

HALONIX LIMITED

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

1. INTRODUCTION

- 1.1 This Code of Conduct ("this Code") shall be called "The Code of Conduct for BOARD MEMBERS AND SENIOR MANAGEMENT" of HALONIX LIMITED (HL) hereinafter referred to as "the Company".
- 1.2 This code is in alignment with Company's Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.
- 1.3 It shall come into force with effect from the first day of January 2006.

2. DEFINITIONS AND INTERPRETATION

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

- 2.1 The term "Board / Board of Directors" shall mean the Board of Directors of the Company.
- 2.2 The term "BOARD MEMBERS" shall mean the Members on the Board of Directors of the Company, whether it is executive director, non-executive director, promoter director, independent director etc.
- 2.3 The term "SENIOR MANAGEMENT" shall mean up to the level of Assistant General Manager (AGM) of the Company.
- 2.4 The term "Relative" shall mean 'relative' as defined in Section 2(41) and Section 6 read with Schedule IA of the Companies Act, 1956. (Refer Appendix-I)
- 2.5 The term "Conflict of Interest" means where the interests or benefits of one person or entity conflict with the interests or benefits of the company.
- 2.6 The Term "Public Spokesperson" shall mean the Whole Time Director, Finance) of the Company.

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:

- a) Board Members, and
- b) Senior Management.

4. KEY REQUIREMENTS

Board Members and Senior Management shall act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

- i) Shall act with utmost care, skill, diligence and integrity.
- ii) Shall act in utmost good faith and fulfill the fiduciary obligations without allowing their independence of judgment to be compromised.
- iii) Shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his opinion is likely to arise.
- iv) Shall make disclosures to the Board relating to all material financial and commercial transactions, if any, where they have personal interest, that may have a potential conflict with the interest of the company at large.
- v) Shall not, in his official capacity, enter into 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 paid-up share capital and (d) with a firm in which the relative is a partner, except with the prior approval of the Board unless otherwise permitted by law.
- vi) Shall avoid having any personal and/or financial interest in any business dealings concerning the Company.
- vii) Shall avoid any dealing with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members and Senior Management/ Company.
- viii) Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company.
- ix) Shall not exploit for their 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 of Directors of the Company and the Board declines to pursue such opportunity and allow him to avail such opportunity.
- x) Shall not seek or accept, directly or indirectly any gift from anyone having business dealings with the Company.
- xi) Shall not make any statement which has the effect of adverse criticism of any policy or action of the Government or of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders.

Provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member and Senior Management, 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.

- xii) Shall not commit any offence involving moral turpitude.

5. COMPLIANCE OF LAW

The Board Members and Senior Management shall comply with all laws, rules and regulations relating to the business of the Company.

6. PREVENTION OF INSIDER TRADING

The Board Members And Senior Management shall comply with the Code of Internal Procedures and conduct for prevention of Insider Trading in dealing with securities of the Company.

7. CORPORATE DISCLOSURE PRACTICES

The Code of Corporate Disclosure Practices regulates disclosure of "Unpublished Price Sensitive Information". The Public Spokesperson is responsible for overseeing and co-ordinating disclosure of "Unpublished Price Sensitive Information" to stock exchanges, analysts, shareholders and media including drafting of the press release or the text of the information to be posted on the Company's web-site/released to the press with the approval of the Director (Finance). No person except the Public Spokesperson or those authorized by the Public Spokesperson, shall disclose any information relating to the Company's Securities to analysts/research persons and institutional investors. The Board Members and Senior Management shall comply with the Code of Corporate Disclosure Practices.

8. RELATED PARTY DISCLOSURES

The Board Members and Senior Management shall make disclosure of related party transactions to the Board of Directors in the format provided under Accounting Standard 18 (AS-18) (Appendix II) issued by the Institute of Chartered Accountants of India (ICAI) and/or any modification or re-codification thereof.

9. CONFIDENTIALITY OF INFORMATION

Subject to the Code of Corporate Disclosure Practices as may be prevalent in the Company from time to time any information concerning the Company's business, its customers, suppliers, etc. to which the Board Members and Senior Management have access or which are in their possession, must be considered confidential and held in confidence. No Board Member and Senior Management shall provide any information either formally or informally, to the press or any other media, unless specifically authorized. Provided that Board Members and Senior Management shall in consultation/under intimation to the Public Spokesperson of the Company be free to disclose such information which is:

- (a) part of the public domain at the time of disclosure;
- or
- (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 Ministry of Power.

10. PROTECTION OF ASSETS

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

11. AMENDMENTS TO THE CODE

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

12. PLACEMENT OF THE CODE ON WEBSITE

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

13. ANNUAL COMPLIANCE REPORTING

- 13.1 In terms of Clause 49 of the Listing Agreement, all Board Members and Senior Management shall affirm compliance of 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 Chairman & Managing Director. A Performa of Annual Compliance Report is at Appendix-III. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director/ Senior Management Personnel 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 HL.
- 13.2 The Managing Director of the Company and the Whole Time Director (Finance) 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 this Code.

14. ENFORCEMENT OF CODE OF CONDUCT

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

15. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Senior Management shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as at Appendix-IV and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this code.

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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 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

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The Board Members and Senior Management 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 and Senior Management:

- 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.

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

Signature :.....

Name :.....

Designation :.....

Date :.....

Place :.....

* To be submitted by 30th April each year.

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ACKNOWLEDGEMENT FORM

I _____, have received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT ("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 :.....