

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Prohibition of Insider Trading) Regulations, 2002 (hereinafter referred to as "Regulations") dealing, inter alia, with buying and selling of securities of the Company by employees / directors. The Company had circulated INSIDER TRADING REGULATIONS dated 31-Dec-04. Based on experience gained, evolution of better practices in the matter and with a view to simplify the understanding and implementation of the Code, the Company has upgraded the Code w.e.f 1st January, 2005 The upgraded Code is set forth below.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING::

(Internal Procedures and Conduct)

Dated: 1st January 2005

The Policy and Obligations

The Company endeavours to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Every director, officer, designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the company. No director, officer, designated employee may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

To achieve these objectives, Dwarikesh Sugar Industry Ltd. (herein after referred to as "the Company") hereby notifies that this code of conduct is to be followed by all directors, officers, designated employees and connected persons.

Part A - Definitions

'Insider Trading': When insiders use unpublished price sensitive information to arrive at securities trading (including buying as well as selling) decisions, the action is referred to as insider trading;

'Insider' means any person who is or was a "Connected Person" or a "Deemed Connected Person" and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company or who has received or has had access to such unpublished price sensitive information.

'Company' means Dwarikesh Sugar Industries Ltd.;

'Compliance Officer' means the Company Secretary of the Company;

'Connected Persons' means any person who:

1. is a director of the company; or
2. an officer or employee of the company; or
3. has a professional or business relationship with the company

'Deemed Connected Persons' means and includes:

1. Any group company, company under the same management or subsidiary of the Company;
2. Dependent Family Members of Connected Persons;
3. Bankers of the Company;

4. Merchant Banker, Share Transfer Agent, Registrar to an issue, Debenture Trustee, Broker, Portfolio Manager, Investment Advisor, Sub-broker or any employee thereof having a fiduciary relationship with the Company;
5. Trustees of any trust the beneficiaries of which include any of the Connected Persons;
6. Trustees of any trust who are conferred with the Power of Attorney to act on behalf of beneficiaries in respect of securities of the Company;
7. Any person who was a connected person, whether temporary or permanent six months prior to an act of insider trading;
8. Persons having professional or business relationship between themselves and the company, whether temporary or permanent and by virtue of such relationship are expected to be in possession of price-sensitive information;
9. Any other person or category of persons mentioned in Regulation 2 of the SEBI (Prohibition of Insider trading) Regulations, 1992;

'Dealing in Securities' means buying, selling or agreeing to subscribe, sell or deal in any securities either as principal or agent and includes exercising of options;

'Officer' means and includes any employee of the Company in the rank of Deputy Manager and above;

'Designated Employee' shall mean:

1. Managing and Whole-time Directors;
2. All Senior Vice Presidents / Executive Directors (not being member of the Board), Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Information Officer, Chief Marketing Officer or any such equivalent position;
3. All Vice Presidents / General Managers;
4. Employees designated by the Board of Directors from time to time to whom the trading restrictions shall be applicable.

The provisions applicable to Designated Employee shall also be applicable to their dependant family members.

'Dependent Family Members' shall mean the employee's spouse, dependent parents and dependent children;

'Price Sensitive Information' 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:-

1. periodical financial results of the company;
2. intended declaration of dividends (both interim and final);
3. issue of securities or buy-back of securities;
4. any major expansion plans or execution of new projects;
5. amalgamation, mergers or takeovers;
6. disposal of the whole or substantial part of the undertaking;
7. any significant changes in policies, plans or operations of the company.
8. disruption of operations due to natural calamities;
9. commencement of any new commercial production or commercial operations where the contribution there from is likely to exceed 5% of the total turnover of the Company during that financial year;
10. developments with respect to changes in pricing/realisation on goods and services arising out of changes in government policy;
11. Litigation/dispute with a material impact;
12. Revision of credit ratings assigned to any debt or equity instrument of the Company;
13. Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company;

'Prohibited Period' means;

1. Period beginning with the first day of the month in which the Board of Directors are to consider any price sensitive information and ending after 24 hours from the time the Price Sensitive information is made public.
2. Such other period as may be specified by the Compliance Officer from time to time in consultation with the Chairman & Managing Director.

