

**CODE OF CONDUCT FOR
DIRECTORS
&
SENIOR MANAGEMENT
OF
ISPAT INDUSTRIES LIMITED**

A. INTRODUCTION & BACK GROUND

The Company firmly believes that Corporate Governance is very closely linked to the core values of the Company and is associated with best practices, a fine blend of law, regulation and voluntary practices with the overall objective of maximizing return for its stakeholders. Your Company believes in imbibing Best International Practices in the area of Corporate Governance with specific emphasis on ensuring accountability.

The Company is committed to transparency, accountability and fairness and contributing towards the social and environmental growth of the surroundings in which it operates.

The Company recognizes that good Corporate Governance practices alone would guarantee long-term economic profits to enhance shareholder value, the achievement of which is dependent upon the Company's inherent ability to globally compete not only for selling its products but also for capital and human resources.

The Company acknowledges that the Corporate Governance is not a substitute for good performance and rather good corporate governance is for good performance together with good values. Accordingly, the Company has sought to institutionalize best corporate governance practices mandated by Regulatory Authorities.

Ispat Industries Limited has adopted this code of conduct in order to describe the standards its Directors and Senior Management must meet

The Standards are based on:

- Professionalism and good business practices
- Ethical and legal behaviour
- Fair and appropriate consideration of the interests of all stakeholders (investors, customers, suppliers, employees, other commercial partners, government authorities and the public) and environment
- Fair and respectful treatment of fellow employees
- Loyalty to Ispat Industries Limited
- Our commitment to transparent and enduring good Corporate Governance practices

B. PURPOSE OF CODE

The code seeks to serve the following purposes:-

- i) To articulate the high standards of honesty, integrity, ethical and law-abiding behaviour expected of Directors and Senior Management Members.

- ii) To encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including investors, employees, customers, suppliers and creditors)
- iii). To guide Directors and Senior Management Members as to the practices thought necessary to maintain confidence in the Company's integrity; and
- iv) To set out the responsibility and accountability of Directors and Senior Executives to report and investigate any reported violations of this code or unethical or unlawful behaviour.

The code seeks to address:-

- Personal obligations
- Discrimination
- Conflict of Interest
- Bribes, Kick-backs, Business Entertainment, Gifts,
- Insider Trading
- Compliance with Law
- Use and Protection of Business Assets and Informations

C. APPLICABILITY OF CODE

This code of conduct describes Ispat Industries Ltd.'s commitment to lawful and ethical conduct in all of its affairs. This code of conduct shall apply to all operations of the Company and supplements the present or future policies, guidelines and rules implemented by the Company. The spirit of this Code of Conduct shall govern the interpretation of all policies, guidelines and rules adopted by the Company.

- This Code of Conduct is applicable to all Directors of the Company
- This Code of Conduct is applicable to all Senior Management Members of the Company, from the rank of General Manager and above.
- This Code of Conduct is applicable to any other employee or officer of the Company who has a direct functional reporting to the Board and also to any employee or officer of the Company, who has the opportunity to

materially influence the strategy and operation of the business and financial performance of the company

Ispat Industries Ltd. is committed to observing all applicable laws and regulations and all the above mentioned Officials are expected to uphold this commitment.

D. CODE OF CONDUCT

a) Honesty, Integrity, Ethical Conduct and Dignity :

The Company's Directors and Senior Management Members shall;

- i) Observe highest standard of honesty, integrity and ethical and law abiding behaviour in
 - a) Performing their duties and
 - b) Dealing with any Officer, Agent, Employee, Shareholder, Customer, Supplier, Auditor, Lawyer and Advisor of the Company.
- ii) Foster a culture of honesty, integrity and ethical and law abiding behaviour among other Officers and Employees.
- iii) Exercise the care, diligence and skill of a reasonably prudent person under comparable circumstances.
- iv) Ensure to enhance and maintain the reputation of the company
- v) Strive to contribute toward the growth, stability and service that the company seeks to provide to its consumers, members, stakeholders and society in general
- vi) Conduct themselves in a professional, courteous, and respectful manner at all times.
- vii) Make available to and share with fellow directors all information as may be relevant to ensure proper conduct and sound operation of the company.

✍ Directors and Senior Management Members shall deal on behalf of the Company with professionalism, honesty, integrity as well as high moral and ethical standards. Such conduct shall be fair, ethical and transparent enough to be perceived as such by others.

