

SMIFS Capital Markets Limited

Code of Conduct for Board of Directors and Senior Management Personnel

A. Interpretation Clause

1. The interpretation of these articles unless repugnant to the subject or context shall comprise:
 - (a) “The Company” or “this Company” means SMIFS Capital Markets Limited.
 - (b) “The Acts” means the laws applicable to the company for the time being in force or any statutory modification or re-enactment thereof for the time being in force.
 - (c) “The Board” means the Board of Directors for the time being of the company.
 - (d) “In writing” or “written” include printing, lithography and the other mode of representing or reproducing words in a visible form.
 - (e) “Office” means registered office for the time being of the company.
 - (f) “Senior Management Personnel” means the members of the core management team for the time being.
 - (g) Code of Conduct means code of conduct for the time being in force.
 - (h) Words imparting the masculine gender only include the feminine gender.
 - (i) “Officer” means and includes Board of Directors and Senior Management Personnel.

2. Code of Conduct for Board of Directors and Senior Management Personnel

The Board of Directors (the “Board”) of the company apart from following the annual practice has adopted the following written Code of Conduct and Ethics (the “code”) for the Directors and Senior Management Personnel of the company.

Senior Management Personnel (‘SMP’) shall mean all senior members of the management team, one level below the Whole-Time Director(s) such as General Manager(s), Senior Vice President, Vice –President, Assistant Vice President and the functional heads of each Division of the company. This Code is intended to focus on all the Board members and SMP on areas of ethics, integrity and honesty providing guidance to help them recognize and deal with ethical issues, mechanism to report unethical/dishonest conducts and help foster a culture of honesty, integrity and accountability.

3. Interpretation of Code

In this code wherever the word ‘Director’ appears, it will also include senior management personnel to the extent applicable. Any question or interpretation under this Code of Business, Conduct and Ethics will be considered and dealt with by the Board or any committee or any person authorized by the Board in this behalf. The Board in justifiable cases for reasons to be recorded in writing may waive any condition of the code for compliance such that it is not prejudicial to the interest of the company.

The reasons for such waiver will be available at the registered office of the company for information.

Each and every Director(s) and Senior Management Personnel is expected to comply with the letter and spirit of this code.

i) Conflict of Interest

Directors must promptly disclose to the company potential conflict of interest regarding any matters concerning the company. A ‘conflict of interest’ can occur when:

- a) A Director(s) personal interest is adverse to or may appear to be adverse to the interest of the company as a whole.
- b) A Director(s) or his/her relative receives improper personal benefit as a result of his/her position as a Director of the company.

Explanation: The expression ‘Relatives’ in this Code means dependant – parents, brothers, sisters, spouse, children, daughter-in-law and son-in-law to more or less fall in line with the definition of this term in Schedule 1A to the Companies Act, 1956 read with Accounting Standard 18 prescribed by the Institute of Chartered Accountants of India.

As illustration only and being not exhaustive some of the usual instances of conflict of interest which directors should avoid are listed below:

- a. Relationship of the Companies with third parties

Director(s) shall not receive personal benefit from a person or an entity which is seeking to do business or to retain business with the company. They shall not

participate in any decision making process involving another entity in which they have direct or indirect interest.

b. Compensation from non company sources

Director(s) shall not accept compensation (in any form) for services performed for the company from any source other than the company.

c. Gift(s)

Director(s) shall not offer, give or receive gift(s) from persons or entities dealing with the company where any such gift is perceived as intended directly to influence any business decision. Gift(s) given to supplier(s) or customer(s) or received from supplier(s) or customer(s) should be appropriate to the circumstances and should not be of a kind that can create an appearance of impropriety. It is particularly clarify that gift(s) given or received on festive occasion(s) consistent with the accepted business practices and which cannot be reasonably construed as payment or consideration for influencing or rewarding a particular decision or action should not violate this code.

ii) Corporate Opportunities

Director(s) are prohibited from:

- a. Exploiting for their personal gain opportunities that are discovered through the use of company property, company information or position as a director, unless then opportunity is disclosed fully in writing to the company's Board and the Board declines to pursue such opportunity.
- b. Using the company's property or information for personal gain.

iii) Confidentiality

Director(s) must maintain the confidentiality of information relating to the company which comes to their knowledge in the course of the of the discharge of their functions and any other confidential information about the company that comes to them from whatever source except when such disclosure is authorized or legally mandated.

