

Bhushan Steel Limited
Code of Business Conduct and Ethics
(Effective from 1st day of January 2006)

THE NEED:

Bhushan Steel Ltd. has always focused on maintaining highest standards in conducting its affairs ethically and lawfully and has sustained a culture of high ethical standards, integrity and professionalism.

We strongly believe that good corporate governance structures encourage companies to create value through entrepreneurship, innovation, development and exploration and provide accountability and control systems commensurate with the risks involved. Consistent with these principles, Bhushan Steel Ltd.' s Board has adopted this code of Business Conduct and Ethics (the " Code") as a guide to high ethical and legal standards expected of its directors and members of the senior management.

THE LAW:

The Code set forth in the pages that follow has been prepared in consonance of the compliance of revised Clause 49(ID) of the listing agreement with the stock Exchange relating to Corporate Governance. This Code of Business Conduct and ethics supersedes all such codes, policies, procedures, instructions, policies rules or written or verbal representations to the extent they are inconsistent.

THE APPLICABILITY:

The Code shall be followed by all the Board Members and Senior Management of the Company.

For this purpose the term" Senior Management " shall mean personnel of the Company who are members of its core management team excluding the Board of Directors. This would comprise all members of management one level below the executive directors including all functional heads.

The Code shall come into effect with effect from 1st day of January, 2006 and each and every person to whom the provisions of this Code extends or applies shall sign the acknowledgement form at the end of this Code and return the same as a token of having received, read and understood and having agreed to comply and adhere to the provisions of this Code.

As required under the Listing Agreement, each year as part of annual review, all employees, officers to whom the code applies and directors would be required to sign an acknowledgement indicating their continued adherence to the provisions of this Code.

CONFLICTS OF INTEREST :

All Directors and the employees to whom this Code applies shall conduct themselves in an honest and ethical manner and act in the best interest of the company and shall endeavour to avoid actual or apparent conflicts of interest with that of the Company in personal and professional relationships.

Generally, a conflict of interest occurs when a director's/employee's personal interest interferes or has the potential to interfere, or appears to interfere materially with the interests or business of the Company; or the ability of the director/employee to carry out his or her duties and responsibilities objectively and effectively.

Although it would not be possible to visualize and enumerate here each and every situation in which a conflict of interest may arise, the following situations illustrate where conflict of interest arises:

- Working, in any capacity, for a competitor, customer, supplier or other third party while employed by the company.
- Accepting gifts of more than modest value or receiving personal and exclusive discounts (if such discounts are not generally offered to the public) or other benefits as a result of the position in the company from a competitor, customer or supplier.
- Having an interest in a transaction involving the company, a competitor, customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).
- Receiving a loan or guarantee of an obligation as a result of the position with the company.
- Directing business to a supplier owned or managed by, or which employs, a relative or friend.

In the event that an actual or apparent conflict of interest arises between the personal and professional relationship or activities of an employee, officer or director, the employee, officer or director involved is required to handle such conflict of interest in an ethical manner in accordance with the provisions of this Code.

CORPORATE OPPORTUNITIES :

In carrying out their duties and responsibilities, directors and the employees to whom this Code applies, should endeavour to advance the legitimate interests of the Company when the opportunity to do so arises. Accordingly they should avoid: (a) taking for themselves personally opportunities that are discovered in carrying out their duties and responsibilities to the Company; (b) using Company property or information, or their position for personal gain; and (c) competing with the Company, in each of the foregoing cases, to the material detriment of the Company.

FAIR DEALING :

Each person to whom this Code applies shall deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No payment in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favourable action.

Occasional business gifts to and entertainment of non-employees in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of the Company's business. However, extending of such gifts should be infrequent and their value should be modest. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted.

PROTECTION AND PROPER USE OF COMPANY'S ASSETS :

It is the duty and responsibility of each person to whom the provisions of this Code extend, to protect company's assets and resources from any loss, theft or misuse. Any suspected loss, misuse or theft should be promptly brought to the notice of the higher management for taking appropriate action. The company's assets and resources shall be applied and used only for the legitimate business purposes of the company.

LEGAL COMPLIANCES :

The Company is committed to conduct its business operations with integrity and in full compliances of all legal and regulatory requirements. Accordingly no employee, officer or director of the company shall commit an illegal or unethical act or instruct others to do so for any reason.

TRADING ON INSIDE INFORMATION :

Using non-public information to trade in securities of the company, or providing a family member, friend or any other person with a "tip", is illegal. All non-public information should be considered inside information and should never be used for personal gain.

The Board of Directors of the company has already put in place a Code of Conduct for Prevention of Insider Trading, copies of which have been circulated/distributed to all applicable employees, officers and directors. Accordingly all the Officers, employees and directors shall continue to adhere and follow the provisions of the said Code as amended by the Board from time to time.

CONFIDENTIALITY :

All persons to whom this Code applies should observe the confidentiality of information that they acquire in carrying out their duties and responsibilities, except where disclosure is approved by the Company or legally mandated. Confidential information includes, but is not limited to, all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. Of special sensitivity is financial information, which should under all circumstances be considered confidential.

COMPLIANCE WITH THIS CODE AND REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOUR :

It is the responsibility of each employee, officers and directors to whom this Code applies to strictly adhere and comply with the guiding principles and provisions contained herein and to report to appropriate higher authorities, Audit Committee or Board of Directors as the case may be, as and when any instance of violations or unethical conduct is noticed.

WAIVERS AND AMENDMENTS :

Any waiver of, or amendment to, the requirements of this Code may only be authorised by the Board of Directors, and will be subject to public disclosure to the extent required by law or the listing standards/requirement.