

EDELWEISS CODE OF CONDUCT

Applicable to All Directors & Senior Management

Corporate Governance as perceived by Edelweiss Group translates into being fair and civic-minded, fulfilling its duties to the entire spectrum of stakeholders and, most importantly, making integrity an article of faith across all its operations.

I. PREAMBLE:

Integrity, transparency and trust form part of the core beliefs of all activities at Edelweiss (hereinafter referred to as 'the Company'), which has been the continuing basis of its growth and all-round development. This Code of Conduct or the Code defines what the Company expects from its business and personnel regardless of the location or their background. This Code is applicable and binding on all Members of the Senior Management Team comprising of Executive Directors, personnel designated as Presidents, Senior/Executive Vice Presidents, Chief Financial Officer, Chief Operating Officer, Vice Presidents and above, Functional Heads (hereinafter collectively referred to as the 'Senior Management') and Non-Executive Directors of the Company. As the aforesaid persons individually and collectively help shape the growth of the Company they are individually and collectively responsible to ensure that the Company operates with the highest degree of personal and professional integrity, honesty and ethical conduct. As it is not possible to address every possible situation that may arise, the provisions of this Code are intended to provide guidance in making ethical decisions and should therefore be construed and applied to further the said objective. This Code shall be in addition to rules, regulations, standards, policies and procedures that may be laid down by the Company, from time to time.

II. APPLICABILITY:

This Code has been divided into two parts. The provisions as set out in Part A of this Code shall be applicable to the Senior Management and the Non-Executive Directors. The provisions as set out in Part B shall be applicable to the Senior Management only, in addition to provisions set out in Part A. In terms of the Listing Agreement, all Directors and the Senior Management shall affirm compliance with the provisions of this Code on an annual basis.

This Code has been approved by the Board of Directors of the Company at their meeting held on October 11, 2007 and shall come into effect immediately.

III. VIOLATION:

It is not intended that disciplinary action would be appropriate for every violation of the provisions of this Code. Whether a disciplinary action is appropriate or not and the extent of disciplinary action /penalty to be imposed, will be determined through reasonable application of the text and also depend on factors such as the seriousness of the violation, the intent behind any such violation, whether there has been a pattern of improper conduct and the effect of such improper conduct on employees, their morale or on the corporate governance system of the Company.

A violation may result in disciplinary action up to and including termination of the association/employment with the Company. Decision regarding whether or not disciplinary action is to be taken and the nature and extent thereof, shall rest with the Managing Director and the Whole time Director of the Company. An appeal against any such decision shall lie before the Board of the Company, whose decision in this regard shall be final and binding on

the concerned member of the Senior Management. The Company Secretary of the Company shall be responsible for ensuring the compliance of the provisions of this Code.

IV. AMENDMENT TO THE CODE

We are committed to continuously reviewing and updating our policies and procedures to meet the requirements of any relevant statute or the business interest of the Company. Therefore, this Code is subject to modification. Any amendment or waiver of any provision of this Code shall be approved in writing by the Company's Board of Directors and promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of amendment or waiver.

V. ANNUAL DECLARATION:

As required under Clause 49 (D) (ii) of the listing agreement, every member of the Senior Management and every Non-Executive Director shall sign and submit the annual declaration (as per Annexure I) before April 15 every year, affirming compliance with the provisions of this Code.

PART A

1. TO LEAD BY EXAMPLE

As every member of the Senior Management and every Non-Executive Director is perceived to be the guiding force of the Company, it shall be his responsibility to lead by example, which would mean and include:

- a) To act according to the highest standards of personal and professional integrity, honesty and ethical conduct whilst dealing for, on behalf of and in the name of the Company.
- b) To exercise powers conferred upon him for achieving business goals of the Company, with reasonable discretion and after weighing the consequences of such use.
- c) To respect the confidentiality of any proprietary information accessed during the course of discharge of his duties and ensure that such information is not used for personal gain.
- d) To co-operate with Government, Trade, and Regulatory Authorities in the development of economic legislations governing the business of the Company.

2. PRINCIPLES OF COMPLIANCE

- a) Ensure that all decisions taken are in adherence to legal/regulatory requirement(s) as applicable to the business of the Company.
- b) To inform the Company of any information that may be perceived to be a violation by any employee or Director or the Company of any legal/regulatory requirement(s) as applicable to the business of the Company.
- c) Adhere to the standards set by the Company from time to time to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers and creditors and the society at large).

d) To attend all Board/Committee/General/Business Meetings and seek leave of absence whenever necessary.

3. CONFLICT OF INTEREST

A conflict of interest situation would be deemed to have arisen, when an individual's interest is perceived to be inconsistent with or is in conflict with the business interest of the Company. One should avoid such conflict of interest with the Company. However, in case such a situation arises, he shall, on becoming aware of the same, make full and true disclosure of all facts and circumstances thereof to the Company. Some of the situations wherein a conflict of interest may be deemed to have arisen are elucidated below:

a) Pecuniary benefit

Where one's conduct is likely to confer a pecuniary benefit to oneself or in favour of any relative(s) or in favour of any company, body corporate or firm where one or one's relative is an employee, member, director or partner.

b) Related Party Transactions

Where one enters into transaction(s)/arrangement(s) (directly or indirectly through relatives) with companies, bodies corporate or firms, for personal gain, which may conflict with the business interest of the Company.

c) Corporate Opportunities

Where one uses and/or exploits for personal gain, opportunities that rightly belong to the Company or are discovered through the use of one's position or through the Company's image, property or information.

