

**CORPORATE GOVERNANCE - CODE OF CONDUCT APPLICABLE TO
DIRECTORS AND SENIOR MANAGEMENT**
(vide Clause 49 of the Listing Agreement)

I. *Need and objective of the Code*

Clause 49 of the Listing Agreement entered into with the Stock Exchanges, requires, as part of Corporate Governance the listed entities to lay down a Code of Conduct for Directors on the Board of an entity and its Senior Management. Senior Management has been defined to include personnel team who are members of its Senior Management and functional heads excluding the Board of Directors.

Accordingly Dewan Housing Finance Corporation Ltd. (DHFL) has laid down this Code for its Directors on the Board and its Senior Management team.

This Code has been approved by the Board of Directors of the Company at their meeting held on **Friday, 21st October, 2005** and shall come into effect from **1st January, 2006**.

II *DHFL's Values & Philosophy*

This Code of Conduct attempts to set forth the guiding principles on which the Company shall operate and conduct its daily business with its multitudinous stakeholders, government and regulatory agencies, media and any one else with whom it is connected. It recognizes that DHFL is a trustee and custodian of public money and in order to fulfill its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of its stakeholders and public at large.

DHFL acknowledges the need to uphold the integrity of every transaction it enters into and believes the honesty and integrity in its internal conduct would be judged by its external behaviour. DHFL shall be committed in all its actions to the interest of states/territories in which its operates. The Company is conscious of the reputation it carries amongst its customers and public at large and shall endeavour to do all it can to sustain and improve upon the same in its discharge of obligations. DHFL shall continue to initiate policies, which are customer centric and which promote financial prudence.

II *Philosophy of the Code*

I

The Code envisages and expects—

- a. adherence to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationships.
- b. full, fair, accurate, sensible, timely and meaningful disclosures in the periodic reports required to be filed by the Company with government and regulatory agencies.
- c. compliance with applicable laws, rules and regulations.
- d. to address avoidance of misuse or misapplication of the DHFL's assets and resources.
- e. the highest level of confidentiality and fair dealing within and outside the Company.

A. *General Standards of conduct*

- ❖ DHFL expects all Directors and Senior Management Personnel to exercise good judgment to ensure the interest, safety and welfare of customers, employees and other stakeholders and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organization. The Directors and members of the Senior Management team while discharging duties of their office must act honestly and with due diligence. They are expected to act with the amount of utmost care and prudence, which an ordinary person is expected to take in his/her own business. These standards need to be applied while working in the premises of the Company, at offsite locations where the business is being conducted at DHFL sponsored business and social events, or at any other place where they act as representatives of DHFL.

B *Conflict of Interest*

- ❖ A “conflict of interest” occurs when personal interest of any member of the Board of Directors and/or of the Senior Management Personnel interferes or appears to interfere in any way with the interest of the Company. Every member of the Board of Directors and of the Senior Management Personnel has a responsibility to the Company, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it does demand that they avoid situations where a conflict of interest might occur or appear to occur. They are expected to perform their duties in a way they do not conflict with the DHFL’s interest such as -

- ***Employment / Outside Employment*** – The members of the Senior Management Personnel are expected to devote their total attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company or otherwise is in conflict with or prejudicial to business interest of DHFL.

- ***Business Interests*** – If any member of the Board of Directors and Senior Management Personnel considers investing in securities issued by the DHFL’s customer, supplier or competitor, they should ensure that these investments do not compromise their responsibilities to DHFL. Many factors including the size and nature of the investment, their ability to influence the DHFL’s decisions, their access to confidential information of DHFL or other entity and the nature of the relationship between the DHFL and the customer, supplier or competitor should be considered in determining whether a conflict exists. Additionally, they should disclose to the Company any interest that they have which may conflict with the business of the Company.

➤ ***Related Parties*** – As a general rule, the Directors and members of the Senior Management Personnel should avoid conducting DHFL’s business with a relative or any other person or any firm, Company, Association in which the relative or other person is associated in any significant role. Relative shall mean a person as defined in Section 6 of the Companies Act, 1956 :

- ❖ If such a related party transaction is unavoidable, they must fully disclose the nature of the related party transaction to the appropriate authority. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to that party.
- ❖ In the case of any other transaction or situation giving rise to conflicts of interest, the appropriate authority should after due deliberation decide on its impact.

C *Applicable Laws*

The Directors of the DHFL and Senior Management Personnel must comply with applicable laws, regulations, rules and regulatory orders. They should report any inadvertent non-compliance, if detected subsequently, to the concerned authorities.

D *Disclosure Standards*

DHFL shall make full, fair, accurate, timely and meaningful disclosures in the periodic reports required to be filed with Government and Regulatory agencies. The members of the Management of the Company shall initiate all actions deemed necessary for proper dissemination of relevant information to the Board of Directors, Auditors and other Statutory Agencies, as may be required by applicable laws, rules and regulations.

