

"HUDCO'S CODE OF CONDUCT AND ETHICS"

INTRODUCTION

This Code of Conduct shall be called "HUDCO'S CODE OF CONDUCT AND ETHICS".

The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company.

The Company currently has Conduct, Discipline and Appeal Rules ("CDA Rules"). This code of conduct has been framed specifically in compliance with the provisions of the clause 49 of the listing agreement entered into by the companies with the stock exchanges. This code is to be read in conjunction with the CDA rules.

Nothing contained in this Code shall invalidate, render ineffective or supersede the provisions of the CDA Rules. In case, any provision of this Code is contrary to the provisions of the CDA Rules, the same shall be referred to the Chairman and Managing Director for decision. Similarly, nothing herein contained shall invalidate or supersede other applicable policies, rules and procedures of the Company.

It shall come into force with effect from the date of approval by the Board

PHILOSOPHY

The Company shall be committed to the adoption of such corporate governance practices, which ensure accountability of the management on the one hand and maximization of national interest on the other hand. The Company shall conduct its business affairs in accordance with the economic development, objectives and priorities of the Government.

We would progressively strive to lay down adequate control system and governance structures for protecting and furthering the objectives for which, we have been incorporated by the Government. It is also our belief that in order to serve the nation in perpetuity we must build HUDCO into an institution whose dynamism and vitality are anchored in its core values.

DEFINITION & INTERPRETATIONS

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

"Board Members" shall mean the Directors on the Board of Directors of the Company.

"Company" shall mean the Housing and Urban Development Corporation Limited.

"Relative" shall have the same meaning assigned to the term in Sections 2(41) and 6 of the Companies Act, 1956, read with Schedule IA of the Companies Act, 1956.

"Senior Management Personnel" shall mean personnel of the company who are members of its core management team. Normally this would comprise all the Senior Executive Directors, all the Executive Directors, all the Regional Heads and Functional Heads.

"Employees" shall mean persons who are in the whole-time employment of the Company, including Senior Management Personnel.

In this Code, words importing masculine shall include feminine and words importing singular shall include plural or vice versa

APPLICABILITY

This Code shall be applicable to the following persons:

Board Members, Senior Management Personnel and Employees.

DISCLOSURE BY THE DIRECTORS

Board Members shall make appropriate and timely disclosures as required under the provisions of Companies Act, 1956, Listing Agreement, Insider Trading Code of the Company and all other applicable laws, rules and regulations, as applicable from time to time.

OTHER DIRECTORSHIPS

It is a conflict of interest to serve as a Director of any other company that competes directly with the Company. Directors/ officers must first obtain approval from the Company's Board of Directors before accepting such Directorship. Further each Director/ officer shall inform the Board of any such changes in their Board positions, relationship with other businesses and charitable organizations. This clause is not applicable to Ex-officio Government Nominee Directors.

DECLARATION BY THE BOARD AND SENIOR MANAGEMENT PERSONNEL

All Board Members, Senior Management Personnel and Employees shall affirm compliance with the Code of Conduct on annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the Chief Executive, in terms of DPE guidelines.

HONESTY AND INTEGRITY

All Board Members, Senior Management Personnel and Employees shall conduct their activities on behalf of the Company and on their personal behalf, with honesty, integrity and fairness. All Board Members, Senior Management Personnel and Employees will act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated and in the best interest of the Company and fulfill the fiduciary obligations.

FINANCIAL REPORTING AND RECORDS

The Company shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards, which represents generally accepted guidelines, principals, standards, laws and regulations of the country in which a Company conduct its affairs.

Internal Accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to Company's auditors and other authorized parties and government agencies. There shall be no willful omissions of the Company transactions from the books and records, no advance income recognition, and no hidden bank account and funds.

Any willful material mis-representation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of this code, apart from inviting appropriate civil or criminal action under the relevant laws.

COMPANY SPOKESPERSON

All inquiries or calls from the press, media and financial analysts should be referred to the CMD or DF or any person so authorized by CMD or DF. CMD or DF or authorized person will be the only person who may communicate with the press on behalf of the company.

COMPETITION

The Company shall fully strive for the establishment and support of a competitive, open market economy in India and shall cooperate in the efforts to promote the progressive and judicious promotion of housing and urban development of the country. Specifically, the Company shall not engage in activities, which generate or support the formation of monopolies, dominant market position, cartels and similar unfair trade practices. Any collection of competitive information shall be made only in the normal course of business and shall be obtained only through legally permitted sources and means.

