

## CODE OF CONDUCT

### **I. Purpose and Overview**

- (1) **Applicability** : This Code of Conduct (“Code”) is applicable to the following (Hereinafter to be referred to as “Covered Parties”) :
  - (a) All the members of the Board of the Company
  - (b) All permanent employees of the Company
  - (c) All permanent employees of the Subsidiary Companies of the Company
- (2) **Purpose of the Code** : The aim of this Code is to set forth the values and business standards for the governance of the Company, and also provide a set of basic principles to promote a minimum standard of honest and ethical conduct to which the Covered Parties are expected to conform while carrying out their duties

Considering that the Company is in a fiduciary business of managing third party funds, strict adherence to the principles, procedures and rules set out in this Code will help to protect not only the Company but also the Covered Parties from risk of complaints, censure and litigation. The highest level of personal integrity is expected of all Covered Parties

### **II. Compliance with Laws, Rules and Regulations**

- (1) **Compliance** : It is mandatory for all Covered Parties to comply with all the applicable laws of India, and other jurisdictions, in which the Company might conduct its business

This Code does not summarize all applicable laws, rules, and regulations. In situations where the applicable law is less restrictive than the principles of the Code, Covered Parties are required to comply with the Code, even where the conduct is legal under the applicable laws. In situations where the applicable law is more restrictive than the Code, Covered Parties are required to comply with the applicable law

Any questions as to the applicability of any law are to be referred to the Chief Financial Officer

- (2) **Honest and Ethical Conduct** : “Honest and Ethical conduct” is defined as conduct that is free from fraud or deception, and conforms to accepted professional standards of conduct

It is mandatory for Covered Parties to act in accordance with the highest standards of honesty and ethical conduct, both while working on the Company’s premises and at any other place where they are representing the Company

### III. **Fair Dealing**

All Covered Parties shall make every effort to deal fairly with the Company's shareholders, competitors, customers and employees, and not take unfair advantage of any individual through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. All Covered Parties should promote equal employment opportunities, and unfair, inequitable and partial treatment would be looked upon as unacceptable and not be tolerated

### IV. **Conflicts of Interest**

(1) **Avoidance of Conflicts** : All Covered Parties are required to conduct themselves in such a manner as to avoid a conflict of interest, whether real or apparent. Each Covered Party has a responsibility to the Company and its stakeholders to avoid situations where a conflict of interest might occur or appear to occur. The Company is subject to scrutiny and hence, the Covered Parties should always strive to avoid even the appearance of impropriety

(2) **Definition of Conflict of Interest** : A “Conflict of Interest” arises where the personal interests of a Covered Party interferes or appears to interfere in any manner with the interests of the Company. Conflicts of interest can occur where a Covered Party acts in a manner or has interests that could reasonably be expected to make it difficult to make objective decisions on behalf of the Company or to perform his or her duties objectively and effectively

(3) **Potential Conflict Situations** :

(a) **Employment/Outside Employment** : Covered Parties are required to give full attention to the business interests of the Company and not engage in any activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the Company

Covered Parties are also prohibited from accepting simultaneous employment with a customer or competitor, or from taking part in any activity that enhances or supports a competitor's position. Additionally, Covered Parties must disclose any interest that might conflict with the business of the Company

(b) **Outside Directorships** : Covered Parties can serve as directors in any company, which compete with the Company or have any interests that adversely influence the performance of their responsibilities to the Company only with the permission of the Chairman

The Covered Parties shall accept directorships of companies in which the funds under management of the company have invested, provided the Covered Party has been nominated by the Company as its nominee director. Such Covered Party shall observe the Company's guidelines on Nominee Directors

- (c) Business Interests : Covered Parties are not permitted to participate in any transaction or business arrangement, or otherwise act in a manner that creates or appears to create a conflict of interest

If a potential conflict arises, they must make a full disclosure of all facts and circumstances to the Chairman

- (d) Related Parties : As a rule the Covered Parties should avoid conducting Company's business with a relative or with a business in which a relative is associated in a significant role

A Conflict of interest may arise when a Covered Party or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company, whether from that Company or from a third party

