

MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED

CODE OF CONDUCT FOR EMPLOYEES

I N D E X

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INTRODUCTION

Mahindra Sanyo Special Steel Private Limited (MSSSPL) was incorporated on 8th November, 2011 as Navyug Special Steel Private Limited. MSSSPL belongs to Mahindra Group and is the subsidiary of Mahindra UGINE Steel Company Limited (MUSCO). The Company is one of the leading manufacturers of special alloy steel.

MSSSPL's plant is located at Khopoli is a pioneer and premier Alloy Steel producer and also a single source supplier to a large number of multinationals and other supplier to major Automobile, Engineering, Forging, Ball Bearings, Pumps and Compressors, Capital Goods industries.

The liberalized business and legal environment, privatization of the public sector, the globalization of the economy and the resulting freedom and challenges have resulted in a dramatic growth in business and business opportunities, and in the way business is conducted. In this environment, it is imperative to maintain the highest standards of corporate conduct and business principles; we should be concerned not just with maximizing profits and shareholder value, but be equally conscious of responsibilities to each of the stakeholders – employees, business associates and partners, financiers, society and the State.

In its pursuit towards this goal, we, at MSSSPL have always laid emphasis on practices that reaffirm the fundamentals of effective governance; practices that maintain a balance between individual aspirations and corporate goals; practices that underline our core values; and, above all, practices that would result in delivering excellent products and services whilst, at the same time, striving to make the world a better place.

MSSSPL recognizes that there are many aspects of Corporate Governance, each as important as the other. Ensuring an adequate return to shareholders is one of them. The Company, being transparent in the conduct of business affairs and maintaining the trust and confidence of stakeholders is another facet of Corporate Governance. Corporate Governance is also concerned with the empowerment of employees and the ethics, values and morals of a company and its employees. Developing capabilities, identifying opportunities and integrating Corporate Social Responsibility with operations is yet another area that adds to value creation the list could go on. It is for us to ensure that all these are carefully woven together to produce a tapestry of myriad hues that symbolizes strong business relationships, shareholder trust, employee loyalty, respect in the community and excellence in all that we do.

The Company believes that adherence to this Code will be yet another journey of a thousand miles that has begun with this one step.

THE MSSSPL GOVERNANCE POLICIES

Good corporate governance begins with a company's own internal practices and policies. While Corporate Governance issues are common across organizations, each company requires governance principles that are unique in their approach.

The principles that will guide our actions and the manner of conducting our businesses will be articulated in the sections that follow. These flow from our commitment to be a moving force in the nation's progress without in any way compromising our core values and our unswerving attachment to business ethics. These principles focus on issues that are considered to be significantly important to the Governance process as we, in MSSSPL, see it.

The Board of Directors of MSSSPL authorised Mr. Pradeep Salian, Company Secretary of the Company, for reporting to the Chairman of the Board, that he will oversee the implementation of these policies and its compliance. It is also the responsibility of the Company Secretary to review the efficacy of these policies and suggest amendments to make them responsive to the changing times.

For this initiative to be successful, the guiding principles should be clearly understood and put into practice at every level within the Company. This Code should be adhered to in letter and in spirit. The application of these principles would be governed by internally designed procedures that are unambiguous and clearly understood.

Good governance is, ultimately, the sine qua non for continued growth and prosperity.

MANAGEMENT

The management of the Company is entrusted in the hands of the Managing Director and his core team who operates under the supervision and control of the Board of Directors.

The Management will ensure that the Company is being run on sound economic principles, with a balanced allocation of resources to support the Company's responsibilities to each of its stakeholders, maintaining at the same time, the proper focus on an acceptable return to the shareholders.

The Managing Director of MSSSPL has nominated a Plant Management Committee to periodically review the operations of the Company and also to take decisions on crucial policy matters governing the day-to-day operations.

BUSINESS PROCESSES

Strong Business Processes lead to a more efficacious system of governance.

The Management shall, within its overall corporate plan, define and document a strategy that would eventually lead to superior performance, quality products, world class management practices and enhanced value to its shareholders.

The **Board, as Trustees of resources** that have been placed at their disposal for the running of the businesses, will select such Business Processes that are strong and robust to support the judicious utilization of these resources, thereby optimizing long-term returns. It is recognized that there can be no one universal model of a Business Process – different situations need specific solutions, which would be selected in keeping with the uniqueness of the situation and the demands of legal compliance and regulations.

Systems and policies should be clear and transparent, and shall be documented in manuals that serve as a valuable tool for learning and governance.

Any specialized knowledge and experience will be shared and made available for the benefit of all the constituents of the Mahindra companies.

BUSINESS ETHICS

The Company is committed to seeking long term success with no compromise on ethical business standards.

The highest standards of integrity, impartiality, equity and objectivity shall be observed in every activity that encompasses the business.

The business of the Company shall be conducted in keeping with the exacting standards that are contained in this Code. The Management and the employees shall diligently comply with the requirements of this section, and the regulations applicable to the country in which they transact business.

