



CODE OF BUSINESS CONDUCT & ETHICS (For Board Members)

"The core message is simple: Being NHPCians means striving towards the highest possible standards of ethical business conduct. This is a matter as much practical as ethical; NHPC employs people who relentlessly make endeavor to execute projects in / ahead the schedule and efficient generation of hydroelectric power, but its most valuable asset by far is the reputation as a company that warrants faith and trust. That trust is the foundation upon which the success and prosperity of the organization rests and it must be re-earned everyday, in every way, by every NHPCian."

1. INTRODUCTION

- 1.1 This Code of Conduct (hereinafter referred to as the "**Code**") shall be called "The Code of Conduct for Board Members" of NHPC 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, and thus to sustain the trust and confidence reposed in the Board Members by the shareholders of the Company. Board Members are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.
- 1.3 This Code envisages that the Board of Directors of the Company ("**Board**") must act within the bounds of the authority conferred upon them and with a duty to comply with the requirements of applicable law.



- 1.4 The principles prescribed in this Code are general in nature and lay down broad standards of compliance and ethics, as required by Clause 49 of the Listing Agreement with The Stock Exchanges. The Board Members should also review other applicable policies and procedures of the Company for specific instructions and guidelines, which are to be read in conjunction with this Code.
- 1.5 The Company currently has in place Conduct, Discipline & Appeal Rules, (the “**CDA Rules**”), which govern the conduct of all employees of the Company including Whole-time Directors but excluding Non Whole-time Directors. This Code has now been framed specifically in compliance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges. In respect of the Company’s Whole-time Directors this Code is to be read in conjunction with the CDA Rules.
- 1.6 This Code shall come into force with effect from the 1st day of August, 2008.
- 1.7 All Board Members should sign the acknowledgment form annexed as Appendix IV hereto and return the form to the Company Secretary indicating that they have received, read, understood and agree to comply with the Code. All Board Members shall be required affirm compliance with this Code on an annual basis, within 30 days of close of every financial year to the Company Secretary, in the form annexed hereto as Appendix III.

2. DEFINITIONS & INTERPRETATION

- 2.1 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:
- i. “**Board**” shall mean the Board of Directors of the Company.
 - ii. “**Board Members**” shall mean the Directors on the Board of Directors of the Company.
 - iii. “**Company**” shall mean the NHPC Limited.
 - iv. “**Government**” shall mean Govt. of India.



- v. **“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, and as more specifically detailed in Appendix I.
 - vi. **“Whole Time Directors”** shall mean the Board Members who are in the whole-time employment of the Company.
 - vii. **“Non Whole Time Directors”** shall mean the Board Members who are part-time Directors and not in the whole time employment of the Company.
 - viii. **“Conflict of Interest”** shall mean where the interest or benefits of one person or entity conflict with the interests or benefits of the company.
- 2.2 In this Code words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

3. APPLICABILITY

This Code shall be applicable to the following persons:

- i. All Whole-Time Directors
- ii. All Non Whole-Time Directors unless specifically exempted from some provisions of Govt. of India.

4. ETHICAL CONDUCT

Every Board Member shall act within the authority conferred upon him by the Company and under applicable law, keeping the best interests of the Company in view and shall:

- i. Act with professionalism, utmost care, skill, diligence, honesty, good faith and integrity as well as high moral and ethical standards;
- ii. Fulfill their fiduciary obligations without allowing their independence of judgment to be compromised;
- iii. Act fairly and transparently and not participate in any decision-making process on a subject matter in which a conflict of interest exists or is likely to exist such that an independent judgment of the Company's best interest cannot be exercised;



- iv. Avoid conducting business with (a) a relative or (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, except with the prior approval of the Board;
- v. Avoid having any personal and/or financial interest in any business dealings concerning the Company;
- vi. Not engage in any business, relationship or activity with anyone who is a party to a transaction with the Company;
- vii. Avoid any dealings with a contractor or supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influences decisions to be made by the Company;
- viii. Not hold any positions or jobs or engage in other businesses or interests that are prejudicial to the interests of the Company;
- ix. Not exploit for his own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board and the Board declines to pursue such opportunity;
- x. Not seek, accept, or offer or make, directly or indirectly, any gifts, illegal payments, remuneration, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of business save as otherwise provided under the CDA Rules;
- xi. Not commit any offence involving moral turpitude or any act contrary to law or opposed to public policy.