E. *Use of DHFL's Assets and Resources*

Each member of the Board of Directors and the Senior Management Personnel has a duty to the Company to advance its legitimate interest while dealing with the Company's assets and resources. Members of the Board of Directors and Senior Management Personnel are prohibited from :

- using corporate property, information or position for personal gain;
- soliciting, demanding accepting or agreeing to accept anything of value from any person while dealing with the DHFL's assets and resources;
- acting on behalf DHFL in any transaction in which they or any of their relative(s) have a significant direct or in indirect interest.

F. CONFIDENTIALITY AND FAIR DEALINGS

1. *DHFL's Confidential Information*

- DHFL's confidential information is a valuable asset. It includes all trade related information, trade secrets, confidential and privileged information, customer information, employee related information, strategies, administration, research in connection with the Company and commercial, legal, scientific, technical data that are either provided to or made availability to each member of the Board of Directors and the Senior Management Personnel by the Company either in paper form or electronic media to facilitate their work or that they are able to know or obtain access by virtue of their position with the Company. All confidential information must be used for DHFL's business purposes only.
- This responsibility includes the safeguarding, securing and proper disclosure of confidential information in accordance with the DHFL's policy of maintaining and managing records. This obligation extends to confidential information of third parties, which the Company has rightfully received under non-disclosure agreements.

- To further the DHFL's business, confidential information that may have to be disclosed to potential business partners. Such disclosures should be made after considering its potential benefits and risks. Care should be taken to divulge the most sensitive information, only after the said potential business partner has signed a confidentiality agreement with the Company.

- Any publication or publicly made statement that might be perceived or construed as attributable to the Company made outside the scope of any appropriate authority in the Company should include a disclaimer that the publication or statement represents the views of the specific authority and not of the Company.

2 Other Confidential Information

DHFL has many kinds of business relationships with many companies and individuals. Sometimes, they will volunteer confidential information about their products or business plans to induce the Company to enter into a business relationship. At other times DHFL may request that a third party provide confidential information to permit DHFL to evaluate a potential business relationship with the party. Therefore, special care must be taken by the Board of Directors and Senior Management of the Company to handle confidential information of others responsibility. Such confidential information should be handled in accordance with the agreements with such third parties.

- DHFL requires that every Director and the Senior Management should fully comply with the laws, statutes, rules and regulations that have the objective of preventing unlawful gains of any nature whatsoever.

- Directors and the Senior Management shall not accept any offer, payment, promise to pay, or authorization to pay any money, gift or anything of value from customers, suppliers, shareholders, etc. that is perceived as intended, directly or indirectly, to influence any business

decision, any act or failure to act, any commission of fraud or opportunity for the commission of any fraud.

IV *Good Corporate Governance practices*

Each member of the Board of Directors and the Senior Management of the Company should adhere to the following as may be applicable so as to ensure compliance with good Corporate Governance practices:

(a) *Dos*

- Attend Board meetings regularly and participate in the deliberations and discussions effectively.
- Study the Board papers thoroughly and enquire about follow-up reports on definite time schedule.
- Involve actively in the matter of formulation of general policies.
- Be familiar with the broad objectives of the Company and the policies laid down by the Government and the various laws and legislations.
- Ensure confidentiality of the Company's agenda papers, notes and minutes.

(b) *Don'ts*

- Do not interfere in the day to day functioning of the Company.
- Do not reveal any information relating to any constituent of the Company to anyone.
- Do not display the logo/distinctive design of DHFL on their personal visiting cards / letter heads.
- Do not sponsor any proposal relating to loans, investments, building or sites for Company's premises, enlistment or empanelment of contractors, architects, auditors, doctors, lawyers and other professionals etc.
- Do not do anything, which will interfere with and/or be subversive of maintenance of discipline, good conduct and integrity of the staff.

V *Annual Declaration*

As required under Clause 49 (D) (ii) of the listing agreement, every member of the Senior Management and every Director shall sign and submit the annual declaration (as per Annexure I) before April 15 every year, affirming compliance with the provisions of this Code.

VI *Waivers*

- ❖ Any waiver of any provision of this Code of Conduct for a member of the Company's Board of Directors or a member of the Senior Management must be approved in writing by the Board of Directors of the Company.

The matters covered in this Code of Conduct are of the utmost importance to the DHFL, its stakeholders and its business partners and are essential to the Company's ability to conduct its business in accordance with its value system.

I have received and read the DHFL's Code of Conduct and agree to comply with the same.

Name

Signature

Place

Date

DECLARATION

To,

The Company Secretary,
Dewan Housing Finance Corporation Ltd.
Dheeraj Arma, 6th Floor,
Station Road, Bandra (East)
Mumbai 400 050.

Dear Sir,

I , Mr./Mrs. _____(designation)
do hereby acknowledge and confirm that during the financial year 2005-06, to the best
of my knowledge and belief, I have not violated any of the provisions of this Code or
any of the policies of the Company or legal/regulatory requirements, as may be
applicable to my responsibility.

Signature

Name :
Designation :
Place :
Date :

1. Kindly sign and return this declaration on or before April 15, 2006
2. This declaration shall be valid for the Financial Year 2005-2006