

**CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

- 1.1 This Code of Conduct (hereinafter referred to as “Code”) shall be called "The Code of Conduct for Board Members and Senior Management Personnel” of NEYVELI LIGNITE CORPORATION Limited (hereinafter referred to as “the Company”).
- 1.2 The subject Code has been framed specifically in compliance with the provisions of clause 49 of the Listing Agreement with the Stock exchanges.
- 1.3 The purpose of this Code is to enhance further an ethical and transparent process in managing the affairs of the Company.
- 1.4 It shall come into force with effect from the 21st day of December, 2005.

2. DEFINITIONS & INTERPRETATIONS:

- 2.1 The term "**Board Members**" shall mean Whole-time & Part-time Directors in the Board of Directors of the Company.
- 2.2 The term “**Part-time Director**” shall mean Directors on the Board of Directors of the Company who are not in whole-time employment of the Company.
- 2.3 The term “**Relative**” shall have the same meaning as defined in Section 6 of the Companies Act, 1956. (Refer Appendix-I).
- 2.4 The term “**Senior Management Personnel**” shall mean employees of the Company holding positions as Executive Director/ Chief General Manager/ General Manager/ Head of Project/ Unit, of the Company.
- 2.5 The term “**Whole-time Director**” shall mean the Directors on the Board of Directors of the Company who are in the whole-time employment of the Company.
- 2.6 In this Code words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

3. **APPLICABILITY:**

3.1 This Code shall be applicable to the following persons:

- a) All Board Members of the Company.
- b) All Senior Management Personnel as defined in Clause 2.4 of this Code.

3.2 The whole-time Directors and Senior Management Personnel should continue to comply with other applicable/ to be applicable policies, rules and procedures of the Company.

4.0 **KEY REQUIREMENTS**

The Board Members and Senior Management Personnel shall act within the authority conferred upon them and in the best interests of the company and observe the following Code of Conduct:

- a. shall act in accordance with the highest standard of honesty, integrity, fairness and ethical conduct while working for the Company as well representing the Company without allowing their independent judgment to be subordinated and fulfill the fiduciary obligations.
- b. shall not involve themselves in making any decision on a subject matter in which a conflict of interest arises or could arise, between the personal interest and the interest of the Company. In the event of apprehending of such conflict of interest, the relevant facts shall be disclosed in writing explaining the circumstances that create or could create the conflicts of interest to: (a) Board of Directors in case of Directors (whole-time & part-time) and (b) Chairman in case of Senior Management Personnel for further directions in the matter.
- c. shall not, in his official capacity, enter into business with (i) a relative **or** (b) a Partnership firm in which he or his relative is a Partner **or** (c) a Private Limited Company in which he or his relative is a Member or Director **or** (d) a Public Limited Company in which he or his relative holds 2% or more paid-up share capital, except with the prior approval of the Board of Directors of the Company, unless otherwise permitted by law.
- d. shall avoid having any personal financial interest in works or contract awarded by the Company.

- e. shall avoid any relationship with a contractor or supplier that could compromise the ability to transact business on a professional, impartial and competitive basis or influence decision to be made by the Company.
- f. shall not hold any positions or jobs or engage in outside businesses or other interests that adversely affect the performance of duties of the Company.
- g. shall not exploit for their own personal gain, opportunities that are discovered through company's business, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and Chairman as the case may be.
- h. shall not seek or accept or offer directly or indirectly any gifts, donations, remuneration, hospitality, illegal payments, favour in whatsoever form howsoever described by the customers, vendors, consultants, etc., that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, opportunity for committing any fraud.
- i. shall comply with all applicable laws, rules and regulations with utmost diligence.
- j. shall not serve as a Director of any other Company or as a partner of a firm that competes with the Company. Whole-time Directors and Senior Management Personnel shall obtain approval of the Chairman and/or Government of India prior to accepting Directorship of any other Company or partnership of a firm.
- k. shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the Company, not in public domain and therefore constitute insider information. The Board Members and Senior Management Personnel shall make timely disclosures of (i) trading in the shares of the Company, (ii) transactions having personal interest and (iii) related party transactions that are required to be made under laws, rules & regulations and Code for prevention of Insider Trading in the Securities of the Company.
- l. any information concerning the Company's business, its customers, suppliers, etc, which is not in the public domain and to which the Board Members and Senior Management Personnel has access or possesses such information, must be considered confidential and held in confidence, unless authorized to do so and

when disclosure is required as a matter of law. No Board Members and Senior Management Personnel shall provide any information either formally or informally, to the press or any other publicity media, unless specifically authorized.

m. shall protect the Company's assets, labour and information and may not use these for personal use, unless authorized to do so.