D) Outside directorships

It is a conflict of interest to serve as a director of any company that competes with the Company. Directors/ Senior Management must first obtain approval from the Company's Board/Managing Director before accepting a directorship.

4. SECRECY

Ensure that proprietary information and trade secrets belonging to the Company, (including any information concerning pricing, products and services that are being developed, internal system, designs and such other trade secrets) are held in strict confidence and care is exercised to avoid inadvertent and inappropriate disclosure, except when such disclosure is authorised or legally mandated and is not for personal gain.

5. SECURITIES LAW

Not to indulge in Insider Trading or dealing in shares of the Company in violation of the provisions of the Insider Trading Policy of the Company and to strictly abide with all disclosure norms prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as may be amended, from time to time.

PART B

In addition to Part A the provisions as set out in Part B shall be applicable and binding only on the members of the Senior Management.

1. TO LEAD BY EXAMPLE

Every member of the Senior Management plays an important role in achieving the Company's business objectives, which is based on the foundation of ethics, transparency and customer centric actions. Accordingly, it shall be his responsibility to adhere to and inculcate the following practices.

- a) To induce a feeling of loyalty by working selflessly to achieve the stated business objectives of the Company.
- b) To guide and motivate the staff and officers of the Company.
- c) To respect the safety and health of all employees of the Company and provide working conditions that are conducive to their physical health and general wellbeing.
- d) To conduct oneself in a manner so as to help preserve and protect the environment with due concern for the ecology.
- e) To record and preserve the records of all financial transactions and not create undisclosed or unrecorded accounts, funds or assets.

2. CONDUCT AT WORKPLACE

- a) Conduct oneself in a professional manner and treat others with respect, fairness, and dignity.
- b) Conduct oneself in the letter and spirit of the applicable laws, rules and regulations, comply with the procedures and policies laid down by the Company and encourage other officers and employees to do the same.
- c) Not to discriminate employees based on color, race, religion, caste, creed or sex. The Company is committed to providing a work environment that is fair and non-discriminatory.
- d) Provide and enhance equal opportunities for men and women; to prevent, stop, and redress sexual harassment at the workplace and to promote good employment practices.
- e) Demand, demonstrate and promote professional behaviour and encourage employees to acquire skills, knowledge and training to expand/enhance their skills and specialised knowledge.
- f) Not to use or consume illegal and banned drugs (narcotics) at any time.
- g) Not to have any material association with a firm, company or body corporate engaged in a line of business similar to that of the Company or any of its subsidiaries, without obtaining the prior consent of the Chairman of the Company.

3. PAYMENTS OR RECEIPT OF GIFTS/FAVOURS FROM OTHERS

Under no circumstances shall any Member of the Senior Management receive or offer, directly or indirectly, any gifts, donations or remuneration or illegal payments which are intended to

obtain business favours. Nominal gifts during festival occasions and other occasions may be accepted/ given.

4. USE OF ASSETS AND INFORMATION

a) Ensure that equipment/ facilities/ amenities provided to him/her by the Company for discharge of his/her duties in terms of his employment are used with proper care and diligence and return the possession thereof upon his resignation, termination or retirement from the services of the Company, as the case may be.

b) Ensure that price sensitive information of the Company, which is not in public domain, is not used to derive any personal benefit or to assist any other person(s) from deriving any benefit, by virtue of having access thereto.

c) Ensure that proprietary information and trade secrets belonging to the Company, including any information concerning pricing, products and services that are being developed, internal system designs and other such trade secrets are held in strict confidence and due care is exercised to avoid inadvertent and inappropriate disclosure. Such information shall be used in the manner as required or mandated and as a part of the duties assigned and not for personal gain.

d) Ensure that all other personal and financial information relating to the customers, associates and stakeholders of the Company is accessed, used and disclosed in accordance with the policies, systems and controls laid down by the Company, from time to time.

e) Take steps to use and protect the Company's assets and ensure their efficient use as also use the assets only for the legitimate business purposes of the Company or such other purposes as may be authorised by the Management.

6. EMPLOYMENT/OUTSIDE EMPLOYMENT:

With regard to the employment with the Company, the executives are expected to devote their full attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with their employment with the Company. Our policies prohibit them from accepting simultaneous employment with suppliers, customers, developers or competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position. Additionally, they must disclose to the Company's Board/Managing Director, any interest that they have that may conflict with the business of the Company.

7. TRANSPARENCY

a) Ensure that the conduct at workplace is transparent, subject, of course, to the sensitivity of the information or the nature of job assigned to him/her. Such transparency shall be brought about by adherence to corporate governance norms, policies, systems and processes laid down by the Company, from time to time.

The above Code shall be read in conjunction with the Business Principles of the Company and the Company expects the Senior Management to abide by them.

ANNEXURE - I

DECLARATION

To,
The Company Secretary
Edelweiss Capital Limited
14th Floor, Express Towers,
Nariman Point, Mumbai - 400 021.

Dear Sir/Madam,

I, Mr./Mrs./Ms. _____, _____ (designation) do and hereby acknowledge and confirm that during the financial year _____, to the best of my knowledge and belief, I have not violated any of the provisions of this Code or any of the policies or legal/regulatory requirements of the Company, as may be applicable to my responsibility.

Signature:

Name:

Designation:

Place:

Date:

1. Kindly sign and return this declaration on or before April 15, _____.
2. This declaration shall be valid for the Financial Year _____.