AVANA ELECTROSYSTEMS LIMITED

Registered Office: Plot No.35, 1st Main Road, 2nd Phase Peenya Industrial Area, Nelagadaranahalli Village, Bangalore, Karnataka, India, 560058

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CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGERIAL PERSONNEL

❖ INTRODUCTION

AVANA ELECTROSYSTEMS LIMITED is committed to conduct business in accordance with the highest standards of business ethics and complying with the applicable laws.

The Company believes that a good Corporate Governance Structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

This Code of Conduct has been framed under the Listing Agreement with the Stock Exchange and as amended from time to time by the prescribed authorities of India.

The Code shall come into effect from the date of its adoption by the Board of Directors at their duly convened and constituted meeting.

The Code shall be applicable on the board of directors and senior management personnel of the company.

❖ PREAMBLE

This Code sets forth legal and ethical standards of conduct for Directors and Senior Managerial Personnel (it includes all members of core management team one level below the executive Directors and all the functional heads) of ***AVANA ELECTROSYSTEMS LIMITED*** and ensures compliance with legal requirements under the Listing Agreement.

The Company seeks:

(a) Honest, fair and ethical conduct

(b) Confidentiality of Information

(c) Ethical handling of conflicts of interest between personal and professional relationships;

(d) Legal Compliances

(e) Protection and Proper Use of Corporate Assets and resources

(f) The prompt Internal Reporting to an appropriate person or persons identified below of violations of this Code.

(g) Accountability for Adherence to this Code

Directors and Senior Managerial Personnel must conduct themselves accordingly and not to indulge in improper behavior or moral turpitude.

❖ DEFINITIONS AND INTERPRETATION

- In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this code, shall have the meaning assigned to them below: **"Act"** means the Companies Act, 2013 and the rules made thereunder, as amended.
- **"Applicable Law"** shall mean all laws, statutes, regulations, notifications, circulars, guidelines, rules, directions, and orders issued by any governmental, statutory, regulatory, or judicial authority, whether in India or elsewhere, which are applicable to the Company and its operations from time to time, including but not limited to the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the LODR Regulations, and any amendments or re-enactments thereof.
- "**Board of directors**" ("**Board**") shall mean all the Directors of the Company including non- official part time directors i.e. Independent Directors.
- "**Code**" shall mean this code of conduct for board of directors and senior management personnel.
- "**Company**" shall mean "***AVANA ELECTROSYSTEMS LIMITED***"
- **"Company Secretary"** shall have the same meaning ascribed to it under Section 2(24) of the Companies Act, 2013.
- **"Compliance Officer"** means a qualified Company Secretary appointed by the Company.

- "**Independent Directors**" shall mean the Board members as defined under Section 2(47) read with 149(5) of the Companies Act, 2013.
- "**Insider Trading**" shall have the same meaning ascribed to it under the Code of Conduct for Insider Policy of this Company and as prescribed under Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.
- "**Senior Management Personnel**" shall mean the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads. **"Related Party Transaction"** shall have the meaning as defined under Regulation 2(1)(zc) of the Listing Regulations and Section 188 of the Act.
- "**Relative"** shall mean relative as defined in Section 2(77) of the Companies Act, 2013 read with The Companies (Specification of definitions details) Rules, 2014

Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.

❖ HONESTY, INTEGRITY AND ACCOUNTABILITY

Honesty, Integrity, transparency, trust and accountability all are part of the core belief of each & every activity at the Company which has been the continuing basis of its growth and all-round development.

This Code of Conduct is a statement of the Company's commitment to integrity and high ethical standards moreover code of conduct defines the acceptable and non-acceptable behavior of the Board and all senior managerial personnel.

Obtaining of material information through unethical means, possessing trade secret information without the prescribed authority consent, or inducing such disclosures by past or present employees of other companies is prohibited.

All our Directors and Senior Managerial Personnel should possess highest personal and Professional Ethics, Integrity and Values along with accountability. They should be able to balance the legitimate interests and concerns of all Company's stakeholders in arriving at a decision, rather than advancing the interest of a particular constituency.

We are required to outperform our competition fairly and with integrity. We seek competitive advantages through superior performance and never through unethical or illegal business practices.