5.0 ENFORCEMENT OF CODE OF CONDUCT

- i) Company Secretary shall be the Compliance Officer for the purpose of this Code.
- ii) Each Board Member and Senior Management Personnel shall be accountable for fully complying with this Code.
- iii) Compliance Officer shall report breach of this Code, if any, which comes to his notice to the: (a) Board in case of all Board members and (b) Chairman in case of Senior Management Personnel.
- iv) All Board Members and Senior Management Personnel shall be subject to any internal or external investigation of possible violations of this Code.

The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or a suspected violation of law, of this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation.

- v) Penalty for breach of this Code by Senior Management Personnel and Board Members shall be determined by the respective Appointing Authority.
- vi) Penalty may include serious disciplinary action, removal from office and dismissal as well as other remedies, including recommendations for any of the above penalty, to the extent permitted by law/rules and as considered appropriate under the circumstances.

6.0 WAIVER AND AMENDMENTS OF THE CODE

6.1 No waiver of any of the provisions of this Code shall be valid unless, the Board of Directors of the Company approves such waiver in case of Board members and by Chairman in case of Senior Management Personnel.

6.2 The provisions of this Code can be amended by the Board of Directors of the Company from time to time.

7.0 INSERTION OF THE CODE IN WEBSITE

As required by clause 49 of the listing agreement this Code and any amendments thereto shall be posted on the website of the Company.

8.0 AFFIRMATION OF COMPLIANCE OF THE CODE

It terms of clause 49 of the listing agreement all Board members and Senior Management Personnel shall within 30 days of close of every financial year affirm compliance with the Code. A proforma of Annual Compliance Report is annexed to this Code as **Appendix-II**. The Annual Compliance Report shall be forwarded to the Compliance Officer of the Company.

9.0 ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Senior Management Personnel shall acknowledge the receipt of this Code in the acknowledgement form annexed to this Code (**Appendix-III**) indicating that they have received, read and understood, and agreed to comply with the Code and send the same to the Compliance Officer. Upon revision of this Code, the Board Members and Senior Management Personnel shall acknowledge and execute an understanding of the Code (Appendix-III) and an agreement to comply. New Directors will sign such a deed (Appendix-III) at the time when their directorship begins.

NEYVELI LIGNITE CORPORATION LIMITED
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EXTRACT OF SECTION 6 OF THE COMPANIES ACT, 1956

Meaning of “relative”

6. A person shall be deemed to be a relative of another if, and only if,-
- (a) they are members of a Hindu undivided family; or
 - (b) they are husband and wife; or
 - (c) the one is related to the other in the manner indicated in Schedule IA.

SCHEDULE IA

LIST OF RELATIVE

SL.NO	RELATIVE	SL.NO.	RELATIVE
1	Father	2	Mother (including step-mother)
3	Son (including step-son)	4	Son's wife
5	Daughter (including step-daughter)	6	Father's father
7	Father's mother	8	Mother's mother
9	Mother's father	10	Son's son
11	Son's son's wife	12	Son's daughter
13	Son's daughter's husband	14	Daughter's husband
15	Daughter's son	16	Daughter's son's wife
17	Daughter's daughter	18	Daughter's daughter's husband
19	Brother (including step-brother)	20	Brother's wife
21	Sister (including step sister)	22	Sister's husband

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ANNUAL COMPLIANCE REPORT

I, _____, do hereby solemnly affirm to the best of my knowledge and belief that I have fully complied with the provisions of the **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL** of the Company, during the year ended 31st March, 2005.

Signature :.....

Name :.....

Position :.....

Date :.....

Place :.....

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ACKNOWLEDGEMENT FORM

I, have received and read the Company's "**CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**". I have understood the standards and policies contained in the said Code and I agree to comply with the same.

Signature :.....

Name :.....

Position :.....

Date :.....

Place :.....