EQUAL OPPORTUNITIES EMPLOYER

The Company shall provide equal opportunities to all its employees and all qualified applicants for employment in accordance with the policies of the Government and requirements of the organisation. All Board Members, Senior Management Personnel and Employees of the Company shall treat each other with dignity to maintain a work environment free of sexual harassment, whether physical, verbal or psychological.

Employees' policies and practices shall be administered in a manner that ensures that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

CONFLICT OF INTEREST

All Board Members, Senior Management Personnel and Employees must avoid transactions in which their personal interest could conflict with the interest of the Company. This is an area in which there are no comprehensive guidelines but the guiding principle is that any conflict must be disclosed to the higher management for guidance and appropriate action.

All Board Members, Senior Management Personnel and Employees shall avoid conducting business on behalf of the Company except with the prior approval of the Board; with (a) a relative (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public Limited Company in which he or his relative holds 2% or more shares or voting right and (d) with a firm in which the relative is a partner.

The Senior Management Personnel and Employees shall make prompt disclosure of related party transactions to the company. In case of Board Members, the Disclosures in pursuance of Section 299 of the Companies Act, 1956 may be given.

COST CONSCIOUSNESS

The Board Members, Senior Management Personnel and Employees shall not misuse Company facilities and except where such facilities have been provided for personal use either by policy or specific permission, shall not use Company facilities for personal use. Even in their use for Company purposes. They shall exercise care to ensure that costs are reasonable and there is no wastage; shall avoid ostentation in Company expenditure.

GIFTS AND DONATIONS

The Board Members, Senior Management Personnel and Employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain uncompetitive favours for the conduct of its business. However, the Company and its employees may accept and offer gifts, which are customarily given on occasions like weddings, anniversaries or religious functions, as per CDA rules of HUDCO.

POLITICAL NON-ALIGNMENT

The Company shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. A Company shall not support, directly or indirectly, any specific political party or candidate for political office. The Company shall not offer or give any Company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

SAFETY, HEALTH AND ENVIRONMENT (SHE CONCEPT)

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.

Misusing control substances or selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs and alcohol on the job is absolutely prohibited.

CORPORATE CITIZENSHIP

The Company shall be committed to be a good corporate citizen, not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates (e.g. Economically Weaker Sections and Low Income Groups etc.), with the objective of making them self reliant and strengthening the Nation.

Such social responsibilities would comprise, to initiate and support community initiatives in the field of community health and family welfare, water management, sewerage, drainage/sanitation management, waste management, area development project, smoothening the highways and encouraging application of modern scientific and managerial techniques and expertise. This will be reviewed periodically in consonance with national and regional priorities.

CUSTOMER RELATIONSHIP

In accordance with the HUDCO's Citizen's Charter, HUDCO is committed to its customers as they are the key to the existence of the organisation. And for this, HUDCO shall ensure timely, prompt and efficient service to the clients by

providing a widely dispersed network of office for prompt customer service with a suitable complaint recording and monitoring system & ensures other commitment as contained in HUDCO's Citizen's Charter.

ETHICAL CONDUCT

Board Members, Senior Management Personnel and Employees of the Company shall deal on behalf of the Company with professionalism, honesty and integrity, as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

Board Members, Senior Management Personnel and Employees shall 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.

Board Members, Senior Management Personnel and Employees shall 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.

It is everybody'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. All conduct should be in a manner to uphold the grace, dignity, professional standing and growth of the Company.

REGULATORY COMPLIANCE

Board Members, Senior Management Personnel and Employees of the Company shall in his or her business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he or she operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the code, then the standards of the code shall prevail.

CONCURRENT EMPLOYMENT

Board Members, Senior Management Personnel and Employees of the Company shall not, without the prior approval of the Competent Authority of the Company (as defined in CDA rules of HUDCO), engage directly or indirectly in any trade or business or undertake any other employment subject to CDA rules of HUDCO.

PROTECTING COMPANY ASSETS

General

The assets of Company should not be misused but employed for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems (including computer and softwares), facilities, materials, resources as well as intangible assets such as proprietary information, patents, and relationships with those dealing with the organization.

If the Company equipments are used at home or offsite, precautions should be taken to protect it from theft or damage. If the Company no longer employs any employee, then that employee must immediately from the date of termination of service return all company equipments.

