

TORRENT POWER LIMITED

Code of Business Conduct

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A Introduction

- 1 The Code of Conduct (the Code) is finalized in terms of resolution passed by the Board of Directors at the meeting held on 29th September, 2006 pursuant to the requirements of Clause 49 sub clause I D of the Listing Agreement.
- 2 The Code is applicable to:
 - Members of the Board
 - Senior Management cadre comprising Executive Directors (not members of the Board), Vice President and General Manager who are together referred to as "Designated Employees" hereinafter.
- 3 While Clause D (Certification) is applicable only to the Designated Employees, the other provisions are applicable to all the employees.
- 4 The Code lays down important Corporate Values that shape the Company's value system and business practices and represents cherished values of the Company.
- 5 The Code provides guidance to employees in recognizing and dealing with important ethical and legal issues and fosters a culture of honesty and accountability.
- 6 This Code is not intended to cover every legal or ethical issue that may arise in course of the business. When required, advice or guidance must be taken from the appropriate person in the Senior Management Cadre.

B Corporate and Organizational Values

1 Integrity – doing what is right

Personal integrity, upheld on a day-to-day basis, is the unshakable foundation for corporate integrity. Long-term, trusting business relationships are built by being honest, open and fair.

Employees are expected to uphold the highest professional standards.

2 Gifts

Employees will not solicit any gifts from their business relationships. Employees shall reject unsolicited gifts that may be perceived as intended to / likely to influence any business decision.

3 Conflict of Interest

Employees, whether dealing in personal or official capacity, are expected to avoid activities, agreements, positions, business investments or interests, and other situations that are in conflict or appear conflicting with interests of the Company or that may interfere with their individual performance.

Concerns about conflicts of interest may be addressed through either:

- prior approval in writing of or
- complete and timely disclosure to

appropriate organisational authority.

It is always conflict of interest to work simultaneously for a competitor, material customer or supplier.

4 Legal Compliance

The Company's policy on legal compliance requires every employee to adhere to the legal and regulatory requirements, in all material respects, that affect his or her job. Employees must adhere to this policy on legal compliance and associated reporting.

It is essential that information provided to the regulators is accurate and not misleading.

5 Respect for People

Employees are expected to treat co-employees and business associates fairly and, irrespective of hierarchical level, with dignity and respect. Being treated fairly means that employees shall be judged on merits.

Senior Management Cadre must maintain an open line of communication and listen to all employees.

6 Environmental Commitment

The Company's business will be conducted in an environmentally friendly and responsible manner.

Employees shall:

- ensure compliance with the spirit and intent of environmental laws, regulations and standards; and
- incorporate environmental protection as an integral part of the design, production, operation and maintenance of Company's facilities.

7 Safety

The Company assigns highest priority to the safety of its employees. No job is important enough to justify unsafe operations. Supervisors and managers are responsible for monitoring the use of all reasonable safeguards in the workplace including Company procedures, safe work practices, and personal protective equipment.

However, ultimately all employees are responsible for their own safety. Every employee must, for his or her own and fellow workers' health and welfare abide by the Company procedures and safe work practices, and use all appropriate personal protective equipment.

8 Confidential and Proprietary Information

Company information, including self-generated computer software applications, may be confidential or proprietary. Employees have to be careful about disclosure of such information to people outside the Company or to employees who need not know or possess the same.

When there is a legitimate business needs to share confidential or proprietary information with outsiders, it may be disclosed after prior approval of appropriate authority and under an appropriate confidentiality agreement protecting such information.

Confidential and proprietary information must not be treated casually or left unprotected.

Employees are prohibited from using Company's property or information, or their position within the Company, for personal gain.

9 Financial Information

Financial information on Company's operations and performance provided to shareholders, equity analysts, creditors, newspapers and such others, whether statutory or voluntary, must be accurate and reliable.

Disclosure of financial and business information to the public at large or to any interested person shall be governed by the "Code of Corporate Disclosure Practices For Prevention of Insider Trading" prescribed by SEBI.

Communication to the Press or such other media will be organized by the Corporate Communications Department and Employees should not talk about Company matters with a reporter, either on or off the record, without first contacting the Corporate Communication Department.

In order to protect the investing public, securities laws make it illegal for those with 'unpublished price sensitive information' to buy or sell securities (stocks, bonds, options, etc.). Employees must not indulge in insider trading and abide

by the Company's **Code of Internal Procedures & Conduct for Prevention of Insider Trading**.

10 Company Assets, Computer Network Use and Security

Employees must make responsible use of Company assets in their personal possession such as telephones, computers and other hardware, software, Internet connection, networks and the information that runs on them in a responsible manner.

Employees must:

- use telephone, computers and peripherals and internet responsibly and primarily for legitimate business purposes and personal uses should be reasonable and kept to a minimum.
- protect the security of computer systems.
- not engage in electronic communications that might be considered offensive, derogatory, defamatory, harassing, obscene or otherwise vulgar.
- not use Company electronic communications systems to improperly disseminate copyrighted or licensed materials, or proprietary information.
- not use Company electronic communications systems to transmit chain letters, advertisements or solicitations (unless authorized).
- not visit inappropriate Internet sites; and
- always protect information used to access computers, networks or systems.

The Company's electronic communications system and information will be monitored for compliance with Company policy and applicable laws. Employees must note that they are not entitled to privacy privilege in respect of the same.

11 Records Maintenance and Management

Employees must maintain and manage appropriate records and information pertaining to affairs of the Company under their purview, including records and information in electronic form like e-mails, computer files etc.

C Compliance with the Code

As a condition of employment / association with the Company, Employees are expected to comply with and strictly adhere to the standards of conduct contained in this Code and underlying policies and procedures. When in doubt, this Code casts the responsibility on the Employee to seek clarification and guidance as to the proper course of conduct from relevant authority.

Employees who are aware of any misconduct under this Code, illegal activity, fraud or abuse of Company assets must report such matters to any one of the Chairman / Whole-time Directors. The employees reporting any misconduct shall be suitably protected and no unjust action will be taken against any such employee for making such a report.

D Certification

Members of the Board and the Designated Employees shall at every year end affirm to the Board of Directors their compliance with the Code in the format attached herewith.

The Chairman will make a declaration in the annual report for each year that the above affirmations have been received from the Employees.

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TORRENT POWER LIMITED

Code of Business Conduct

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 BUSINESS CONDUCT during the financial year ending 31st March, 200 .

Signature :

Name :

Designation :

Date :

Place :

*To be submitted within fifteen days of the end of the financial year of the company each year.