5. DISCLOSURES

- 5.1 Notwithstanding that any instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Board Member should be made to the Company. It is also incumbent upon every Board Member to make a full disclosure of any interest which the Board Member or the Board Member's immediate family, which would include parents, spouse and children, may have in a



- company or firm which is a supplier, customer, distributor of or has other business dealings with the Company.
- 5.2 With respect to related party disclosures, Board Members shall make disclosure to the Board under the provisions of Accounting Standard 18 annexed hereto as Appendix II issued by the Institute of Chartered Accountants of India (ICAI) and / or any modification or re-codification thereof.
- 5.3 If a Board Member fails to make a disclosure as required herein, and the Company of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the Board Member, the Company would take a serious view of the matter and consider suitable disciplinary action against the Board Member.

6. OTHER DIRECTORSHIPS

- 6.1 Unless specifically permitted by the Chairman of the Board, Board Members shall not serve as director of any other company or as partner of a firm that is engaged in a competing business with the Company or with which the Company has business relations. This clause is not applicable to Non-Whole Time Directors.
- 6.2 Whole Time Directors shall not accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, having competing interests with the Company (other than (i) Joint Venture Companies with Management Control vested in NHPC and (ii) subsidiary company of NHPC) or with which the company has or had business relations, within two years from the date of cessation of Directorship of the Company unless approved by the Government.

7. INSIDER TRADING

Every Board Member shall comply with the Code of Internal Procedures and Conduct in dealing with the securities of the Company.



8. PUBLIC REPRESENTATION AND CONFIDENTIALITY OF INFORMATION

- 8.1 The Company honors the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company shall be represented only by specifically authorized Officers.
- 8.2 Any information concerning the Company's business, its customers, suppliers, etc. to which the Board Members have access or which is possessed by the Board Members, must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless (i) authorized by the Board; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws.

9. REGULATORY COMPLIANCE

Every Board Member shall, in his business conduct, comply with all applicable laws, rules and regulations, both in letter and in spirit, in all the territories in which he 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.

10. HEALTH, SAFETY AND ENVIRONMENT

The Company and the Board Members 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. The Board Members shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.



11. PROTECTION OF ASSETS

The Board Members shall not misuse, for personal gain or otherwise, the assets of the Company, including tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc., and shall employ them for the purpose of conducting the business for which they are duly authorized.

12. AMENDMENTS TO THE CODE

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

13. PLACEMENT OF THE CODE ON WEBSITE

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendments thereto shall be posted on the website of the Company.

14. ENFORCEMENT OF CODE OF CONDUCT

Each Board Member shall be accountable for fully complying with this Code.

15. CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE

- 15.1 In case of breach of this Code by the Non Whole Time Directors, the same shall be considered by the Board for initiating appropriate action, as deemed necessary.
 - 15.2 In case of breach of this Code by the Whole Time Directors, the same shall be dealt with in accordance with the CDA Rules.
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NHPC LIMITED

**CODE OF CONDUCT
FOR
BOARD MEMBERS**

EXTRACT OF SECTION 6 OF THE COMPANIES ACT, 1956

Meaning 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.



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



NHPC LIMITED

**CODE OF CONDUCT
FOR
BOARD MEMBERS**

The Board Members 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.



NHPC LIMITED

**CODE OF CONDUCT
FOR
BOARD MEMBERS**

ANNUAL COMPLIANCE REPORT*

Ido 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 BOARD MEMBERS during the financial year ending 31st March 200__.

Signature :.....

Name :.....

Designation :.....

Date :.....

Place :.....

* To be submitted by 30th April each year.