The employees are expected to remain independent in any decision that they may be required to take and should disclose any interest – personal, professional, academic or business – which may arise directly or indirectly through their relatives that may conflict with their responsibilities.

The Business decisions shall be taken in a manner that supports full and open competition and secures for the Company the best products and services at the most competitive price.

The Company does not espouse the payment or receipt of gifts or bribes for business or financial gain. As a corollary, no employee or representative of the Company should do anything that could give an impression that the Company could be influenced in this manner.

It might be customary, at times, to give or exchange unsolicited gifts during the traditional festive seasons or during certain corporate events. These should be restricted to promotional or advertising material or such items that are customary or considered to be prudent or of a symbolic nature by the Management, having regard to the nature of the business, the type of markets in which the Company is operating and the event being observed. It would however be unethical and incorrect to gift items where there is an intention to derive any benefit in return.

The Company will take an exceptionally stringent action against any employees of the Company, who violates this policy.

EMPLOYEES

The Company recognizes that the success of its operations is dependent to a large extent on the commitment and support of its workforce.

The decision on employment is to be made with no reference to religion, caste, sex or any non-job related handicap. Discrimination and harassment of any kind will be dealt with in the most severe manner. Terms and conditions of employment will be competitive.

Employees will display the highest level of ethics and integrity in every sphere of activity and will abide by the rules and regulations of the organization.

Every employee will be given an assignment that best suits the employee's capabilities and will be sufficiently empowered to function at an optimal level. Adequate opportunities will be provided to our workforce to upgrade their skills. Every employee is entitled to equal consideration for any open job opportunity within the Company and due importance will be given to Succession Planning.

Innovation and well-reasoned risk taking shall be supported, but performance will be demanded. Employees shall have no rights or lien over any inventions that arise in the course of employment.

The Company always welcomes any suggestions from the workforce for the betterment of processes and practices.

The Company expects the employees to devote their full time attention to the business of the Company and not take on any competing assignments either directly or indirectly without proper authorizations.

Company property – equipment and intellectual property rights such as patents, trademarks, copyrights, designs, strategies, plans, trade secrets and similar items that are not in the public domain – should be used only in the course of and for Company business, with proper care and safeguards.

Solicitation or acceptance of gifts is strictly forbidden except in cases where items are gifted with no expectation of business or personal gain. The payment or receipt of bribes is prohibited.

The employees must avoid any form of activity that would result in a conflict of interest situation or a potential conflict of interest situation, such that the ability of the employee to perform objectively or impartially could get impaired.

The Company will comply with all labour related legislation of the Central and the State Governments, and, in particular, will neither employ nor advocate the employment of child labour or forced labour.

The employees will be provided with a safe and healthy work environment. The employees will be expected to maintain cordial relations with and respect one another, and will conduct themselves in a manner that would be benefiting the organization.

The Company values individual dignity, uphold the right to express disagreement and respect the time and efforts of the Company's workforce.

OUR PRODUCTS AND SERVICES

The Company's product and services shall be technologically competitive and, whilst fulfilling the needs of our customers, shall offer the best possible value to the customer. They shall be suited for the purpose for which they are merchandised, and shall be recognized for their quality, durability, reliability and safety.

The company's products and services shall comply with all applicable standards and legislation applicable in the country of sale.

The Company shall build its mutual beneficial relationships of an enduring nature with its customers.

The Company's response to the needs and expectations of customers shall be speedy, courteous and effective.

The Company shall not make any false or misleading claims whilst marketing its products or services.

The service standards of the Company shall be of the highest order.

The Customer complaints and warranties shall be attended to the fullest satisfaction of the customer and in accordance with laid down policies with no additional inconvenience being caused to the customer.

The Company's products and services shall not be marketed for any anti-national or illegal activities.

The Company's product brochures and other marketing information shall clearly list out the known potential risks associated with the use of the products or services and ways to diffuse or eliminate the risks.

LEGAL AND OTHER COMPLIANCES

The Company shall conduct its business as a responsible corporate citizen, and shall follow the applicable legal framework of the country in which it operates by the letter of the law and in spirit. The Company expects all its employees to function in line with this principle.

The exchange of consideration of whatever nature to overcome difficulties in the operation or implementation of legislation is expressly prohibited.

COMPETITION

The Company believes that for business to be successful, competition has to be vigorous, free and fair.

The Company shall compete through the inherent quality and excellence of our products and services, never through illegal, unethical or unfair business practices.

The Company respects its competitors' proprietary information and also respects its competitors' rights.

The Company shall not try to secure an advantage by ridiculing the competition. Whilst our information memoranda should never be misleading in any manner, it should not fail to highlight our competitive strengths.

The Company shall support the development of laws that promote, encourage or result in fair competition.

BUSINESS PARTNERS AND JOINT VENTURES

A proper choice of business partners is vital for the success of the Company.

Associations shall be encouraged, in India or abroad, with such entities as are able to add value to the Company's products or services, or help fulfill the strategic growth plans of the Company.

Only such persons shall be selected to be our business partners where there is a complete match in the partners' manner of conduct of business, core values and other business principles and processes.

