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## ***Code of Conduct***

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(For Board Members & Senior  
Management Personnel)



## **Vision**

To catalyze growth of MSMEs through equity or quasi-equity investment route to become Global Champions.

## **Mission**

To create an ecosystem of investment and make growth capital available to MSMEs having positive growth trajectory, thereby supporting them to become self-reliant.

## **Values**

- Ensure transparency and equal opportunity investment ecosystem based on standardization of process.
- Promote sustainable growth and professional governance
- Value honesty and integrity

# **CHAPTER – I**

## **1.0 Introduction**

- 1.1 This Code of Conduct (hereinafter referred as “this Code”) shall be called “The Code of Conduct for Board Members and Senior Management” of “NSIC Venture Capital Fund Limited (NVCFL) (hereinafter referred to as “the Company”).
- 1.2 This code is in alignment with Company's Vision and Values to achieve the Mission and mandate of the Company. The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company.
- 1.3 This Code for Board Members and Senior Management has been framed specifically in compliance with the Guidelines of DPE and as per Companies Act, 2013.
- 1.4 **Posting of the Code on Company's website:** Pursuant to clause 3.4.1 of DPE Guidelines, this Code and any amendments thereto shall be circulated to all Board Members and Senior Management Personnel and also posted on the website of the Company.
- 1.5 It shall come into effect from the date of approval from the Board.

## **2.0 Definitions and Interpretations**

- 2.1 The term “ Board Members” shall mean Directors on the Board of Directors of the Company.
- 2.2 The term “Whole-time Directors” or “Chief Executive Director” 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 Board of Directors of the Company who are not in whole-time employment of the NVCFL.

- 2.4 The term "Relative" shall have the same meaning as defined in section 2(77) of the Companies Act, 2013. (Refer **Annexure – "I"**).
- 2.5 The term "Senior Management Personnel" shall mean personnel of the Company who are members of its core management team excluding Board of Directors.
- 2.6 The term "the Company" shall mean 'NSIC Venture Capital Fund Limited' (NVCFL).

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

### **3.0 Applicability**

- 3.1 This code shall be applicable to the following personnel:
- a) All whole time Directors including Chief Executive Officer of the Company;
  - b) All Part-time Directors;
  - c) Senior Management Personnel.
- 3.1 All Directors and Senior Management personnel (on joining) shall sign the acknowledgment form enclosed at **Annexure - "II"** and return the form to the Company Secretary indicating that they have received, read and understood the provisions of the Code and agree to comply with the same.
- 3.2 All Directors and Senior Management personnel shall be required to affirm compliance with this Code on an annual basis also. They shall submit an Annual Compliance Report within 30 days of close of every financial year to the Company Secretary, in the form enclosed at **Annexure - "III"**.

## **CHAPTER - II**

- 4.0** Part - I - General Moral Imperatives  
Part - II - Specific Professional Responsibilities  
Part - III - Specific Additional Provisions

The 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 Conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

### **Part - I - General Moral Imperatives**

#### **5.0 Contribute to Society & Human well-being**

- 5.1 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. All must attempt to ensure that the services 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 well-being includes a safe natural environment.
- 5.2 Therefore, all Board Members and Senior Management Personnel who are accountable for the promotion of Company's services must be alert to, and make others aware of, both a legal and moral responsibility for the safety and protection of human life and environment.

#### **6.0 Be honest and trustworthy and Practice Integrity**

- 6.1 Integrity and Honesty are essential components of trust. Without trust an organization cannot function effectively.
- 6.2 All Board Members and Senior Management personnel are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct, while conducting Company's business.

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

The value of equality, tolerance, respect for others, and the principles of equal justice govern this imperative. Discrimination, on the basis of race, gender, religion, age, disability, national origins or other such factor, is an explicit violation of this Code.

## **8.0 Honour confidentially**

- 8.1 The principle of honesty extends to issues of confidentiality of information. The ethical concern is to respect all obligation of confidentiality of all stakeholders unless discharged from such obligation by requirements of the law or other principles of this Code.
- 8.2 All Board Members and Senior Management personnel, therefore, shall maintain the confidentiality of all confidential unpublished information about Company's business and affairs.

## **9.0 Pledge & Practice**

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

## **Part - II - Specific Professional Responsibilities**

### **10.0 Live the Company's Vision, Mission and Values**

Live the Vision, Mission and Values of NSIC Venture Capital Fund Limited each day.

### **11.0 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.

### **12.0 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.

### **13.0 Compliance with Laws**

The Company's Board Members and Senior Management personnel shall comply with all the applicable provisions of existing local, state, national, and international laws. They should also follow & obey the policies, procedures, rules and regulations relating to business of the Company.

### **14.0 Accept and provide appropriate professional review**

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

### **15.0 Manage personnel and resources to enhance the quality of working life**

Organizational leaders are responsible for ensuring that conducive environment is created for fellow employees to enable them delivering their best. The Board Members and Senior Management Personnel 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.

