

STANDARD INDUSTRIES LTD.

Code of Conduct for Board of Directors and Senior Management

National Interest

Standard Industries Ltd. shall be committed in all its actions to benefit the economic development of the countries in which it operates. It shall not engage in any activity that adversely affects such an objective. It shall not undertake any project or activity to the detriment of the nation's interests, or those that will have any adverse impact on the social and cultural life patterns of its citizens. Standard Industries Ltd. shall conduct its business affairs in accordance with the economic development and foreign policies, objectives and priorities of the nation's government and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level, as appropriate.

Financial reporting and records

Standard Industries Ltd. shall prepare and maintain 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 Authorities, parties and Government Agencies. There shall be no wilful 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.

Competition

Standard Industries Ltd. shall fully strive for the establishment and support of a competitive, open market economy in India and abroad and shall cooperate in efforts to promote the progressive and judicious liberalization of trade and investment by a country. Specifically, Standard Industries Ltd. shall not engage in activities that generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices.

Standard Industries Ltd. shall market its products and services on its own merits and shall not make unfair and misleading statements about competitors' products and services. Any collection of competitive information shall be made only in the normal course of business and shall be obtained only through legally permitted sources and means.

Equal opportunities employer

Standard Industries Ltd. shall provide equal opportunities to all its employees and all qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality and disability. Employees of Standard Industries Ltd. shall be treated with dignity and in accordance with Standard Industries Ltd.'s policy of maintaining a work environment free of sexual harassment, whether physical, verbal or psychological.

Employee policies and practices shall be administered in a manner that ensures that in all matters equal opportunity is provided to those eligible and that decisions are based on merit.

Gifts and donations

Standard Industries Ltd. and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, Standard Industries Ltd. and its employees may accept and offer nominal gifts, which are customarily given and are of a commemorative nature, for special events.

Government agencies

Standard Industries Ltd. and its employees shall not offer or give any Company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favourable performance of official duties.

Political non-alignment

Standard Industries Ltd. shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. Standard Industries Ltd. shall not support, directly or indirectly, any specific political party or candidate for political office. The Company shall not offer or give any Company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

Health, safety and environment

Standard Industries Ltd. shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. Standard Industries Ltd. 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.

Quality of products and services

Standard Industries Ltd. shall be committed to supplying goods and services of the highest quality standards, backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services should meet the required national standards, and the Company should endeavor to achieve internal standards.

Corporate Citizenship

Standard Industries Ltd. shall be committed to be a good corporate citizen, not only in compliance with all relevant laws and regulations, but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates, with the objective of making them self-reliant.

Such social responsibility would comprise: initiating and supporting initiatives in the field of community health and family welfare, water management vocational training , education and literacy and encouraging the application of modern scientific and managerial techniques and expertise. This will be reviewed periodically in consonance with national and regional priorities.

The Company shall also not treat these activities as optional ones, but shall strive to incorporate them as integral part of its business plan. The Company shall also encourage volunteering among its employees and help them work in the community. Standard Industries Ltd. is encouraged to develop social accounting systems and to carry out social audits of their operations.

Cooperation of Standard Industries Ltd.

Standard Industries Ltd. shall cooperate with other Stanrose Mafatlal group companies by sharing physical, human and management resources as long as this does not adversely affect its business interests and shareholder value.

In the procurement of products and services, Standard Industries Ltd. shall give preference to another Stanrose Mafatlal group Company as long as it can provide these on competitive terms relative to third parties.

Public representation of the Company and the Group

Standard Industries Ltd. shall honour the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing Company and business information to public constituencies such as the media, the financial community, employees and shareholders, Standard Industries Ltd. shall be represented only by specifically authorized directors and employees. It will be the sole responsibility of these authorized representatives to disclose information on the Company or the group.

Third-party representation

Parties which have business dealings with Standard Industries Ltd. but are not members of the group, such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc. shall not be authorized to represent Standard Industries Ltd. if their business, conduct and ethics are known to be inconsistent with this Code.

Use of Stanrose Mafatlal brand

The use of Stanrose Mafatlal name and trademark owned by Standard Industries Ltd. shall be governed by manuals, codes and agreements issued by Standard Industries Ltd.

Ethical conduct

Every employee of Standard Industries Ltd. including whole-time directors and the managing director, shall deal on behalf of the Company with professionalism, honesty and integrity, as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

Group policies

The Stanrose Mafatlal group shall recommend to its Board of Directors the adoption of policies and guidelines periodically formulated by Standard Industries Ltd.

