

**CODE OF BUSINESS CONDUCT & ETHICS FOR DIRECTORS
AND SENIOR MANAGEMENT**

INTRODUCTION

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations.

The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

“The Company’s Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit.”

1. COMPLIANCE WITH APPLICABLE LAWS

The Company is committed to comply with all applicable laws, rules, regulations and guidelines in every jurisdiction where it operates.

It is therefore desirable that Directors / Senior Management possess / acquire appropriate knowledge of the legal requirements relating to their roles and duties to enable them to be in compliance thereof and to recognize potential risks.

Directors / Senior Management shall ensure due compliance for every activity undertaken under their supervision and authority.

Directors / Senior Management shall extend full co-operation to regulatory authorities, and disclose information as may be required.

2. CONFLICT OF INTEREST

- a) The term “conflict of interest” pertains to situations in which personal financial or other consideration(s) may compromise, or have the appearance of comprising the professional judgment of Directors / Senior Management. A conflict of interest exists where the interests or benefits of Directors or Senior Management or of people or entities related to them conflicts with the interests or benefits of the Company.
- b) Directors / Senior Management are prohibited from engaging in any activity that interferes with the performance or discharge of responsibilities towards the Company or is otherwise in conflict with the interest or prejudicial to the Company.
- c) In addition to mandatory disclosures all Non – Executive and Independent Directors shall disclose their association with any other company which, in their judgment, may lead to conflict of interest with the Company.
- d) Directors / Senior Management are free to make personal investment and enjoy social relations and normal business courtesies. They should however ensure that such interests do not directly or indirectly influence the performance of their responsibilities.
- e) Directors / Senior Management are advised to avoid conducting the Company’s business with a relative, or with a business in which a relative is associated in any significant role.
- f) If there are any transactions proposed with such related parties within the knowledge of Directors / Senior Management, they must report the same to the Compliance Officer. If determined to be material to the Company, the transactions shall be placed before the Audit Committee for review. Any dealings with a related party must be conducted on an arms length basis and on commercial terms and no preferential treatment shall be given.
- g) If a proposed transactions or situation raises any questions or doubts, the Compliance Officer should be consulted.
- h) Holding or contesting an election for any political post by Executive Directors and Senior Management is discouraged as it could interfere with the performance and discharge of responsibilities towards the Company. If any Executive Director / Senior Management decides to consider a political post, the same shall be disclosed to the Compliance officer. The Committee shall consider whether the acceptance of such a

post is in any manner prejudicial to the interests of the Company and make appropriate recommendations to the Board.

3. CONDUCT OF BUSINESS RELATIONSHIPS

The Company expects all its business to be conducted in a legal and ethical manner. The efficiency of services at competitive prices will be the biggest tool for marketing activities. Profits by no means justify use of unfair / unethical business practices.

Directors / Senior Management shall not make any promises or commitments that the Company does not intend or would not be able to honour. Also, they should not be engaged, directly or indirectly, in any act, dealing or conduct likely to bring discredit to the Company.

Directors / Senior Management must uphold the highest standards of integrity and ethics in every kind of third party dealings. They shall not give, offer, or authorise to offer, directly or indirectly, of anything of value (tangible or intangible) to any third party to obtain any improper advantage.

A contribution or entertainment shall not be offered to anyone in the course of business that might create the appearance of any impropriety. However some modest and acceptable corporate gifts etc appropriate to give in the normal course of business practice may be acceptable.

4. PROTECTION & PROPER USE OF COMPANY'S ASSETS & RESOURCES

Directors / Senior Management shall as far as practicable, protect the Company's assets from loss, damage, misuse or theft and ensure that the assets are only used for business purposes and other purposes specifically approved by Management and must never be used for unauthorized purposes.

Directors / Senior Management shall not apply the Company's assets / resources and / or proprietary information for personal benefit and / or the benefit of any other related party.

5. INTELLECTUAL PROPERTY

Intellectual Property Rights (IPR) broadly covers patented or potentiality patentable inventions, trademarks, service marks, trade names, copyrightable subject matter, and trade secrets.

Directors / Senior Management shall make their best efforts to protect all such Intellectual Properties related to the Company, as it is critical to the Company's overall success.

It is advisable to highlight and consult the Chairman / Compliance Officer for determining the appropriate course of action whenever there is lack of clarity and issue of any kind related to IPR.

6. PRIVACY AND CONFIDENTIALITY

“Confidential information” includes all information of the Company not authorised by the management for public dissemination. This includes information on trade, trade secrets, confidential and privileged information regarding customers, employees, information relating to mergers and acquisitions, stock splits and divestitures; non public information about discussions and deliberations relating to business issues and decisions, between and among employees, officers and Directors in formal meetings or otherwise, and will include all such information which is not available in the public domain at that point of time.

The Company believes that protection of all confidential information is essential and is committed to protecting business and personal information of confidential nature obtained from clients, associates and employees. Directors / Senior Management shall ensure that no confidential information is disclosed inadvertently or otherwise.

Confidential information shall be disclosed to persons, both internal and external, only on a ‘need to know’ basis and public disclosure shall be made with appropriate approval or as legally mandated.

Directors / Senior Management shall ensure that all confidential information available to them by virtue of the office they hold is never directly or indirectly released to any person or entity, or made public, otherwise than as stated above.

