



## **Code of Conduct for Senior Management Personnel of the Company**

**2019-20**

**Board Secretariat & Taxation Department**

**Registered Office  
#29/1, Sir M N Krishna Rao Road  
Basavanagudi  
Bengaluru – 560 004**

## **CODE OF CONDUCT FOR SENIOR MANAGEMENT PERSONNEL OF CAN FIN HOMES LTD.**

### **1. The Purpose of a code of conduct**

A code is a comprehensive collection of laws, instructions or precepts on a given subject area and a code of conduct is a comprehensive statement of the guiding principles of conduct by which a Company expects its Senior Management personnel to behave when carrying out their work. Such a code states the values for which the Company stands and by which it professes to do its business. A code of conduct states publicly to customers, shareholders, competitors and all those who come into contact with the Company what standards of dealing they can expect from the Company.

The regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 mandates for framing a code of conduct for the Senior Management of the listed Company.

### **2. Its value**

If a Senior Management personnel is to be held to account for his/her conduct, it is elementary fairness that he/she should have been told what was expected of him/her and that he/she should know in what way his/her conduct has fallen short of those expectations. A clear, concise and accessible written statement of the standards or a benchmark by which he/she is expected to behave in his/her working environment is a basic requirement.

For this purpose, the term "Senior Management" shall mean and include Personnel of the Company in the Cadre of Chief Managers and above, who are members of its core management team excluding Board of Directors and including all the Functional Heads.

### **3. Its content**

A code of conduct usually contains general statements of principle grouped into areas covering diligence, efficiency and thrift; confidentiality and the handling of secret information; personal responsibility and independent judgement; fair dealing and integrity and professional training. The code can also be broadly divided into provisions dealing with personal integrity and those dealing with managerial responsibilities for upholding the integrity of the Company, such as:

- (a) Devising and putting in place appropriate systems of operation;
- (b) Ensuring that subordinates are informed and aware of their duties;
- (c) Applying systems of supervision and accountability;
- (d) Applying proper selection procedures; and
- (e) Enforcing the code of conduct and maintaining Company discipline.

A Company code of conduct should reflect and reinforce the basic standards set in the criminal legislation dealing with dishonesty and corruption, legislation that in turn provides the foundation of the code. Any consequence of breach of certain provisions of the code will amount to an offence. It is equally a function of a code of conduct to guide the Senior Management from situations in which their integrity can be compromised or the good standing of the Company damaged.

Pre-eminently a code should essentially state the guiding principles and at the same time, provide advice sufficiently specific to be of use in any given situation.

A code should, of course, require compliance with the law. The duty to act lawfully means that the Senior Management personnel must not do anything prohibited by the law.

A code of conduct of the Company should state that honesty; integrity and fair dealing are its important assets in business. Consequently, all Senior Management personnel must ensure that the Company's reputation is not damaged by dishonesty, disloyalty or corruption.

The code of conduct for Senior Management personnel will usually go on to deal with:

- (i) the personal conduct of Senior Management personnel;
- (ii) relations with suppliers and contractors;
- (iii) relations with customers and consumers;
- (iv) responsibilities to shareholders and the financial community;
- (v) employment practices; and
- (vi) responsibilities to the community.

#### **4. Its promulgation and observance**

Not only every Senior Management personnel should receive his or her own copy but also everyone must understand the importance of compliance and the consequences of not complying. But above all, it is the responsibility of management to ensure that the practices of the Company are consistent with the code, that there is no contradiction between the standards and targets they are expected to meet. It must also be the responsibility of every one of us to make sure that we are constantly aware of the standards set by the code and in practice and discharge duties in conformity with them.

#### **5. Its enforcement**

When a Company has stated in a code of conduct what it stands for and how it wants its Senior Management to behave and when Senior Management personnel apply the code's guidance in their daily work, what must follow is enforcement of the rules. A code honoured more in the breach than the observance could hardly be expected to have any positive effect on the way the Company, does its business.

#### **6. Its periodic review**

A code of conduct needs to be kept up to date. It should be reviewed at regular intervals to ensure that it reflects changes in applicable laws and give appropriate emphasis to current issues of concern.

### **7. The Code of Conduct**

#### **A. Introduction by the Managing Director:**

- (a) Our reputation for honest dealing
- (b) The value of our reputation
- (c) Upholding our reputation paramount
- (d) Code sets out the standards of behaviour that have earned our reputation
- (e) These are the standards which all of us are expected to uphold in conducting the Company's business. They go beyond the requirements of the law.
- (f) We are all to observe this code.

#### **B. Core Standards**

##### **(a) Personal Conduct**

1. The Senior Management personnel must observe the laws of India in everything we do in particular, comply with all applicable laws, regulations, rules and regulatory orders.
2. The Senior Management personnel should not adopt any unfair means/un-ethical practices in discharging their duties. They must function in a manner most conducive to the interests of the Company and to the welfare of the Nation as a whole.
3. The dealings of Senior Management personnel with all who have contact with him/her must be straight, fair, honest, courteous and efficient. He/she should act with that amount of care and prudence, which an ordinary person is expected to take in his own business.