❖ CONFIDENTIALITY

"**Confidential Information**" refers to any material information which is non – public in nature or unpublished price sensitive information which may force others to change the mindset. Any information concerning the Company's business, its customers, suppliers etc., which is not in the public domain and to which the Director and Senior Managerial Personnel has access or possesses such information, must be considered confidential. The obligation to maintain confidentiality shall survive the termination/cessation of their association with the Company.

Such information shall include but is not limited to:

A. Any improvements and innovations, whether patentable or copyrightable or otherwise.

B. Methods, processes and techniques.

C. Personnel data (Management or otherwise).

D. Financial, pricing and accounting data.

E. Client's data or any material information related to proposed or past clients.

F. Results of regulatory inspections/audits

G. Business plans and updates to business plans

H. Potential acquisitions, licenses or other business deals

I. Potential equity interests

J. Regulatory filings and approval data

K. Marketing and sales information Apart from Statutory disclosures and other disclosure with Board consent any disclosure of confidential information about the company's business, whether intentional or accidental, can adversely affect the financial stability and competitive position of the Company. Hence, disclosure of any such information is prohibited. Disclosure of any information on proceedings of Board Meetings/Committee Meetings Internal Meetings, and disclosures of forward-looking statements is prohibited. In case any such disclosure has to be made it has to be approved by the Management and shall be combined with cautionary statements, wherever required

L. Unpublished Price Sensitive Information

M. Proprietary Data

N. Trade secrets

❖ LEGAL COMPLIANCE

In accordance with Regulation 17(5)(a) of the Listing regulations, the board of directors shall lay down a code of conduct for all members of board of directors and senior management of the Company.

In accordance with Regulation 26(3) of the Listing regulations, all members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.

The Directors and Senior Managerial Personnel are responsible for Company's adherence to statutory and legal/regulatory requirement(s) as applicable to the business of the Company and also monitor company's compliance with the Corporate Governance Regulations. They must, from time to time, recommend to the Board any suggestions for all such matters and on any corrective measures to be taken. The Directors and Senior Managerial Personnel should also ensure company's compliance with the Listing and other legal requirements relating to financial statements.

The Company cannot accept practices which are unlawful or may be damaging its reputation. The Directors and Senior Managerial Personnel shall extend full cooperation to regulatory authorities, and disclose information as may be required.

In the event the implication of any law is not clear, the Company's Legal Department or compliance officer shall be consulted for advice.

The Directors shall discharge their duties in accordance with Section 166 of the Act, including acting in good faith in the best interest of the Company and its stakeholders to uphold its fiduciary relationship.

In accordance with Regulation 46(2)(d) of the LODR Regulations, the Policy shall be disclosed under a separate section on the website of the company.

In accordance with Schedule 5 of the LODR Regulations, the Policy shall be disclosed in the Corporate Governance Report under the Annual Report of the company as additional disclosures.

❖ CONFLICTS OF INTEREST

A conflict of interest exists where the interests or benefits of one person or entity contradict or litigate with the interests or benefits of the Company. The following pertains to all conflicts of interest other than those relating to transactions between the Company and its affiliates/subsidiaries. Conflicts of interest is said to arise in the following circumstances:

A. Personal or family financial interest has an influence on the working of the company;

B. There exist possibilities where the personnel's decisions or work may be based on influential factors like gifts, loans or unusual hospitality which confines him/her/them from fulfilling his/her/their duties and responsibilities towards the company objectively and effectively. Duties and responsibilities of the Directors and Senior Managerial Personnel with regards to conflicts of interest;

C. It is the duty of a Director and Senior Management, while dealing on behalf or with the Company, to avoid any influences that interfere in abiding with their responsibilities towards the company and to disclose actual or any apparent conflicts of interest immediately.

D. They shall always put the interest of the Company before their personal interests.

E. They are prohibited from accepting simultaneous employment or any favors from any of the suppliers, customers, developers or competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position.

F. Creating or selling any product or services that compete with the company shall be considered to be against the policy of the Company.

G. They shall be abstained from discussion and voting on any matter in which they have or may have a conflict of interest

H. All transactions involving related parties of the stakeholders shall be conducted in complete compliance with the Related Party Transaction Policy of the Company and applicable laws.

I. It is responsibility of the individual to disclose any material transaction or relationship that gives rise to or reasonably could be expected to give rise to a conflict of interest to the Compliance Officer or such other officer as may be designated by the board from time to time.