Software

All softwares used by the employee to conduct Company business must be appropriately licensed. Use of illegal or unauthorized copies of software may subject the employee to disciplinary action as per CDA Rules of HUDCO. All the employees will ensure that any non-licensed/supported software will be removed.

TRANSPARENCY

HUDCO believes and practices transparency in its operations and procedures. The Board Members, Senior Management Personnel and Employees shall ensure that their actions in the conduct of business are totally transparent except where the needs of business security dictate otherwise. Such transparency shall be brought about through appropriate policies, systems and processes.

CONFIDENTIAL INFORMATION/PUBLICITY

The Company's confidential information is a valuable asset. Everyone within the Company shall keep all information and other materials confidential, and shall not, without prior consent of Board of Directors, divulge the information to any other person or use the information other than for carrying out the main purpose. All confidential information must be used for the benefit and in the best interest of the Company.

Clarification/information regarding status of any project/services can be obtained in accordance with the Citizen's Charter of HUDCO. No employee shall disclose or use any confidential information gained in the course of employment with the Company for personal profit or for the advantage of any person. No employee shall provide any information either formally or informally to the press or any other publicity media unless specifically authorized to do so.

REPORTING CONCERNS

Every employee of the Company shall promptly report to the management any actual or possible violation of this code, or an event/activity, of which, he or she becomes aware of that could affect the business or reputation of the Company.

LEGAL COMPLIANCE

Ensuring legal and regulatory compliance is the responsibility of the senior managerial personnel of the business and regional chiefs. The Company cannot accept practices, which are unlawful or may be damaging to its reputation. Legal and regulatory requirements effecting the business and identity and responding to the development in the legal environment in which they operate shall be ensured. In the event that the implication of law is not clear, the course of action chosen must be supported by the eminent legal counsel whose opinion should be documented.

PREVENTION OF CORRUPTION

The Company will ensure full compliance with the Prevention of Corruption Act, 1988, with the objective of prevention of corruption of any nature, whatsoever, by all of its Board Members, Senior Management Personnel and Employees, agents and clients. Moreover, the clients/borrowers of HUDCO shall not adopt any

"corrupt practice" as well as "fraudulent practice" as per HUDCO's Citizen's Charter.

ACCOUNTABILITY

The Board of Directors (BoD) shall oversee the Company's adherence to ethical and legal standards during the normal course of business. All The Board Members, Senior Management Personnel and Employees shall undertake to stop or prevent actions that could harm employees, system and the reputation of the Company.

CODE FOR NEW DIRECTOR (S)

This Code of Conduct will equally apply to a new board member(s), Senior Management Personnel and Employees from the time when their employment/directorship in HUDCO begins.

REVIEW/MODIFICATION OF THE CODE

The Code of conduct will be reviewed at a regular interval by the Board of Directors to ensure that it reflects changes in the law/ regulatory environment and gives appropriate emphasis to current issues of concern. All such amendments/ modifications shall take effect from the date stated therein

BREACH OF THIS CODE

The matters covered in this Code of Conduct and Ethics are of utmost importance to the Company, its Board Members, Senior Management Personnel and Employees, shareholders, Government, its business partners and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our Board Members, Senior Management Personnel and Employees to adhere to these rules in carrying out their duties for the Company. The Company will take appropriate disciplinary action, as per CDA rules of HUDCO, against any employee whose actions are found to violate these polices or any other policies of the Company.

In case of breach of this code by the Board Members, Senior Management Personnel and Employees, the same shall be placed before the Board of Directors for necessary action.

The Company shall ensure confidentiality and protection to any person,

- a. Who has, in good faith, reported a violation or a suspected violation of this code or other company policies; or
- b. Who is assisting in any investigation or process with respect to such violation.

PLACEMENT OF THE CODE ON WEBSITE

This Code and any amendments thereto shall be posted on the website of the Company.

ACKNOWLEDGEMENT OF RECEIPT OF HUDCO'S CODE OF CONDUCT AND ETHICS

I have received and read the Company's Code of Conduct and Ethics. I understand the standards and policies contained in the Company's Code of Conduct and Ethics 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 Conduct and Ethics.

Name:

Designation:

Employee Code:

Name of Deptt. :

Signature:

Date:

(Please fill the above information and return to the Company Secretary Wing duly signed)