



## IDFC LIMITED

### CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT PERSONNEL

#### 1. APPLICABILITY

This Code of Conduct for Board of Directors & Senior Management Personnel (hereinafter referred to as the “**Code**”) is applicable to all the members of the Board and Senior Management Personnel (“**SMP**”) of IDFC Limited (“**IDFC**” or the “**Company**”). Each Director/SMP shall be duty-bound to follow the provisions of this Code.

SMP shall include Employees above the grade of Senior Director and Key Managerial Personnel of IDFC.

This Code shall supersede the previous Code adopted in December 2005 and the Revised Code shall be effective from January 30, 2016

#### 2. CODE OF CONDUCT

This Code is formulated in line with the requirement of Regulation 17(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “**Listing Regulations**”), read with Schedule IV of the Companies Act, 2013 on Code for Independent Directors.

The objective of this Code is to maintain standards of business conduct of IDFC and ensure compliance with legal requirements.

The purpose of this Code is to adopt the standards and values which can enhance the value of the organization and set the standards for business transactions and also deter wrong doing in all business related activities.

The matters covered under this Code are of utmost importance to the Company, shareholders and business partners. Further, the Code is essential for the conduct of our business in accordance with our stated values.

This Code is critical to our business. Accordingly, Directors/SMPs are expected to read and understand this Code, uphold these standards in day to day activities and comply with all applicable laws, rules and regulations and procedures adopted by the Company.

Nothing in this Code, in any Company policies and procedures, or in other related communications (verbal or written), creates or implies an employment contract or term of employment.

Directors/SMPs should sign the acknowledgement form at the end of this code and return the form to the Compliance Officer indicating that they have received, read and understood, and agree to comply with the Code.

Each year as part of their annual review, Directors/SMPs will be asked to sign an acknowledgement indicating their continued understanding and compliance of the Code as per format given in Annexure A.

### **3. HONEST AND ETHICAL CONDUCT**

All the Directors/SMPs are expected to act in accordance with high standards of personal and professional integrity, honesty and ethical conduct while working at the Company's premises, at offsite locations where the Company's business is being conducted, at Company's sponsored business and social events, and/or at any other place where the Directors/SMPs represent the Company.

All the Directors/SMPs shall 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 interests of the Company, its Employees, the Shareholders, the Community and for the protection of Environment.

We consider honest conduct to be conduct that is free from fraud and/or deception.

We consider ethical conduct to be conduct conforming to the accepted professional standards of conduct. Ethical conduct includes ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Wherever any Director/SMP is unsure about the appropriateness of an event or action, the Director/SMP should seek assistance in interpreting the requirements of the code by contacting the Compliance Officer.

### **4. PRINCIPLES AND VALUES FOLLOWED BY COMPANY**

The Directors and SMPs shall adhere to the Principles and Values adopted by the Company. Few of them are enumerated below:

#### **A. Financial Reporting and Records**

The Company prepares and maintains its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the Country.

Internal accounting and audit procedures shall fairly and accurately reflect all the Company's business transactions and disposition of assets.

All required information shall be accessible to auditors and directors of the Company and other authorised parties and government agencies. There shall be neither any willful omissions of any transactions from the books and records, nor any entities that knowingly and willfully misstate the financial position of the Company.

Apart from inviting appropriate civil or criminal action under the relevant laws, any willful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of the Code.

#### **B. Discrimination and Harassment**

The Company is committed to providing a workplace free of discrimination and harassment based on race, color, religion, age, gender, national origin, disability, veteran status, or any other biases. It will be the endeavour of every Director and SMP of the Company to see that workplace is free from such biases.

#### **C. Safety, Health, and Environment**

The Company 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.

The Company shall be committed to prevent the wasteful use of natural resources and, wherever possible, minimise any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

#### **D. Disclosures**

The Company's policy is to provide full, fair, accurate and timely disclosure in reports and documents that Company files with, or submits to, the Stock Exchange, Securities and Exchange Board of India and/or any other government/regulatory authority and in all other public communications made by the Company. The Company's management has the general responsibility for preparing such filings and communications and shall ensure that these conform to applicable laws and regulations.

