

**NATIONAL SMALL INDUSTRIES CORPORATION LIMITED*****CODE OF BUSINESS CONDUCT AND ETHICS***

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**NATIONAL SMALL INDUSTRIES CORPORATION LIMITED**

**CODE OF BUSINESS CONDUCT AND ETHICS**

**CHAIRMAN'S MESSAGE**

As NSIC continues to tread its path to serve the Small and Micro Enterprises, while adopting its new roles, we all aspire to make NSIC a great company. Our success depends on people who are committed to growing our business responsibly, people who dedicate themselves to really satisfying customers with whom we do business, people who are accountable for achieving big, bold goals with unwavering integrity.

As we are engaged in serving the largest segment of Indian Industry i.e. the micro & small enterprises, every action of the company and its employees is the focus of public attention. The need of the hour is for all voices in the company to unanimously extol the values of decency, honesty and transparency. It's not enough to just do the right things; we have to do them in the right way. Very simply it means that we deliver what we commit with honesty and fairness in action in whatever we do.

To this end, we have adopted a **Code of Business Conduct and Ethics** to guide our transactions with our colleagues, communities, customers, governments, investors and society. The **Code of Business Conduct and Ethics** is an extension of NSIC's values and reflect our continued commitment to ethical business practices and regulatory compliance. These would provide information, education, and resources to foster, manage, and reward a culture of accountability and integrity.

A value system is the protocol for behavior that enhances the trust, confidence, commitment, energy and enthusiasm of the members of the community. Our value system will always act as a guiding light in times of darkness, confusion and self-doubt, and when faced with moral dilemma. Values encapsulated in the code of business conduct and ethics would guide us through difficult situations, controversies and moral dilemmas by defining parameters for right and wrong actions. They are the touchstone of our morality and our way of life.

As NSIC employees we have a responsibility to read, understand, enforce and adhere to this Code and also ensure that others who work for us do the same. All of us have the maturity and integrity to take a call when faced with major choices and dilemmas. Even under the most extenuating external pressures, a commitment to values and ethics should always be our guiding principle, above profit and need for growth. Working together, we can continuously enhance our culture in ways that enable us to achieve our mission of enabling people and businesses to realize their full potential.

By following the guidance provided in this publication, we are acknowledging our individual and collective responsibilities to manage our business activities with integrity as we pursue our mission of enabling people and businesses to realize their full potential.

**H. P. Kumar**  
Chairman cum Managing Director

## **I. HOW TO USE THE CODE OF BUSINESS CONDUCT AND ETHICS**

NSIC's Code of Business Conduct and Ethics summarizes the business practices that guide our decision making and business activities. It contains basic information about how to obtain guidance regarding a particular business practice or compliance concern. It is essential that you thoroughly review this document and make a commitment to uphold its requirements.

The Code of Business Conduct and Ethics are not intended to cover every issue or situation you may face as a NSIC employee. Nor does it replace other more detailed policies. It is your responsibility to be fully aware of Code of Business Conduct and Ethics and follow them.

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this Code of Business Conduct and Ethics is subject to modification. The Company may update the code from time to time.

Please sign the acknowledgment form at the end of this Code of Business Conduct and Ethics and return the form to the Human Resources Department indicating that you have received, read, understood and agree to comply with the Code of Business Conduct and Ethics. The signed acknowledgment form will be located in your personnel file. Each year as part of your annual review you will be asked to sign an acknowledgment indicating your continued understanding of the Code of Business Conduct and Ethics.

## **II. COMPLIANCE WITH THE CODE OF BUSINESS CONDUCT AND ETHICS**

NSIC's Code of Business Conduct and Ethics are a general guide to the company's standards of business practices. Its requirements apply to all functional directors, officers and employees. All references to "employees" include functional directors, officers and employees of NSIC.

Failure to read and/or acknowledge the Code of Business Conduct and Ethics does not exempt an employee from his/her responsibility to comply with the Code of Business Conduct and Ethics, applicable laws, regulations, and NSIC policies that are related to his/her job.

## **III. YOUR RESPONSIBILITIES TO THE COMPANY**

Part of your job and ethical responsibility is to help enforce this Code of Business Conduct and Ethics. Violations of law, this Code of Business Conduct and Ethics or other Company policies or procedures by Company employees can lead to disciplinary action. You should be alert to possible violations and report

possible violations to the Human Resources Department. You must cooperate in any internal or external investigations of possible violations.

#### **IV. OUR COMMITMENT: INTEGRITY IN ALL OUR INTERACTIONS**

Each day we interact with a variety of individuals and groups—including our customers, competitors, co-workers, vendors, government and regulatory agencies, and the communities in which we operate. We are committed to interacting with all of these audiences in a respectful, ethical manner and in compliance with applicable laws and regulatory requirements. We should not conduct them in such manner that it is perceived as industrial espionage or commercial bribery.

#### **V. APPLICABLE LAWS**

NSIC employees must comply with all applicable laws, regulations, rules and regulatory orders. Each employee must acquire appropriate knowledge of the requirements relating to his or her duties sufficient to enable him or her to recognize potential dangers and to know when to seek advice on specific Company policies and procedures. Violations of laws, regulations, rules and orders may subject the employee to individual criminal or civil liability, as well as to discipline by the Company. Such individual violations may also subject the Company to civil or criminal liability or the loss of business.

