

SONATA SOFTWARE LTD
CODE OF CONDUCT
FOR DIRECTORS AND SENIOR MANAGEMENT EMPLOYEES

1. Introduction

This Code of Conduct (“the Code”) applies to all Directors and employees in Senior Management (i.e., employees in the cadre of Asst. Vice President and above) of Sonata Software Ltd and its subsidiaries Sonata Information Technology Ltd and Offshore Digital Services Inc (hereinafter referred to as “Officers”).

Sonata is committed to conducting its business in accordance with the applicable laws, rules and regulations with highest standards of business ethics. This Code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. Each officer is expected to comply with the letter and spirit of this Code.

The Code was adopted by the Board of Directors at their meeting held on 11th January, 2005.

2. Principles of Conduct

Officers will pursue the highest standards of ethical conduct in the interests of shareholders and all other stakeholders. In particular, every officer:

- (a) Must act honestly, in good faith and in the best interests of the company.
- (b) Has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- (c) Must use the powers of office for a proper purpose, in the best interests of the company.
- (d) Must not take improper advantage of his position in the Company.
- (e) Should protect Company’s assets and property and ensure its efficient use. Also must ensure that Company’s assets are used for legitimate business purposes only.
- (f) Must not compete directly with the business of the Company or with any business that the Company is considering.
- (g) Has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- (h) Should not engage in conduct likely to bring discredit upon the Company.

3. Gifts and Benefits

An Officer must not obtain personal advantage from any person dealing with the Company. In particular an Officer must not accept any gifts, or inducements where the value of such could make it appear that the person giving is attempting to influence the Officer to gain advantage. Any such gifts or inducements received should be returned tactfully with the request that no gifts be forwarded in future.

4. Confidentiality

An Officer 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 has been authorized by the Company or is required by law. The use of confidential information for his/her own advantage or profit is prohibited.

5. Fair Dealing

An Officer shall deal fairly with customers, suppliers, competitors and employees of group companies. He 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.

6. Conflict of Interest

A conflict situation arises:

- (a) when an Officer takes action or has interests that may make it difficult to perform his or her work objectively and effectively
- (b) the receipt of improper personal benefits by a member of his or her family as a result of one's position in the Company
- (c) any outside business activity that detracts an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company
- (d) the receipt of non-nominal gifts or excessive entertainment from any person/company with which the Company has current or prospective business dealings
- (e) any significant ownership interest in any supplier, customer, business associate or competitor of the Company
- (f) any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company

Each Officer should be scrupulous in avoiding "conflicts of interest" with the Company and must act at all times solely in the interests of the Company to the exclusion of all other considerations. 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 Board of Directors or to designated person/committee and a prior written approval should be obtained.

7. Compliance with Laws, Rules and Regulations

An Officer shall comply with all applicable laws, rules and regulations. Any Officer who is unfamiliar or uncertain about the legal rules involving Company business conducted by him/her should consult the legal department of the Company before taking any action that may jeopardize the Company or that individual.

If any Officer who knows or suspects of a violation of applicable laws, rules or regulations or this Code, he/she must immediately report the same to the Board of Directors or any designated person/committee thereof. 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.

Violations of this Code will result in disciplinary action, which may even include termination of services of the employee. The Company's Board or any Committee/person designated by the Board for this purpose shall determine appropriate action in response to violations of this Code.

8. Interpretation of the Code

Any question or interpretation under this Code, will be handled by the Board or any person/committee authorized by the Board of the Company. The Board or designated person/committee has the authority to waive compliance with this Code for any Officer. The person seeking waiver of this Code shall make full disclosure of the particular circumstances to the Board or the designated person/committee.