

PIPAVAV SHIPYARD LIMITED
CODE OF CONDUCT AND ETHICS FOR
DIRECTORS/ SENIOR MANAGEMENT

Introduction

Pipavav Shipyard Limited, ('the Company') is committed to conduct its business in accordance with applicable laws, rules and regulations and with highest standards of business ethics. This Code is intended to provide guidance and help in recognising and dealing with ethical issues, provide a mechanism to report unethical conduct, and to help foster a culture of honesty and accountability. Each Director/Member of the Senior Management (as defined in Clause 49 of the Listing Agreement) of the Company shall comply with the provisions of this Code.

The Company endeavours to preserve the confidentiality of unpublished price sensitive information and prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Every Director and Member of the Senior Management has a duty to safeguard the confidentiality of all critical information obtained during the course of his/her work in the Company. No Director or Member of the Senior Management shall use his/her position or knowledge about the Company or any price sensitive information to gain personal benefit or to provide benefit to any third party. To achieve these objectives, the Board of Directors of the Company has adopted this Code on April 7, 2010.

GUIDELINES FOR CONDUCT

Each Director and Member of the Senior Management shall endeavour to use due care in the performance of his/her duties, be loyal to the Company and act in good faith, prudence and in a manner the Director/ Member of the Senior Management reasonably believes to be in, or not opposed to, the best interests of the Company. This Code of Conduct is applicable to all the Directors/Senior Management Employees.

In line with this, general principles governing their conduct shall be as follows:-

1. Honesty and Integrity:

A Director/ Senior Management Employee (SME) shall act honestly and with integrity, in good faith and in the best interests of the Company as a whole. A Director/SME of the Company shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct not only on the Company's premises but also at Company sponsored business, social events as well as other places. S/he shall act and conduct him/herself free from fraud and deception and in conformity with the best-accepted professional standards.

2. Conduct:

A Director/SME shall not engage in conduct likely to bring discredit upon the Company and be independent in judgment and actions and shall take all reasonable steps to arrive at sound decisions. S/he shall recognize that his/her primary responsibility is towards the Company's shareholders as a whole.

3. Law Abiding:

A Director/ SME of the Company must not only comply with applicable laws, rules and regulations but should also promote honest and ethical conduct of the business. S/he must abide by the policies and procedures that govern the conduct of the Company's business. His/her responsibilities include helping to create and maintain a culture of high ethical standards and commitment to compliance, and to maintain a congenial work environment.

4. Conflict of Interest:

A Director/SME shall not allow personal interests to conflict with the interests of the Company. A Director/SME of the Company is expected to dedicate his/her best efforts to advance the Company's interests and to make decisions based on the Company's best interests and independent of outside influences. A Director/ SME of the Company should be scrupulous in avoiding 'conflicts of interest' with the Company. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the Executive Vice-Chairman or to the Committee of Independent Directors and a prior written approval should be obtained before entering into any such transaction.

An employee, including the Executive Director (other than an independent director) of the Company, shall not accept a position of responsibility in any other company or not-for-profit organisation without specific written approval.

The above shall not apply to (whether for remuneration or otherwise):

- a) Nominations to the boards of group companies, joint ventures or associate companies.

- b) Memberships/positions of responsibility in educational/professional bodies, wherein such association will benefit the employee/company.
- c) Nominations/memberships in government/trade committees/bodies or organisations.
- d) Exceptional circumstances, as determined by the competent authority.

Competent authority, in the case of all employees, shall be the Chief Executive Officer, who in turn shall report such exceptional cases to the Board of Directors on a quarterly basis. In case of the Chief Executive Officer and Executive Directors, the Chairman of the Board shall be the competent authority.

5. Concurrent Employment:

Consistent with applicable laws, an employee of the Company shall not, without the requisite, officially written approval 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, whether with or without remuneration.

6. Gifts:

A Director/SME of the Company and members of their immediate families shall not accept gifts from persons or firms who deal with the Company where the gift is being made in order to influence them or where acceptance of the gift could create the appearance of conflict of interest. However, an employee may, with full disclosure, accept and offer nominal gifts, provided such gifts are customarily given and/or are of a commemorative nature.

7. Confidentiality:

A Director/SME of the Company shall maintain the confidentiality of confidential information of the Company or that of any customer, supplier or business associate of the Company to which Company has a duty to maintain confidentiality, except when such disclosure is authorised or legally mandated.

