

# **CODE OF BUSINESS CONDUCT AND ETHICS FOR IFCI'S BOARD OF DIRECTORS AND EMPLOYEES.**

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## **1 INTRODUCTION**

1.1 This Code of Conduct (hereinafter referred to as the "Code") shall be called "The Code of Conduct for Board of Directors (hereinafter referred to as the "Board") and Employees" of IFCI Limited (hereinafter referred to as the "Employees").

1.2 This code for Board Members and Employees has been framed specially in compliance of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, issued by Department of Public Enterprises (DPE Guidelines).

1.3 The principles prescribed in this Code are general in nature and lay down broad standards of compliance and ethics.

1.4 The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the Board and the Employees by the Shareholders of the Company. The Board and Employees are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.

1.5 It shall come into force with immediate effect. The Code and any amendments thereto shall also be placed on the website of the Company

## **2. Definitions & Interpretations**

2.1 The term "Board Members" shall mean Directors on the Board of Directors of the Company and the term "Employees" shall mean employees of the Company, whether permanent or contractual.

2.2 The term "Whole-time Directors" or "Functional Directors" shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the company.

2.3 The term "Part-time Directors" shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company.

2.4 The term "Relative" shall have the same meaning as defined in section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014. Refer Annexure A

2.5 The term "Key Managerial Personnel (KMP)" shall have the same meaning as defined under section 2(51) of the Companies Act 2013.

**Note:** In this Code, words importing the masculine gender shall include feminine gender and words importing singular shall include the plural or vice-versa.

### **3. APPLICABILITY**

3.1 This Code shall be applicable to the following persons:

- ❖ Board of Directors of the Company
- ❖ Key Managerial Personnel (KMP)
- ❖ All the employees of the Company whether permanent or contractual.

3.2 For the Whole Time Directors on the Board of the Company, KMP and the Employees, this Code would be applicable in addition to the existing Staff Regulations of IFCI.

### **4. Contents of Code**

Part I – General Moral Imperatives

Part II – Specific Professional Responsibilities

Part III – Specific Additional Provisions for Board Members and Senior Management.

This Code is intended to serve as a basis for ethical decision making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards.

It is understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

## **PART I**

### **5. General Moral Imperatives**

#### **5.1 Contribute to society and human well being**

5.1.1 This principle concerning the quality of life of all people, affirms an obligation to protect fundamental human rights and to respect the diversity of all cultures. There must be an attempt to ensure that the products of the efforts of the company will be used in socially responsible ways, will meet social needs and will avoid harmful effects to health and welfare of others. In addition to a safe social environment, human wellbeing includes a safe natural environment.

5.1.2 Therefore, all Board Members and Employees who are accountable for the design, development, manufacture and promotion of company's products, must be alert to, and make others aware of, both a legal and a moral responsibility for the safety and the protection of human life and environment.

#### **5.2 Be honest and trustworthy and practice integrity**

5.2.1 Integrity and honesty are essential components of trust. Without trust an organization cannot function effectively.

5.2.2 All Board Members and Employees are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct, while conducting the business of the Company.

#### **5.3 Be fair and take action not to discriminate**

5.3.1 The values of equality, tolerance, respect for others, and the principles of equity and justice govern this imperative. Discrimination, on the basis of race, sex, religion, caste, age, disability, national origins or other such factors, is an explicit violation of this code.

#### **5.4 Honour confidentiality**

5.4.1 The principle of honesty extends to issues of confidentiality of information. The ethical concern is to respect all obligations of confidentiality to all stakeholders unless discharged from such obligations by requirements of the law or the principles of this code.

5.4.2 All Board Members and Employees, therefore, shall maintain the confidentiality of all confidential unpublished information about business and affairs of the Company.

## 5.5 Pledge & Practice

- 5.5.1 To strive continuously to bring about integrity and transparency in all spheres of the activities.
- 5.5.2 Work unstintingly for eradication of corruption in all spheres of life.
- 5.5.3 Remain vigilant and work towards growth and reputation of the Company.
- 5.5.4 Bring pride to the organization and provide value based services to Company's stakeholders.
- 5.5.5 Do duty conscientiously and without fear or favour.

## **PART II**

### 6 Specific Professional Responsibilities

- 6.1 Live the Vision, Mission and Values of IFCI – each day

#### **Vision**

To be the leading development institution for industrial and infrastructure sectors across the spectrum and be an influential partner in country's economic growth and development.

