

SATLUJ JAL VIDYUT NIGAM LTD.
NEW SHIMLA

SJVN/CS/18/2008-2294-2307

Date :11-07-2008

OFFICE ORDER

Sub: Code of Conduct for Directors and Senior Management

The Board of Directors in its 171st Meeting held on 27th June 2008 has approved a Code of Conduct for Directors and Senior Management of the Company. The Code of Conduct has come into force w.e.f. 27th June 2008. A copy of the Code is annexed and is also being put on the SJVNL website.

This Code is applicable to all Whole time Directors including CMD, Part Time Directors including independent and Government Directors and Senior Management of the Company of the level of DGM and above.

In this connection all the concerned are required to comply with the following procedural formalities as envisaged in the Code:

1. Acknowledge the receipt of Code of Conduct *within 10 days* of receipt of this letter in format prescribed in **Appendix - I**.
2. Submit Annual Compliance Report by *30th April every year* in format prescribed in **Appendix - II**.
3. Furnish disclosures regarding Related Party Transactions in format prescribed in **Appendix - III** (Event basis immediately on occurrence of such transaction).

This is for compliance by the all concerned please.

(P.S.R. Murthy)
Company Secretary

SATLUJ JAL VIDYUT NIGAM LIMITED

CODE OF CONDUCT

FOR BOARD MEMBERS AND SENIOR MANAGEMENT

1.0 Introduction

1.1 This Code shall be called "The Code of Business Conduct & Ethics for Board Members and Senior Management" of Satluj Jal Vidyut Nigam Limited (hereinafter referred to as "the Company")

1.2 The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company in alignment with Corporation's Vision and Values to achieve the Mission and Objectives.

1.3 The Company currently has Conduct, Discipline & Appeal Rules ("CDA Rules"), which govern the conduct of all permanent employees of the Company including Whole-time Directors but excluding part-time Directors and those governed by the Standing Orders under the Industrial Employment (Standing Orders) Act 1946. In respect of Whole-time Directors and Senior Management, this Code shall be read in conjunction with the CDA Rules.

1.4 It shall come into force with effect from 27.06.2008.

2.0 Definitions and Interpretations:

2.1 The term "**Board Members**" shall mean Directors on the Board of the Company

2.2 "**Competent Authority**" means the Board in case of Directors and CMD in case of Senior Management.

2.3 The term "**Whole-time Directors**" or "**Functional Directors**" shall be the Directors who are in whole-time employment of the company.

2.4 The term "**Part-time Directors**" shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company.

2.5 The term "**Senior Management**" shall mean personnel of the Company who are at level of Deputy General Manager and above.

Note: In this Code words importing the masculine gender shall include feminine gender and words importing singular shall include the plural or vice-versa.

3.0 Applicability

3.1 This code shall be applicable to the following personnel:

- a) All Whole-time Directors including the Chairman & Managing Director
- b) All Part-time Directors (including the Independent Directors and Government Directors) unless specifically exempted from some of the provisions of this Code.
- c) Senior Management

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

4.0 CODE OF CONDUCT

In performing the functions as a Board member and / or a member of Senior Management Team, such member:

- 4.1 **Due Diligence and Care:** Shall act with utmost *care ,skill and dillgence in a fair, reasonable and bonafide manner*, maintaining *high standards of integrity* in all its activities and dealings in the best interest of the Company and its stakeholders.
- 4.2 **Ethical Conduct:** Shall act in an *ethical manner*, conforming to the accepted professional standards fulfilling the fiduciary obligations.
- 4.3 **Compliance with Laws, Rules & Regulations:** shall comply with all the applicable provisions of existing local, state, national, and international laws, the policies, procedures, rules and regulations relating to business.
- 4.4 **Conflict of Interest:** shall be scrupulous in avoiding conflicts of interest with the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company shall be disclosed promptly to the Competent Authority. For e.g.
1. **Outside Directorships:** Unless specifically permitted by the Board, shall not serve as Director of any other Company or be a Partner of a Firm that is engaged in a business competing with the Company or with which the Company has business relations. This clause is not applicable to Government/Nominee Directors.
 2. **Consultancy/ Business / Outside employment:** Shall not Engage in any activity that interferes with his performance or responsibilities to the Company.
 3. **Business Interests:** While investing in the business of any competitor of the Company, they shall ensure that these investments do not compromise their responsibilities towards the Company. Permission from the Competent authority shall be obtained for investment in a listed company exceeding two percent of the capital of that company.
- 4.5 **Corporate Opportunities:** Shall not to use the information acquired or gained during the conduct of the business of the Company for personal advantage.
- 4.6 **Gifts:** shall not seek or accept directly or indirectly any offer, payment, gift or anything of value from customers, vendors consultants etc. that could reasonably appear to have been made to influence any business decision.
- 4.7 **Disclosure:** shall not engage in making any adverse criticism of any policy or action of the Government or of the Company that is likely to prejudice the Company's business, fellow Directors, Senior Management or other staff.
- 4.8 **Confidentiality:** shall maintain the confidentiality of all information entrusted to him or that comes to him except when disclosure is authorised or is warranted by law
- 4.9 **Annual Affirmation of compliance:** shall on an annual basis, affirm compliance with this Code in the prescribed format and the CMD shall in turn declare the same in the Annual Report.