NHPC LIMITED

**CODE OF CONDUCT
FOR
BOARD MEMBERS**

ACKNOWLEDGEMENT FORM

I, have received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS ("this 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 :



CODE OF BUSINESS CONDUCT & ETHICS *(For Senior Management Personnel)*

“The core message is simple: Being NHPCians means striving towards the highest possible standards of ethical business conduct. This is a matter as much practical as ethical; NHPC employs people who relentlessly make endeavor to execute projects in / ahead the schedule and efficient generation of hydroelectric power, but its most valuable asset by far is the reputation as a company that warrants faith and trust. That trust is the foundation upon which the success and prosperity of the organization rests and it must be re-earned everyday, in every way, by every NHPCian.”

1. INTRODUCTION

- 1.1 This Code of Conduct (hereinafter referred to as the “Code”) shall be called “The Code of Conduct for “Senior Management Personnel” of NHPC 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, and thus to sustain the trust and confidence reposed in the Senior Management Personnel by the shareholders of the Company. Senior Management Personnel are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.
- 1.3 This Code envisages that the Senior Management Personnel must act within the bounds of the authority conferred upon them and with a duty to comply with the requirements of applicable law.



- 1.4 The principles prescribed in this Code are general in nature and lay down broad standards of compliance and ethics, as required by Clause 49 of the Listing Agreement with The Stock Exchanges. The Senior Management Personnel should also review other applicable policies and procedures of the Company for specific instructions and guidelines, which are to be read in conjunction with this Code.
- 1.5 The Company currently has in place Conduct, Discipline & Appeal Rules, (the “**CDA Rules**”), which govern the conduct of the employees of the Company excluding those governed by the standing orders under the Industrial Employment (Standing Orders) Act, 1946. This Code for Senior Management Personnel has now been framed specifically in compliance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges. In respect of the Senior Management Personnel this Code is to be read in conjunction with the CDA Rules.
- 1.6 This Code shall come into force with effect from the 1st day of August, 2008.
- 1.7 All Senior Management Personnel should sign the acknowledgment form annexed as Appendix IV hereto and return the form to the Company Secretary indicating that they have received, read, understood and agree to comply with the Code. All Senior Management Personnel shall be required to affirm compliance with this Code on an annual basis, within 30 days of close of every financial year to the Company Secretary, in the form annexed hereto as Appendix III.

2. DEFINITIONS & INTERPRETATION

- 2.1 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:
- i. “**Board**” shall mean the Board of Directors of the Company.
 - ii. “**Board Members**” shall mean the Directors on the Board of Directors of the Company.
 - iii. “**Company**” shall mean the NHPC Limited.
 - iv. “**Government**” shall mean Govt. of India.



- v. "Senior Management Personnel" shall mean employees of the Company who are members of its core management team excluding the Board of Directors and would comprise of all Executive Directors, General Managers and Head of Projects / Power Stations.
 - vi. "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, and as more specifically detailed in Appendix I.
- 2.2 In this Code words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

3. APPLICABILITY

This Code shall be applicable to the Senior Management Personnel as defined in clause 2.1(v) .

4. ETHICAL CONDUCT

Every Senior Management Personnel shall act within the authority conferred upon him by the Company and under applicable law, keeping the best interests of the Company in view and shall:

- i. Act with professionalism, utmost care, skill, diligence, honesty, good faith and integrity as well as high moral and ethical standards;
- ii. Fulfill their fiduciary obligations without allowing their independence of judgment to be compromised;
- iii. Act fairly and transparently and not participate in any decision-making process on a subject matter in which a conflict of interest exists or is likely to exist such that an independent judgment of the Company's best interest cannot be exercised;
- iv. Avoid conducting business with (a) a relative or (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, except with the prior approval of the Board;



- v. Avoid having any personal and/or financial interest in any business dealings concerning the Company;
- vi. Not engage in any business, relationship or activity with anyone who is a party to a transaction with the Company;
- vii. Avoid any dealings with a contractor or supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influences decisions to be made by the Company;
- viii. Not hold any positions or jobs or engage in other businesses or interests that are prejudicial to the interests of the Company;
- ix. Not exploit for his own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board and the Board declines to pursue such opportunity;
- x. Not seek, accept, or offer or make, directly or indirectly, any gifts, illegal payments, remuneration, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favors for the conduct of business save as otherwise provided under the CDA Rules;
- xi. Not commit any offence involving moral turpitude or any act contrary to law or opposed to public policy.