### **5. CONFLICTS OF INTEREST**

The Directors/SMPs of the Company shall avoid conflicts of interest with the Company and, in case there is or may be such a conflict, it shall be promptly disclosed. A conflict of interest exists where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

#### **A. Employment / Outside Employment:**

In consideration of employment with the Company, Directors and SMPs are expected to devote their full attention to the business interests of the Company. Hence, Directors and SMPs are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company, or it otherwise is in conflict with or prejudicial to the Company like simultaneous engagement/employment or directorship with competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position.

Each Director and SMP shall inform the Board of Directors of any change in events/circumstances/conditions that may interfere with his/her ability to perform his/her duties.

A Director/SMP of the Company shall not assign his/her office and any assignment so made shall be void.

A Director/SMP of the Company shall exercise his/her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

### **B. Outside Directorships:**

It is a conflict of interest to serve as a Director of any Company that competes directly with the Company. Directors/SMPs must first obtain approval from the Company's Board of Directors before accepting such Directorship.

Directors shall make all required disclosures to the Company as per the provisions of the applicable Companies Act including but not limited to Disclosure of Interest in other Companies.

### **C. Business Interests:**

If any Director/SMP is considering investment in the business of any customer or competitor of the Company, he or she must first take care to ensure that these investments do not compromise their responsibilities towards the Company. Before making investment in the business of the customer or competitor except in case of an Initial Public Offer (IPO), the Director/SMP shall take prior approval from the Board of Directors of the Company.

Many factors should be considered in determining whether a conflict exists, including the size and nature of investment, the Director/SMP ability to influence the Company's decisions; his/her access to confidential information of the Company or the other company and the nature of relationship between the Company and the other company.

Before making investment in any listed entity, Directors/SMP shall ensure compliance of Code of Conduct for Prohibition of Insider Trading.

### **D. Related Parties:**

As a general rule, Director/SMPs, should avoid conducting Company business with a Relative, or a business in which a Relative is associated in any significant role. For the purpose of this Code, "**Relative**" means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and the rules prescribed thereunder. The Company discourages the employment of Relatives of Directors/SMPs in position or assignment within the same department. Further, the Company discourages the employment of such individuals in positions that have a financial dependence of influence (e.g. an auditing or control relationship, or supervisory / subordinate relationship). However, the employment of Relatives of Directors/SMPs can be done

after taking prior approval from the head of Human Resource Department and the Managing Director & CEO of the Company.

**E. Payments or gifts from others:**

Under no circumstances shall any Director/SMP accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. of the Company, that is perceived and/or intended, directly or indirectly, to influence any business decision of the Company, any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud.

**F. Corporate Opportunities:**

Directors/SMPs shall not exploit for their own personal gain, opportunities that are discovered through the use of Company property, information or position, unless the opportunity is first disclosed in writing to the Company's Board of Directors and the Board approves to pursue such opportunity.

**G. Other situations:**

A Director/SMP of the Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director/SMP is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.

Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, Directors/SMPs must consult the Company's Chairman, Managing Director & CEO or the Compliance Officer.

**6. PROPER USE OF COMPANY ASSETS**

The Company's assets should be used only for the legitimate business purposes of the Company.

**7. ARTICLES OF ASSOCIATION**

Directors/SMPs are expected to act in accordance with the Articles of Association of the Company.

**8. COMPLIANCE WITH GOVERNMENTAL LAWS, RULES AND REGULATIONS**

Directors/SMPs are expected to comply, both in letter and in spirit, with all applicable government laws, rules and regulations in the cities, states and countries in which the Company operates.

## **9. WHISTLE BLOWER POLICY**

The Whistle Blower Policy of the Company (Vigil Mechanism) as available on the website of the company [www.idfc.com](http://www.idfc.com) shall be applicable to all the Directors/SMPs.

## **10. SECURITIES TRANSACTIONS AND CONFIDENTIAL INFORMATION**

The Directors and SMPs shall comply with the provisions of Code of Conduct for Prohibition of Insider Trading framed by the Company.

Directors/SMPs and their affected relatives shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company or the group, which is not in the public domain/generally available and thus constitutes insider information.

A Director/SMP shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the Company on which such insider information has been obtained.