Illustrations of Prohibited Period

Date of Board Meeting	January 24, 2005
Date of commencement of Prohibited Period	January 1, 2005
Date of conclusion of Prohibited Period	January 25, 2005

(24 hours after the conclusion of the Board Meeting)

'Free Period' means any Period other than the Prohibited Period.

Words and expressions not defined in these Regulations shall have the same meaning as contained in SEBI (Prohibition of Insider Trading) Regulations, 1992 or the Securities and Exchange Board of India Act, 1992.

Part B

1. Compliance Officer: The Company has appointed the Company Secretary as compliance officer who shall report to the Chairman and Managing Director of the Company.

1.1 Duties of Compliance Officer

1. He shall maintain a record of designated employees and any changes made to the list of Connected Persons.
2. He may in consultation with the Chairman & Managing Director and shall as directed by the Board, specifies Prohibited Period from time to time and immediately make an announcement thereof.
3. He shall maintain a record of Prohibited Period specified from time to time.
4. He 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 of the Company.
5. He shall maintain records of all the declarations submitted in the appropriate form given by the Directors, Officers and Designated Employees for a minimum period of three years.
6. He shall place before the Chairman & Managing Director, on a monthly basis all the details of the dealing in the securities by Designated Employees, Directors, Officers of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in these rules.
7. He shall from time to time inform the Stock Exchanges of any price sensitive information on immediate basis.
8. He shall intimate to all Stock Exchanges on which the securities of the company are listed the information received under clause 5 of Part II.

9. He shall be responsible for overseeing and co-ordinating disclosure of price sensitive information to Stock Exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure and report to the Chairman & Managing Director.
10. He shall ensure that prohibited period is intimated to all concerned at least 48 hours before the commencement of the said period.
11. He shall inform SEBI of any violation of SEBI (Prohibition of Insider Trading) Regulations, 1992 within 7 days of knowledge of violation.

2. Preservation of "Price Sensitive Information": Designated Employees, Directors, Officers 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. Following practices should be followed in this regard.

2.1 Need to Know; Unpublished 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 and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of information.

2.2 Limited access to confidential information: Files containing confidential information shall be kept secure. Computer files must have adequate security of login and pass word, etc. Files containing confidential information should be deleted / destroyed after its use. Shredder should be used for the destruction of physical files.

3. Prohibition On Dealing, Communicating Or Counselling On Matters Relating To Insider Trading: No Insider shall -

1. either on his own behalf, or on behalf of any other person, deal in securities of the company when in the possession of any unpublished price sensitive information;
2. communicate, counsel or procure, directly or indirectly any unpublished price sensitive information to any person. However these restrictions shall not be applicable to any communication required in the ordinary course of business or under any law.

4. Trading Restrictions: All directors/ officers and designated employees of the company shall be subject to trading restrictions as enumerated below: -

4.1 Trading Window: The period prior to declaration of price sensitive information is particularly sensitive for transactions in the Company's securities. This sensitivity is due to the fact that the Directors, Officers and Designated Employees will, during that period, often possess unpublished price sensitive information.

During such sensitive times, the Directors, Officers and Designated Employees will have to forego the opportunity of trading in the Company's securities.

The Directors, Officers and Designated Employees of the Company shall not deal in the securities of the Company when the trading window is closed. The period during which the trading window is closed shall be termed as prohibited period.

In case of doubts on whether information is unpublished and price sensitive, Employees / Designated Employees may seek clarification from the Compliance Officer.

