



PARABOLIC DRUGS LTD.

CODE OF CONDUCT

**FOR DIRECTORS AND SENIOR MANAGEMENT AS PER THE PROVISIONS OF CLAUSE 49 (D)
OF THE LISTING AGREEMENT**

INTRODUCTION:

Parabolic Drugs Limited (hereinafter referred to as PDL or Company, as the context may require) has a vision to be a partner-of-choice to leading globally-oriented innovator, specialty and generic pharmaceutical companies in the development, custom-synthesis and commercial manufacturing of APIs and Intermediates. PDL is moving step by step, in a phased manner to be able to achieve its Vision of being a world class supplier of API and Custom synthesis services of the highest quality.

The Company's philosophy on corporate governance revolves around fair and transparent governance and disclosure practices. This includes respect for human values, individual dignity and adherence to honest, ethical and professional conduct.

DEFINITIONS:

For the purposes of this Code of Conduct:

- a. "Board of Directors or Board Members" means the Board of Directors of Parabolic Drugs Limited.
- b. "Company" means Parabolic Drugs Limited having its registered office at S.C.O. 99-100, Top Floor, Sector 17-B, Chandigarh – 160 017 (Union Territory).
- c. "Relative" shall have the same meaning as defined in Section 6 of the Companies Act, 1956.
- d. "Senior Management Personnel" means personnel of the Company who are members of its core management team excluding Board of Directors. Normally this would comprise all members of Management one level below the Executive Directors, including all functional heads.
- e. "Top Management" means the Board and the Senior Management, collectively.
- f. "Compliance Officer" means the Officer appointed by the Board of Directors of the Company for the purpose of these regulations from time to time and in absence thereof, the Company Secretary.
- g. In this code, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

APPLICABILITY:

This Code is applicable from July 1, 2010. This Code of Conduct is applicable to the Members of the Board of Directors of the Company and the Senior Management Personnel of the Company.

The Top Management shall confirm that they have received, read and understood the Code and agree to comply with the Code annually in the format specified.

COVENANTS OF THE CODE:

The following are the covenants of the Code of Conduct for the Top Management:

- a. **Honest and Ethical Conduct:** The Top Management is expected to comply with all applicable laws, rules and regulations and all applicable policies and procedures adopted by the Company with the highest standard of personal and professional integrity, honesty and ethically in respect to the utilization of the Company's assets and resources.
- b. **Confidential Information:** The Top Management will secure, preserve, safeguard and use discreetly, confidential information in the best interests of the Company. They should not divulge or communicate such information to third parties except as authorized for business reasons. Except it is legally required, the directors and senior management shall maintain the confidentiality of the information of the Company and strictly prohibited from disclosing any of the following confidential information to the Customers, Suppliers, Business Associates, Competitors, Media or any other outside agency:
 - Details of the customers, suppliers or business associate of the Company,
 - Information of Know How, Design, Flow Chart or any other written or unwritten information about manufacturing process
 - Set up internal policies of the business of the Company
 - Budget and Sales Data of the Company
 - Sales policy including dealer policy
 - Corporate strategies
 - Financial figures
 - Any other information that may be so identified Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or its associates. The use of confidential information for his/her own advantage or profit is also prohibited.

RELATED PARTIES:

The Top Management should avoid conducting Company business in any significant way with a relative (as defined in the Companies Act, 1956), or with a business in which a close relative is associated, without intimation to the Board of Directors.

EXCLUSIVITY:

The Top Management is expected to devote their full attention with integrity and honesty to the business interests of the Company. They are prohibited from engaging in any activity that interferes with his proper discharge of responsibilities of the Company, or is in conflict with or prejudicial to the interests of the Company.

GRATUITIES AND GIFTS:

The Company's policy prohibits the receipt of gifts and gratuities, particularly from individuals or firms with which the Company has business dealings. The only exception is the receipt of complementary items that carry the Company's name printed or embossed on it so as to clearly establish that it is a sales promotional item. To the extent possible all such gifts or hospitalities must be declined so as to ensure that the Top Management is not put in an obligatory position vis-à-vis the Company's customer, supplier or trader

PROTECTION AND PROPER USE OF THE COMPANY'S ASSETS:

The Top Management is responsible for the effective control and appropriate use of all of the Company's resources entrusted to them in the discharge of their official duties. Theft, carelessness, and waste of the Company's assets and property have a direct impact on the Company's profitability and customer and shareholder value. The Company's assets should be used only for legitimate business purposes.

DEALING ON BEHALF OF THE COMPANY:

Each director and employee should deal fairly with customers, suppliers and competitors of the Company. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing-practices.

COMPANY'S INTEREST CONFLICTS WITH PERSONAL INTEREST:

Following are the eventualities when the interest of the Company can conflict with personal interest:

- a. Receipt of personal benefits by a Director, senior management or a member of his or her family due to the position of such Director / Employee.
- b. Significant ownership interest in any supplier, customer, development partner or competitor of the Company.
- c. Consultation or employment relationship with any supplier, customer, business associate or competitor of the Company.
- d. Doing any other business activity which may affect the ability to devote the required time to execute responsibilities of the Company.

The Top Management should be careful in avoiding such eventualities. In case of such eventuality, the employee shall take pre approval or shall make immediate disclosure to the prescribed authority under this Code.

