

Code of Ethics and Business Conduct

Hi-Tech Gears Limited and the group of companies as a whole is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. This code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. Each director, manager, officer and employee is expected to comply with the letter and spirit of this Code.

The directors, managers, officers and employees of the company must not only comply with applicable laws, rules and regulations but should also promote honest and ethical conduct of the business. They must abide by the policies and procedures that govern the conduct of the company's business. Their responsibilities include helping to create and maintain a culture of high ethical standards and commitment to compliance, and to maintain a work environment that encourages the stakeholders to raise concerns to the attention of the management.

This code does not attempt to describe all potential situations that could develop, but some of the more common scenarios are described below:

This Code of Conduct (hereinafter referred to as the "**Code**") shall be called "The Code of Conduct for Board Members, Senior Management Personnel and all the employees" of Hi-Tech Gears Limited and associate/group companies (hereinafter referred to as the "**Company**").

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 Officers by the shareholders of the Company. All the employees 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.

This Code shall come into force with effect from the 1st day of January 2006.

This Code shall be applicable to the following persons:

- (i) Board Members
- (ii) Senior Management Personnel.
- (iii) All the employees of Hi-Tech Gears Limited
- (iv) All the directors and employees of all the group companies of Hi-tech Gears Limited

Conflicts of Interest –

The directors, manager, officers and employees should be scrupulous in avoiding 'conflicts of interest' with the company. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the board of directors or any committee / officer nominated for this purpose by the Board and a prior written approval should be obtained.

Do's and Don'ts

- Do not conduct 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;
- Do not have any personal or financial interest in any business dealings concerning the company.
- Do not engage in any business, relationship or activity with anyone who is a party to a transaction with the Company;
- Do not deal 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;
- Do not hold any positions or jobs or engage in other businesses or interests that are prejudicial to the interests of the Company;
- Do 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;

- ❑ Do 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.
- ❑ Notwithstanding that any instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Officer should be made to the Company.
- ❑ It is also incumbent upon every Officer to make a full disclosure of any interest which the Officer or the Officer'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.
- ❑ If an Officer 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 Officer, the Company would take a serious view of the matter and consider suitable disciplinary action against the Officer.
- ❑ Unless specifically permitted by the Chairman of the Board, Officers 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. This clause is not applicable to Non-Whole Time Directors.
- ❑ 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 within two years from the date of cessation of Directorship of the Company unless approved by the Government.

Note: A conflict of interest is which Influences your judgment when acting on behalf of the company or Results in your competing against the company in any business activity.

Honest and Ethical Conduct: The directors, managers, officers and employees shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct not only on company's premises and offsite but also at company sponsored activities. Their conduct shall conform to the best-accepted professional standards.

Do's and Don'ts

- ❑ While dealing with in the and out side the organization do not make false promises. A false promise is what cannot be achieved or delivered at the time of making the promise and results in embarrassment to the company.
- ❑ Do not use improper means to obtain competitive information.
- ❑ Sexual harassment at work place ,in any form, is prohibited.
- ❑ Bribes, kickbacks and other improper payments are strictly prohibited for advancement of the business.
- ❑ Do not resort to artificial payment methods that may help third parties evade legal obligations.
- ❑ Do not keep or produce or report financial records that do not accurately reflect the nature of the transaction or do not match underlying performance.
- ❑ Resist pressure to produce any improper accounting result.
- ❑ All standard reviews and control processes shall be adhered to.
- ❑ Perform required reviews of the financial practices, records and results at regular intervals.
- ❑ All the funds have to be reported and all the assets and liabilities to be recorded.
- ❑ Estimates or reserves are supported by facts or appropriate documentation.

Corporate Opportunities - Directors, officers, managers and employees owe a duty to the company to advance its legitimate interests when the opportunity to do so arises.

Do's and don'ts

- a. Do not compete directly with the business of the company or with any business that the company is considering.
- b. Do not take personal advantage of the opportunities that are discovered through the use of company's property, information, or position,
- c. Do not use company's property, information, or position for personal gain. If the company has finally decided not to pursue an opportunity that relates to the company's business activity, he/she may pursue such activity only after disclosing the same to the board of directors or the nominated person/committee.