4.2 The trading window shall be, inter alia, closed at the time of:-

1. Declaration of Financial results (quarterly, half-yearly and annual)
2. Declaration of dividends (interim and final)
3. Issue of securities by way of public/ rights/bonus, etc.
4. Any major expansion plans or execution of new projects

5. Amalgamation, mergers, takeovers and buy-back
6. Disposal of whole or substantially whole of the undertaking
7. Any changes in policies, plans or operations of the Company disruption of operations due to natural calamities;
8. Commencement of any new commercial production/commercial operations where the contribution there from is likely to exceed 5% of the total turnover of the Company during that financial year;
9. Developments with respect to changes in pricing/realisation on goods and services arising out of changes in government policy;
10. Litigation/dispute with a material impact;
11. Revision of credit ratings assigned to any debt or equity instrument of the Company;
12. Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company;

4.3 The period of closure shall be effective from 1st day of the month in which the meeting of the Board of Directors is proposed to be held or from the date of circulation of agenda papers pertaining to the subject referred above, whichever is longer, upto 24 hours after the information is submitted to the Stock Exchange.

4.4 The Prohibited Period in case of declaration of financial results shall be as under:

Nature of financial results	Date of declaration	Commencement of Prohibited Period
Unaudited Results for the first quarter	On or before January 31	January 1
Unaudited Results for the second quarter/Half year	On or before April 30	April 1
Unaudited Results for the third quarter	On or before July 31	July 1
Audited Results for the financial year	On or before November 30	November 1

4.5 The trading window shall be opened 24 hours after the information referred in 4.3 and 4.4 is made public.

4.6 All Directors, Officers, Designated Employees of the company shall conduct all their dealings in the securities of the Company only during the free period and shall not deal in any transaction involving the purchase or sale of the Company's securities during the prohibited periods or during any other period as may be specified by the Company from time to time.

{2} Restriction To Buy / Sell Securities By "designated Employee"

- (d) Designated Employee shall require prior clearance from the Compliance Officer where the aggregate market value of purchase and sale of securities of the Company exceeds Rs. 5,00,000 in a calendar month (either in one transaction or in a series of transactions).

Purchase and sale of securities by the Compliance Officer shall require prior clearance from the Managing Director where the aggregate market value of purchase and sale of securities of the Company exceeds Rs. 5,00,000 in a calendar month (either in one

transaction or in a series of transactions).

Purchase / sale transactions, for which prior clearance has been obtained, shall be executed within seven days of such clearance.

- (e) Designated Employee shall hold the securities of the Company for a minimum period of 30 days from the date of purchase ('Minimum Holding Period'). In case of personal emergency, the prior approval of the Compliance Officer shall be taken for relaxation in the Minimum Holding Period.

{3} Disclosures:

Designated Employee shall make the following disclosures of shares and other securities held in the Company by them and their dependant family members, to the Compliance Officer:

- (a) Initial disclosure of the number of securities held as on 31st -Dec-2004 in attached format.
[**Form B attached**]
- (b) Changes in securities holding, when such change exceeds the lower of :
- Rs. 5,00,000/- in market value or
 - 25,000 securities or
 - 1% of th e total Share Capital.

This disclosure shall be made within 4 working days of such change (the receipt of intimation of allotment of shares, or the acquisition or sale of shares or voting rights, as the case may be). [**Form D attached**]

- (c) Annual disclosure of number of securities held as on last date of the financial year, including details of each transaction of purchase / sale of shares and other securities during the financial year in attached format. This disclosure shall be made within 30 days from the close of each financial year. [**Form D**]
- (d) Disclosure shall also be made of the number of securities held, upon becoming a Designated Employee, at any point of time. This disclosure shall be made within 4 working days of becoming a Designated Employee.
[**Form B**]

{4} Penalties

For

Contravention:

Violation of this Code will invite disciplinary action. Such disciplinary action will be irrespective of action that may be taken by SEBI under the Regulations.

{5} General:

A copy of the Regulations is available from the office of the Compliance Officer. Compliance Officer for the purpose of this Code shall be the Company Secretary. Employees are advised to acquaint themselves with their obligations under the Regulations. The Compliance Officer may be contacted for any clarification / assistance that may be necessary.

For Dwarikesh Sugar Industries Ltd.

B.J. Maheshwari

Place : Mumbai

Date : 1st January, 2005

**Asst. Vice President (Taxation)
& Company Secretary**