

The Specified Person shall execute an undertaking **Annexure B** in favour of the company by incorporating, inter alia the following clauses, as may be applicable which is to be submitted along with the Application:

- (a) That the Specified Person does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
- (b) That in case the Specified Person 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.

(The Compliance Officer should submit his application for pre-dealing approval to the Managing Director/Chief Executive Officer.)

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. Such approval/rejection would be conveyed through electronic mail and if no such approval / intimation of rejection is received within a period of 2 (two) working days, the applicant can presume that the approval is deemed to be given.
- b) Every approval letter shall be issued in Format as mentioned in *Annexure C* or as may be prescribed by the Company from time-to time.
- c) Every approval shall be dated and shall be valid for a period of 1 (one) week from the date of approval.
- d) In the absence of the Compliance Officer due to leave etc., the Officer designated by him/her from time-to-time shall discharge the function referred to in (a) above.

Completion of Pre-cleared Trading

- 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 no later than 1 (one) week from the date of the approval. The Specified Person shall file within 4 (four) days of the execution of the deal, the details of such deal, with the Compliance Officer in the prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed
- b) If a deal is not executed by the concerned Specified Person 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

All the Specified Persons shall hold their investments in Securities of the Company for a minimum period of six months in order to be considered as being held for investment purposes.

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.

Reporting Requirement for Transactions in Securities

Type of Disclosure	By Specified Persons	By Substantial Shareholders
Initial Disclosure (To the Company)	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 transactions in the shares of the Company, by such person and his dependents as defined in the code, within 2 working days of becoming a director or officer of the company.	Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :— (a) the receipt of intimation of allotment of shares; or the acquisition of shares or voting rights, as the case may be.
Continual Disclosure (To the Company)	Any person who is a director or officer of a listed company, shall disclose to the company and to the stock exchange where shares of the Company 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 holdings of such person and his dependents from the last disclosure made and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. The disclosure shall be made within two working days of the receipt of intimation of allotment or acquisition or sale of shares or voting rights, as the case may be.	Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company 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 and such change exceeds 2% of total shareholding or voting rights in the company. The disclosure shall be made within two working days of the receipt of intimation of allotment or acquisition or sale of shares or voting rights, as the case may be.
Disclosure by the company to the stock exchanges.	Every listed company, within two (2) days of receipt, shall disclose to all stock exchanges on which the company is listed, the above information received and in the format as specified under regulation. The above disclosure as required under this regulation may also be made through e-filing in accordance with the system devised by the Stock Exchange.	

Disclosures

All Specified Persons will have to forward Annual statement of all holdings in securities of the Company including the statement of their dependent family members to the Compliance Officer within 30 days of the close of the Financial Year in **Annexure D**:

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

Any Specified Person 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, ineligible for future participation in employee stock option plans, etc.

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

ANNEXURE A

SPECIMEN OF APPLICATION FOR PRE - DEALING APPROVAL

Date: _____
To,
The Compliance Officer
Pioneer Embroideries Limited

Dear Sir/Madam,

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 _____

State whether

Director Officer Designated Employee

Nature of transaction (Buy/ sell/ subscribe)	*Name of Proposed Buyer/ Seller	No. Of Securities	**Date of purchase / allotment	***Previous approval no. and date for purchase/ allotment)	DP/BEN ID 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>BEN ID</i> _____ <i>FOLIO NO</i> __	

* applicable for off market transaction

** applicable only if the application is in respect of sale of Securities

*** applicable only if the application is in respect of sale of Securities for which an earlier purchase sanction was granted by the Compliance Officer

I enclose herewith the form of Undertaking signed by me.

Yours faithfully,

(Signature of Employee)

ANNEXURE A
FORMAT OF UNDERTAKING TO BE ACCOMPANIED WITH THE
APPLICATION FOR PRE-DEALING UNDERTAKING

To,
_____Ltd

I, _____, resident of _____, hereby declare that I am Director/Employee of _____Ltd (the Company)/ Director /Employee of _____* I further declare that I am not in possession of or otherwise privy to any unpublished Price Sensitive Information [as defined in the Company's Code of Conduct for Prevention of Insider Trading (the Code)] upto the time of signing this Undertaking.

In case I have access to or I receive any Price Sensitive Information after signing this Undertaking but before execution of the transaction, I shall inform the Compliance Officer of the change in my position and I would completely refrain from Dealing in the Securities of the Company till the time such 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 four 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 hereby agree to indemnify and keep the Company and its Directors indemnified from and against all and any penalties/fines that may be imposed on them by the Securities and Exchange Board of India and/or any other statutory authorities as a result of violation by me of the SEBI (Prohibition of Insider Trading) Regulations 1992 and the Code prescribed by the Company.

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

(Signature of the Employee)

Date:

* strike whichever is not applicable.

ANNEXURE C

FORMAT FOR PRE-DEALING APPROVAL LETTER

Date: _____

Approval No: __ of ____

To,

Mr. /Mrs. _____

Emp No. : _____

Designation: _____

PRE-DEALING APPROVAL/DISAPPROVAL -Your application Dtd. _____

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 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 do 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 four {4} days from the date of transaction/deal. In case the transaction is not undertaken a “Nil” report shall be necessary.

Yours truly,

Compliance Officer

ANNEXURE D

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

Date:

To,
The Compliance Officer
Pioneer Embroideries Limited

Dear Sir,
STATEMENT OF SHAREHOLDINGS IN THE COMPANY (_____ LTD.)

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

Description of Security:

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

Yours truly,

Signature: _____

Name: _____