Relatives for the purpose of this Code shall have the same meaning as defined in the Companies Act, 1956

If a related party transaction is unavoidable, it must be fully disclosed to the Chairman. Also any dealings with a related party must be conducted in a manner such that no preferential treatment is given to such party

- (e) Gifts : Covered Parties are not permitted to accept any gift, gratuity, entertainment or any other item, regardless of its value, conditioned upon the Company doing business with the entity or person giving the gift

Gifts having more than a nominal value can cause Covered Parties to feel placed in a position of "obligation" and/or give the appearance of a conflict of interest

- (f) Other Situations : The list of abovementioned situations is not exhaustive as it is not possible to list out all possible situations that might arise

If a Covered Party becomes aware of a conflict or potential conflict, or who has a question about whether a conflict exists, they should bring the issue to the attention of the Chief Financial Officer

## V. Corporate Opportunities

Covered Parties owe a duty to the Company to advance the Company's legitimate interests when the opportunity arises. Covered Parties are prohibited from taking any opportunities that arise through the use of Company's property, information or position for their personal gain, or directly or indirectly competing with the Company

## VI. Interaction with Public Officials

- (1) **Relationships with Government Personnel** : Covered Parties are barred from giving money or gifts to any Government official or employee, if doing so could reasonably be construed as being in connection with the Company's business relationship
- (2) **Political Contributions** : Contributions to political campaigns must not be, or appear to be, made with or reimbursed by the Company's funds or resources. However, Covered Parties are permitted to make personal political contributions as they see fit in accordance with applicable laws
- (3) **Prohibition of inducement** : The Covered Parties under no circumstances should offer to pay, make payments, promise to pay or issue authorisation to pay any money, gift or anything of value to anyone that is perceived as intended directly or indirectly to influence any business decision or commission of any fraud

## VII. Standards of Business Conduct

- (1) **External Conduct** : Every Covered Party portrays the Company to the world at large, both inside and/or outside the official premises. Therefore it is essential to uphold the principles and policies of the Company and ensure that their conduct at no time tarnishes the reputation of the Company
- (2) **Prohibited Conduct** : The following acts will be construed as Prohibited Conduct and could result in disciplinary action :
  - (a) Acts that cast doubt on a Covered Party's integrity, such as falsification of Company records and documents, competing in business with the Company, divulging trade secrets, or engaging in any other criminal act
  - (b) The use, sale, purchase, transfer, possession, or attempted sale, purchase or transfer of alcohol or drugs at the workplace; or reporting to work while under the influence of alcohol or drugs, rendering one unfit to work
  - (c) Any form of harassment, including threats, intimidation, abusive behavior and/or coercion of another individual during the course of business
- (3) **External Commitments** : The Covered Parties shall not commit the Company to any obligations vis-à-vis third parties unless the person is duly authorised to do so

## VIII. Protection and Proper Use of the Company's Assets

Company's Assets include but are not restricted to intellectual property such as business plans, information of investee and potential investee companies and unpublished financial data and reports

Company's Assets are to be used solely for their intended business purpose, and not to promote improper or illegal business conduct. Any other use without the express prior approval of the appropriate authority would be construed as a misuse

Covered Parties should take measures to prevent the misuse of Company's assets. Company's funds should be used only for business purposes. The Covered Parties should ensure that the Company received good value for the money spent. The Covered Parties under no circumstances should use the Company's funds for personal purposes

