

## CODE OF CONDUCT

### FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

#### 1. INTRODUCTION

- 1.1 This Code of Conduct (hereinafter referred to as the “**Code**”) shall be called “The Code of Conduct for Board Members and Senior Management Personnel” of Educomp Solutions Limited (hereinafter referred to as the “**Company**”).
- 1.2 This Code envisages that the Board of Directors of the Company (“**Board**”) and Senior Management Personnel (as hereinafter defined) (collectively referred to as “**Officers**”) must act within the bounds of the authority conferred upon them and with a duty to comply with the requirements of applicable law.
- 1.3 The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the Officers by the shareholders of the Company. Officers are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.
- 1.4 The principles prescribed in this Code are general in nature and lay down broad standards of compliance and ethics, as required by Clause 49 of the Listing Agreement with The Stock Exchange of Mumbai and the National Stock Exchange (collectively referred to as “Stock Exchanges”). The Officers should also review other applicable policies and procedures of the Company for specific instructions and guidelines, which are to be read in conjunction with this Code.
- 1.5 The Company currently has in place Code of Business Conduct, (the “**CDA Rules**”), which govern the conduct of all employees of the Company including Whole-time Directors but excluding Non Whole-time Directors. This Code has now been framed specifically in compliance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges. In respect of the Company’s Whole-time Directors and Senior Management Personnel this Code is to be read in conjunction with the CDA Rules.
- 1.6 This Code shall come into force with effect from the 13<sup>th</sup> January 2006 i.e, date of applicability of the Listing Agreement.
- 1.7 All Officers should sign the acknowledgment form annexed as Appendix IV hereto and return the form to the Company Secretary indicating that they have received, read, understood and agree to comply with the Code. All Officers shall be required affirm compliance with this Code on an annual basis, within 30 days of close of every financial year to the Company Secretary, in the form annexed hereto as Appendix III.

#### 2. DEFINITIONS & INTERPRETATION

2.1 In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

- i. “**Board**” shall mean the board of Directors of the Company.
- ii. “**Board Members**” shall mean the Directors on the board of Directors of the Company.
- iii “**Company**” shall mean the Educomp Solutions Limited.

iv. **“Government”** shall mean Govt. of India.

v. **“Officers”** shall collectively refer to the Board Members and the Senior Management Personnel

vi. **“Relative”** shall have the same meaning assigned to the term in Sections 2(41) and 6 of the Companies Act, 1956, read with Schedule IA of the Companies Act, 1956, and as more specifically detailed in Appendix I.

vii. **“Senior Management Personnel”** shall mean personnel of the Company who are members of its core management team excluding the Board of Directors and would comprise of all members of management one level below the Whole Time Directors, including head of departments directly reporting to Whole Time Directors.

viii. **“Whole Time Directors”** shall mean the Board Members who are in the whole-time employment of the Company.

ix. **“Non Whole Time Directors”** shall mean the Board Members who are part-time Directors and not in the whole time employment of the Company.

## 2.2

In this Code words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

### 3. APPLICABILITY

This Code shall be applicable to the following persons:

i. Board Members

ii. Senior Management Personnel.

### 4. ETHICAL CONDUCT

Every Officer shall act within the authority conferred upon him by the Company and under applicable law, keeping the best interests of the Company in view and shall:

i. Act with professionalism, utmost care, skill, diligence, honesty, good faith and integrity as well as high moral and ethical standards;

ii. Fulfill their fiduciary obligations without allowing their independence of judgment to be compromised;

iii. Act fairly and transparently and not participate in any decision-making process on a subject matter in which a conflict of interest exists or is likely to exist such that an independent judgment of the Company's best interest cannot be exercised;

iv. Avoid conducting business with (a) a relative or (b) a private limited company in which he or his relative is a member or a director (c) a public limited company in which he or his relative holds 2% or more shares or voting right and (d) with a firm in which the relative is a partner, except with the prior approval of the Board;

v. Avoid having any personal and/or financial interest in any business dealings concerning the Company;

vi. Not engage in any business, relationship or activity with anyone who is a party to a transaction with the Company;

vii. Avoid any dealings with a contractor or supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influences decisions to be made by the Company;

viii. Not hold any positions or jobs or engage in other businesses or interests that are prejudicial to the interests of the Company;

ix. Not exploit for his own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board and the Board declines to pursue such opportunity;

X. Not seek, accept, or offer or make, directly or indirectly, any gifts, illegal payments, remuneration, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of business save as otherwise provided under the CDA Rules;

xi. Not commit any offence involving moral turpitude or any act contrary to law or opposed to public policy.

## **5. DISCLOSURES**

5.1 Notwithstanding that any instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Officer should be made to the Company. It is also incumbent upon every Officer to make a full disclosure of any interest which the Officer or the Officer's immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with the Company.

5.2 With respect to related party disclosures, Board Members shall make disclosure to the Board and Senior Management Personnel shall make disclosure to the Chairman under the provisions of Accounting Standard 18 annexed hereto as Appendix II.

5.3 If an Officer fails to make a disclosure as required herein, and the Company of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the Officer, the Company would take a serious view of the matter and consider suitable disciplinary action against the Officer.

