

CODE OF CONDUCT

FOR DIRECTORS

As approved by the Board at its meeting held on 6th September, 2012

PHILOSOPHY OF THE CODE

This Code helps maintain the standards of business conduct of National Payments Corporation of India and is designed to deter wrongdoings and promote among other things (a) honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest between personal and professional relationships (b) full, fair, timely and accurate disclosure in reports and documents (c) compliance with applicable laws, rules and regulations (d) prompt internal reporting of the violations of this code and (e) accountability for adherence to this code. All Directors are expected to read and understand this code and uphold these standards.

1) PREAMBLE

1.1 This Code of Conduct (the **Code**) for all members of the Board of National Payments Corporation of India (the **Company**) is in alignment with the Company's vision and values and aims at enhancing ethical and transparent processes in managing the affairs of the Company. This Code of Conduct intends to ensure adherence to highest business and ethical standards while conducting the business of NPCI and compliance with all the legal and regulatory requirements.

2) DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

Board or Board of Directors means the Board of Directors of the Company;

Conflict of Interest means a conflict or a difference between the interests or benefits of one person or entity with that of the Company;

Director means each member of the Board of Directors;

Governmental Authority means the government of any nation, state, city, locality or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

Order means any judgment, injunction, writ, award, decree or order of any nature of any Governmental Authority or competent court or tribunal;

Relative shall have the meaning given to it in the Companies Act, 1956, as amended;

2.2 Interpretation

- (a) Terms used but not defined herein shall have the meaning assigned to them in the Companies Act, 1956.
- (b) This code can be modified, amended or altered only by Board of Directors of the Company.
- (c) Unless the context otherwise requires, all words (whether gender specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.

3) Applicability

This Code shall be applicable to the Directors. Every Director is expected to read, understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in the performance of his/her duties, functions and responsibilities.

4) Duties and Obligations

Each Director shall:

- a) keep himself informed about the business, activities and financial status of the Company to the extent disclosed to him;
- b) attend Board meetings regularly and participate in the deliberations and discussions effectively.
- c) involve actively as Director on the Board thoroughly in the matter of formulation of general policies and also ensure that performance of the Company is monitored adequately at Board levels.
- d) be familiar with the broad objectives of NPCI and the various laws and legislations.
- e) ensure confidentiality of the Company's agenda papers, notes and Minutes.
- f) bring independent judgement to bear on all matters affecting the Company brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures and standards of conduct;

- g) in exercise of his judgement in matters brought before the Board or entrusted to him by the Board be free from any business or other relationship which could materially interfere with the exercise of his independent judgement;
- h) express his views and opinions at Board meetings without any fear, favour or prejudice and without any influence on exercise of his independent judgement;
- i) ensure that the business practices of the Company would always be fair and transparent.

Each Director shall always act in the best interests of the Company and in accordance with the authority conferred upon him and shall, without prejudice to the foregoing, always:

- a) act with the utmost care, skill, diligence and integrity;
- b) act with the utmost good faith and fulfil his fiduciary obligations without allowing his independence of judgment to be compromised;
- c) make disclosures to Board of Directors in relation to all material financial and commercial transactions where he has a personal interest that could conflict with the interest of the Company.
- d) without the prior approval of Board of Directors and in accordance with law, abstain from entering into business with any of the following in his official capacity:
 - (i) a relative;
 - (ii) a private limited company in which he or his relative is a member or a director;
 - (iii) a public limited company in which he or his relative holds 2% or more paid-up share capital; or
 - (iv) with a firm in which his relative is a partner.
- e) avoid acquiring any personal or financial interest in any business dealings concerning the Company;
- f) abstain from exploiting for his 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 Board of Directors and the Board declines to pursue such opportunity and allow him to avail such opportunity;

- g) abstain from seeking or accepting, directly or indirectly, any gift from anyone who has business dealings with the Company;
- h) abstain from making any adverse criticism of any policy or action of the Government of India or of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders; and
- i) abstain from committing any offence involving moral turpitude.

Provided that nothing in this clause (4) shall apply to any statement made or views expressed by a Director which are purely factual in nature and are not considered as confidential, in his official capacity or in due performance of the duties assigned to him in good faith or in execution of any Order of any Government Authority.

5) Compliance with Law

Each Director shall comply with all laws, rules and regulations relating to the business of the Company.