✍ **Dignity**

The Directors and Senior Management Members shall not conduct themselves in such a manner as would be construed to be an incident of sexual harassment at the workplace. They shall not use abusive or offensive language at the workplace or any such location connected to official business and shall extend full cooperation and valuable assistance to other employees of the Company in accomplishing their goals in alignment with the goals and objectives set by the Company.

b. Conflict of Interest

The Company's Directors and Senior Management Members must be aware of potential conflicts between (directly or indirectly) :-

a) on the one hand

- i) the interest of the Company; or
- ii) their duties to the Company and

b) On the other hand

- i) their personal or external business interests; or
- ii) their duties to any third party

- Every Directors and Senior Management Members must avoid placing himself or herself in a position that may lead to an actual or a potential conflict of interest or duty or a reasonable perception of an actual or potential conflict of interest or duty.
- Every Director and Senior Management Member must fully and frankly inform the Board of any personal or external business interest that may lead to and actual or potential conflict of interest or duty or a reasonable perception of an actual or a potential

conflict of interest of duty and obtain and follow independent legal advice to avoid or resolve any actual, potential or perceived conflict of interest or duty.

- Whole Time Directors & Senior Management Members should obtain a prior permission from the Board of Directors before accepting Directorship in any other Company. Further, they must refrain from accepting simultaneous employment with any other Company, firm or person or from taking part in any activity that enhances or supports a competitor's position.
- Directors and Senior Management Members should inform the Company immediately the details of any developments relating to their business/professional activities or personal life which could be incompatible with their position as a director of the Company.
- Directors and Senior Management Members shall not receive (directly or indirectly) a personal benefit from a person or an entity, which is seeking to do business or to retain business with the Company. They shall not participate in any decision making process involving another entity in which they have direct or indirect interest.
- Directors and Senior Management Members shall not accept (directly or indirectly) compensation (in any form) for services performed for the Company from any source other than the Company.
- Directors and Senior Management Members shall not engage in any activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the Company.

c. Financial Reporting

The Directors and the Senior Management Members shall manage the affairs of the Company with better accountability to shareholders and achieve transparency of operations with disclosure of both financial and non-financial data through annual and other periodical reports.

The Directors and Senior Management Members shall ensure that the company prepares and maintains its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the company conducts its business affairs.

Internal accounting and audit procedures shall fairly and accurately reflect all of the company's business transactions and disposition of assets. All required information shall be accessible to company auditors and other authorized parties and government agencies. There shall be no willful omissions of any company transactions from the books and records, no advance income recognition, and no hidden bank account and funds.

Any willful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of this code, apart from inviting appropriate civil or criminal action under the relevant laws.

d. Related Party Transactions

Director or Senior Management Members or any of their relatives/associates should not derive any undue personal benefit or advantage by virtue of his position or relationship with the Company. As a general rule, Directors and Senior Management Members should avoid conducting Company business with a relative, or with a business in which a relative is associated in any significant role. Any dealings with a related party must be conducted in such a way that no preferential treatment is given and adequate disclosures are made as required by law and as per the applicable policies of the Company.

e Insider Trading

Directors/Senior Management Members having inside Information about the Company shall not sell, purchase or otherwise trade in stock, derivatives or other securities of the Company or disclose such information to another person.

Director and Senior Management Members and their immediate families shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the company, which is not in the public domain and thus constitutes insider information. Directors and Senior Management Members are required to comply with the Company's Code of Conduct on prevention of Insider trading.

f. Business Interests

If any Director or Members of Senior Management is considering investing in any customer, supplier, developer or competitor of the Company, he or she must first take care to ensure that these investments do not compromise on their responsibilities to the Company. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; the Director's/Senior Management Member's ability to influence the Company's decisions; his access to confidential information of the Company and the nature of the relationship between the Company and the other Company or person. Accordingly, it is appropriate that the Director or Member of the Senior Management make a disclosure to the Board before making such an investment and obtains a "pre-approval"/"no objection" from the Board of Directors.

g. Business Opportunities

Directors and Members of Senior Management should not exploit for their own personal gain, opportunities that are discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board of Directors declines to pursue such opportunity. Further, the Directors and Members of Senior Management must refrain from using the Company's property or information for personal gain.

h. Emphasizing Diligence

Independent Directors should ensure that they have the requisite time, training and facilities to adequately discharge their duties and responsibilities. Further, they would have to disclose their other

significant commitments, if any, which are likely to affect or interfere with the proper functioning of themselves and the Board.

i. Equal Opportunity And Employment

The Company is committed to a policy of equal employment opportunity so as to assure that there shall be no discrimination or harassment against an employee or applicant on the grounds of race, color, religion, sex, age, marital status, disability, national origin, or any other factor made unlawful by applicable laws and regulations. This policy relates to all phases of employment including recruitment, hiring, placement, promotion, transfer, compensation, benefits, training, educational, social and recreational programs and the use of Company facilities. Sexual harassment is specifically prohibited. Directors and Senior Management Members shall ensure due compliance.

