

PANASONIC CARBON INDIA CO. LTD CHENNAI

CODE OF CONDUCT FOR DIRECTORS

1. INTRODUCTION

- 1.1 This Code of Conduct ("this Code") shall be called "The Code of Conduct for Directors" of PANASONIC CARBON INDIA CO. LIMITED (PCIN) hereinafter referred to as "the Company".
- 1.2 This Code is in alignment with Company's Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.
- 1.3 This Code outlines the responsibilities of each Director to the Company and amongst other things establishes procedure for dealing with any potential conflict of interest which may arise between the responsibilities of a Director and any other outside interest which he / she or a connected party may have. This Code is not a full statement of the obligations of a Director arising from his / her relationship with the Company.
- 1.4 This Code for Directors has now been framed specifically in compliance with the provisions of Clause 49 of the Listing Agreements entered into by the Company with the Stock Exchanges.
- 1.5 It shall come into force with effect from the first day of January 2006.

2. DEFINITIONS AND INTERPRETATION

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

- 2.1 The term "Board / Board of Directors" shall mean the Board of Directors of the Company.
- 2.2 The term "Relative" shall mean 'relative' as defined in Section 2(41) and Section 6 read with Schedule IA of the Companies Act, 1956. (Refer Appendix-I)
- 2.3 The term "Connected party" or "Connected persons" means the following:
 - (a) Relative as defined in para 2.2 above
 - (b) A Body Corporate with which the Director is associated
 - (c) A person acting as the Trustee of any trust, the beneficiaries of which include the Director or persons at (a) above or the Body Corporate at (b) above

2.4 The term "Conflict of Interest" means where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.

3. GENERAL RESPONSIBILITIES

At all times it is the responsibility of each Director to ensure that he / she acts within the law in general and in particular in fulfilling his / her duties as a Director. It is the responsibility of each Director to satisfy himself / herself as to what is lawful or otherwise.

4. SECRECY

The Directors of the Company in the course of their duties have access to confidential information. The Directors shall not reveal any of such information, which may come to his knowledge in the discharge of his duties except when required by law or by the persons to whom such matters relate.

5. DISCLOSURE OF INTEREST

5.1 The duty of each Director is to act at all times solely in the interests of the Company to the exclusion of all other considerations.

5.2 With regard to the issue of Disclosure of Interest attention is drawn to Article 130 (2) of Company's Memorandum and Articles of Association, which states:

Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern of interest at a Meeting of the Board of Directors.

5.3 A conflict of interest exists in any situation where the personal or other interest of a Director or a connected party might in any way affect the discharge by a Director of his / her duties or his / her deliberations in a situation where a Director or a connected party could benefit. It makes no difference that the Company does not suffer by the conflict of interest.

5.4 In addition to the requirements specified in Article 130 (2) regarding disclosure of interest, this Code of Conduct establishes for each Director a more specific requirement regarding disclosure of interests and procedures to be followed where a conflict of interest may exist.

5.5 Declaration of Directors' Interests

On appointment to a Board each Director should furnish to the Secretary details of his employment, including shareholdings held in the Company.

The interests of any connected persons, which could involve a continuing conflict of interest, should be disclosed as far as the Director knows them.

5.6 Each Director should consult the Chairman / Managing Director / Compliance Officer of the Company if in doubt regarding disclosure of an interest of his / her own or a connected person.

5.7 A Director should abstain himself / herself when the Board is deliberating or deciding on matters in which he / she (other than in his / her capacity as a Member of the Board) or a person or body connected with him has an interest.

Where a question arises as to whether or not a case relates to the interest of a Director or a person or body connected with him, the Chairman shall determine the question and his decision shall be final.

6. COMPLIANCE WITH LAWS

The Directors shall comply with all laws, rules and regulations relating to the business of the Company.

7. OTHER DIRECTORSHIPS

Directors not to hold Directorship / Advisory role with a Competitor Company.

8. PREVENTION OF INSIDER TRADING

The Directors shall comply with the Code of Internal Procedures and Conduct for Prevention of Insider Trading in dealing with Securities of the Company.

9. RELATED PARTY DISCLOSURES

The Directors shall make disclosure of Related Party Transactions to the Board of Directors in the format provided under Accounting Standard 18 (AS-18) (Appendix II) issued by the Institute of Chartered Accountants of India (ICAI) and / or any modification or re-codification thereof.

10. GIFTS AND BENEFITS

A Director must not obtain personal advantage from any person dealing with the Company.

In particular a Director must not accept any gifts, or inducements where the value of such could make it appear that the person giving is attempting to influence the Director to gain advantage. Any such gifts or inducements received should be returned with the request that no gifts be forwarded in future.

11. AMENDMENTS TO THE CODE

The provisions of this Code can be amended / modified by the Board of Directors of the Company from time to time and all such amendments / modifications shall take effect from the date stated therein.

12. ANNUAL COMPLIANCE REPORTING

12.1 In terms of Clause 49 of the Listing Agreement, all Directors shall affirm compliance of this Code within 30 days of close of every financial year. The Annual Report of the company shall contain a declaration to this effect signed by the Managing Director. The Annual Compliance Report shall be forwarded to the Company Secretary.

12.2 The Managing Director of the Company or any other person authorized in this behalf by the Board shall certify to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of this Code.

13. ENFORCEMENT OF CODE OF CONDUCT

Each Director shall be accountable for fully complying with this Code.

14. FAILURE TO COMPLY WITH THE CODE

Failure by a Director to comply with this Code of Conduct may result in his / her actions being referred to a Committee of the Board by the Chairman / Managing Director and will make a Director liable to such action (including removal from the Board). The Committee so appointed shall advise the Chairman and the decision of the Chairman shall be final and would be communicated.

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