- 4.10 **Related Party Disclosures:** shall make disclosure of related party transactions to the Board of Directors in the format provided under Accounting Standard 18 (AS-18) (Appendix - III).
- 4.11 **Protection of Assets:** shall protect the assets of the Company, information and intellectual rights and ensure their efficient use.
- 4.12 **Be accountable to Company's stakeholders:-** shall be accountable to the Customers, the Shareholders, the Vendors, the Society and other stakeholders of the Company.
- 4.13 **Identify, mitigate and manage business risks:-** shall identify the business risks that surround function or area of operation of the Company, to assist in the company-wide process of managing such risks.
- 5.0 **Consequences of Non-Compliance:** In case of any breach of this code action for the Breach shall be considered by the Competent Authority.
- 6.0 **protection of Employee:** 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.
- 7.0 **Cooperation in investigation:** Directors/Officers shall cooperate in any internal or external investigation of possible violations.
- 8.0 **Discrimination and Harassment:** the Company is committed to providing a workplace free of discrimination and harassment based on race, color, religion, age, gender, national origin, disability, veteran status, or any other biases. It will be the endeavor of every director and officer of the Company to see that workplace is free from such bias.
- 9.0 **Safety, Health and Environment:** 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.
- 10.0 **Amendments to the Code** The provisions of the Code can be amended /modified by the Board of Directors of the Company from time to time in line with any changes in law, as may be deemed necessary by the Board
- 11.0 **Where to seek clarifications:** any clarification regarding this code of conduct may contact Company Secretary.
- 12.0 **Placement of the Code on Company's Website:** This Code and any amendment thereto shall be hosted on the website of the Company.
- 13.0 **Acknowledgement of Receipt of Code:** shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as at Appendix-I and forward the same to the Company Secretary.

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SATLUJ JAL VIDYUT NIGAM LIMITED
CODE OF CONDUCT
FOR BOARD MEMBERS AND SENIOR MANAGEMENT

ACKNOWLEDGEMENT OF RECEIPT
OF
CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

I have received and read the code of Business Conduct and Ethics for Board Members and Senior Management of Satluj Jal Vidyut Nigam Ltd. I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics.

Signature_____

Name_____

Designation _____

Employment Number_____

Telephone No. _____

Date:_____

Place:_____

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SATLUJ JAL VIDYUT NIGAM LIMITED
CODE OF CONDUCT
FOR BOARD MEMBERS AND SENIOR MANAGEMENT

AFFIRMATION/ ANNUAL COMPLIANCE REPORT*

(By Board Members/ Senior Management of the Company on Annual basis by 30th April of every year)

I,..... (name), (designation), having read and understood the Code of Business Conduct and Ethics for Board Members and Senior Management, hereby solemnly affirm that I have complied with and have not violated any of the provisions of the Code during the year ended 31st March

Signature_____

Name_____

Designation_____

Date:_____

Employment Number_____

Place:_____

Telephone No. _____

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SATLUJ JAL VIDYUT NIGAM LIMITED
CODE OF CONDUCT
FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Board Members/Senior Management Personnel shall disclose the following, in respect of all transactions with related parties, as covered in AS-18 issued by ICAI:

- (i) the name of the transacting related party;
- (ii) a description of the relationship between the parties;
- (iii) a description of the nature of transactions;
- (iv) volume of the transactions either as an amount or as an appropriate proportion ;
- (v) any other elements of the related party transactions necessary for an understanding of the financial statements.

Signature:
Name:
Designation:
Date:
Place:

Note: The following are illustrative and not exhaustive list of examples of the related party transactions in respect of which disclosures should be made by Board Members:

- purchases or sales of goods (finished or unfinished);
- purchases or sales of fixed assets ;
- rendering or receiving of services ;
- agency arrangements;
- leasing or hire purchase arrangements ;
- transfer of research and development;
- licence agreements;
- finance (including loans and equity contributions in cash or in kind);
- guarantees and collaterals ; and
- management contracts including for deputation of employees.

SATLUJ JAL VIDYUT NIGAM LIMITED
CODE OF CONDUCT
FOR BOARD MEMBERS AND SENIOR MANAGEMENT

EXTRACT OF SECTION 6 OF THE COMPANIES ACT, 1956Meaning of "**relative**"

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 appended below:

SCHEDULE IA LIST OF RELATIVES

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