

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR EXECUTIVES OF THE MANAGEMENT

1. Introduction:

1.1. This Code of Conduct ("this Code") shall be called "The Code of Conduct for Board Members and Senior Executives of the Management" of Usha Martin Education & Solutions Limited.

1.2. The subject Code has been framed specifically in compliance with the provisions of Clause 49 of the Equity Listing Agreement by the Stock Exchanges on the lines of guidelines issued by Securities and Exchange Board of India (SEBI) from time to time.

2. Definitions & Interpretations:

2.1. "**Board**" shall mean the Board of Directors of the Company;

2.2. "**Board Members**" shall mean the Members on the Board of Directors of the Company;

2.3. "**The Company**" shall mean "Usha Martin Education & Solutions Limited";

2.4. "**The Director**" mean the Directors for the time being of the Company or case may be, the Directors assembled at a Board Meeting;

2.5. The term "**Relative**" shall have the same meaning as defined in Sections 2(41) and 6 read with Schedule 1A of the Companies Act, 1956 (which includes interalia):-

- Father;
- Mother (including step-mother);
- Son (including step-son);
- Son's wife;
- Daughter (including step-daughter);
- Father's father;
- Father's mother;
- Mother's mother;
- Mother's father;
- Son's son;
- Son's son's wife;
- Son's daughter'
- Son's daughter's husband;

- Daughter's husband;
- Daughter's son;
- Daughter's son's wife;
- Daughter's daughter;
- Daughter's daughter's husband;
- Brother (including step-brother);
- Brother's wife;
- Sister (including step-sister); and
- Sister's husband

2.6. The term "**Senior Executives of the Management**" mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, the term would comprise all members of management one level below the Functional Directors (Executive Directors) including all functional heads of Departments/Offices;

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

3. Purpose of the Code

The prime purpose of the Code of Conduct is to create an environment where all the Board Members and Senior Executives of the Management of the Company maintain ethical standards and transparent process while managing the affairs of the Company. This Code of conduct will act as guideline to all to achieve as under:

- Promote honest and ethical conduct;
- Maintain a corporate climate in which the integrity and dignity of each individual is valued and promoted;
- Assure compliance with laws, rules and regulations that govern the Company's business activities; and
- Assure the proper use of the Company's assets.

This Code does not specifically address every potential form of unacceptable conduct, and it is expected that the Board Members and Senior Executives of the Management of the Company will exercise good judgment in compliance with the principles set out in this Code. The Board Members and Senior Executives of Management of the Company have a duty to avoid any circumstance that would violate the letter and spirit of this Code.

4. Applicability:

4.1. This Code shall replace the existing Code of Conduct for Board and Senior Executive in the Management and will be applicable to the following personnel of the Company and shall come into force with effect from 27th January, 2011:

- All Members of the Board of Directors of the Company;

- All Senior Executives of the Management of the Company;
- All employees one rank level below the Functional Directors (Executive Directors) including all functional heads of Departments/Offices

Provided that notwithstanding the rules and procedures laid down in this Code, the abovenamed personnel will continue to comply with other applicable/ to be applicable policies, rules and procedures of the Company.

5. Disclosure

The Board Member, Senior Executives of the Management should sign the acknowledgment form at the end of this Code (Appendix – I) and return the forms to the Company Secretary indicating that they have received, read and understood and agree to comply with the Code. Board members and Senior Executives of the Management should affirm compliance with the Code in the Annual Report of the Company and in the format as per (Appendix – II).

6. Display of the code in website of the Company:

As required under the provisions of Clause- 49-“Corporate Governance” of the Equity Listing Agreement, this Code and any amendments thereto shall be posted on the website of the Company.

7. Waiver and Amendments of the code:

7.1. No waiver of any of the provisions of this code shall be valid unless, the Board of Directors of the Company approves such waiver in case of Board members and by Chairman of the Board in case of Senior Executives of the Management. The person-seeking waiver of this Code shall make full disclosure of the particular circumstances to the Board of Directors or the Chairman.

7.2. The provisions of this Code may be amended by the Board of Directors of the Company from time to time.

8. Corporate Business Opportunities

A corporate business opportunity is an opportunity:

- in the Company's line of business or proposed expansion or diversification;
- which the Company is financially able to undertake; and
- which may be of interest to the Company.

Any Board Member or Senior Executives of the Management of the Company who learns of such a corporate business opportunity and who wishes to participate in it should disclose the opportunity to the Board of Directors or the Chairman. If the Board or the Chairman determines that the Company does not have an actual or expected interest in the opportunity, then, and only then, may the Board Member or the Senior Executives of the Management participate in it, provided that the Board Member or the Senior Executives of the Management of the Company has not wrongfully utilized the Company's resources in order to acquire the opportunity.