## **11. GUIDELINES FOR INDEPENDENT DIRECTORS**

The Independent Directors shall also be required to comply with the guidelines applicable to Independent Directors as mentioned in Annexure B.

## **12. CONFIDENTIAL INFORMATION**

Directors/SMPs are required to maintain the confidentiality of all confidential information that they receive or become privy to in connection with the Company's business, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might prejudice the ability of the Company to pursue certain objectives, be of use to competitors, or harm the Company, its suppliers or its advertisers, if disclosed e.g. information about Patents, R & D, Processes, Commercial dealings etc.

Confidential information also includes any information relating to the Company's business and affairs that results in or would reasonably be expected to result in a significant change in the market value of the Company's securities, or any information a reasonable investor would consider important in making an investment decision. Directors/SMPs must not use confidential information for their own advantage or profit directly or indirectly.

## **13. VIOLATIONS OF THE CODE**

The Code is a part of Director/SMP's job and his/her ethical responsibility is to help enforce this Code.



Directors/SMPs should be alert to possible violations and report this to the Compliance Officer.

Directors/SMPs must co-operate in any internal or external investigations of possible violations.

Actual violations of law, this code, or other Company's policies or procedures, as amended from time to time should be promptly reported to the Compliance Officer.

The Company will take appropriate action against any Director/SMP whose actions are found to violate the Code or any other policy of the Company. Disciplinary actions may include immediate termination of employment at the Company's sole discretion. Where the Company has suggested a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the company will cooperate fully with the appropriate authorities.

#### **14. ENFORCEMENT OF CODE OF CONDUCT**

Directors and SMPs shall be accountable for fully complying with this Code and shall give a disclosure to the Board on the annual basis to the effect that they have complied with the provisions of the Code. Any material violation of the Code that is reported/noticed shall be placed before the Board.

The Company Secretary shall be the Compliance Officer for the purpose of this Code.

#### **15. WAIVERS AND AMENDMENTS OF THE CODE**

The Company is committed to continuously reviewing and updating its policies and procedures. Therefore, this Code is subject to modification and review at regular intervals by the Board of Directors and any amendment or waiver of any provision of this Code has to be approved by the Board of Directors and shall be promptly disclosed on the Company's website and other regulatory authorities which may be required as per applicable rules and regulations.

#### **16. CERTIFICATION OF COMPLIANCE OF CODE OF CONDUCT**

All Directors/SMP shall affirm compliance with the Code on an annual basis. The Annual Report of the Company shall contain a declaration to this effect signed by the Managing Director & CEO.

#### **17. NO RIGHTS CREATED**

This Code of Conduct is a statement of certain fundamental principles, ethics, values, policies and procedures that govern the Directors and SMPs of the Company in the conduct of the Company's business. It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity.



**Annexure A**

The Board of Directors  
IDFC Limited  
Naman Chambers,  
C – 32, G – Block,  
Bandra Kurla Complex,  
Bandra East,  
Mumbai – 400 051

Dear Sirs/Madam,

**CODE OF CONDUCT**

I .....(name) .....(designation), having read and understood the Code of Conduct for Board of Directors & Senior Management Personnel, hereby solemnly affirm that I have complied with and has not violated any of the provisions of the Code during the year ended 31st March .....

Signature.....

Name.....

Designation .....

Employee Number (if any).....

Email ID.....

Mobile No.....

Place.....

Date.....

Note: Please sign and return this form to the Compliance Officer.



**Guidelines applicable to Independent Directors**

**(Forming part of the Code of Conduct for Directors and Senior Management Personnel)**

**I. Guidelines of professional conduct:**

An independent director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his duties;
3. exercise his responsibilities in a *bona fide* manner in the interest of the Company;
4. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. refrain from any action that would lead to loss of his independence;
8. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. assist the Company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

1. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. bring an objective view in the evaluation of the performance of board and management;

3. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. safeguard the interests of all stakeholders, particularly the minority shareholders;
6. balance the conflicting interest of the stakeholders;
7. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
8. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **III. Duties:**

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.

#### **IV. Separate meetings:**

1. The independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
2. All the independent directors of the Company shall strive to be present at such meeting;
3. The meeting shall:
  - a) review the performance of non-independent directors and the Board as a whole;
  - b) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
  - c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.