The Board of Directors or any authorized Director shall be responsible for determining whether such transaction or relationship constitutes a conflict of interest.

To list and clearly define all the circumstances/situations giving rise to conflicts of interest is not possible as it varies from situation to situation, so if one has any question or doubt for that matter, one shall consult with the Compliance Officer.

❖ DECLARATIONS TO THE BOARD

A Board Member does not take membership of more than such number of committees or act as Chairman of more than such number of committees across all companies as is prescribed under applicable law or provisions of Listing Agreement with Stock Exchanges. Every Board Member informs the Board of all such membership at the beginning of each financial year and also of every change as and when they take place. The Board Members and the Senior Management team informs their equity holding in the company and any changes that may take place and do not indulge in any trading of the securities of the company which would come within the purview of the Company's Insider Trading Regulations. In case of any agreement or contract which is or shall be entered into by and between two corporate entities, in which a Director is interested, the Director forthwith draws the attention of the Board about the fact and does not participate in the deliberations nor vote on the resolution relating to the same. A Board member shall not engage in any activity that is prejudicial to the interest or reputation of the company. A Board member shall not derive undue personal benefit through misuse of position, company property or insider information and shall not in any manner engage in any unlawful activity.

❖ USE OF COMPANY'S ASSETS AND NAME

Proper care should be exercised to ensure that the use of Company's assets is reasonable and there is no wastage. It is the responsibility of the Directors and Senior Managerial Personnel to protect the assets and proprietary information of the Company and ensure that the same are used only for business purposes of the Company. Any suspected incident or fraud or mismanagement of the assets of the Company should be immediately reported to the Chairman or Managing Director or Company Secretary of the Company.

Under no circumstances they should misuse Company's facilities which include tangible assets as well as intangible assets such as systems, proprietary information, intellectual property, and relationships with the clients. The use of Company's name, property and trademark should be strictly for the Company's business purpose and shall not, under any circumstances, be used for their personal interest.

It must be ensured that the equipment/ facilities/ amenities provided to them by the Company for discharge of their duties in terms of their employment are used with proper care and diligence and return the possession thereof upon their resignation, termination or retirement from the services of the Company, as the case may be.

❖ RECORD KEEPING

The company requires keeping correct, true and accurate records of all its accounting and other information. It is necessary that all its employees should report correct information to its senior executives and should not misguide them. All books, records and accounting of the company must reflect accurate and true position of the activities and status of the company, no misleading information should be there. Records we always retained or destroyed according to the Company's record retention policies and applicable law. In accordance with those policies, in the event of threatened or actual claims, litigation or governmental investigation, please consult the Company's Legal Department regarding retention or destruction of any related materials. Confidential Information

❖ GIFTS AND DONATIONS

Any form of gifts or personal favors from the suppliers and to the customers should not be entertained or be offered as the case may be, as the same shall be considered to be violating the policies of the Company. Acceptance or Offering of any such gifts and donations leads to unfair trade practices and will be considered to be highly unethical.

The Directors and Senior Managerial Personnel should be careful that this rule is not violated by anyone as its violation shall be considered as unlawful and illegal and will have an adverse effect on the financial status and reputation of the Company.

The Company shall cooperate with governmental authorities in efforts to eliminate all forms of bribery, fraud and corruption. The Company shall not be liable to any obligations arising as a result of any such serious breach of discipline and the recipient or provider of any gifts shall be held personally liable for such act. Information about any such acts should be immediately reported to the Chairman or the Compliance Officer or Company secretary.

It shall be noted that this does not restrain from acceptance of gifts of items which are customary in nature or associated with festivals provided full disclosure of the same is made. Also, accepting or offering courtesies or invitations to social or sports events which are considered customary and are in keeping good business ethics so long as no obligation is involved shall not be considered to be against the policy.

❖ REPORTING OF ILLEGAL ACT OR MISCONDUCT

The Directors & Senior Managerial Personnel are considered to be the first line of defense against civil or criminal liability and unethical business practice. They should observe or become aware of any illegal, unethical or otherwise improper conduct. Any act which could have an impact on the reputation of the Company, whether by an employee, supervisor, client, consultant, agent, supplier or other third party, they must promptly notify the same to the Chief Executive or such other officer as may be designated by the board from time to time.