The Directors/Senior Management Members shall practice a conduct that promotes equality of gender, class, caste and opportunity and should promote the same values and also exercise their duties in a manner that encourages healthy, personal and career growth of the employees of the Company

j. Entertainment, Gifts and Benefits

It is essential to the efficient business practices that all those who do business with the company as contractors/ customers etc. have access to the company on equal terms.

Directors or Members of Senior Management should not accept entertainment or gifts (gifts or entertainment in this clause includes cash, preferred loans, securities or secret commissions), which grant or appear to grant preferential treatment to a potential or actual contractor/customer of the company. A business relationship with the company will be confidential on compliance with this code.

Similarly, no Director or Members of Senior Management may offer entertainment, gifts of benefits, in order to secure preferential treatment for the company except in the normal exchange common to business relationships.

k. Reliance on Co-Directors and Senior Executive Members

A Director shall be entitled to rely on his fellow Directors and Senior Executive Members of the Company for information which would enable him to put himself in a position of trust for the express purpose of attending to the details of management. A Director would also rely on the opinions of an outside expert, and, in fact may be negligent if he does not obtain such an opinion in appropriate circumstances.

l. Protection of Environment

The Company is committed to conduct its business in a manner that values the environment and helps to ensure the safety and health of its Directors or Employees. It is the Company's policy to comply with or applicable environmental safety and health laws and regulations; to apply reasonable standards where such laws or regulations do not exist; and to seek ways to achieve excellence in these critically important areas. The Company will strive to implement industry recognized best practices wherever possible.

The Directors/ Senior Management Members shall, in their decision making process, respect the necessity of protecting the environment around them, of the Country and of the global environment as a whole and in doing so, shall ensure compliance of the applicable laws, rules and regulations.

m. Sharing of Information

The Director/Senior Management Members shall not give any statement/information to the press or any other form of media without due authorization from the Board or its Chairman or the Managing Director.

All public disclosures, including forecasts, press releases, speeches, and other communications, will be honest, accurate, timely and representative of the facts.

E. COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

Every Director and Senior Management Members must comply and where applicable, oversee compliance by employees with all the laws, rules and regulations applicable to the Company and its employees. Each Director must acquire appropriate knowledge of the requirements relating to his duties sufficient to enable him to recognize potential non compliance issues and to know when to seek advice from the Legal Experts on specific Company policies and procedures.

- .Every Director and Senior Management Members must
 - (a) Comply with the letter and sprit of any applicable law, rule or regulation
 - (b) comply with the protocols, policies and procedures of the company including its corporate code of conduct; and
 - (c) Encourage other Officers or Employees to do the same.
 - (d) not encourage or shall commit or condone an illegal act or instruct another employee etc. to do so.

F. DUTY OF CONFIDENTIALITY

- Any information acquired by Director or Senior Management Members while performing their duties is confidential information of the Company and must be kept strictly confidential. A Director or Senior Management Members must not disclose information to a third party except where the disclosure is (a) authorized by the Board or (b) required by Law or a Regulatory Body (including a relevant Stock Exchange).
- The confidentiality obligations of each Director and Senior Management Members shall continue after he or she ceases to be associated with the Company.

G. DUTY NOT TO MISAPPLY COMPANY'S ASSETS

- ✍ The Company expects each Director and Senior Management Members to use all reasonable endeavours to protect any Company asset and to ensure its efficient use.
- ✍ A Director or Senior Management Members may only use a Company asset, (for example a product, vehicle, computer or money) for legitimate business purpose or other purposes approved by the Board.
- ✍ Each Director and Senior Management Members must immediately report any suspected fraud or theft of a company's asset for investigation.