#### **VI. GOVERNMENT RELATIONS**

It is NSIC's policy to comply fully with all applicable laws and regulations that apply to contact and dealings with government employees and public officials and to adhere to high ethical, moral and legal standards of business conduct. It is also necessary to strictly adhere to all terms and conditions of all central, local, state, federal, foreign or other applicable governments' laws, rules and regulations.

#### **VII. NSIC'S EQUAL EMPLOYMENT OPPORTUNITY POLICY, AND POLICY PROHIBITING DISCRIMINATION AND HARASSMENT**

NSIC's greatest asset is its employees. NSIC is committed to attracting, retaining and developing the highest quality and most dedicated work force possible in today's market. NSIC endeavors to offer equality of opportunity to all employees and not to engage in or support discrimination based on ethnic

and national origin, race, caste, religion, disability, sex or political orientation. NSIC's policy prohibits sexual harassment and harassment based on pregnancy, childbirth or related medical conditions, race, religious creed, color, national origin or ancestry, physical or mental disability, medical condition, marital status, age, sexual orientation, or any other basis protected by federal, state, or local law or ordinance or regulation.

Further, NSIC is committed to maintaining a workplace where each employee's privacy and personal dignity are respected and protected from offensive or threatening behavior including violence. NSIC is also committed to have a workplace that is free from illegal use of drugs and alcohol. Any employee with questions or concerns about any type of discrimination in the workplace is encouraged to bring the issue to the attention of his / her immediate supervisor or the head of the concerned business unit. In addition, if you believe you have been sexually harassed, you can submit a complaint to the Grievance Redressal Body of the Company.

#### VIII. CONFLICTS OF INTEREST

NSIC employees are expected to act in NSIC's best interests and to exercise sound judgment unclouded by personal interests or divided loyalties. Both in the performance of our duties for NSIC and our outside activities, we seek to avoid the appearance of, as well as an actual, conflict of interest.

All employees must avoid situations involving actual or potential conflict of interest. Personal or romantic involvement with a competitor, supplier, or subordinate employee of the company, which impairs an employee's ability to exercise good judgment on behalf of the Company, creates an actual or potential conflict of interest. Supervisor-subordinate romantic or personal relationships also can lead to supervisory problems, possible claims of sexual harassment, and morale problems.

If in doubt about a potential conflict, speak with your immediate supervisor, manager, another member of management. If an actual or potential conflict is determined, the Company may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

What constitutes conflict of interest? A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Examples include:

i) **Employment/ Outside Employment.**

In consideration of your employment with the Company, you are expected to devote your full attention to the business interests of the Company.

You are prohibited from engaging in any activity that interferes with your performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. Our policies prohibit any employee from accepting simultaneous employment with a Company supplier, customer, developer or competitor, or from taking part in any activity that is against the interests of the company. Additionally, you must disclose to the Company any interest that you have that may conflict with the business of the Company. If you have any questions on this requirement, you should contact your supervisor or the Human Resources Department.

**ii) Business Interests.**

If you are considering investing in a Company, customer, supplier, developer or others, you must first take great care to ensure that these investments do not compromise your responsibilities to the Company. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; your ability to influence the Company's decisions; your access to confidential information of the Company or of the other company; and the nature of the relationship between the Company and the other company.

**iii) Related Parties.**

As a general rule, you should avoid conducting Company business with a relative, or with a business in which a relative is associated in any significant role. Relatives include spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws.

If such a related party transaction is unavoidable, you must fully disclose the nature of the related party transaction to the Company Secretary. If determined to be material to the Company by the Company Secretary, the Company's Audit Committee must review and approve in writing in advance such related party transactions. The most significant related party transactions, particularly those involving the Company's directors or executive officers, must be reviewed and approved in writing in advance by the Company's Board of Directors. The Company must report all such material related party transactions under applicable accounting rules, Indian Companies Act. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to this business.

The Company discourages the employment of relatives in positions or assignments within the same department and prohibits the employment of such individuals in positions that have a financial or other dependence

or influence (e.g., an auditing or control relationship, or a supervisor/subordinate relationship). The purpose of this policy is to prevent the organizational impairment and conflicts that are a likely outcome of the employment of relatives or significant others, especially in a supervisor/subordinate relationship. If a question arises about whether a relationship is covered by this policy, the Human Resources Department is responsible for determining whether an applicant's or transferee's acknowledged relationship is covered by this policy and the decision. The Human Resources Department shall advise all affected applicants and transferees of this policy. Willful withholding of information regarding a prohibited relationship/reporting arrangement will attract disciplinary action. If a prohibited relationship exists or develops between two employees, the employee in the senior position must bring this to the attention of his/her supervisor. The Company retains the prerogative to separate the individuals at the earliest possible time.

iv) **Other Situations.**

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 in your mind you should consult the Legal Department or Human Resources Department.

## **IX. CORPORATE OPPORTUNITIES**

Employees, officers and directors may not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board of Directors declines to pursue such opportunity.

## **X. PROTECTING THE COMPANY'S CONFIDENTIAL INFORMATION**

NSIC's confidential information is a valuable asset. It includes source codes; names and lists of customers; and employees; and financial information. This information is the property of the Company and has to be protected. All confidential information must be used for Company business purposes only. Every employee must safeguard it. This responsibility includes not disclosing the Company confidential information such as information regarding the Company's services or business over the internet. You are also responsible for properly labeling any and all documentation shared even with or correspondence sent to the Company's outside counsel as "Attorney-Client Privileged".