Shareholders

Standard Industries Ltd. shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors of Standard Industries Ltd. shall duly and fairly inform its shareholders about all relevant aspects of the Company's business and disclose such information in accordance with the respective regulations and agreements.

Every employee shall be responsible for the implementation of and compliance with this Code in his or her professional environment. Failure to adhere to the Code could attract the most severe consequences, including termination of employment.

Regulatory compliance

Every employee of Standard Industries Ltd. shall, in his or her business conduct, comply with all applicable laws and regulations, both in letter and spirit, in all the territories in which he or she 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.

Concurrent employment

An employee of Standard Industries Ltd. shall not, without the prior approval of the Managing Director of the Company, accept employment or a position of responsibility (such as a consultant or a director) with any other Company, nor provide 'freelance' services to anyone. In the case of a whole-time director or the managing director, prior approval must be obtained for providing such services from the Board of Directors of the Company.

Conflict of interest

An employee of Standard Industries Ltd. shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of his Company or the Group. A conflict of interest, actual or potential, may arise where, directly or indirectly:

- an employee of Standard Industries Ltd. engages in a business, relationship or activity with anyone who is party to a transaction with his or her Company;
- an employee is in a position to derive a personal benefit or a benefit to any of his or her relatives by making or influencing decisions relating to any transaction;
- an independent judgement of the Company's or Group's best interest cannot be exercised.

The main areas of such actual or potential conflicts of interest would include the following :

- Financial interest of an employee of Standard Industries Ltd. or his relatives, including the holding of an investment in the Subscribed Share Capital of any Company or a share in any firm which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of Standard Industries Ltd. (The ownership of upto 1 per cent of the subscribed share capital of a publicly held Company shall not ordinarily constitute a financial interest for this purpose).

- An employee of Standard Industries Ltd. conducting business on behalf of his or her Company, or being in a position to influence a decision with regard to his or her Company's business with a supplier or customer of which his or her relative is a principal, officer or representative, resulting in a benefit to him/her or his/her relative.
- Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee of Standard Industries Ltd. where such an individual is in a position to influence the decision with regard to such benefits.
- Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the Company.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the Company's management. It is also incumbent upon every employee to make a full disclosure of any interest which the employee or the employee'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 his or her Company.

Every employee who is required to make a disclosure as mentioned above shall do so, in writing, to his or her immediate superior, who shall forward the information along with comments to the person designated for this purpose by the MD/CEO, who in turn, will place it before the MD/CEO and/or the Board of Directors/Executive Committee appointed by the Board and upon a decision being taken in the matter, the employee concerned will be required to take necessary action as advised to resolve/avoid the conflict.

If an employee fails to make a disclosure as required herein and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee, the management shall take a serious view of the matter and consider suitable disciplinary action against the employee.

Securities transactions and confidential information

An employee of Standard Industries Ltd. and his or her immediate family shall not derive any benefit or assist others to derive any benefit from access to and possession of information about the Company or the Group, which is not in the public domain and thus constitutes insider information.

An employee of Standard Industries Ltd. shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of Standard Industries Ltd. on which such insider information has been obtained.

Such insider information might include the following :

- acquisition and divestiture of business or business units;
- financial information such as profits, earnings and dividends;
- announcement of new product introductions or developments;
- asset revaluations;
- investment decisions/plans;
- restructuring plans;
- major supply and delivery agreements;
- raising finances.

Protecting Company assets

The assets of Standard Industries Ltd. shall not be misused but shall be employed for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

Citizenship

An employee of Standard Industries Ltd. shall in his or her private life be free to pursue an active role in civil or political affairs as long as it does not adversely affect the business or interests of the Company or the group.

Integrity of data furnished

Every employee of Standard Industries Ltd. shall ensure, at all times, the integrity of data or information furnished by him or her to the Company.

Reporting concerns

Every employee of Standard Industries Ltd. shall promptly report to the management any actual or possible violation of this Code, or an event he or she becomes aware of that could affect the business or reputation of his/her or any other group Company.

Duties of the Independent Directors:

The Independent Directors shall :

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.
3. Strive to attend all meetings of the Board of Directors and the Board Committees of which he is a Member.
4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members.
5. Strive to attend the general meetings of the Company.
6. Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting.
7. Keep themselves well informed about the Company and the external environment in which it operates.
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
10. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
11. Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
12. Acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.