4. The Senior Management personnel must never offer any gift or favour anyone in order to influence that person in the way he does his job.
5. Senior Management personnel, as the people of the Company, must not ask for any gift or favour from anyone if that gift or favour has an influence the way they do their jobs. While moderate business entertaining is acceptable, they must guard against hospitality that appears to be aimed at influencing us in the way they do their jobs, whenever possible hospitality should be reciprocated.
6. In the course of business, Senior Management personnel generates, receives and stores information that is valuable to outsiders. He/she must not disclose such information without permission. He/she has a responsibility to ensure such information under his/her control or to which he/she has access is properly safeguarded.
7. The Senior Management personnel must not allow his/her personal interests to conflict with his/her official duties in the Company. In case he/she has a personal interest that may influence, or appear to influence, the way he/she does his/her job, he/she must declare such interest to the Company as soon as possible after the relevant circumstances and no such interested personnel shall vote on any such contract, loan or proposal. He/she must make sure that his/her dealings with customers, suppliers, contractors and colleagues do not place him/her in a position of obligation that may lead to a conflict of interest.
8. As a general rule, the Senior Management personnel should avoid conducting Company's business with a relative, or with a business in which a relative is associated in any significant role. The term 'relative' in terms of Companies Act, 2013, include spouse, Father (including step-father), mother (including step-mother), son (including step-son), son's wife, daughter, daughter's husband, brother (including step-brother) and sister (including step-sister). If any transactions falling under the definition of related party transactions as per the provisions of Companies Act, 2013, related rules, SEBI regulations and as detailed in the Related Party Transaction Policy of the Company is unavoidable, the Senior Management Personnel must fully disclose the nature of the related party transaction and enter into such transactions only after obtaining prior approval of the competent authority. Any such dealings with a related party must be conducted in such a way that no preferential treatment is given to that business.
9. The Senior Management personnel shall serve the Company honestly and faithfully and shall use utmost endeavors to promote the interests of the Company and shall show courtesy and attention in all transactions and interactions with the Officers of Government and Company's constituents.
10. The Senior Management personnel shall not contribute to the press, without the prior sanction of the competent authority or without such sanction, make public or publish or cause to be published or pass on to others any document, paper or information which may come into our possession in our official capacity.
11. No Senior Management personnel shall accept, solicit or seek any outside activity, employment or office, whether stipendiary or honorary without the previous sanction of the competent authority, he/she shall also inform the Company if any member of his/her family is engaged in a trade or business or owns or manages an insurance agency or commission agency and no such personnel shall act as an agent of, or canvass business in favour of an insurance Company or corporation in his individual capacity.
12. Every Senior Management personnel shall maintain the strict secrecy regarding the Company's affairs of its constituents and shall not divulge, directly or indirectly any information of a confidential nature either to a member of the public or to the Company's

staff unless compelled to do so by judicial or other authority or unless instructed to do so by a Superior Officer in the discharge of his duties.

13. The Senior Management personnel shall not absent himself from his duties without having obtained prior permission of the competent authority, nor shall absent himself in case of sickness or accident without submitting a proper medical certificate. If he/she absents himself from duty without leave or overstays his leave, except under circumstances beyond his control, shall not be entitled to draw any pay and allowances for the period of such absence and further be liable to such disciplinary measure as the competent authority may impose.
14. The Senior Management personnel, must not absent himself/herself from his/her station overnight, without prior intimation to the Registered Office, barring certain emergent/ exceptional circumstances which may be subsequently got ratified.
15. The Senior Management personnel shall not borrow money from, or in any way place himself under a pecuniary obligation to a broker or an Officer or employee of the Company subordinate to him or any firm or persons having dealings with the Company. He/she shall not make or permit any member of his family to make any investment likely to embarrass or influence him/her in the discharge of his/her official duties.
16. The Senior Management personnel of the Company on his first appointment shall submit a return of his assets and liabilities giving full particulars regarding immovable property, shares, debentures and cash, other movable properties, debts and other liabilities. He/she shall submit such returns every year on a date to be specified by the Company.

No such personnel shall, except with the previous knowledge of the competent authority acquire or dispose of any immovable property, sale, gift or otherwise either in his name or in the name of any member of his family. The Company may any time, by general or special order, require such personnel to furnish a full and complete statement of such movable/immovable property held or acquired by him or on his behalf or by any member of his family.

17. The Senior Management personnel who is arrested for debt or on a criminal charge or is detained in pursuance of any process of law, may, if so directed by the competent authority, be treated as being or having been under suspension, from the date of his arrest or as the case may be, of his detention, up to such date or during such period, as the competent authority may direct. He/she shall be liable to dismissal or to any of the other penalties, if he is committed to prison for debt or is convicted of an offence which in the opinion of the competent authority, either involves moral turpitude, or has a bearing on any of the affairs of the Company; or on the discharge by the Officer or employee of his duties in the Company; the opinion in this respect of the competent authority shall be conclusive and binding on the employee.
18. The Senior Management Personnel of the Company shall strictly follow the Code of conduct approved by the Board of Directors, from time to time, for prevention of Insider Trading including restrictions on communication and trading by insiders, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, minimum standards to regulate, monitor and report trading by insiders.
19. The Senior Managerial personnel, while carrying out their duties, shall ensure that it is executed in terms of the authorizations granted and within the limits prescribed under the relevant policies, codes, guidelines, resolutions and other directives issued by the competent authority, from time to time.
20. The Senior Management Personnel shall submit their periodic disclosures/ declarations/ certificates etc., as prescribed under various laws and internal policies of the Company in

the prescribed forms and within the prescribed time.

