

CODE OF CONDUCT

1. Introduction

- This Code of Conduct (hereinafter referred to as the “Code”) is “The Code of Conduct applicable to Directors and Employees of Praj Group of Companies” (hereinafter referred to as the “Praj Group”).
- This Code envisages that the Directors and Employees (as hereinafter defined) must act within the bounds of the authority conferred upon them and with a duty to comply with the requirements of applicable law and within the Code of Conduct given below.
- The purpose of this Code is to enhance ethical standards and transparency in managing the affairs of the Praj Group, to sustain the trust and confidence reposed by the shareholders of the Praj Group.
- This Code shall come into force with effect from the 1st day of April 2008.
- The Directors and Employees should sign the acknowledgment form annexed as Appendix – I hereto and return the form to the Company Secretary indicating that they have received, read, understood and agreed to comply with the Code. All the Directors and Employees shall be required to affirm compliance with this Code on an annual basis, within 30 days of close of every financial year to the Company Secretary, in the form annexed hereto as Appendix – II.

2. Object & Applicability :

The purpose of this Code of Conduct is to conduct the business of the Praj Group in accordance with the applicable Laws, Regulations, Rules and with the highest standard of ethics, transparency and values. The matters covered in this Code are of utmost importance to the Praj Group, Shareholders and other Stakeholders.

This Code of Conduct is applicable to (all the Company Directors and Employees) with a view to :

- a) Promote and ensure honest and ethical conduct including ethical handling of actual or apparent conflicts of interests between personal and professional relationships;
- b) Promote and ensure full and fair disclosure in reporting.
- c) Promote and ensure compliance with all applicable laws, rules and regulations.

3. Definitions & Interpretation

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

- "Board" shall mean the Board of Directors of the Praj Group of Companies.
- "Board Members" shall mean the Directors on the Board of Directors of the Praj Group of Companies.
- "Praj Group" shall mean Praj Industries Limited and its subsidiaries and associate companies.
- "Government" shall mean Government of India / Central, State and Local Governments.
- "Employees" means Prajites working with the Praj Group of Companies and includes all employment relations such as Regular / Contractual / Assignment / Retainership Basis etc.
- "Relative" shall have the same meaning assigned to the term in Section 2 (41) and Section 6 of the Companies Act, 1956, read with Schedule IA of the Companies Act, 1956.

In this Code words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

4. Ethical Conduct

Every Director and Employee shall act within the authority conferred upon him by the Praj Group and under applicable law, keeping the best interests of the Praj Group in view and shall:

- Act with professionalism, utmost care, skill, diligence, honesty, good faith and integrity as well as high moral and ethical standards;
- Fulfill their fiduciary obligations without allowing their independence of judgment to be compromised;
- Act fairly and transparently and not participate in any decision-making process on a subject matter in which a conflict of interest exists or is likely to exist so that independent judgment in the Praj Group's best interest cannot be exercised;
- Avoid conducting business with (a) a relative or (b) a private limited company in which he or his relative is a member or a director (c) a public limited company in which he or his relative holds 2% or more shares or voting right and (d) with a firm in which the relative is a partner, except with the prior approval of the Board;
- Avoid having any personal and/or financial interest in any business dealings concerning the Praj Group;
- Not engage in any business, relationship or activity with anyone who is a party to a transaction with the Praj Group;
- Avoid any dealings with a contractor or supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influences decisions to be made by the Praj Group;
- Not hold any positions or jobs or engage in other businesses or interests that are prejudicial to the interests of the Praj Group;
- Not exploit for his own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board and the Board declines to pursue such opportunity;

- Not seek, accept, or offer or make, directly or indirectly, any gifts, illegal payments, remuneration, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of business;
- Not commit any offence involving moral turpitude or any act contrary to law or opposed to public policy.
- All the Directors and Employees should protect the Praj Group's Assets and ensure their efficient use. All assets of the Praj Group should be used only for legitimate business purposes and shall not be used in violation of any applicable laws and regulations, and for personal benefit.
- All the Directors and Employees shall comply with all laws, rules and regulations applicable to the Praj Group including the various policies of the Praj Group and the Code of Conduct referred here. Transactions directly or indirectly involving securities of the Praj Industries Ltd. or any other listed Group Company should not be undertaken without pre-clearance from the Praj Group's Compliance officer as per the Prohibition of Insider Trading Regulations of SEBI.
- Build relationships with customers, vendors and fellow employees based on trust and treat every individual with respect and dignity in the conduct of Praj Group business.
- Avoid any activities that could involve or lead to involvement in any unlawful practice or any harm to the Praj Group's reputation or image.
- Provide accurate and reliable information in records submitted, safeguard the Praj Group's confidential information and respect the confidential information of other parties with whom the Praj Group does business or competes.
- Provide the Praj Group's External Auditor with access at all times to the Praj Group's records and accounts (in whatever form they are held) and provide additional information as requested by the External Auditor. If such requested information is legally privileged the

employee must contact the Legal Department before responding to the request.