5. DISCLOSURES

- 5.1 Notwithstanding that any instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Senior Management Personnel should be made to the Company. It is also incumbent upon every Senior Management Personnel to make a full disclosure of any interest which the Senior Management Personnel or the Senior Management Personnel's immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with the Company.



- 5.2 With respect to related party disclosures, Senior Management Personnel shall make disclosure to the Chairman under the provisions of Accounting Standard 18 annexed hereto as Appendix II issued by the Institute of Chartered Accountants of India (ICAI) and / or any modification or re-codification thereof.
- 5.3 If a Senior Management Personnel fails to make a disclosure as required herein, and the Company of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the Senior Management Personnel, the Company would take a serious view of the matter and consider suitable disciplinary action against the Senior Management Personnel.

6. OTHER DIRECTORSHIPS

- 6.1 Unless specifically permitted by the Chairman of the Board, Senior Management Personnel shall not serve as Director of any other company or as partner of a firm that is engaged in a competing business with the Company or with which the company has business relations.
- 6.2 The Senior Management Personnel shall not accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, having competing interests with the Company (other than (i) Joint Venture Companies with Management Control vested in NHPC and (ii) subsidiary company of NHPC) or with which the company has or had business relations, within two years from the date of cessation of Directorship of the Company unless approved by the Government.

7. INSIDER TRADING

Every Senior Management Personnel shall comply with the Code of Internal Procedures and Conduct in dealing with the securities of the Company.



8. PUBLIC REPRESENTATION AND CONFIDENTIALITY OF INFORMATION

- 8.1 The Company honors the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company shall be represented only by specifically authorized Senior Management Personnel.
- 8.2 Any information concerning the Company's business, its customers, suppliers, etc. to which the Senior Management Personnel have access or which is possessed by the Senior Management Personnel, must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless (i) authorised by the Board; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws

9. REGULATORY COMPLIANCE

Every Senior Management Personnel shall, in his business conduct, comply with all applicable laws, rules and regulations, both in letter and in spirit, in all the territories in which he 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.

10. HEALTH, SAFETY AND ENVIRONMENT

The Company and the Senior Management Personnel 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. The Senior Management Personnel shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.



11. PROTECTION OF ASSETS

The Senior Management Personnel shall not misuse, for personal gain or otherwise, the assets of the Company, including tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc., and shall employ them for the purpose of conducting the business for which they are duly authorized.

12. AMENDMENTS TO THE CODE

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

13. PLACEMENT OF THE CODE ON WEBSITE

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendments thereto shall be posted on the website of the Company.

14. ENFORCEMENT OF CODE OF CONDUCT

Each Senior Management Personnel shall be accountable for fully complying with this Code.

15. CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE

In case of breach of this Code by the Senior Management Personnel, the same shall be dealt with in accordance with the Conduct, Discipline & Appeal (CDA) Rules of Company.



NHPC LIMITED

**CODE OF CONDUCT
FOR
SENIOR MANAGEMENT PERSONNEL**

EXTRACT OF SECTION 6 OF THE COMPANIES ACT, 1956

Meaning 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.



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



NHPC LIMITED

**CODE OF CONDUCT
FOR
SENIOR MANAGEMENT PERSONNEL**

The 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 Senior Management Personnel:

- 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.



NHPC LIMITED

**CODE OF CONDUCT
FOR
SENIOR MANAGEMENT PERSONNEL**

ANNUAL COMPLIANCE REPORT*

Ido 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 SENIOR MANAGEMENT PERSONNEL during the financial year ending 31st March 200__.

Signature :.....

Name :.....

Designation :.....

Date :.....

Place :.....

* To be submitted by 30th April each year.



NHPC LIMITED

**CODE OF CONDUCT
FOR
SENIOR MANAGEMENT PERSONNEL**

ACKNOWLEDGEMENT FORM

I, have received and read the Company's "CODE OF CONDUCT FOR SENIOR MANAGEMENT PERSONNEL ("this 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 :