INSIDER TRADING:

The Top Management will abide by the Company's Insider Trading Policy in compliance with the SEBI (Prohibition of Insider Trading) Regulations 1992, as adopted by the Board of Directors of the Company.

COMPETITION / CORPORATE INFORMATION:

All Directors and employees are prohibited from competing directly or indirectly with the business of the Company or with any business that the Company is considering. If the Company has finally decided not to pursue an opportunity that relates to the Company's business activity, Director / Employee may pursue such activity only after disclosing the same.

ANTI HARASSMENT POLICY:

The Top Management should adhere to and facilitate effective functioning of the Company's mechanism for redressal of complaints of harassment of any nature as per laid down policies and principles.

COMPLIANCE WITH THE CODE:

Any member of the Top Management who knows or suspects violation of applicable laws, rules or regulations or this Code of Conduct, must immediately report such information to the HR Department/Legal & Secretarial Department. This will help safeguard the Company's assets and reputation.

DISCLOSURE:

In case there is likely to be a conflict of interest as prescribed in this Code the Director / Employee should make full disclosure of all facts and circumstances thereof and to obtain written approval. Disclosure is to be made to the person as under:

Interested Person	Authority to whom Disclosure is to be made
Any employee except VPs/ Sr. VPs	Whole Time Director/ Managing Director
VPs / Sr. VPs/ Department Heads	Whole Time Director/ Managing Director
Any Member of the Board of Directors	Audit Committee

AFFIRMATION OF COMPLIANCE OF THE CODE

In terms of Clause 49 of Listing Agreement, all Board Members and Senior Management Personnel shall within 30 days of the close of financial year affirm compliance with the Code. A proforma of Annual Compliance Report is annexed to this Code as Appendix I. The Annual Compliance Report shall be forwarded to the Compliance Officer of the Company. The Compliance Officer shall forward this Annual Compliance Report to the Managing Director.

ACKNOWLEDGEMENT OF RECEIPT OF CODE OF CONDUCT:

All Board Members and Senior Management Personnel shall acknowledge the receipt of this code in the acknowledgement form annexed to this code (Appendix II) indicating that they have received, read and understood, and agreed to comply with the code and send the same to the Compliance Officer. Upon revision of this code, the Board Members and Senior Management Personnel shall acknowledge and execute an understanding of the Code (Appendix II) and an agreement to comply. New Directors will sign such a deed (Appendix II) at the time when their directorship begins.

REPORT ON ANY NON-COMPLIANCE OF CODE OF CONDUCT:

If any Director or Employee who knows of or suspects of a violation of applicable laws, rules or regulations or this Code, he/she must immediately report the same to the Board of Directors. Such person should, as far as possible, provide the details of suspected violations with all known particulars relating to the issue. The Company recognizes that resolving such problems or concerns will advance the overall interests of the Company that will help to safeguard the Company's assets, financial integrity and reputation.

COMPLIANCE OF ALL APPLICABLE LAWS AND POLICIES:

The Board Members and the Senior Management Personnel shall ensure compliance of Company's Policies, rules, regulations and all applicable laws, if any. The Members should make themselves conversant with all the latest provisions required in discharging of their duties so that no action by them jeopardizes the Company at any stage.

DISCIPLINARY ACTION:

Violations of this Code will result in disciplinary action, which may even include termination of services of the employee. The Board of Directors of the Company shall designate appropriate person(s) to determine appropriate action in case of violation of the Code.

MISCELLANEOUS PROVISIONS:

The Top Management will strive to adhere to the following:

- a. Employees shall at all times behave in line with the spirit of harmony in working together for unity within PDL and in working towards creating mutual understanding and ties of friendship with the nations of the world.
- b. While seeking for knowledge everywhere, broadening their perspective and constantly working to educate and improve themselves, employees shall act according to the rule of law and ethical corporate rectitude.
- c. Employees shall at all times observe a fair and orderly competitive concept.

INTERPRETATION:

Any question or interpretation under this Code will be handled by Compliance Officer of the Company. The Board of Directors has the authority to waive compliance with this Code for any Director or Employee of the Company. The person-seeking waiver of this Code shall make full disclosure of the particular circumstances to the Board.

MODIFICATION:

The Code can be modified by the Board from time to time, as it may deem fit.

APPENDIX I

To
The Compliance Officer
M/s. Parabolic Drugs Limited
S.C.O. 99-100, Top Floor,
Sector 17-B,
Chandigarh – 160 017

I, _____ do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the Code of Conduct of M/s. Parabolic Drugs Limited duly adopted by the Board of Directors in its meeting held on 20th July, 2010 during the financial year ending _____.

Signature: _____

Name: _____

Designation: _____

Date: _____

Place: _____

*To be submitted by 30th April each year.

APPENDIX II

To
The Compliance Officer
M/s Parabolic Drugs Limited
S.C.O. 99-100, Top Floor,
Sector 17-B,
Chandigarh – 160 017

I, _____ have received and read the Code of Conduct of M/s. Parabolic Drugs Limited duly adopted by the Board of Directors in its meeting held on 20th July, 2010. I have understood the provisions and policies contained in this Code and I agree to comply with this Code.

Signature: _____

Name: _____

Designation: _____

Date: _____

Place: _____