## **6. OTHER DIRECTORSHIPS**

6.1 Unless specifically permitted by the Chairman of the Board, Officers shall not serve as director of any other company or as partner of a firm that is engaged in a competing business with the Company. This clause is not applicable to Non-Whole Time Directors.

6.2 Whole Time Directors shall not accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, having competing interests with the Company within two years from the date of cessation of Directorship of the Company unless approved by the Government.

## **7. INSIDER TRADING**

Every Officer shall comply with the Code of Internal Procedures and Conduct in dealing with the securities of the Company.

## **8. PUBLIC REPRESENTATION AND CONFIDENTIALITY OF INFORMATION**

8.1 The Company honours the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company shall be represented only by specifically authorized Officers.

8.2 Any information concerning the Company's business, its customers, suppliers, etc. to which the Officers have access or which is possessed by the Officers, must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless (i) authorised by the Board; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws

## **9. REGULATORY COMPLIANCE**

Every Officer shall, in his business conduct, comply with all applicable laws, rules and regulations, both in letter and in spirit, in all the territories in which he operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

## **10. HEALTH, SAFETY AND ENVIRONMENT**

The Company and the Officers shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. The Officers shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

## **11. PROTECTION OF ASSETS**

The Officers shall not misuse, for personal gain or otherwise, the assets of the Company, including tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc., and shall employ them for the purpose of conducting the business for which they are duly authorised.

## **12. AMENDMENTS TO THE CODE**

The provisions of this Code can be amended and modified by the Board of Directors of the Company from time to time and all such amendments and modifications shall take effect from the date stated therein. All Officers shall be duly informed of such amendments and modifications.

## **13. PLACEMENT OF THE CODE ON WEBSITE**

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendments thereto shall be posted on the website of the Company.

#### **14. ENFORCEMENT OF CODE OF CONDUCT**

Each Officer shall be accountable for fully complying with this Code.

#### **15. CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE**

15.1 In case of breach of this Code by the Non Whole Time Directors, the same shall be considered by the Board for initiating appropriate action, as deemed necessary.

15.2 In case of breach of this Code by the Whole Time Directors and Senior Management Personnel, the same shall be dealt with in accordance with the CDA Rules.

### **Company's Philosophy on Corporate Governance**

The philosophy of Educomp is to attain the highest standards of Corporate Governance by ensuring transparency in all its operations and to maximise shareholders' values. Educomp fully complies with the stipulations laid down in the guidelines on the Corporate Governance as specified in Clause 49 of the Listing Agreement executed with the Stock Exchanges.

### **Composition of Board Directors**

The Board of Educomp consists of optimum combination of Executive and Non-Executive Directors.

At present, the Board has a total of 7 Directors. These include one Managing Director, one Whole Time Director, 5 Non-Executive Independent Directors.

## FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

APPENDIX-I

### EXTRACT OF SECTION 6 OF THE COMPANIES ACT, 1956

#### Meaning of “relative”

A person shall be deemed to be a relative of another if, and only if-

- a. they are members of a Hindu undivided family; or
- b. they are husband and wife; or
- c. the one is related to the other in the manner indicated in Schedule IA.

#### Schedule IA

##### LIST OF RELATIVES

- 1.Father
- 2.Mother (including step-mother)
- 3.Son (including step-son)
- 4.Son's wife
- 5.Daughter (including step-daughter)
- 6.Father's father
- 7.Father's mother
- 8.Mother's mother
- 9.Mother's father
10. Son's son
- 11.Son's son's wife
- 12.Son's daughter
- 13.Son's daughter's husband
- 14.Daughter's husband
- 15.Daughter's son
- 16.Daughter's son's wife
- 17.Daughter's daughter
- 18.Daughter's daughter's husband
- 19.Brother (including step-brother)
- 20.Brother's wife
- 21.Sister (including step sister)
- 22.Sister's husband

## FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

## APPENDIX-II

### RELATED PARTY TRANSACTIONS

The following Related Party transactions with the Company, keeping in view the provisions of Accounting Standard 18, shall be disclosed.

- ▶ Purchase / sale of goods (finished or unfinished)
- ▶ Purchase / sale of fixed assets
- ▶ Rendering or receiving of services
- ▶ Agency arrangements
- ▶ Leasing or hire purchase arrangements
- ▶ Transfer of research and development, expertise, technology or effort
- ▶ License agreements
- ▶ Financing including loans and equity contributions in cash or in kind
- ▶ Provision of guarantees and collaterals
- ▶ Entering into Management contracts for deputation of employees

#### **Related Parties shall cover the following:**

A. Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);

B. Associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;

C. Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;

D. Key management personnel and relatives of such personnel; and

E. Enterprises over which any person described in (c) or (d) above is to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise or enterprises that have a member of key management in common with the reporting enterprise

**ACKNOWLEDGEMENT FORM**

I ....., have received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL ("this Code"). I have understood the provisions and policies contained in this Code and I agree to comply with this Code.

**Signature :** .....

**Name :** .....

**Designation :** .....

**Date :** .....

**Place :** .....