Board Member and Senior Executives of the Management of the Company owe a duty to the Company to advance the Company's interests when the opportunity to do so arises. Board Member and Senior Executives of the Management of the Company may not:

- take for themselves personally opportunities that are discovered through the use of Company property or information or through his/her position;
- use the Company's property or information or the position for personal gain; or
- Compete with the Company, directly or indirectly, for business opportunities that the Company is pursuing.

9. Conflicts of Interest

Board Member and Senior Executives of the Management of the Company are expected to dedicate their best efforts to advancing the Company's interests and to make decisions that affect the Company based on the Company's best interests and independent of outside influences.

A conflict of interest occurs:

- When an Board Member or Senior Executives of the Management of the Company takes action or has interests that may make it difficult to perform his or her work objectively and effectively;
- The receipt of improper personal benefits by the family member of the Board Member or Senior Executives of the Management as a result of one's position in the Company;
- Any outside business activity that detracts an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company;
- The receipt of non-nominal gifts or excessive entertainment from any person/company with which the Company has current or prospective business dealings;
- Any significant ownership interest in any supplier, customer, development partner or competitor of the Company;
- Any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company.

Board Member and Senior Executives of the Management should be scrupulous in avoiding 'conflicts of interest' with the Company. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the Chairman/Whole-time Director or any Committee / officer nominated for this purpose by the Board and a prior written approval should be obtained.

10. Gifts

Board Member, Senior Executives of the Management and members of their immediate families may not accept gifts from persons or firms who deal with the Company where the gift is being made in order to influence them or where acceptance of the gift could create the appearance of a conflict of interest.

11. Honest and Ethical Conduct

Board Member and Senior Executives of the Management of the Company shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct not only on Company's premises and offsite but also at company sponsored business, social events as well as any places. They shall act and conduct free from fraud and deception. Their conduct shall conform to the best-accepted professional standards of conduct.

12. Confidentiality

Board Member and Senior Executives of the Management of the Company shall maintain the confidentiality of confidential information of the Company or that of any customer, supplier or business associate of the Company to which Company has a duty to maintain confidentiality, except when disclosure is authorized or legally mandated. The Confidential information includes all non-public information (including private, proprietary, and other) that might be of use to competitors or harmful to the Company or its associates. The use of confidential information for his/her own advantage or profit is also prohibited.

13. Fair Dealing

The Board Members and Senior Executives of the Management should deal fairly with customers, suppliers, competitors, and employees. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing-practices.

14. Protection and Proper Use of Company's Assets and Properties

Board Member and Senior Executives of the Management of the Company should protect Company's assets and property and ensure its efficient use. Theft, carelessness, and waste of the Company's assets and property may have a direct impact on the Company's profitability. Company's assets should be used only for legitimate business purposes.

15. Discrimination and Harassment

The Company is committed to providing a workplace free of discrimination and harassment based on race, colour, religion, age, gender, national origin, disability, or any other biases. It would be the endeavour of every Board Member and Senior Executives of the Management of the Company to see that work place is free from such environment. If any employee is discriminated, he/she may lodge a complaint of discrimination or harassment to the Board of the Company.

16. Compliance with Laws, Rules, and Regulations

Board Members and Senior Executives of the Management must comply, and oversee compliance by employees and officers, with laws, rules and regulations applicable to the Company / its personnel, including rules on prevention of insider trading.

No payment or transaction should be made or undertaken by a Board Members and Senior Executives of the Management or authorized or instructed to be made or undertaken by any other person or the Company if the consequence of that transaction or payment would be the violation of any law in force.

Board Members and Senior Executives of the Management should inform the Company immediately about the emergence of any situation which may disqualify them from directorship.

It shall be the endeavor of every Board Member to attend as far as possible and actively participate in meetings of the Board and Committee thereof on which they are members.

17. Rules on Prevention of Insider Trading

Board Members and Senior Executives of the Management should observe all applicable laws and regulations as applicable to them with respect to the purchase and sale of the Company's securities. Any purchase or sale of Companies securities either by the Board Member or any Senior Executives of the Management or their relative should be immediately informed to the Company.

All non public information about the Company should be considered confidential information. To use non public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal.

The Board Members and Senior Executives of the Management shall ensure compliance with Rules on Prevention of Insider Trading, a copy of which is annexed hereto and marked Appendix – III.

18. Compliance with Code of Conduct

If any Board Member or Senior Executives of the Management who knows of or suspects of a violation of applicable laws, rules or regulations or, he/she must immediately report the same to the Board Members or the Chairman or any designated person for the purpose. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue. The Company recognizes that resolving such problems or concerns will advance the overall interests of the Company that will help to safeguard the Company's assets, financial integrity and reputation. All reported violations would be appropriately investigated.

