

ETHICAL STANDARDS OF BEHAVIOUR

March 2006



INTRODUCTION

RANE is rapidly expanding its businesses and operations. With the increase in number and size of companies, locations and employees, and changes in rules, regulations and laws governing business enterprises, there is a need to formalise the **Ethical Standards of Behaviour** applicable to all directors and RANE managers.

The term 'company' refers to all companies in the RANE Group, its subsidiaries and joint ventures at all locations. The term 'managers' covers all employees from Assistant Manager upwards.

All managers will comply with the **Standards** described herein as an integral part of the terms and conditions of employment with the company. An infraction of any of these standards, will therefore, be considered as violative of those terms and conditions.

Implicit in these Standards is the expectation that all managers will consider the larger interests of the Group and appropriate business information and experiences will be shared to synergise resources.

The Compliance Officer will act as the facilitator to provide clarifications to the directors and the managers on any doubts pertaining to the compliance of this Code. Violation of law, rules, regulations or this Code should be reported to the Compliance Officer, who could assist in interpreting the appropriateness of any event or action or proposed event or action, in this context.

RESPONSIBILITIES OF EVERY FUNCTIONAL HEAD

All functional heads should take reasonable steps to ensure that managers in their department are :

- Supplied with a copy of this document.
- Familiar with and understand the **Ethical Standards of Behaviour** expected of them.
- Encouraged to have frank and open discussions on issues relating to compliance with the **Standards**.

RANE POLICY

We will comply fully with all laws governing our operations and conduct our affairs in accordance with the highest ethical and legal standards.

Compliance with this policy means not only observing the law but conducting the company's business at all its locations in such a manner as to ensure that RANE is recognised as an ethical, law abiding corporate citizen. The spirit of this Policy demands that the company maintains a high degree of integrity in its interactions with **all** its constituents - customers, employees, shareholders, suppliers, etc.

ETHICAL STANDARDS

The Ethical Standards of Behaviour RANE requires of its managers are described below :

STANDARD :

Compliance with Rane Values, Policies and Standards should be in letter and in spirit.

Comply in letter and spirit with the Values, Policies and Standards of the company as mentioned here and in such other documents as may be specified from time to time.

STANDARD :

The highest levels of honesty, integrity and confidentiality should be maintained in business dealings with customers, suppliers, fellow-employees and all other stakeholders.

Act in the interests of the company in a fair manner and use discretionary powers and authority for the purposes for which these were conferred and not for personal gain or unjustified benefits for the company.

Engage only in business practices that are fair and aboveboard.

STANDARD :

All statutory requirements should be complied with in letter and spirit.

Comply in letter and spirit with relevant legislations.

Disclose in advance, any favourable interpretation not in consonance with the spirit of the law –

- in the case of directors, to the Board of directors
- in the case of Chief Executive, to the Chairman / Managing Director
- in the case of all other employees, to the Chief Executive of the company

STANDARD :

Speculative trading in the shares of the companies in the Group should not be done

Do not engage in any form of speculative trading in the shares of the company. Lodge immediately for transfer company shares purchased. Do not use knowledge of company's workings for personal gains.

Comply with 'Rane Group's Code of Conduct for Prevention of Insider Trading'.

STANDARD :

Other than for directors of the company, employment should be considered as being full time unless otherwise stated

Do not engage in any other employment or occupation - full time or part time - during employment with the company.

STANDARD :

Situations giving rise to conflicts of interests in the discharge of official duties should be scrupulously avoided.

Do not get involved in situations or activities, which would lessen the impartiality, judgement, effectiveness or productivity necessary in the discharge of official duties.

Directors should not serve on the Boards or in management or consulting positions of direct competitors, which are likely to lead to conflict of interests.

Disclose in full, details of situations where there is a likelihood of potential for such conflicts of interests, for an objective assessment. Directors and senior management personnel should disclose their shareholding interest beyond 2% held with a direct competitor.

In company matters, do not deal with members of your immediate family, near relatives, and close friends, e.g., by offering employment or contracts, purchasing

assets, appointing as dealers, etc. Where however, such a situation becomes obligatory, entrust the decision to the Chief Executive or the Board of Directors of the company.

Do not accept from present or prospective customers, suppliers or competitors any gifts, favours or complimentary items that go beyond the common courtesies usually associated with ethical business practices.

Refrain from lending to or borrowing from colleagues, competitors, customers, suppliers, etc.

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