## **IX. Confidentiality**

- (1) **Confidential Information defined** : "Confidential Information" comprises all non-public information that might affect the ability of the Company to pursue certain objectives, be of use to competitors, or is detrimental to the Company and/or its stakeholders, if disclosed. This includes information relating to the Company's business that would reasonably be expected to result in a significant change in the market value of any of the Company's securities or any information a reasonable investor would consider important in making an investment decision. Confidential Information also includes "tips" received directly or indirectly from corporate insiders, whether or not in the context of a client relationship. Tips are especially likely to be considered confidential information when the recipient knows, or should know, that the corporate insider has disclosed the information improperly, in breach of the insider's duty to his or her own company/institution
- (2) **Confidentiality Obligation** : Covered Parties are required not to disclose Confidential Information that they receive or become privy to in the course of the Company's business, except when such disclosure is authorised or legally mandated. Additionally, a Covered Party cannot use Confidential Information for his or her personal benefit, or for any related person
- (3) **Interception** : No Covered Party shall acquire or attempt to acquire or intercept any confidential or proprietary information from any source whatsoever in the Company, which is not essential for the discharge of his or her official duties
- (4) **Acknowledgment** : Where the Company has issued a confidentiality letter, Covered Parties must adhere strictly to its provisions
- (5) **Media** : The Covered Parties should not communicate any Company information to media or any financial analyst unless specifically authorised by the Vice Chairman/Managing Director. All such inquiries or calls should be referred to Vice Chairman/Managing Director. All press releases should be issued by Vice Chairman/Managing Director
- (6) **Length of Confidentiality Obligations** : The obligation to comply with the Confidentiality Policy does not end when the Covered Party ceases to be a director or employee of the Company

**X. Compliance with the Code of Conduct**

Covered Parties having knowledge of or suspecting a violation of applicable law or this Code of Conduct are required to immediately report this information to the Chairman, to safeguard the Company's assets, financial integrity and reputation

The Chairman shall determine appropriate action in response to violations of this Code of Conduct

**XI. Disclosure and Reporting Requirements**

All Covered Parties shall affirm compliance with the Code on an annual basis in the format as given in Annexure I

All Senior Management Personnel shall also provide the disclosure on an annual basis in the format as given in Annexure II

The Annual Report of the company shall contain a declaration signed by the Chief Executive Officer for compliance with the Code by the Board Members and Senior Management of the Company

For this purpose of this clause, the term “Senior Management” shall mean personnel of the Company who are in the grades of Senior Vice President and above

**XII. Reporting Violations**

(1) **Questions and Concerns** : Covered Parties should bring any questions regarding the Code to the attention of the Chief Financial Officer when determining the best course of action in a given situation

(2) **Responsibility to Report Violations of the Code and Law** : The Covered Parties should promptly report any actual or apparent violations of this Code. Any such reports may be made anonymously. Confidentiality will be maintained, to the extent permitted by law

The Covered Parties shall also promptly report any complaints which any third party may have against any employee and also report if any employee gets involved in any judicial proceedings, arbitration or any investigation or enquiry by any regulatory authority

The Covered Parties should be vigilant about evidence of money laundering and report the same

(3) **Protection of Covered Parties** : Covered Parties are expected to promptly contact the Chairman if he or she is of the belief that he or she has observed illegal or unethical behavior by any employee, officer, or director, or by anyone purporting to be acting on either Company's behalf

The Company will maintain the anonymity of the individual making such a report; to prevent retaliation or discrimination of any kind against anyone who reasonably believes there has been possible illegal or unethical conduct and reports these concerns in good faith

However, disciplinary action would be taken against a Covered Party who makes a report claiming illegal or unethical conduct, knowing such a report to be false

- (4) **Investigations** : Covered Parties are not permitted to carry out their own investigation, but are required to cooperate fully with any investigation made by the Company or its representatives

### **XIII. Accountability for Adherence to the Code**

- (1) **Honesty and Integrity** : Covered Parties are required to carry out their duties with honesty and integrity, and to comply with the general principles set forth in the Code, and in any areas not specifically addressed by the Code
- (2) **Disciplinary Actions** : This Code does not restrict the Company from taking disciplinary action on matters relating to the conduct of a Covered Party, whether the matter is expressly set forth in the Code or not

### **XIV. Provisions applicable to Independent Directors**

These provisions are guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors :

#### **(1) Guidelines of Professional Conduct :**

An independent director shall :

- (a) Uphold ethical standards of integrity and probity
- (b) Act objectively and constructively while exercising his duties
- (c) Exercise his responsibilities in a *bona fide* manner in the interest of the company
- (d) Devote sufficient time and attention to his professional obligations for informed and balanced decision making

- (e) Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making
- (f) Not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person
- (g) Refrain from any action that would lead to loss of his independence
- (h) Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly
- (i) Assist the company in implementing the best corporate governance practices