The Company shall maintain mutually lasting and beneficial relationships with all our suppliers, customers and other business partners, including Joint Ventures.

The Company shall respect the interests of all our business partners and in our dealings with them, shall act with fairness, integrity and transparency.

Business partners shall not be expected, directly or through employees, or vice versa, to do anything in the course of their dealings with the Company that is not permitted under this Code.

RECORD KEEPING

The Company shall maintain the accounting and other records with highest standards of excellence and transparency. The highest level of integrity is expected of those to whom are entrusted the responsibility of maintaining the books of account and other records of the Company.

While recording transactions in the books of account of the Company, no attempts shall be made to disguise the true nature of the transactions being recorded.

All the Records shall be maintained in accordance with all applicable laws and regulations. In addition, the accounts shall comply with the applicable Accounting Standards of The Institute of Chartered Accountants of India or the relevant accounting body or regulatory authority in whose jurisdiction the Company functions.

The accounting policies that are selected for the preparation of accounts shall be applied consistently, and judgments and estimates that are made shall be reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the Balance Sheet date and of the profits or losses of the Company for the year ended on that date.

A Proper and sufficient care will be taken for the maintenance of adequate records, accounting or otherwise, and in accordance with the provisions of applicable legislation, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

Unless otherwise warranted, the accounts will be prepared on a going concern basis.

Information meant for Management that is derived from the books of account of the Company shall be prepared using the same standard of excellence as the published accounts.

POLITICAL AND TRADE AFFILIATIONS

The Company does not support any specific political party nor does it have any particular political affiliations. Accordingly therefore, no contributions can be made, directly or indirectly, to any political party or for any political purpose without the prior approval of the Board of Directors of the Company, and in strict compliance with applicable legislation.

The Company shall co-operate with the Government, Chambers of Commerce and Trade Associations in matters concerning the industry with a view to promoting, protecting and enhancing our business interests.

The employees of the Company are free to contribute to or participate in the political process or to a trade association so long as it does not create a conflict of interest situation or impinge upon their work-related commitments.

The Employees of the Company associated with political parties or the political process or trade associations should ensure that by their participation, they do not give the impression of representing or being the spokesperson of the Company.

The Company shall not comment on the political process except in those matters that have a bearing on the operations of the Company.

COMMUNICATION AND INFORMATION

The Company believes that an effective communication is vital to avoid misrepresentations, misstatements, misleading impressions and untruths. All communication material shall be prepared against this backdrop and should be adequately backed by documentation to support any claims or statements made.

Information posted on the Company's website(s) shall be governed by the same standards as are applicable to other communication material.

The Company shall, on a timely basis, provide reliable and meaningful information about our products, services and other activities to legitimately interested persons and as may be required by law, subject to considerations of the legal requirements, cost and confidentiality.

Given the sensitivities involved, certain designated persons or groups of persons will be authorized to communicate on specified matters, and no other person would be expected to communicate in an out-of-turn manner on those matters.

The Company will maintain communication with its employees through its internal communication systems and by the consultative process.

THE COMMUNITY

The Company would like to be counted amongst those companies that strive to create a better society.

The Company supports a deep integration of Corporate Social Responsibility into its operations. By so doing, it seeks to remain responsive to the demands and expectations of its employees, local communities and other stakeholders, and influence the quality of life and economic prospects of people across the country.

There is no restriction on the opportunities for involvement, which would include Child care, Community Centres, Crisis Management, Education, Environmental Protection, Medical Relief, Rural Development, Sports, Art, Culture and the Performing Arts, and Philanthropy. It is not essential that these programs be related to the business of the Company.

The technology used in the manufacture of our products shall not result in effluents or toxic waste being released unless treated in accordance with the prevalent pollution control laws.

Every effort shall be made to maintain the ecological balance, conserve scarce natural resources and avoid pollution.

Employees are encouraged to contribute to society and their communities during their leisure time.

COMPLIANCE, MONITORING AND REPORTING

The success of this Code lies in its implementation and periodic review.

The Company Secretary and the Board of Directors of the Company will be responsible for ensuring that these principles are properly communicated to and understood by all to whom these are addressed.

As these are broad guiding principles, detailed procedures will be laid down by each division within the Company to suit its individual needs.

Every employee of the Company to whom this Code applies will be required to formally acknowledge that having received and understood the Code, he/she will abide by its prescriptive principles.

There will, most certainly, be doubts, for which clarifications will be required. Employees are encouraged to seek these clarifications from the Company Secretary, and be watchful of situations that could result in an impropriety.

The Company Secretary will be responsible for monitoring compliance with the provisions of this Code.

The Company Secretary shall review the provisions of the Code from time to time and suggest such amendments as he considers necessary for the Code to be relevant in changing circumstances.

The employees are expected to report any non-compliance or potential non-compliance to the Managing Director or the Company Secretary, who promises complete confidentiality in respect of matters referred to him.

Compliance with the Code is mandatory at all levels. Cases of non-compliance will be referred either to the Managing Director, who in consultation with Board of Directors shall recommend the nature of punitive action.