Every employee of the Company shall, without fear of retaliation, make a protected disclosure under the whistle blower policy of the Company, when she / he becomes aware of any actual or possible non-adherence or violation of laws, rules, regulations or unethical conduct or an event of misconduct, act of misdemeanor or act not in the Company's interest.

❖ SUSTAINABLE DEVEOPMENT

The Company believes in sustainable development and is committed to be a responsible corporate citizen for the development of society; Moreover, the Company is creating awareness in the society at large.

To achieve this objective, the business and operations of the Company shall be conducted in an environmentally friendly manner and provide a safe and healthy working environment to its employees.

Particular attention should be paid to training of the employees to increase safety awareness and adoption of safe working methods, particularly designed to prevent serious accidents. It is the responsibility of all Directors and Senior Managerial Personnel to ensure compliance with all applicable environmental, safety and health laws and regulations and internal policies.

❖ INSIDER TRADING

The Directors and senior management endeavor to ensure compliance with all applicable laws, rules, and regulations applicable to the Company. Transactions, directly or indirectly, involving securities of the Company is not undertaken without complying with Code of Conduct for Prohibition of Insider Trading. Any information relating to company which is non-public information is not disclosed by anyone who so ever having knowledge of such information to any other person. Any investment decisions taken on behalf of the information collected from inside the company are not only unethical but also illegal and shall be prosecuted for the same by the government agencies.

❖ ADHERENCE WITH THE CODE OF CONDUCT

The Board and Senior Management Personnel of the Company should:

- Demonstrate the highest standards of integrity, business ethics, and corporate governance.
- Perform their roles with competence, diligence, in good faith and in the best interests of the Company.
- Conduct in a professional, courteous and respectful manner and not take improper advantage of their position
- Provide expertise and experience in their areas of specialization and share learning's at the meetings of the Board in the best interest of the Company and its stakeholders. should guide the Company's management in the 'right' direction based on their experience and judgment.
- Give careful and independent consideration to the affairs of the Company and all documents placed before them to satisfy themselves with the soundness of key decisions taken by the Management. They should call for additional information, where necessary, for making such judgements.
- Not engage in any business, relationship or any activity which detrimentally conflicts with the interest of the Company or bring discredit to it. Any situation that creates a conflict of interest between personal interests and the Company and its stakeholders' interests must be avoided at all costs.
- Avoid conducting business on behalf of the Company except with the prior approval of the Board with (a) a relative (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public Limited Company in which he along with his relative holds more than two per cent of its paid-up share capital; and (d) with a firm in which he or his relative is a partner;
- Follow all the guidelines put forth in the Code of Conduct for Prevention of Insider Trading.
- Not disclose any confidential / privileged information of the Company and should direct any media queries or approaches to the appropriate spokesperson within the Company.
- Not commit any offences involving moral turpitude or any act contrary to law or opposed to the public policy.

❖ WAIVER OF THE CODE, AMENDMENTS AND MODIFICATIONS

This code is subject to changes as per the applicable legal amendments and requirement as per the stock exchange’s regulations. The company has the right to amend, alter, modify and terminate this code without giving any reason or in some particular exceptional case along with notice. The Company shall make public disclosure as and to the extent required by applicable laws, rules and regulations, of amendments of this Code.

The Board shall not grant waivers to this Code. However, the Company may waive any one or more of the provisions of the code for any Key managerial personnel subject to approval of board of directors of company.

❖ DUTIES OF INDEPENDENT DIRECTORS

In accordance with Regulation 17(5)(b) of the Listing regulations, the code of conduct shall suitably incorporate the duties of independent directors as laid down in the Act and as specifically provided herein-below.

Pursuant to section 149(6) & (7) read with Companies (Appointment and Qualification of Directors) Rules 2014 along with Schedule IV for Code of Independent Directors and the recent amendments made by SEBI in Listing Agreement, the Independent Directors shall adhere to the duties as follows

(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 of 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 behavior, 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.

❖ LIABILITY OF INDEPENDENT DIRECTOR

An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement & Companies Act, 2013.

❖ ANNUAL COMPLIANCE REPORTING

In terms of Listing Agreement, all board members and senior management personnel shall affirm the compliance of this code on an annual basis. The Annual Report of the company shall also contain a declaration to this effect duly signed by CEO of the company.

❖ PLACEMENT OF THE CODE ON THE WEBSITE

This Code and any amendments thereto shall be hosted on the website of the company.

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