For the purpose of this Code 'confidential information', includes all unpublished information relating to the company.

iv. Compliance with the Laws, Rules and Regulations – Fair Dealing

Director(s) must comply and oversee compliance by employees, officers and other staff with laws, rules and regulations applicable to the company and its personnel including insider trading regulation.

Director(s) must deal fairly and must ensure fair dealing by employees and officers with the Company's customers, suppliers, competitors and employees.

No payment or transaction should be made, undertaken by a Director or authorized or instructed to be made or undertaken by another person or the company if the consequences of that transaction or payment would be the violation of any law in force.

Director(s) will always act to the best of their knowledge, belief and effort in the best interest of the company and all its stakeholders including employees, shareholders and others.

v. Encouraging the Reporting of any illegal or Unethical Behavior

Director(s) shall promote ethical behavior and take steps to ensure that the company:

- a. Encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation.
- b. Encourages employees to report violation of laws, rules, regulations or the company's code of conduct to the appropriate personnel
- c. Inform employees that the company will not allow retaliation for reports made in good faith.

vi. Compliance of Standards

- a) All suspected violations of this code shall be promptly reported to the Board and such violations are subject to investigation by the Board or any committee / or person(s) so designated by the Board. Violation(s) will be investigated by the Board or such designated persons / committee and appropriate action will be taken in the event of any such violation
- b) Directors should inform the company immediately about the emergence of any situation which may disqualify him from Directorship.
- c) It shall be the endeavor of every Director to attend as far as possible and actively participate in the meeting of the Board and Committee thereof of which they are members.
- d) Director(s)/Senior Managerial Personnel shall affirm compliance with the code on an annual basis.
- e) This code was duly approved by the Board of Directors in their meeting held on 30.12.2005 and the code shall seem to have come into force with immediate effect.

Place: Kolkata
Date: 30.12.2005

(Kishor Shah)
Whole Time Director*

(* w.e.f April 1, 2009 Mr. Kishor Shah has been appointed as Managing Director.)

SMIFS Capital Markets Limited

Code of Internal Procedure and conduct as Envisaged under the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended by the notification of 20th February, 2002

1. This code of Conduct will be known as “SMIFS Capital Markets Limited code of Conduct for prohibition of Insider Trading” (Code) made pursuant to Regulation 12 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended.

2. Applicability –
SEBI (Prohibition of Insider Trading) Regulations 1992 as amended will be applicable to Directors and Employees of the Company with effect from

(A) Definition-

(a) The definition attributed to captions in Regulation II of Chapter I of SEBI (Prohibition of Insider Trading) Regulations, 1992 shall apply and form part of this conduct.

(b) Regulation means SEBI (Prohibition of Insider Trading) Regulations 1992

(c) Act means the Securities and Exchange Board of India Act, 1992

(d) Price Sensitive Information

Price Sensitive Information means any information which relates directly to the company and which if published is likely to materially affect the price of securities of the company.

Explanation – The following shall be deemed to be price sensitive information.

1) periodical Financial Results of the company;

2) intended Declaration of Dividend;

3) issue of Securities or Buy-back of Securities;

4) major expansion plans or execution of new projects;

5) amalgamation or merger take-overs;

6) disposal of whole or Substantial part of the undertaking;

7) any Significant Changes in policies, plans or operations of the company having material impact on the financials of the company; and

8) such other information as may materially affect the working of the company.

(e) unpublished means information which is not published by the company or its agents and is not specific in nature.

(f) company means SMIFS Capital Markets Limited.

(g) threshold limit – shall mean the minimum number of securities as decided by the Board from time to time.

(h) Board means Board of Directors of SMIFS Capital Markets Limited.

(i) Compliance Officer means the officer appointed by the Board of Director of the company for the purpose of this code from time to time

(j) Employee(s) means officers comprising the top three tiers of the company management, all employees in the finance and share Department and such other employees who may be so designated from time to time by the Compliance Officer of the company for the

purpose of this code and who may be able to have access to any price sensitive information as defined in the Regulation.

Three tiers of the company shall comprise:

- a) Senior Vice President, Vice President, Assistant Vice President
 - b) General Manager at the registered office and the branches
 - (k) Dependent family member means dependent spouse, children and parents
 - (l) Trading window means trading period for dealing in company securities as specified by the Compliance Officer of the company. All days shall be trading period except those as specifies in clause 5(c) herein below
 - (m) 'Securities' shall mean equity shares and all other securities of the company issued and /or to be issued from time to time.
3. Mr. Saibal Chandra Pal, Company Secretary cum Vice President (Legal) will be the ex-officio Compliance Officer of the company for the purpose of this code for time being.

Responsibility and Duty of Compliance Officer

- i. The Compliance Officer shall be responsible for setting forth policies procedures monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing of officers, employees and their dependents' trades (directly or through respective department heads as decided by the company) monitoring of trades and the implementation of the code of conduct under the overall supervision of the Director and Secretary of the company.
- ii. The Compliance Officer shall maintain record of the employee and any changes in the list of employee.
- iii. The Compliance Officer shall assist all the employee(s) in addressing any clarification regarding the SEBI (Prohibition of Insider Trading) Regulations 1992 and the company's code of conduct.
- iv. The Compliance Officer shall maintain records of all the declaration in the appropriate form given by the Director(s) and employee(s) for a minimum period of three years
- v. The Compliance Officer shall place before Committee of Directors formed for shareholders'/ Investors, Grievance when its meetings are held all the details of the dealing in the securities by Director(s) and employee(s) of the company and the accompanying document that such persons had executed under the pre-dealing procedure as envisaged in this code.

4. Reservation of Price Sensitive Information

- (a) Director(s) / employee(s) shall maintain the confidentiality of all Price Sensitive Information. Director(s) / employee(s) shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purpose or sale of securities.
- (b) Need to know unpublished price sensitive information is to be handled on a 'need to know basis'. Unpublished 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 the information.

- (c) All non-published information directly received by any employee should immediately be reported to the Compliance Officer
- (d) Limited access to confidential information
Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc.

5. Preservation of misuse of “Price Sensitive Information”

- (a) All Director(s) and employee(s) shall be subject to trading restrictions as mentioned below:
- (b) Trading Window:
 - i. The trading window shall be closed during the time the information referred to hereinunder is unpublished.
 - ii. When the trading window is closed, the Director(s)/Employee(s) shall not trade in the company’s securities during such period.
 - iii. The Trading window shall inter alia, be closed at the time of –
 - March 15th of any financial year until one day after the date of declaration of annual results of the company.
 - June 15th until one day after the date of announcement of the results for the quarter ended June 30th.
 - September 15th until one day after the date of announcement of the results for the quarter ended September 30th.
 - December 15th until one day after the date of announcement of the results for the quarter ended December 31st.
 - From the date of decision of the Board as regard any of the following matters until one day after the information is made public:
 - declaration of Dividend;
 - issue of Securities by way of public / rights/bonus etc.;
 - any Major expansion plans or execution of new projects;
 - amalgamation or merger take-overs and buy-back;
 - disposal of whole or Substantial part of the undertaking;
 - any Changes in policies, plans or operations of the companytrading window may be further closed by the Compliance Officer of the company during such time in addition to the above as he may deem fit from time to time at its sole discretion
 - iv. The trading window shall be opened 24 hours after the events referred in clause (iii) herein above is published.
 - v. All Director(s) and employee(s) shall conduct all their dealing in the securities of the company only when the trading window is open and shall not deal in any transaction involving the purchase or sale of the company securities during the period when trading window is closed as referred herein or during any other period as may be specified from time to time.
 - vi. In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed.
- (c) Pre-clearance of trade when Trading Window is open:
All Director(s) and employee(s) who intend to deal in the securities of the company (above minimum threshold limit) should get pre-clearance of transactions as per the pre-dealing procedure as described hereunder:
 - i. Application is to be made in the form prescribed in this regard to the Compliance Officer indicating the estimated number of securities that

the Director(s) / employee(s) intend to deal in, the detail as to the depository with which he/she maintains security account and such other details as may be required by any rule made by the company in this regard.

- ii. An undertaking shall be executed in favour of the company by the such Director(s) / Employee(s) incorporating inter alia, the following undertaking as may be applicable:
 - that the Director does not have access or has not received “Price Sensitive Information” upto the time or signing the undertaking.
 - that in case the Director(s) / employee(s) has access to or receives “Price Sensitive Information” after the signing of the undertaking but before the execution of the transaction he/she shall inform the compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the company till the time such information becomes public.
 - that he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.
 - that he/she has made a full and true disclosure in the matter.

6. Other Restrictions:

- i. Director(s) / employee(s) shall execute his order within one week after the approval of pre-clearance is given. If the order is not executed within one week after approval is given the Director(s) / Employee(s) must pre-clear the transaction again.
- ii. Director(s) / employee(s) shall hold his/her investments for a minimum period of 30 days in order to be considered as being held for investment purpose.
- iii. The holding period shall also apply to subscription in the primary market (IPO). In such cases the holding period would commence when the securities are actually allotted.
- iv. In case the sale of securities is necessitates by personal emergency, the holding period may be waived by the compliance officer after recording in writing his reasons in this regard.
- v. Analysts, if any, employed with the organizations/firm while preparing research reports of the company shall disclose their shareholdings / interest in the company to the Compliance Officer.
- vi. Analysts who prepare research report or the company shall not trade in securities of the company for thirty days from preparation of such report.

7. Reporting Requirements for transactions in securities

All Director(s) and Employee(s) will have to forward the following details of their securities including that of their dependent (as defined in this Code) to the Compliance Officer:

- (a) Details of Securities held in this company
 - i. by existing Director(s) / employee(s) – within 4(four) working days of coming this code in force
 - ii. by new Director(s) / employee(s)– within 4(four) working days of becoming Director(s) / employee(s)

- (b) Monthly statement of transactions in securities of the company. If there is no transaction in a particular month, then “NIL” statement is not required to be submitted.
- (c) Annual statement of holdings in the securities of the company within 30 (thirty) days of the close of financial year of the company
- (d) In spite of the facts as stated in (c) above any change in shareholding or voting rights, if there has been a change in such holdings from the last disclosure and the change exceeds Rs. 5 lacs in value or 5000 share or 2 % of total shareholding or voting rights, whichever is lower.

8. Penalty

- i. Director(s) and Employee(s) who trade in securities or communicate any information for trading in securities in contravention of the code of conduct prescribed by the company will be penalized and appropriate action will be taken against them by the company after giving reasonable opportunity to them to explain their stand in the matter. They shall also be subject to disciplinary action including wage freeze, suspension, and ineligibility for future participation in ESOP.
- ii. In addition to the action taken by the company the persons violating these Regulations will also be subject to action by SEBI as per SEBI Act, and in case of violation SEBI shall be informed by the company about the matter.
- iii. The Board of Directors of the company shall have power to suitably have power to modify or replace this code in part or in full as may be thought fit by them from time to time at their sole discretion.
- iv. The decision of the company with regard to all the matters relating to this Code of Conduct will be final and binding on all concerned.
- v. Words and phrases not defined here will have their respective meanings as per the SEBI ACT and these Regulations.
- vi. This code was duly approved by the Board of Directors in their meeting held on 30.12.2005 and the code shall deem to have come into force with immediate effect.

Place: Kolkata
Date: 27.07.2002

Sd/-
Executive Director