21. Apart from certain exceptional circumstances or unless permitted, the Company's services and facilities are not to be used for private purposes.
22. All constructive ideas for the better management of the Company and for making valuable contribution would be welcome.

Let us function as a team and contribute our efforts to achieve the goals of the organisation.

#### **(b) Competitors**

It is the Company's policy to lawfully compete in the market place. This commitment to fairness includes respecting the rights of our competitors and abiding by all applicable laws in the course of competing. The purpose of the policy is to maintain the Company's reputation as a lawful competitor and to help ensure the integrity of the competitive market place. The Company expects its competitors to respect our rights to compete lawfully in the marketplace, and we must respect their rights equally.

#### **(c) Responsibilities to shareholders and the financial community**

The Senior Management Personnel shall believe in fair and open competition. They shall treat the competitors of the Company honorably and shall aim to develop and maintain long-term relationships with customers based on mutual trust.

The Senior Management Personnel shall acknowledge that the shareholders and potential shareholders are entitled to know all information that is necessary to evaluate how their investments are or would be managed. The Senior Management Personnel shall make available true and accurate information on the management of the Company, its financial position and its general plans to all who have a legitimate interest in the Company. It is the policy of the Company to maintain complete and accurate records and accounts and to present them in accordance with all applicable laws and professional accounting standards. Any false, artificial or misleading statement or entry in any of the Company's books, accounts, records, documents or financial statements will not be tolerated.

The Senior Management Personnel should continue to maintain the highest standards of Corporate Governance. They should follow the Code of Conduct relating to the laws like SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI (LO&DR) Regulations 2015, etc. and amendments thereto from time to time.

None of the Senior Management Personnel must ever make use or divulge any of the insider Information, namely, information that has not been made public, for personal advantage, relating to or to the affairs of the Company, except in circumstances in which it is, in accordance with law or practices and usages customary among related companies, necessary or appropriate for the Company to divulge such information.

The Managing Director/General Manager and the Senior Management Personnel shall exercise such powers and discharge such duties as are required by applicable Laws, Rules and Regulations and as may be delegated by the Board from time to time.

#### **(d) Employment practices of the Company**

The health, safety and welfare of the employees are a prime concern of the Company. It is the responsibility of all of us to comply with all health, safety and welfare measures as are applicable and to provide a good and working conditions.

The Company aims to achieve equality of opportunity and treatment for all its employees in recruitment, training, career-path, promotion, transfer, benefits and discipline. All the employees are treated as individuals according to their ability to meet job requirements.

The dignity and individuality of every employee will be respected. The privacy and confidentiality of all the employees' records will be safeguarded.

The Senior Management Personnel who believes he or she is being required to act in a way that is inconsistent with the standards in this code or who believes others are breaching the code should report the matter to the Audit Committee under the Whistle Blower Policy. The Company undertakes to ensure, to the best of its capacity, that no prejudice whatsoever results to an employee who makes such a report on reasonable grounds or in good faith.

**(e) Responsibility to the community**

Participation by Senior Management Personnel in community activities and civic affairs are encouraged.

The Company supports charitable organizations and encourages its Senior Management Personnel to do likewise.

**C. Other Standards**

**(a) Personal conduct**

We must always be aware that our conduct when we are off duty can reflect on the Company's reputation. Our social life is usually not entirely separate from our working life.

Personal conduct, whether on or off duty, that adversely affects work performance is not acceptable.

**(b) Relations with customers and consumers**

We aim to provide an efficient and courteous service to our customers.

We aim to keep our customers truthfully informed about the Company's capabilities without misrepresentation, exaggeration or overstatement.

We aim to provide our customers with services that meet high standards of quality and reliability.

**(c) Employment practices - Information Flow**

The Senior Management Personnel are kept informed of all the Company matters affecting them, including the Company's goals, an atmosphere of mutual trust and respect between the Company and its Senior Management Personnel are always open.

**D. Compliance and enforcement**

It is the personal responsibility of the Senior Management Personnel to understand and comply with this Code of Conduct. All the Senior Management Personnel shall affirm compliance with this Code of Conduct on an annual basis, by sending their compliance report in the prescribed format, to the Human Resources Department at the Registered Office, Bangalore, within April 15, every year.

The Appropriate Competent Authority prescribed under the Can Fin Homes Staff Service Regulations will promptly deal with any breach of the code.

Channels of complaint are open to shareholders and potential shareholders, customers and suppliers, contractors and Senior Management Personnel of the Company. All complaints will be considered impartially and efficiently.

**E. Updation based on amendments to applicable laws**

The provisions under this Code shall stand modified as and when any amendments /insertions are made by the statutory, regulatory and such other authorities from time to time.

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