6) Other Directorships

6.1 Unless specifically permitted by the Board of Directors of the Company, any Director shall not serve as a director of any other company or as a partner of a firm that is engaged in a business that competes with the business of the Company or that of a company or firm with which the Company has a business relationship.

6.2 The restriction as stated in Clause 6.1 shall not apply to:

- (a) joint venture companies with management control vested in the Company;
or
- (b) Subsidiary companies or Associates of the Company.
or
- (c) the directorships in banks, provided they are disclosed to the Board of Directors at the time of their appointment on the Board of the company or as when they acquire such positions, the disclosure has to be made at the immediately succeeding meeting.

or

(d) when such directorship/ association was held prior to their joining the Company as Director, and their appointment has been made with full knowledge of their such association.

7) Related Party Disclosures

Each Director shall make a complete disclosure of all related party transactions to Board of Directors in accordance with Accounting Standard 18 (AS-18) issued by the Institute of Chartered Accountants of India (ICAI).

8) Confidentiality of Information

Any information concerning the Company's business to which a Director has access or which is in his possession in discharge of his official position, must be considered confidential and held in confidence. No Director shall provide any information either formally or informally, to the press or any other media, unless specifically authorized by the Company. Provided that a Director can disclose such information which is:

- (a) part of the public domain at the time of disclosure;
- (b) authorised or required to be disclosed pursuant to a decision of the Board or any of its Sub- Committees; or
- (c) required to be disclosed in accordance with applicable laws, rules, regulations, guidelines, or directions from the Government of India or any other Governmental Authority.

To further the Company's business, confidential information may have to be disclosed to potential business partners. Such disclosure should be made after considering its potential benefits and risks. Care should be taken to divulge the most sensitive information, only after the said potential business partner has signed a confidentiality agreement with the Company.

Any publication or publicly made statement that might be perceived or construed as attributable to NPCI, made outside the scope of any appropriate authority in NPCI, should include a disclaimer that the publication or statement represents the views of the specific author and not NPCI.

9) Protection of Assets

The Directors shall protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gain.

10) Amendments to the Code

The provisions of this Code can be amended or modified by the Board of Directors of the Company from time to time and all such amendments or modifications shall take effect from the date stated therein.

Any waiver of any provision of this Code of Conduct for a member of the Company's Board of Directors must be approved in writing by the Board of Directors of the Company.

11) Placement of the Code on Website

This Code and any amendment thereto shall be hosted on the website of the Company.

12) Annual Compliance Reporting

12.1 All Directors shall affirm compliance with this Code within 30 days of close of every financial year. The Annual Report of the Company shall contain a declaration to this effect signed by the Managing Director of the Company. A format of the Annual Compliance Report is set out in Appendix I.

12.2 The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director leaves the Company any time during a financial year, he shall send a communication to Company Secretary affirming compliance of the Code till the date of his association with the Company.

12.3 The Managing Director of the Company and the Chief Financial Officer of the Company or any other person in charge of the finances of the Company shall certify to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Code.

13) Enforcement of Code of Conduct

Each Director shall be accountable for fully complying with this Code.

14) Ethics Committee

The Management Committee of the Board would be designated as the Ethics Committee and shall be responsible for establishing conditions to help Directors embrace the Code of Conduct and for making sure it is properly applied. The Committee will ensure that Directors are familiar with the Code of Conduct, understand its principles and apply them. It will also provide individual feedback and assistance and look into complaints, if any, in this regard.

15) Consequences of Non - Compliance of the Code

Any Director that violate the Code will be subject to disciplinary action as the Board may deem fit, on the observations/ recommendations of the Ethics Committee on the matter, depending upon the nature and gravity of such violation(s) on provision of an opportunity of being heard after making him aware of such violations alleged against him.

16) Acknowledgement of Receipt of the Code

Each Director shall acknowledge receipt of this Code or any modifications thereto, in an acknowledgement form substantially similar to that in Appendix-II and shall forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this Code.

ANNUAL COMPLIANCE REPORT

I,, do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR DIRECTORS during the financial year ending 31st March 20__.

Signature :.....

Name :.....

Designation :.....

Date :.....

Place :.....

Note: To be submitted by 30th April each year

ACKNOWLEDGEMENT FORM

I,, have received and read the CODE OF CONDUCT FOR DIRECTORS (the **Code**). I have understood the provisions and policies contained in this Code and I agree to comply with this Code.

Signature:.....

Name:.....

Designation:.....

Date:.....

Place:.....