19. Penalty for breach of this Code

Violations of this Code will result in disciplinary action, which may even include termination of services of the Senior Executives of the Management of the Company. The Chairman/Whole-time Director of the Company or any designated person for this purpose shall determine appropriate action in response to violations of this Code.

As Amended on 27th January, 2011

Acknowledgement of receipt of Code of Conduct for all the Directors and Senior Executives of the Management of Usha Martin Education & Solutions Limited

I, _____, Director/Senior Executive of the Company have received and read the Company's Code of Conduct for the Board of Directors and Senior Executives in the Management (the "Code"). I have understood the standards and policies contained in the Code and further understood that there may be additional policies or laws specific to my job. I agree to adhere to the standards described in the Code and comply with the Code at all times.

If I have any clarifications/questions concerning the meaning/definition or application of the Code, any Company policies or the legal and regulatory requirements applicable to my job, I understand that I can consult the Company Secretary/Compliance Officer and that my clarifications/questions/requests or reports to these sources will be maintained in confidence.

Signature:

Name:

Designation:

Place:

Date: _____

This acknowledgement shall be handed over to the Secretarial Department.

ANNUAL COMPLIANCE CERTIFICATE

I, _____, Director / Senior Executives of the Management of the Company do hereby affirm that the "Code of conduct for Board Members and Senior Executives of the Management" has been complied with and there is no violation of any of the compliances under the said Code by the undersigned for the financial year _____.

Further, I do affirm that any change(s) in the status concerning the Code will be intimated immediately to the concerned authorities of the Company.

Signature:

Name:

Designation:

Place:

Date:

This certificate is to be signed by every Board Member/Senior Executives of the Company and such Board Member(s)/Senior Executives are to hand over the same to the Secretarial Department within 30 days of the close of each financial year.

RULES ON PREVENTION OF INSIDER TRADING

1. Definitions

1.1. Company means Usha Martin Education & Solutions Limited;

1.2. Compliance Officer: The Company has duly appointed a Senior Executive of the Management as its Compliance Officer.

1.3. Connected Person shall mean and includes:

1.3.1. Any group company, company under the same management or subsidiary of the Company;

1.3.2. Relative of Senior Executives of the Management;

1.3.3. Bankers of the Company;

1.3.4. Merchant Banker, Share Transfer Agent, Registrar to an issue, Debenture Trustee, Broker, Portfolio Manager, Investment Advisor, Sub-broker or any employee thereof having a fiduciary relationship with the Company;

1.3.5. Trustees of any trust the beneficiaries of which include any of the Senior Executives of the Management;

1.3.6. Trustees of any trust who are conferred with the Power of Attorney to act on behalf of beneficiaries in respect of securities of the Company;

1.3.7. Any person who was a Senior Executives of the Management, whether temporary or permanent six months prior to an act of insider training;

1.3.8. Persons having professional or business relationship between themselves and the company, whether temporary or permanent and by virtue of such relationship are expected to be in possession of price-sensitive information;

1.3.9. Any other person or category of persons mentioned in Regulation 2 of the SEBI (Prohibition of Insider trading) Regulations, 1992;

1.4. Dealing in Securities means buying, selling or agreeing to subscribe, sell or deal in any securities either as principal or agent and includes exercising of any options;

1.5. Insider Trading shall mean when insiders use unpublished price sensitive information to arrive at securities trading (including buying as well as selling) decisions, the action is referred to as insider trading;

1.6. Insider means any person who is or was a "Board member" or a "Senior Executives of the Management" or a "Connected Person" and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company or who has received or has had access to such unpublished price sensitive information;

1.7. Price Sensitive Information any information, which relates directly or indirectly to a company and which if published, is likely to materially affect the price of securities of Company.

Explanation: The following shall be deemed to be price sensitive information:

1.7.1. Periodical financial results of the company (quarterly, half-yearly and annually);

1.7.2. Intended declaration of dividends (both interim and final);

1.7.3. Issue of securities by way of public/right/bonus or buy-back of securities;

1.7.4. Any major expansion plans or execution of new projects;

1.7.5. Amalgamation, mergers or takeovers;

1.7.6. Disposal of the whole or substantial part of the undertaking;

1.7.7. Any significant changes in policies, plans or operations of the company;

1.7.8. Disruption of operations due to natural calamities;

1.7.9. Commencement of any new commercial production or commercial operations where the contribution there from is likely to exceed 5% of the total turnover of the Company during that financial year;

1.7.10. Developments with respect to changes in pricing/realization on goods and services arising out of changes in government policy;

1.7.11. Litigation/dispute with a material impact;

1.7.12. Revision of credit ratings assigned to any debt or equity instrument of the Company;

1.7.13. Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affects the prices of the securities of the Company.