#### **Mission**

To adopt the best practices in financing industry and infrastructure and leverage core competencies in promoting sustainable industrial and infrastructure development in the country. To act as a competitive, client friendly and development oriented organization delivering financial products and services to the satisfaction of all stakeholders.

#### **Values**

- Zeal to excel and zest for change
- Integrity and fairness in all matters
- Respect for dignity and potential of individuals
- Strict adherence to commitments
- Ensure speed of response
- Foster learning, creativity and teamwork
- Loyalty and pride in IFCI

- 6.2 Strive to achieve the highest quality, effectiveness and dignity in both the processes and products of professional work:

Excellence is perhaps the most important obligation of a professional. Everyone, therefore, should strive to achieve the highest quality, effectiveness and dignity in their professional work.

- 6.3 Acquire and maintain professional competence:

Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are, therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards.

- 6.4 Compliance with Laws:

The Board Members and the Employees of the Company shall in their business conduct comply with all the applicable provisions of existing local, state, national, international laws, rules and regulations, both in letter and in spirits, in all the territories in which they operate. Any inadvertent non-compliance, if detected subsequently, should be rectified/ reported to the concerned authorities. They should also follow and obey the policies, procedures, rules and regulations relating to business of the Company.

- 6.5 Accept and provide appropriate professional review:

Quality professional work depends on professional review and comments. Whenever appropriate, individual members should seek and utilize peers review as well as provide critical review of the work of theirs.

- 6.6 Manage personnel and resources to enhance the quality of working life:

Organizational leaders are responsible for ensuring that a conducive working and business environment is created for fellow employees to enable them delivering their best. The Board Members would be responsible for ensuring human dignity of all employees, would encourage and support the professional development of the employees of the Company by providing them all necessary assistance and cooperation, thus enhancing the quality of working. The Company, Board and the Employees shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in.

## 6.7 Be upright and avoid any inducements:

The Board Members and the Employees shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving the Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc.

## 6.8 Observe Corporate Discipline

The flow of communication within the Company is not rigid and people are free to express themselves at all levels. Though there is a free exchange of opinions in the process of arriving at a decision, but after the debate is over and a policy consensus has been established, all are expected to adhere and abide by it, even when in certain instances one may not agree with it individually. In some cases policies act as guide to action. All must learn to recognize the difference and appreciate why they need to observe them.

## 6.9 Conduct in a manner that reflects credit to the Company

All are expected to conduct themselves, both on and off duty, in a manner that reflects credit to the Company. The sum total of their personal attitude and behavior has a bearing on the standing of Company and the way in which it is perceived within the organization and by public at large.

## 6.10 Be accountable to Company's stakeholders

All of those whom we serve, be it our customers, without whom the Company will not be in business, the shareholders, who have an important stake in the its business, the Employees, who have a vested interest in making it all happen, the Vendors who support the Company to deliver in time and Society to which Company is responsible for its actions – are stakeholders of the Company. All, therefore, must keep in mind at all times that they are accountable to Company's stakeholders.

## 6.11 Prevention of Insider Trading

### 6.11.1 The Board Members and the Employees shall comply with the code of Internal Procedures and conduct for prevention of Insider Trading in dealing with Securities of the Company.

6.11.2 The information for the public constituents and stakeholders, duly approved by the Compliance Officer or other authorized official, as the case may be, shall be disseminated through any of the following media:

- ❖ Newspaper publications
- ❖ Web casting on the official website
- ❖ Press handouts and press releases
- ❖ Audio and audio-visuals prepared for the specific purpose.

6.11.3 A Director or an Employee of the Company and their family members shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company which is not in the public domain and thus constitutes insider information. They shall maintain confidentiality of all price sensitive information. Unpublished price sensitive information would be disclosed only to those within the company who need the information to discharge their duty.

6.12 Identify, mitigate and manage business risks

It is everybody's responsibility to follow the Risk Management Framework of the Company to identify the business risks that surround function or area of operation of the Company and to assist in the company-wide process of managing such risks, so that Company may achieve its wider business objectives.

6.13 Protect properties of the Company

6.13.1 The Board Members and the Employees shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gain.

6.13.2 The Board or Employee shall not use the name of the Company, its logo or trademark for personal benefit or for the benefit of persons / entities not forming part of the IFCI Group.

### **PART – III**

7 Specific Additional Provisions for Board Members and Employees

7.1 As Board Members and Employees

Each member of the Board of Directors and Employee of the Company (to the extent relevant) should adhere to the following so as to ensure compliance with good Corporate Governance Practices:

- ❖ Attend Board and Committee Meetings regularly and participate in the deliberations and discussions effectively.
- ❖ 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.