## **16.0 Be upright and avoid any inducements**

The Board Members and Senior Management personnel 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 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.

## **17.0 Observe Corporate Discipline**

The Company's flow of communication 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 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 a guide to action, in other they are designed to put a constraint on action. All must learn to recognize the difference and appreciate why they need to observe them.

## **18.0 Conduct in manner that reflects credit to the Company**

All are expected to conduct themselves, both on and off duty, in 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 the public at large.

## **19.0 Be accountable to Company's stakeholders**

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



## **20.0 Prevention of Insider Trading**

The Board members and Senior Management shall comply with the code of Internal Procedures and conduct for prevention of Insider Trading in dealing with the Securities of the Company (if any).

## **21.0 Identify, mitigate and manage business risks**

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

## **22.0 Protect properties of the Company**

The Board Members and Senior Management personnel shall protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gains.

## Part - III - Specific Additional Provisions

**23.0 As Board Members and Senior Management:** All shall undertake to actively participate in the meetings of the Board and Committees on which they serve.

### **24.0 As Board Members**

24.1 Undertake to inform the Chief Executive Officer / 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 duties or may impact the judgment of the Board as to whether they meet the independence requirement as per the applicable Act and the Guidelines of DPE.

24.2 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 at large. Illustrative cases can be:

- **Related Party transactions:** Entering into any transactions or relationship with company or its associates in which they have a financial or other personal interest (either directly or indirectly such as through a family member 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 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.

## **25.0 Duties of Directors as per Companies Act, 2013**

The Director(s) of the Company:

- shall act in accordance with the articles of the company, subject to the provisions of the Companies Act, 2013 as amended from time to time;
- 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;
- shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment;
- shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest 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 is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company;
- shall not assign his office and any assignment so made shall be void;

## **26.0 Specific Duties of Independent Directors**

The independent directors shall: -

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 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;

- strive to attend all meetings of the Board of Directors and of the Board committees (if any) of which he is a member;
- participate constructively and actively in the committees of the Board (if any) in which they are Chairpersons or Members;
- strive to attend the general meetings of the Company;
- 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;
- keep themselves well informed about the Company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board (if any);
- 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;
- 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;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 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.

## **27.0 Compliance with the Code of Conduct**

27.1 All members of Board / Senior Management 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/ Senior Management Personnel to adhere to the principles expressed in this Code, each of them should encourage and support adherence by others.

27.2 Treat Violation of this code as inconsistent association with organization. Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any of Board Members and Senior Management Personnel does not follow this code, the matter would be reviewed by the Board and its decision shall be final. The Company reserves the right to initiate appropriate action against the defaulter.

## **28.0 Miscellaneous**

### **28.1 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 / modification shall take effect the date stated therein.

## **29.0 Where to seek Clarification**

Any member of Board or Senior Management personnel requiring any clarification regarding this Code of Conduct may contact Company Secretary or any other officer specifically designated by the Board of Directors.

**NSIC Venture Capital Fund Limited**

**Code of Conduct for Board Members and Senior Management  
Personnel Extract of Section 2(77) of the Companies Act, 2013**

**Meaning of "relative"**

Relative, with reference to any person, means anyone who is related to another, if –

- (a) They are members of a Hindu Undivided Family (HUF); or
- (b) They are husband and wife; or
- (c) One person is related to the other in such manner as defined in rule 4 of Companies (specification of definition details) rules, 2014

**Rule 4 List of Relatives**

- (1) Father (including step-father)
- (2) Mother (including step-mother)
- (3) Son (including step-son)
- (4) Son's wife
- (5) Daughter
- (6) Daughter's husband
- (7) Brother (including step-brother)
- (8) Sister (including step-sister)



## Annexure "II"

### **Acknowledgement of Receipt of Code of Conduct for Board Members and Senior Management Personnel (At the time of joining)**

I have received and read the Company's Code of Conduct for Board Members and Senior Management Personnel. I understand the standards and policies contained in the Company Code of Conduct and understand that there may be additional policies or laws specific to my job. I further agree to comply with the Company's Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the Company's Code of Conduct, any Company's policies, or the legal and regulatory requirements applicable to my job, I know I can consult Director or Company Secretary of the Company knowing that my questions or reports will be maintained in confidence.

Signature: .....

Name: .....

Designation: .....

Date: .....

Employee ID: .....

Place: .....



## Annexure "III"

**(By Board Members / Senior Management of the Company on Annual basis by 30<sup>th</sup> April each year)**

### Affirmation

I, \_\_\_\_\_ (name), \_\_\_\_\_  
(Designation), having read and understood the Code of Conduct for Board Members and Senior Management Personnel ('Code'), do 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: .....

Date: .....

Employee ID: .....

Place: .....