Confidentiality - The directors, managers, officers and employees shall maintain the confidentiality of confidential information of the company or that of any customer, supplier or business associate of the company to which company has a duty to maintain confidentiality, except when disclosure is authorized or legally mandated. The confidential information includes all non-public information (including private, proprietary, and other) that might be of use to competitors or harmful to the company or its associates.

- Any information concerning the Company's business, its customers, suppliers, etc. to which the Officers have access or which is possessed by the Officers, 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.
- The use of confidential information for his/her own advantage or profit is also prohibited.
- Respect the confidentiality of information acquired in the course of employment unless legally obliged to disclose and ensure that no such confidential information is used for personal advantage/benefit,
- Information of all present and prospective customers and their business must be kept confidential and shall not be shared with third party with out adequate authorization.

Fair and equitable Dealing - Each director, managers, officer, and employee should deal fairly with customers, suppliers, competitors, and employees of group companies. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing-practices.

Do and dont's

- All the supplier and vendors of the company must be dealt with respect and dignity. All the dues of the suppliers and vendors must be paid in time as per the terms of the contract.
- All the employees must be dealt with fairly and equitably and diversity of the employees must be respected.
- Use merit, qualification and other job related criteria as the basis for all employment related decisions.
- All the shareholders of the company must be treated with respect and equity and all the information must be provided to them as per the applicable law.
- Discrimination including harassment in any form what so ever is prohibited.
- Act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interest between personal, financial and professional relationships,
- Make full, fair, accurate, timely, and understandable disclosure in reports and documents that the company files with, or submits or makes periodically, to the shareholders, government authorities and to the public,
- Act in good faith, responsibility, with due care, competence and diligence without misrepresenting material facts,

- ❑ Refrain from any inappropriate or undue influence of any kind in all dealings with independent auditors, and avoid any actual or apparent conflicts with analysts,
- ❑ Achieve responsible use of and control over all assets and resources employed or entrusted to the them,
- ❑ Encourage honest and ethical behavior at the work place and amongst your colleagues,

Protection and Proper Use of Company's Assets - All directors, managers, officers and employees should protect company's assets and property and ensure its efficient use. Theft, carelessness, and waste of the company's assets and property have a direct impact on the company's profitability. Company's assets should be used only for legitimate business purposes.

While using the company asset or resources follow the following:

- ❑ Use of assets must be for authorised purposes only.
- ❑ All the assets of the company being used by the directors, officer or employee of the company must be kept diligently and all efforts shall be made for its safety and upkeep. Unless and other wise stated these assets must be suitably insured.
- ❑ Office spaces occupied by the directors, officers or employees must be used optimally and be kept neat, clean and tidy.
- ❑ Do not use company asset in support of a personal business, consulting efforts, or similar private ventures or to support the business of another company or firm.
- ❑ Do not use the company asset to support any unlawful or other purpose that could cause embarrassment to the company or otherwise adversely affect its interest.
- ❑ Do not use the company asset to be disruptive or offensive (e.g involving sexually explicit materials, or materials that are discriminatory , hateful or threatening) to others.
- ❑ Do not sell, loan, give away or dispose of company property with out proper authorization.
- ❑ The Officers 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.
- ❑ Unless and other wise stated, all the research and development work and other work being carried out is subject matter of Intellectual Property Right of the company or its respective group companies, every employee shall strive for its protection.

Insider trading

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 has been amended in November 2008, (hereinafter referred to as the "Regulations"). In line with the said Regulations, the Insider Trading Code of Conduct has been approved by the board of directors also forms part of this code.

Dos & Don'ts

Every person preparing and circulating any unpublished price sensitive information (information as defined under the Regulation shall ensure to notify the following notation "Private, privileged and Confidential" on each such document / statement.