7. CORPORATE OPPORTUNITIES

Except as may be approved by the Board of Directors or a Committee thereof, Directors / Senior Management are prohibited from:

- Taking for themselves personally, opportunities that belong to either the Company or are discovered through the use of Company's property, information or position;
- Using the Company's property, information, or position for personal gain;
- Competing with the Company

8. INTERACTION WITH MEDIA

To facilitate the achievement of the Company's vision and business plans, it is necessary to communicate the policies, plans and accomplishments in the most effective manner through the media to our investors, customers, existing and potential, other stakeholders and to the community at large.

All statements made to the media on behalf of the Company should be true and fair. Only persons duly authorised by management are allowed to interact with media on specified subjects.

Disclosures of any information other than statutory disclosures or those specifically authorised by the Management is prohibited. Disclosure of information on proceedings of board meetings / committee meetings / internal meetings, and disclosure of forward-looking statements is prohibited. In case any such disclosure has to be made it has to be approved by the Management and shall be combined with cautionary statements, wherever required.

Directors/Senior Management shall not disclose non public information selectively to a particular group as it may lead to unfair advantage/discrimination.

For any outside publication of books, articles or manuscripts which relate specifically to the Company's business, policies and processors, Directors / Senior Management should take the approval of the Management prior to its release. All such documents should be supplemented by a statement: "*All views & observations made/expressed in this article/presentation are solely that of the authors and the Company is in no way responsible for the substance, veracity or truthfulness of such views and statements*".

9. FRAUDULENT AND UNFAIR PRACTICES IN THE SECURITIES MARKET

The Company's securities are listed on the major Stock Exchanges. The Company is committed to comply with securities laws in all jurisdictions in which its securities are listed.

The Company prohibits its Directors / Senior Management from any fraudulent and unfair trade practices in the securities market, with regard to the securities of the Company or of any other company with whom the Company has business dealings to the best of their knowledge.

10. FAIR DEALING

Director / member of the Senior Management shall not take a discriminatory stance towards or give unfair advantage to the Company's employees, customers, suppliers, or competitors through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

No discrimination shall be done on the basis of caste, religion, sex, nationality or disability of any kind towards any employees, customers, suppliers, or any business partner.

11. HEALTH, SAFETY AND ENVIRONMENT

The Company believes in sustainable development and is committed to be a responsible corporate citizen.

To uphold the Company's interest and preserve the quality of life of all concerned, the business and operations of the Company shall be conducted in an environmentally friendly manner and provide a safe and healthy working environment to its employees.

Directors / Senior Management shall ensure compliance with all applicable environmental, safety and health laws and regulations and internal policies.

12. FREE AND FAIR COMPETITION / ANTITRUST

Most countries have well-developed bodies of law designed to encourage and protect free and fair competition. The Company is committed to obeying both the letter and spirit of these laws.

As a general rule, contacts with competitors should be limited to formal forums and should always avoid casual / careless mention on subjects such as business plans, prices or other terms and conditions of sale, customers, and suppliers.

13. REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOUR (WHISTLE BLOWER MECHANISMS)

The Company shall promote ethical behavior in all its business activities.

Employees are free to report existing / probable violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. Such reports received from any employee will be reviewed by the Compliance Officer from time to time.

Directors and Senior Management shall not attempt to suppress / conceal any such view or reporting.

The confidentiality of those reporting violations shall be protected and they shall not be subjected to any discriminatory practices.

14. APPLICABILITY OF THE CODE

This is a comprehensive code and applies to all Directors and Senior Management. However, the provisions shall apply to Executive and Non Executive Directors including dependent Directors only to such extent, as may be applicable depending on their respective roles and responsibilities.

Directors / Senior Management shall communicate any suspected violations of the Code promptly to the Compliance Officer or the Chairman of the Board, Suspected violations will be investigated by or at the direction of the Board or the Board Committee and appropriate action will be taken in the event that violation is confirmed.

The Code does not specifically address every potential form of unacceptable conduct, and it is expected that Directors / Senior Management will exercise good judgment in compliance with the principles set out in this Code. Every Director and Member of Senior Management has a duty to avoid any circumstances that would violate the letter or spirit of this Code.

The Compliance Officer, as designated by the Chairman, will be the principal officer for this code. He is empowered to report to the Chairman of the Board on any matter relating to the implementation of the Code. The

Compliance Officer should be consulted if there is any doubt or lack of clarity about any aspect in the Code.

In case of any doubt, as to the course of action to be taken, the following test may be applied:

Is it legal?

Is it ethical?

Could it cause a negative perception of the Company?

15. **AMENDMENT , MODIFICATION & WAIVERS**

This code may be amended, modified, or waived by the Board in consultation with the Board of Directors subject to appropriate applicable provisions of law, rules, regulations and guidelines.

As a general policy, the Board will not grant waivers to the Code. However, in extraordinary situations and for reasons to be recorded in writing , the Board may grant exemption from any one or more of the provisions of this Code.

16. **ANNUAL CERTIFICATION**

Every Director and Member of Senior Management of the Company will be required to certify compliance with the Code within 15 days of the Close of the financial year of the Company. Such certification shall be in the form provided in the Annexure to this Code.

ANNEXURE

To,
The Compliance Officer,
Shardul Securities Limited.

Compliance Certificate

I, _____, being a member of the Board of Directors / Senior Management of Shardul Securities Limited (“the Company”) hereby acknowledge, confirm and certify that:

- i. I have received, read and understood the Code of Business Conduct and Ethics for Directors and Senior Management of the Company;
- ii. I am bound by the said Code to the extent applicable to my functions as a member of the Board of Directors / Senior Management of the Company;
- iii. During the financial year _____, I have complied with the provisions of the said Code;
- iv. I am not aware of nor am I a party to any non-compliance with the said Code.

Signed:

Name:

Designation:

Date: