

**CORPORATE POLICY MANUAL ON ETHICAL CONDUCT, AVOIDANCE OF CONFLICT OF
INTEREST AND PROTECTION OF
CONFIDENTIAL AND PROPRIETARY INFORMATION
Version 1.00
APPROVED BY THE BOARD OF DIRECTORS ON 22nd MARCH, 2003**

Need for a Policy:

Kotak Mahindra Bank Limited “the Company” and its subsidiaries companies have an obligation to investors as well as to the public at large to make certain that their conduct is above reproach and suspicion and that the affairs of the company are conducted applying the highest ethical standards as well as acting within the letter and spirit of the laws governing our businesses.

Since these actions are those of the individual or the officers of the Company, it is incumbent that these individuals act in the best interest of the company without compromising on integrity and principles of fair dealings.

Every employee of the Company owes a sense of allegiance to the Company by the fact that he has voluntarily accepted employment with the Company. This duty carries an obligation that the employee refrains from placing himself in a position that could produce a conflict between his self-interest and the interest of the Company or its stakeholders.

Scope

The policy applies to all employees of the Company.

Objectives

The objective of this policy is to outline certain broad and ethically sound principles and avenues of personal and business conduct and is to be used for guidance in a variety of circumstances.

Responsibility

Division Heads, Unit Heads and other designated persons are responsible for implementing, maintaining and enforcing these policies and procedures in their respective Divisions and Units. The Secretarial and Legal Function will be responsible for interpretation of all provisions enunciated in this document.

Conflict of Interest

A “Conflict of interest” can better be defined as “Outside Interest”. Such outside interest can be of two broad types: (a) Financial e.g. owner, stockholder or creditor or, (b) Personal e.g. officer, director, consultant, agent or employee.

A conflict of interest arises when an employee of the Company has such a substantial financial or personal interest in a transaction or is party to transactions that might affect the judgement he exercises on behalf of his Company.

Examples

Although it is not feasible in a policy statement to describe all of the circumstances and conditions that might be considered as conflicts of interest, the following general statements suggest the type of possible outside relationships that may result in conflicts of interest or raise questions as to the personal integrity and ethical discharge of the functional responsibilities of any employee of the Company.

- Investment in supplier or customer companies including those supplying services
- Acceptance of substantial gifts or excessive entertainment
- Outside employment that affects working efficiency
- Holding of outside Directorships in competing companies
- Participation in civic or professional organisations which might involve divulging Company data
- Use of Company position for personal gain
- Borrowing from suppliers or from others with whom the Company does business
- Appointment of acquaintance as brokers/intermediary to do the Company's business
- Accepting gratification for Company work
- Cash dealings with suppliers and clients
- Trading on personal/ acquaintance account with insider or proprietary information

The Company does not intend to interfere with the right of an employee to engage in outside business activities of his own choosing which do not conflict with the Company's interest nor interfere with effective performance of his duties.

In judging whether he wishes to engage in any activity that he might be considering, or whether he should continue any present activities outside the Company, the employee has a right to know how the Company will regard such action.

Therefore, the general policies shall be practiced by all employees. Since these policies may not cover all situations wherein a conflict of interest may arise, the employee will need to bring other outside activities of this nature to the attention of his immediate superior who will obtain a sanction of the Company's view on the matter from a responsible Company official.

The Corporate code of conduct to be adhered to by employees is mentioned as under:

Conduct in Business Relationships with Suppliers and Customers:

1. Gift or Favour Prohibited
 - A. No employee may solicit, directly or indirectly, for such employee's benefit or for the benefit of any relative or friend, any gift or favour from any person with which the Company does business or that seeks to do business with the Company.
 - B. No employee may accept, directly or indirectly, from any person with which the Company does business, or that seeks to do business with the Company, for such employee's benefit or for the benefit of any relative or friend, any gift or favour, other than:
 1. one of nominal value (approximately Rs.1500) and involving normal sales promotion, advertising or publicity, or
 2. one involving an appropriate social amenity or courtesy, provided there is not even the appearance of a compromise of sound business principles in the relationship.

For the purpose of this section request for purchase of any goods or services from a supplier or customer below fair market price would be considered to be a favour.
 - C. No employee may make or grant, directly or indirectly, to an owner, employee or other representative (including any relative or friend on such person's behalf) of an organization with which the Company does business or seeks to do business, any gift or favour, other than:
 1. one involving Company-approved sales promotion, advertising or publicity and (1) directly related to the sale or service of product sold by the Company, or (2) of normal

value; or

2. one involving an appropriate social amenity, provided, a there is not even the appearance of a compromise of sound business principles in the relationship.
- D. An employee who solicits donations on behalf of a charitable or other outside organization should avoid creating any implication of influence or pressure by the Company.

II. Certain Financial Interests of Employees Prohibited Without Special Exception

No employee to whom this portion of the policy applies may acquire or retain, either directly or indirectly, any one of the following financial interests in an organisation with which the Company does business, without a special exception:

1. Any Interest as a proprietor or partner in such an organisation that is not a corporation; or
2. The ownership of right to acquire stock or bonds in an amount in excess of 1% of the total stock or bonds of the same class, of such an organisation that is a corporation (whether or not publicly owned); or
3. Any interest in the form of a loan, advance or other financial arrangement in an amount greater than 1% of the combined capital and debt of such an organisation that is a corporation (whether or not publicly owned).

Unless it is at arms length and is with the approval of managing committee or board exceptions may be granted only with the written approval of the Vice Chairman and Managing Director or, in the case of employees who are members of the Board of Directors the approval of the Board of Directors. If an exception shall have been granted, the employee involved nevertheless may not transact business on behalf of the Company with such organisation.

III. Reporting of Certain Financial and other Interests of Employees and Family Members

Employees occupy Company positions of trust and confidence, and significant "financial interests" held by any of them or by members of their families in organisations with which the Company does business could involve possible conflicts of interests. The Company does business with suppliers of goods and services that are "publicly owned" corporations with shares that are traded actively on securities exchanges. Investments in stocks and bonds of such corporations by employees and members of their families would not be expected to create conflicts of interest, unless the investment is significant. However, investments in such corporations when employees are in possession of unpublished price sensitive information would be prohibited. This is covered separately under the Insider Trading Policy.

The Company should be informed about financial interests in all non-publicly owned organisations with which the Company does business regardless of the amount involved. Except to the extent covered by the provisions of paragraph II above, those interests are not prohibited, but disclosure will serve both to protect the reputation of the employee against unwarranted suspicion or doubt, and enable the Company to make an appropriate determination in any situation that seems to involve a risk of misunderstanding.

Therefore, in addition to the interests prohibited by paragraph II above, each employee to whom this portion of the policy applies, shall report, for information purposes, the details of any of the following financial interests, directly or indirectly held at any time or hereafter acquired by such employee, or to the extent known by any such employee, by any family member, or by both, in an organisation with which the Company does business.

1. With Respect to an Interest Held by an Employee:

- a. Any financial interest in such an organisation that is not a corporation; or
- b. Any financial interest in such an organisation that is a corporation but is not publicly owned.

2. With Respect to an Interest Held by a Family Member:

- a. Any financial interest in such an organisation that is not a corporation; or
- b. Any financial interest in such an organisation that is a corporation but is not publicly owned; or
- c. The ownership of or right to acquire stock or bonds in an amount in excess of 1% of the total stocks or bonds of the same class of such an organisation that is a publicly owned corporation; or
- d. Any interest in the form of a loan, advance or other financial arrangement in an amount greater than 1% of combined capital and debt of such an organisation that is a publicly owned corporation.

3. Other Interests

In addition, each such employee shall report the details of any interest (other than one arising from a financial interest) having monetary value in any business transaction or transactions to which the Company is, or is about to become, a party, directly or indirectly held, or hereafter acquired, by such employee, or the extent known by such employee by any family member, or by both.

A financial interest or interest in a business transaction of the type required to be reported for information purposes pursuant to this paragraph III above (unless prohibited by paragraph III) may be retained by an employee or by a family member, unless the employee is notified that in the judgment of the Executive Director or the Vice Chairman and Managing Director, the retention of such interest might influence, or reasonably might be thought by others to influence, the judgment or conduct of the employee in the position occupied within the Company. In that event, the most feasible course of corrective action will be discussed with the employee, taking into account such factors as the nature of the interest, the circumstances under which was acquired and, when appropriate, the employee's personal and family interests as well as the Company's interest in the particular situation.

Other Business Relationships

- 1) An employee whose duties result in a direct or indirect relationship with an organisation in which such employee or a family member has any financial interest whatever, or which employs a relative, should take appropriate precautions, in such relationships and, if a business transaction is involved, should not act on behalf of the Company if any suspicion of preferential treatment reasonably might be attached to the employee's action.
- 2) No employee shall disclose information to any outside organisation or individual, at any time of prior to the authorised release of such information to all interested parties.

- 3) During the course of performing their activities, Company employees frequently acquire information about the Company, its business or the business of other organisations that has not yet been made available to the general public. Employees may not use such information for their own financial gain or other personal advantage, nor may they disclose such information to enable other persons to profit from it. Opportunities to use such inside information are most frequently found in securities transactions. If an employee learns of a significant fact which might reasonably be expected to affect the price of a stock or influence a persons decision whether to invest in it, the employee should not buy or sell any of that stock unless the information has been published or otherwise released to the public. So long as the information remains nonpublic, its use by an employee or anyone else to whom the employee relays the information gives that the person an unfair advantage over the general investing public, and could result in a liability for both the employee and the other person involved.
- 4) No employee may perform work or render services for an organisation with which the Company does business, or that seeks to do business with the Company, outside the normal course of the employment with the Company, without written approval of the Vice Chairman or, in the case of any employee who is the member of the Board of Directors, by the Board of the Directors. Without written approval as aforesaid, no employee may be a director or the office holder of or consultant to any business organisation, whether or not such organisation conducts business or seeks to do business with the Company, nor shall such employee permit the employee's name to be used in any fashion that would tend to indicate a business connection with such organisation, outside the normal course of employment with the Company, without such written approval.
- 5) It is and always has been the policy of the Company to treat its clients and the public courteously and fairly. Accordingly, employees should refrain from any action that reasonably might be expected to prejudice or embarrass them or the Company or that might give, or reasonably appear to give, to any organisation an unfair competitive advantage over others similarly situated.
- 6) . Employees should not place themselves in a situation where they, rather than the Company, profit from a business transaction in which the circumstances indicate that the business opportunity and the related profit rightfully should have been made available to the Company. In general business opportunities, which might reasonably be expected to be of interest to the Company, should be brought to management's attention for a determination as to whether the Company wishes to pursue them.

The Secretarial & Legal Function is responsible for interpretation of this portion of the policy.

Confidential Information

1. means nonpublic information provided by an external source (such as a client, prospective client or other third party) who may reasonably expect that the information will be kept confidential and used solely for the business purposes for which it was provided; including material generated by the Company that contains or is derived from such confidential information. While there may be exceptions, information obtained in the course of a client assignment should generally be considered confidential. However, in certain circumstances, confidential information would not include information obtained by the Company acting as principal on an arm's length basis (in the absence of a confidentiality letter, agreement or understanding to keep such information confidential) When in doubt, you should ask the Secretarial and Legal/Compliance Departmental whether information is to be treated as confidential.

2. may be received from partners, officers or employees of, or bankers, lawyers, accountants or other professionals involved with, a client, prospective client or other third party.
3. may include “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.
4. is “nonpublic” if it has not been effectively disseminated to the general public by way of a press release, an article in a news publication, a public filing made with a regulatory agency, a mailing such as a prospectus sent to share holders or potential through public disclosure services. In this context, it is important to note that even following a public announcement of a major corporate transaction, many aspects of the matter may remain nonpublic.

Proprietary Information

1. means non-public information, analyses and plans that are created or obtained by the Company for the Company’s business purposes, other than that which constitutes confidential information entrusted to the Company or its personnel by an external source.
2. may include unpublished research information, opinions, estimates and recommendations; finance industry’s information about the Company or its affiliates’ securities trading positions or trading intentions; the Company’s or its affiliates’ investment, trading or financial strategies or decisions; pending or contemplated customer orders; data collection and client bases; advice to client; and analyses done by the Company in respect of Companies that are potential acquires of other companies or their assets, or companies that are possible candidates for acquisition, merger or sale of assets.
3. is “non-public” until it has been effectively disseminated, such as by means of a research report or publication, materials communicated to potential investors or customers, or materials available from public disclosure services.

4. Material Information

1. means information likely to be viewed by a reasonable investor as important in deciding whether to purchase, sell or hold a security; including trading or other information likely to have an effect on the value of the security.
2. may include, but is not limited to, information about changes in dividends, financial forecasts or projections (especially estimates of future earnings or losses); changes in previously released figures of earnings or earnings estimates; changes in dividend policy; changes in accounting procedures; write downs of assets; additions to reserves for bad debts; expansion or curtailment of operations; increase or declines in orders; significant product developments; major litigation; liquidity problems; repurchases programmes; changes in management; bids for corporate control; anticipated public offerings of securities; short positions; proposed transactions such as refinancing, refunding, tender or exchange offers, recapitalisations, leveraged buy-outs, acquisitions, mergers, restructurings, or purchases or sale of assets; adoption of new accounting rules, unreleased Government reports and statistics, and certain unannounced Government actions.
3. may relate to uncertain or contingent events.

Use of Material Confidential or Proprietary Information

Material confidential information obtained directly or indirectly from a client shall be used only for the specific purpose or transaction for which it was given. Any other use without the permission of the client is a misuse,

Proprietary information shall be used only for business purposes for which the information was created or obtained. Any other use without the express prior approval of the appropriate Division Head is a misuse.

Confidential or proprietary information shall not be used by an officer or employee for the benefit of himself or any related person.

No one shall communicate confidential or proprietary information to any other person under circumstances in which it is reasonably foreseeable that such communication is likely to result in the misuse-of the information.

Where the Company has issued a confidentiality letter, officers and employees must adhere strictly to its provisions,

General Procedures for safeguarding Confidential and Proprietary Information

To safeguard the confidentiality of non-public information, the Company uses the following procedures as are appropriate to particular activities:

1. General Confidentially

Officers and employees should maintain the confidentiality of information obtained in the course of their employment.

2. Disclosures

Officers and employees should not disclose confidential or proprietary information except to other Company personnel or such persons outside the Company (such as the Company's lawyers or accountants or a client's lawyers or accountants) who have valid business reason for receiving such information in order to serve the business purposes of the Company or its clients. In addition, an officer or employee shall not disclose confidential information obtained directly or indirectly from a client or proprietary information prepared on the basis of such confidential information to any person who does not have a "need to know" without the consent of the client from whom the information was obtained or for whom it was prepared. This policy does not prohibit disclosure of confidential information regarding a client to a lender participant, transferee, assignee, purchaser or other person for the purpose of advancing the client's interests and with the client's explicit or implicit permission.

Except as permitted by, and subject to the policies and procedures set forth in this Manual and in applicable policies, rules or guidelines, in force from time to time, confidential or proprietary information should not be disclosed to another officer, employee or any other person, even if there is reason to believe that the other person will keep the information in confidence. This means that:

- (a) anyone working on a confidential matter should, in general, avoid discussing the matter with officers or employees not assigned to the matter, except for supervisory personnel within the individual Division or Business Unit, internal or outside legal counsel, or others having a need to know, unless such discussion is conducted in

accordance with any applicable policies, rules or guidelines in force from time to time.

- (b) no one should seek to obtain confidential or proprietary information from any person unless he or she has a need to know the information in order to perform assigned tasks and unless he or she observes procedures for obtaining such information described in this Manual and in any applicable policies, rules or guidelines in force from time to time.

3. Discussions

Officers and employees should avoid discussions of sensitive information relating to the Company's or its clients affairs with, or in the presence of, person who have no need to know the information. They should use extreme caution when discussions take place in social gatherings or public places. They should avoid using speakerphones in circumstances in which confidential information may be overheard. Mobile telephones should be used with great care and circumspection because they are not secure.

4 Access

Officers and employees should limit access to office areas where confidential or proprietary information may be discussed and only a person with business reason for being in such an area should be permitted to enter or be present. Work on confidential projects should take place in the area that is physically secure. Meetings with non-Company personnel should be conducted in conference rooms rather than at the office or work place of officers or employees.

5. Documents

Officers and employees should avoid placing confidential documents in office areas, including photocopying and facsimile transmission ("fax") machines, where they may be read by persons not authorised to read them. Officers and employees should avoid leaving confidential documents exposed overnight on desks or in workrooms. When not in use, confidential documents should be stored in locked cabinets or other secure locations.

6. Code Names

Code names should be used for sensitive projects and solicitations. Where code names have been assigned to a project, all documents and information generated internally by the Company with the respect to that project should refer to the relevant companies only by their code names.

7. Database

Confidential databases and other confidential information accessible by computer should be maintained in computer files that are password-protected or otherwise secure against access by unauthorised persons.

Control

The Company reserves the right to review such outside activities of an employee as may involve:

- a. the utilization of proprietary company information
- b. the question of undue influence of his company job or
- c. depriving the company of the full measure of his working time, attention to assigned duties and loyalty.

It is the responsibility of the employee to review with his immediate superior any activities that might result in a conflict of interest and, in turn, the immediate superior will review the case with the Secretarial and Legal Function to assure a decision, which protects both the employee and the Company.

Reporting

It is the purpose of the section to establish the manner in which incidents of conflict of interest will be reported.

When to Report

Upon issuance of this policy, all employees are requested to submit a "Memorandum", as having read and accepted the terms and conditions mentioned in the Manual. All new hires will also prepare a Memorandum at the time of hire to the "Head of Personnel".

Penalty of Violation

Where a definite possibility of a conflict of interest is determined, even though no dereliction of responsibility or undue influence has occurred, the employee will be given a reasonable time to correct the conflict.

If an employee chooses not to bring his activities in this area to the attention of Management his choice might subsequently work to his disadvantage.

The Company recognises that there are many borderline situations, it does not intend to be arbitrary in considering these cases, but to approach each one with reason, giving full recognition to the attendant circumstances,

Violation of the foregoing policy shall make the employee subject to such action, including dismissal, as may be deemed advisable by the Company.

MEMORANDUM

This acknowledgment must be signed and returned to the Human Resources Function, Kotak Mahindra Bank Ltd, with in 10 days.

I have received of the Kotak *Mahindra Bank Limited's Policies and Procedures Regarding Conflict of Interest, confidential and Proprietary Information*. I have read and agree to the Comply with these policies and procedures. I understand and agree that a failure to observe these policies and procedures and such other policies and procedures as may be in the force from time to time may subject me to disciplinary action.

Signature: _____ Pate:

Name: _____
(in block capitals)

Department: _____ Payroll No.: _____

For Human Resources use only:

Data Entered: _____
(Signature, name, designation and date)

Sent to Compliance for Review: _____
(Signature, name, designation and date)