Whilst the Directors do not have legal ownership of the Company's assets, they do have effective control of them. Consequently, they shall use them and employ them for the proper purposes of the Company, and in the best interests of the Company. Similarly, no Director and/or Senior Management Members shall illegally withhold any property/document of the Company and shall ensure protection of the same at all times.

H. PATENTS, RESEARCH ACTIVITIES

The Company often engages in various forms of research, product development, etc.

Such activities, namely, computer programs, technical process, inventions, research methods, reports or articles and any other form of innovation or development shall entirely belong to the Company. No Director or Senior Management Member shall apply such developments, etc., for his personal use or gain.

I. OTHER DUTIES/RESPONSIBILITIES

The Directors and Senior Management Members of the Company:

- Shall not knowingly suppress a material fact, which can be detrimental to the interest of the Company, from the appropriate authority/body.
- Shall not give any directions, which expose to risk, the health and safety of any person.
- Shall not make any statement; verify any return or form, containing any particulars, knowing them to be false.
- Shall not fail to invite the attention of the appropriate authority/body in respect of matters affecting the Company or arising out of professions, any material departure from the generally accepted principles of propriety.

J. PROFESSIONAL DEVELOPMENT

The directors and members of senior management will encourage and support the professional development of the employees of the company and provide them all necessary assistance and cooperation.

K. REPORTING

Company Secretary shall be the Compliance Officer for the purpose of this code. Directors and Senior Management Members are required to report observed violations of the Code and illegal or unethical behavior to the Compliance Officer. All reports will be treated in a confidential manner and it is Company's policy to not allow retaliation for reports made in good faith of misconduct by others. In accordance with an established, documented & approved process the Company will undertake review & where appropriate, investigations of alleged violations or misconduct.

L. IMPLEMENTATION

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- ? This code of conduct shall be implemented effective December 31, 2005.

M. DISCIPLINARY ACTIONS

The matters covered in this Code of Business Conduct and Ethics are of the utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our Directors and Senior Management Members to adhere to these rules in carrying out their duties for the Company.

The Company will take appropriate action against any Director and Senior Management Members whose actions are found to violate these policies or any other policies of the Company. Disciplinary actions may include immediate termination of directorship, employment or business relationship at the Company's sole discretion.

N. WAIVERS & AMENDMENTS

Any waiver of any provision of this code for a Member of the Company's Board of Directors or a Senior Management must be approved in writing by the Company's Board of Directors and appropriately disclosed. Based on the business requirements and applicable regulations the code may be amended by the Board of Directors from time to time.

O. ACKNOWLEDGEMENT

All Board Members and Senior Management Members shall acknowledge the receipt of this code in the acknowledgement form appended to this Code indicating that they have received, read and understood, and agreed to comply with the code and send the same to the Compliance Officer. New Directors and new Senior Management Appointees will submit such an acknowledgment at the time when their directorship/ employment begin.

P. ANNUAL AFFIRMATION

At the end of each financial year, Directors and Senior Management Members will be asked to sign an acknowledgement indicating their continued understanding of & compliance with the code. All the Directors/Senior Management Members shall, within 30 days of close of every financial year affirm compliance with the Code. Refer Annexure I for the format of Annual Compliance Declaration. The duly signed Annual Compliance Declaration shall be forwarded to the Compliance Officer of the Company.

ACKNOWLEDGMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS

I have received and read the Company's Code of Business Conduct and Ethics. I understand the standards and policies contained in the Company Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job or role. I further agree to comply with the Company Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the Company Code of Business Conduct and Ethics, any Company policies, or the legal and regulatory requirements applicable to my role or job, I know I can consult the Compliance Officer or the Human Resources Department knowing that my questions or reports to these sources will be maintained in confidence.

Name: _____ Designation: _____

Signature: _____

Date: _____

Please sign and return this form to the Compliance Officer.

CODE OF BUSINESS CONDUCT AND ETHICS - ISPAT INDUSTRIES LIMITED

ANNUAL DECLARATION

I hereby confirm that for the financial year ended March 31, 2006

I have not violated nor am I aware of any violation of the Code of Business Conduct & Ethics of Ispat Industries Limited by any other person to whom the said code is applicable.*

I have come across the following instances of violations of the Code:*

Brief description of the nature of violation	Person Responsible	Date & Mode of intimation to the Compliance Officer

Name:

Designation:

Signature:

Date:

Please sign and return this form to the Compliance Officer.

* Please tick against the applicable statement and strike off whichever is not applicable