(2) **Role and functions :**

The independent directors shall :

- (a) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct
- (b) Bring an objective view in the evaluation of the performance of board and management
- (c) Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance
- (d) Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible
- (e) Safeguard the interests of all stakeholders, particularly the minority shareholders
- (f) Balance the conflicting interest of the stakeholders
- (g) Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management
- (h) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest

**(3) Duties :**

The independent directors shall :

- (a) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company
- (b) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company
- (c) Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member
- (d) Participate constructively and actively in the committees of the Board in which they are chairpersons or members
- (e) Strive to attend the general meetings of the company
- (f) Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting
- (g) Keep themselves well informed about the company and the external environment in which it operates
- (h) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board
- (i) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company
- (j) Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use
- (k) Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy
- (l) Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees
- (m) Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law

**(4) Manner of appointment :**

- (a) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively
- (b) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders
- (c) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management
- (d) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - (i) The term of appointment;
  - (ii) The expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - (iii) The fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (iv) Provision for Directors and Officers (D and O) insurance, if any;
  - (v) The Code of Business Ethics that the company expects its directors and employees to follow;
  - (vi) The list of actions that a director should not do while functioning as such in the company; and
  - (vii) The remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any
- (e) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours
- (f) The terms and conditions of appointment of independent directors shall also be posted on the company's website

**(5) Re-appointment :**

The re-appointment of independent director shall be on the basis of report of performance evaluation

**(6) Resignation or removal :**

- (a) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act
- (b) An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be
- (c) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply

**(7) Separate meetings :**

- (a) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management
- (b) All the independent directors of the company shall strive to be present at such meeting
- (c) The meeting shall :
  - (i) review the performance of non-independent directors and the Board as a whole;
  - (ii) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (iii) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties

**(8) Evaluation mechanism :**

- (a) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated
- (b) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director

**XV. Amendments, Modification and Waiver**

- (1) **Amendments** : This Code may be amended or modified by the Board of Directors
- (2) **Definition of Waiver** : "Waiver" is defined as a material departure from a provision of the Code
- (3) **Manner for Requesting Waivers** : The Chairman generally will not grant waivers to the Code. A Covered Party seeking a waiver must make a full written disclosure of the particular situation to the Chairman and the waiver, if granted, must be approved in writing by the Chairman and promptly disclosed

**XVI. Internal Use** : The Code is intended solely for the internal use by the Company and does not constitute an admission, by or on behalf of the Company, as to any fact, circumstance, or legal conclusion

**XVII. No Rights Created** : This Code of Conduct is a statement of certain fundamental principles, policies and procedures that govern the Directors/ Officers of the Company in the conduct of the Company's business

It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity

**DECLARATION**

The Chairman  
IL&FS Investment Managers Limited  
The IL&FS Financial Centre, Plot No. C-22, G Block  
Bandra-Kurla Complex, Bandra (East)  
**Mumbai 400 051**

Dear Sir:

I, Mr / Mrs / Ms \_\_\_\_\_, \_\_\_\_\_ (designation) of IL&FS Investment Managers Limited do and hereby acknowledge and confirm that during the financial year \_\_\_\_\_, I have not violated any of the provisions of the Code of Conduct as adopted by the Board or the applicable laws, rules and regulations or any of the policies framed by the Company

Signature :

Name :

Place :

Date :

1. Please sign and return this form to the Company Secretary
2. This declaration is valid only for the Financial Year \_\_\_\_\_

**DECLARATION**

The Board of Directors  
IL&FS Investment Managers Limited  
The IL&FS Financial Centre, Plot No. C-22, G Block  
Bandra-Kurla Complex, Bandra (East)  
**Mumbai 400 051**

Dear Sirs:

I, \_\_\_\_\_, \_\_\_\_\_, (Name & Designation) IL&FS Investment Managers Limited, do and hereby acknowledge and confirm that during the financial year \_\_\_\_\_, I have not entered into any material, financial and commercial transactions i.e. dealt in Company's shares, commercially dealt with bodies which had shareholding of management and their relatives etc., involving my personal interest, which may conflict with the interest of the Company at large

Signature :

Name :

Place :

Date :