5. Conflict of Interest

All the Directors and Employees shall act in accordance with highest standard of personal and professional integrity, honesty and ethical conduct. All Directors and Employees must avoid any conflict of interest between themselves and Praj Group. A conflict of interest occur when the personal interest interferes or appears to interfere with the interest of the Praj Group on the one hand and its employee / director on the other hand can arise when:

- He takes actions or has interests that may make it difficult to perform his duty objectively and effectively.
- He or his member of the family receives improper personal benefits as a result of his position as a Director / Employee of the Praj Group.
- Any outside business activity that hinder his ability to devote appropriate time and attention to his responsibilities with the Praj Group.
- The receipt of any gift / entertainment from any person / company with which the Praj Group has business dealings.
- Any significant ownership interest in any supplier, customer, development partner, or competitor of the Praj Group.
- Any consulting or employment relationship with any supplier, customer, business associates or competitor of the Praj Group.

If any such situation arises, all Directors and Employees must disclose the fact to the Board and in case of employees, they should disclose it to the CMD for appropriate decision.

6. Responsibility

- Senior Management should be a role-model for these standards by visibly demonstrating support and by regularly encouraging adherence by managers. Managers should ensure all their employees receive guidance, training and communication on ethical behavior and legal compliance relevant to their duties for the Praj Group.
- Failure by any employee to comply with this or any Praj Group policy will subject employees, including supervisors who ignore prohibited conduct, or have knowledge of the conduct and fail to correct it, to disciplinary action up to and including separation from employment with the Praj Group.
- When in doubt as to the correct action to take, ask the following question. "Would I feel comfortable in explaining this action to my family or close friends or seeing my action reported on the front page of the local newspaper?" The Praj Group is best served when each employee's answer to this question is an unqualified, "Yes".

7. Disclosures

- Notwithstanding above where any instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Director and Employee should be made to the Praj Group. It is also incumbent upon every Director and Employee to make a full disclosure of any interest which Director and Employee or their immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with the Praj Group.
- With respect to related party disclosures, Board Members shall make disclosure to the Board and Senior Management Personnel shall make disclosure to the Chairman under the provisions of Accounting Standard 18 annexed hereto as Appendix II.

- All the Directors and Employees should not knowingly misrepresent, or cause others to misrepresent, facts about the Praj Group to others within or outside the Praj Group including to the Praj Group's internal Auditors, Statutory Auditors, Government Regulators and Investors.
- If Director and/or Employee fails to make a disclosure as required herein, and the Praj Group of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the Director and/or Employee, the Praj Group would take a serious view of the matter and consider suitable disciplinary action against the Director and/or Employee.

8. Other Directorships

- Unless specifically permitted by the Chairman of the Board, Officers shall not serve as director of any other company or as partner of a firm that is engaged in a competing business with the Praj Group. This clause is not applicable to Non-Whole Time Directors.
- Whole Time Directors shall not accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, having competing interests with the Praj Group within two years from the date of cessation of Directorship of the Praj Group unless approved by the Board of Directors.

9. Insider Trading

Every Director and Employee shall comply with the Code of Internal Procedures and Conduct in dealing with the securities of the Company.

10. Public Representation and Confidentiality of Information

- The Praj Group honours the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing information in relation to the Praj Group's activities to public constituencies such as the media, the financial community, employees

and shareholders, the Praj Group shall be represented only by specifically authorised Officers.

- Any information concerning the Praj Group's business, its customers, suppliers, etc. to which the Officers have access or which is possessed by the Officers, must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless (i) authorised by the Board; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws

11. Regulatory Compliance

Every Director and/or Employee Officer shall, in his business conduct, comply with all applicable laws, rules and regulations, both in letter and in spirit, in all the functions in which he operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

12. Health, Safety and Environment

The Praj Group and the Employees shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. All Directors and Employees shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment. The Directors and Employees are duty bound to follow HSE Policy in letter and spirit.

13. Protection Of Assets

The Directors and Employees shall not misuse, for personal gain or

otherwise, the assets of the Praj Group, including tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc., and shall employ them for the purpose of conducting the business for which they are duly authorised.

14. Amendments To The Code

The provisions of this Code can be amended and modified by the Board of Directors of the Praj Group from time to time and all such amendments and modifications shall take effect from the date stated therein. All Directors and Employees shall be duly informed of such amendments and modifications.

15. Placement Of The Code On Website

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendment thereto shall be posted on the website of the Praj Group.

16. Enforcement Of Code Of Conduct

Each Director and Employee shall be accountable for fully complying with this Code.

17. Consequences Of Non-Compliance Of This Code

- All Directors and Employees shall strictly comply with this Code of Conduct and if any suspected violation is noted it should be brought to the notice of the Board of Directors. Violation of Code of Conduct will be investigated by the Board or person/s designated by the Board and appropriate action will be taken. So far as the Directors are concerned, violation of the Code of Conduct shall be dealt with as per the Companies Act/SEBI regulations.

- In case of breach of this Code by the Non Whole Time Directors or Employees, the same shall be considered by the Board for initiating appropriate action, as deemed necessary.

APPENDIX – I

ACKNOWLEDGEMENT FORM

I, have received and read the Praj Group's "CODE OF CONDUCT FOR ALL THE DIRECTORS AND EMPLOYEES ("this Code"). I have understood the provisions and policies contained in this Code and I agree to comply with this code.

Signature:

Name :

Designation:

Date :

Place :

APPENDIX – II

ANNUAL COMPLIANCE REPORT*

I, do hereby solemnly affirm to the best of my knowledge and belief that I have, in letter and in spirit, complied with the provisions of the Praj Group's CODE OF CONDUCT FOR ALL THE DIRECTORS AND EMPLOYEES during the financial year ending 31st March 2007.

Signature :

Name :

Designation :

Date :

Place :

* To be submitted by 30th April each year.