## 7.2 As Board Members

7.2.1 Undertake to inform the Chairman / Company Secretary of the Company of any changes in their other Board positions, relationship with other business and other events/ circumstances/ conditions that may interfere with their ability to perform Board/ Board Committee duties or may impact the judgement of the Board as to whether they meet the independence requirements of Listing Agreement with the Stock Exchanges, Companies Act and Guidelines of DPE.

7.2.2 Undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company. Illustrative cases can be:

### Related Party Transaction:

Entering into any transactions or relationship with Company or its subsidiaries in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organization with which they are associated).

### Outside Directorship:

Accepting Directorship on the Board of any other Company that competes with the business of the Company.

### Consultancy/ Business/ Employment:

Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties/ responsibilities towards Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the Company.

Use of official position for personal gains:  
Should not use their official position for personal gains.

### 7.2.3 Duties of Independent Directors:

- To act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interest of the company, its employees, the shareholders, the community and for the protection of environment.
- To exercise his/her duties with due and reasonable care, skill and diligence and to exercise independent judgment.
- Not to be involved in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- Not achieve or attempt to achieve any undue gain or advantage either to himself/ herself or to his/her relatives, partners, or associates and if such director is found guilty of making any undue gain, he/she shall be liable to pay an amount equal to that gain to the company.
- Not to assign his/her office and any assignment so made shall be void.
- The Independent Directors shall—
  - (1) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
  - (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
  - (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
  - (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
  - (5) strive to attend the general meetings of the company;
  - (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they

are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

### 7.3 Compliance with the Code of Business Conduct and Ethics

#### 7.3.1 All Members of the Board and Employees of Company shall uphold and promote the principles of this code.

The future of the organization depends on both technical and ethical excellence. Not only it is important for Board Members and Employees to adhere to the principles expressed in this Code, each of them should also encourage and support adherence by others.

The Ethics and Compliance Committee comprising the Chief Executive Officer, Chief Vigilance Officer and the Compliance Officer and any other officer so nominated, will oversee the compliance of the Code.

#### 7.3.2 Treat violations of this code as inconsistent association with the organization

Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any Board Member or Employee do not follow this Code, the matter would be reviewed by the Board and its decision shall be final. The Company reserves the right to take appropriate action against the defaulter.

#### 7.4 Miscellaneous Points:

##### 7.4.1 Continual updation of Code:

This Code is subject to continuous review and updation in line with any changes in law, changes in Company's philosophy, vision, business plans or otherwise as may be deemed necessary by the Board and all such amendments/ modifications shall take effect prospectively from the date stated therein.

##### 7.4.2 Where to seek clarification:

Any Member of the Board or Employee requiring any clarification regarding this Code of Conduct may contact Director (HR)/ HR Head/ Company Secretary/ any officer specifically designated by the Board of Directors.

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## Annexure A

A person shall be deemed to be a relative of another, if he or she is related to another in the following manner:

1. Father (Father includes step-father)
2. Mother (Mother includes step-mother)
3. Son (Son includes step-son)
4. Son's wife
5. Daughter
6. Daughter's husband
7. Brother (brother includes step-brother)
8. Sister (Sister includes step-sister)
9. Spouse
10. Members of a Hindu Undivided Family

IFCI LIMITED

CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND  
EMPLOYEES

ACKNOWLEDGEMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS  
FOR BOARD MEMBERS AND EMPLOYEES

I have received and read the Code of Business Conduct and Ethics for Board Members and Employees of IFCI Limited. I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the said Code of Business Conduct and Ethics, any policies of the Company or the legal and regulatory requirements applicable to my job, I know I can consult Director/ Company Secretary/ any person appointed by the Board of the Company knowing that my questions or reports will be maintained in confidence.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Employee Number: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Place: \_\_\_\_\_

Date: \_\_\_\_\_

## Annexure C

### IFCI LIMITED

### CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND EMPLOYEES

#### AFFIRMATION

(By Board Members/ Employees of the Company on Annual basis by 30<sup>th</sup> April of every year)

I, \_\_\_\_\_(Name) \_\_\_\_\_(Designation), having read and understood the Code of Business Conduct and Ethics for Board Members and Employees, hereby solemnly affirm that I have complied with and has not violated any of the provisions of the Code during the year ended 31<sup>st</sup> March \_\_\_\_\_.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Employee Number: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Place: \_\_\_\_\_

Date: \_\_\_\_\_