1.8. Relative shall have the same meaning as defined in Sections 2(41) and 6 read with Schedule 1A of the Companies Act, 1956 (which includes interalia):-

- Father;
- Mother (including step-mother);
- Son (including step-son);
- Son's wife;
- Daughter (including step-daughter);

- Father's father;
- Father's mother;
- Mother's mother;
- Mother's father;
- Son's son;
- Son's son's wife;
- Son's daughter'
- Son's daughter's husband;
- Daughter's husband;
- Daughter's son;
- Daughter's son's wife;
- Daughter's daughter;
- Daughter's daughter's husband;
- Brother (including step-brother);
- Brother's wife;
- Sister (including step-sister); and
- Sister's husband

1.9. Senior Executives of the Management means any person who:

- 1.9.1. is a director of the Company; or
- 1.9.2. an officer or employee of the company who are members of its core management; or
- 1.9.3. has a professional or business relationship with the Company; or
- 1.9.4. who may reasonably be expected to have an access to unpublished price sensitive information in relation to that Company;
- 1.9.5. All members of the management who are one level below the Functional Directors (Executive Directors) including all functional heads of Departments/Offices.

2. Duties of Compliance Officer

- 2.1. 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; for the Insider 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 Board of the Company;
- 2.2. The Compliance Officer shall maintain a record of the Insider of the Company and any changes made in the list;
- 2.3. The Compliance Officer shall assist all the Insider in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Company's Code of Conduct;

3. Preservation of Price Sensitive Information

An Insider shall maintain the confidentiality of all Price Sensitive Information.

An Insider shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.

3.1. Need to know

Price Sensitive Information is to be handled on a "need to know" basis, i.e., Price Sensitive Information should be disclosed only to those within the company who need the information to discharge their duty.

3.2. Limited access to confidential information

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

4. Prevention of misuse of "Price Sensitive Information"

4.1. No insider shall either on his own behalf, or on behalf of any other person, deal in securities of the company when in the possession of any unpublished price sensitive information; or communicate, counsel or procure, directly or indirectly any unpublished price sensitive information to any person. However these restrictions shall not be applicable to any communication required in the ordinary course of business or under any law.

4.2. An Insider shall be subject to trading restrictions as enumerated below.

4.3. Trading window

4.3.1. The Company shall specify a trading period, to be called "trading window", for trading in the company's securities. The trading window shall be closed during the time when any price sensitive information is unpublished.

4.3.2. When the trading window is closed, an Insider shall not trade in the Company's securities in such period.

4.3.3. The time for commencement of closing of trading window shall be decided by the Company.

4.3.4. The trading window shall be opened 24 hours after the information referred to as price sensitive information is made public.

4.3.5. An Insider shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the

company's securities during the periods when trading window is closed, as referred to as price sensitive information or during any other period as may be specified by the Company from time to time.

- 4.3.6. 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.

4.4. Pre-clearance of trades

An Insider who intend to deal in the securities of the Company should pre-clear the transaction as per the pre-dealing procedure as described hereunder.

- 4.4.1. An application may be made in such form as the company may notify in this regard, to the Compliance Officer indicating the estimated number of securities that an Insider intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.

- 4.4.2. An undertaking shall be executed in favour of the company by such Insider incorporating, *inter alia*, the following clauses, as may be applicable:

- 4.4.2.1. That the Insider does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.

- 4.4.2.2. That in case the Insider 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.

- 4.4.2.3. That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.

- 4.4.2.4. That he/she has made a full and true disclosure in the matter.

4.5. Other restrictions

- 4.5.1. An Insider shall execute their order in respect of securities of the company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, an Insider must pre-clear the transaction again.

- 4.5.2. An Insider who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. An Insider shall also not take positions in derivative transactions in the shares of the company at any time.

In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

- 4.5.3. In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the compliance officer after recording in writing his/her reasons in this regard.

5. Reporting Requirements for transactions in securities

5.1. An Insider shall be required to forward following details of their securities transactions including the statement of Relative to the Compliance Officer:

- 5.1.1. All holdings in securities of that company by an Insider at the time of joining the company;
- 5.1.2. Intimate the Company as and when any transaction in securities of the Company has been duly executed by them or their relatives;
- 5.1.3. Annual statement of all holdings in securities by an Insider; and

5.2. The Compliance Officer shall maintain records of all the declarations in the appropriate form given by an Insider.

5.3. The Compliance Officer shall place before the Managing Director/Chief Executive Officer/Whole-Time Director or a committee specified by the company, on a quarterly basis all the details of the dealing in the securities by an Insider and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

6. Penalty for contravention of code of conduct

6.1. Any Insider who trades in securities or communicates any information for trading in securities in contravention of the code of conduct may be penalised and appropriate action may be taken by the company.

6.2. An Insider who violates the code of conduct shall also be subject to disciplinary action by the company, which may include wage freeze, suspension or future participation in employee stock option.

6.3. The action by the company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.

7. Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992

In case it is observed by the company/Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992. SEBI shall be informed by the company.