- ❑ Information shall be handled on a "need to know" basis ie it should be disclosed to only these employees within the Company who need the information to discharge their duties.
- ❑ Not to disclose / communicate information to any person within or outside except when they reasonably believe that such disclosure is required to enable proper and effective conduct of business and that they will have no information to believe that the information will be misused or improperly disclosed by the recipient.
- ❑ Not to advise or induce, communicate, counsel any other person to deal in shares of the company on the basis of information.
- ❑ Not to trade (buy / sell) in securities of the listed companies i.e. HGL either directly or through relatives, friends etc. on the basis of any "information".
- ❑ Not to trade (buy /Sell) in securities of listed companies ie HGL directly or through relatives friends etc during closure of trading window as announced by compliance officer from time to time.
- ❑ To get the prior clearance from compliance officer for any sale/purchase of the securities of listed companies ie HGL where market value exceeds Rs. 5 lacs or 5000 shares, in a month whichever is more.

Compliance with Laws, Rules, and Regulations - The directors, managers, officers and employees shall comply with all applicable laws, rules, and regulations.

- ❑ Transactions, directly or indirectly, involving securities of the company should not be undertaken without pre-clearance from the company's compliance officer i.e. the company secretary.
- ❑ Any director, manager, officer or employee who is unfamiliar or uncertain about the legal rules involving company business conducted by him/her should consult the compliance officer or any director of the company before taking any action that may jeopardize the company or that individual.
- ❑ Make sure that all records are accurate, complete and in no way misleading.
- ❑ If you become aware of inaccurate information, raise the matter with the appropriate company contact.
- ❑ Write and speak in an appropriate manner in all company communications.
- ❑ 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 authorised Officers.
- ❑ Comply with governmental laws, rules, notifications and regulations applicable to the company's business,
- ❑ Disclose to the Board or any committee/officer designated by the Board for this purpose, any material transaction or relationship that reasonably could be expected to give rise to any violations of the code including actual or apparent conflicts with the interests of the company,
- ❑ Every Officer 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.

Interpretation of Code – The code must be read literally. Any question or interpretation under this code of ethics and business conduct will be handled by the Board through compliance officer.

Responsibilities of the Employees:

- ❑ Read and understand the Code of conduct.
- ❑ In case of any query to contact the compliance officer and the company secretary at corporate office at 14th Floor Millennium Plaza, Tower B, Sushant Lok-I, Sector 27, Gurgaon 122002, ph: 0124-2806080-84 fax 0124-2806085. Email pjain@hitechgears.com

Any deviation/waiver from this code can only be effected on the sole and absolute discretionary authority of the Board or any person/committee designated by the Board for this purpose.

Compliance with Code of Conduct –

The code of conduct is to be complied with every director, officer and employee of Hi-Tech Gears Limited and its group companies its letter and spirit.

- ❑ If any director, manager, officer or employee who knows of or suspects of a violation of applicable laws, rules or regulations or this code of conduct, he/she must immediately report the same to the board of directors above said compliance officer or any designated person/committee thereof. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue. The identity of the person reporting such incident would be kept confidential. The company recognizes that resolving such problems or concerns will advance the overall interests of the company that will help to safeguard the company's assets, financial integrity and reputation.
- ❑ The board of directors has the authority to waive compliance with this code of conduct for any director, manager, officer or employee of the company. The person-seeking waiver of this Code

shall make full disclosure of the particular circumstances to the Board or the designated person/ committee.

- ❑ Violations of this code of ethics will result in disciplinary action, which may even include termination of services of the employee. The company's Board or any committee/person designated by the Board for this purpose shall determine appropriate action in response to violations of this code of ethics.

Acknowledgement of the code of conduct.

If I have a question or concern about, or know of suspect a possible violation of the code or other company policy , I will follow the reporting concern procedure in the code.

Certificate of Acknowledgement

"I have received and read the Hi-Tech Gears Code of Conduct and understand i have an obligation to comply with it.

Annual compliance reporting

Board Member and Senior Managers shall affirm compliance with this Code on an annual basis as at the end of the each financial year of the Company (as per Appendix I within 7 days of the close of every financial year).

Acknowledgement of receipt of the code

Each Board Members and Senior Managers and employee both present and future shall acknowledge receipt of the Code or any modification(s) thereto, and forward the same to the Compliance Officer or respective HR Department.

31st December 2005 modified on 3rd February 2007

Name.....

Business unit.....

Location.....

Signature.....

Date.....