Confidential information includes all non-public information (including private, proprietary, and other) that might be of use to competitors or harmful to the Company or its associates or which may be considered as price sensitive information by SEBI.

Director/ Senior Management Employee shall not use confidential information acquired in the course of their service as Director/ Senior Management Employee of the Company for their personal advantage. As good governance practice they must safeguard the confidentiality of all information received by them by virtue of their position.

The Company shall sign a non-disclosure agreement with third parties to support confidentiality of information, wherever necessary.

8. Securities transactions and confidential information:

An employee of the Company and his/her immediate family shall not derive any benefit or counsel, or assist others to derive any benefit, from access to and possession of information about the Company or its clients or suppliers that is not in the public domain and, thus, constitutes unpublished, price-sensitive insider information.

An employee of the Company shall not use or proliferate information that is not available to the investing public, and which therefore constitutes insider information, for making or giving advice on investment decisions about the securities of the Company, group, client or supplier on which such insider information has been obtained.

Such insider information might include (without limitation) the following:

1. periodical financial results of the Company;
2. intended declaration of dividends (both interim and final);
3. issue of securities or buy-back of securities;
4. any major expansion plans or execution of new projects;
5. amalgamation, mergers or takeovers;
6. disposal of the whole or substantial part of the undertaking;
7. any significant changes in policies, plans or operations of the Company;

An employee of the Company shall also respect and observe the confidentiality of information pertaining to other companies, their patents, intellectual property rights, trademarks and inventions; and strictly observe a practice of non-disclosure.

9. Fair Dealing:

A Director/SME of the Company shall deal fairly with customers, suppliers, competitors, and employees of group companies. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealings / practices.

10. Protection and Proper Use of Company's Assets:

All Directors/SMEs of the Company should protect the Company's assets and property and ensure its efficient use. Theft, carelessness, and waste of the Company's assets and property have a direct impact on the Company's profitability. The Company's assets should be used only for legitimate business purposes. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources, as well as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and suppliers.

11. Health, safety and environment:

The Company shall strive to provide a safe, healthy and clean working environment for its employees. It shall prevent wasteful use of natural resources and be committed to protecting the environment, particularly with regard to the emission of greenhouse gases, and shall endeavour to offset the effect of climate change in all spheres of its activities.

The Company, in the process of production and sale of its products and services, shall strive for economic, social and environmental sustainability.

12. Shareholders:

The Company shall be committed to enhancing shareholder value and complying with all regulations and laws that govern shareholder rights. The Board of Directors of the Company shall duly and fairly inform its

shareholders about all relevant aspects of the Company's business, and disclose such information in accordance with relevant regulations and agreements.

13. Compliance with Code of Conduct:

If any Director/SME of the Company who knows of or suspects a violation of applicable laws, rules or regulations or this Code, s/he must immediately report the same to the Executive Vice-Chairman or the Chief Executive Officer. Such person should, as far as possible, provide the details of suspected violations with all known particulars relating to the issue. The Company recognises that resolving such problems or concerns will advance the overall interests of the Company that will help to safeguard the Company's assets, financial integrity and reputation. All reported violations would be appropriately investigated.

Violations of this Code of Ethics will result in disciplinary action, which may even include termination of service. The Executive Vice-Chairman or Chief Executive Officer or the Committee of Independent Directors shall determine appropriate action in response to violations of this Code.

14. Interpretation of Code:

Any question or interpretation under this Code shall be handled by the Executive Vice-Chairman or the Chief Executive Officer or the Committee of Independent Directors depending on merit of each case. The Executive Vice-Chairman has the authority to condone non-compliance with this Code. Any

person-seeking waiver of this Code shall make full disclosure of the particular circumstances to the Executive Vice-Chairman.

15. Disclosure:

Every Director/SME of the Company shall affirm compliance with the Code on an annual basis.

Annexure

Annual Compliance Report

I do hereby solemnly affirm that, to the best of my knowledge and belief, I have fully complied with the provisions of the Code of Conduct and Ethics for Directors and Senior Management of Pipavav Shipyard Limited during the Financial Year ended 31st March 20____.

Signature

Name.....

Designation.....

Date.....

Place.....

* To be submitted by 30th April every year.