

FFS
DEFENCE ENGINEERING LTD.

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**CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR
MANAGEMENT PERSONNEL**

1. INTRODUCTION:

The matters covered in this Code of Conduct ("Code") are of the utmost importance to FFS Defence Engineering Limited ("Company"), its shareholders and stakeholders and are essential so that the Company can conduct business in accordance with legal and ethical values to which the Company is strongly committed. A code of conduct for the board of directors of the Company ("Board") and the senior management personnel of the Company (i.e. officers/personnel of the Company who are members of its core management team excluding the Board and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the Board) and shall specifically include company secretary and chief financial officer ("Senior Management Personnel")) enables the Company to publicly state to its external stakeholders (suppliers, customers, consumers and shareholders), the way in which they intend to do business. The Code shall be posted under a separate section on the website of the Company.

2. APPLICABILITY OF THE CODE:

This Code applies to Board and the Senior Management Personnel.

3. CODE OF CONDUCT:

The Board and Senior Management Personnel of the Company should:

- a) demonstrate the highest standards of integrity, business ethics, and corporate governance;
- b) perform their roles with competence, diligence, in good faith and in the best interests of the Company; provide expertise and experience in their areas of specialization and share learnings at the meetings of the Board with best interests of the Company and its stakeholders in mind. They should point the Company's management in the 'right' direction based on their experience and judgement;
- c) 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;
- d) not engage in any business, relationship or any activity which detrimentally conflicts with the interest of the Company or bring discredit to the Company

4. APPOINTMENT OF INDEPENDENT DIRECTORS

- a) In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director of the Board for a term upto 5 years from the date of your appointment. Your appointment is subject to the approval of shareholders.
- b) In compliance with provisions of Section 149 of the Companies Act, 2013, your directorship is not subject to the retirement by rotation.

- c) Notwithstanding other provisions of the letter, the appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in Sections 149(6), 149(7) and 149(8) or on the occurrence of any event as defined in Section 167 of the Companies Act, 2013.
- d) Upon termination or upon your resignation for any reason, duly intimated to the Company, you will not be entitled to any compensation for loss of office.

5. ROLE AND FUNCTIONS OF INDEPENDENT DIRECTORS

The Independent Directors shall:

- a) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments, and standards of conduct;
- b) bring an objective view in the evaluation of the performance of board and management;
- c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- f) balance the conflicting interest of the stakeholders;
- g) determine appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and Senior Management and have a prime role in appointing and where necessary recommend removal of Executive Directors, Key Managerial Personnel and Senior Management;
- h) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

6. DUTIES OF INDEPENDENT DIRECTORS

The Independent Directors shall:

- a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b) 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;
- c) strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a member;
- d) participate constructively and actively in the Committees of the Board in which they are Chairpersons or Members;
- e) strive to attend the general meetings of the Company;
- f) 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;

- g) keep themselves well informed about the Company and the external environment in which it operates;
- h) not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- i) 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;
- j) 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;
- k) report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy;
- l) act within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive in

7. TIMING AND LOCATION OF BOARD MEETINGS

The board normally holds meetings as the occasion requires. Meetings usually take place at the Company's registered office in Nagpur Office in Mumbai, Maharashtra or over video conference.

8. STATUS OF APPOINTMENT & REMUNERATION

You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees or by way of commission as may be decided by the Board from time to time.

Further, the Company may pay or reimburse to you such fair and reasonable expenditure as may have been incurred by you while performing your role as an Non-Executive Independent Director of the Company. This could include reimbursement of expenditure incurred by you for attending Board/ Committee Meetings, Annual General Meeting and Extra Ordinary General Meeting.

9. BOARD AND INDIVIDUAL DIRECTOR EVALUATION PROCESSES

The performances of the board as a whole and individual director are evaluated annually. If, in the meantime, there are any matters which cause you concern about your role you should discuss them with the Chairman of the board as soon as appropriate.

10. TERM

Subject to applicable law, independent directors are eligible to serve for a period of two terms of 5 years each or up to the age of retirement (75 years) whichever is earlier.

11. OUTSIDE INTERESTS INCLUDING DIRECTORSHIPS

It is accepted and acknowledged that you may have business interests other than those of the Company. You will disclose your concern or interest u/s 184 in any company or companies or bodies

corporate (including shareholding interest), firms or other association of individuals, by giving a notice in writing in Form MBP-1. Please ensure that the Company is kept informed of any changes to your interests so that the interests register can be maintained up to date.

Any director is while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with the Company's business and does not materially interfere with their performance as a director of the Company. All other appointments must first be discussed with the Chairman before being accepted.

12. CONFIDENTIALITY

All information acquired during your appointment is confidential to the Company and should not be disclosed either during your appointment or following termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chairman.

13. PUBLICATION OF THE LETTER OF APPOINTMENT

In line with the provision of Clause IV sub clause 6 of Schedule IV, under Companies Act, 2013, the Company will make public the terms and conditions of your appointment and will also arrange for it to be displayed on the Company's website.

14. MEMBERSHIP OF COMMITTEES

The Board of Directors may appoint you as Member/Chairman of one or more of its committees which will be covered in a separate communication setting out the relevant committee's terms of reference and any specific responsibilities.

15. TERMINATION

You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice on the Board. In terms of provisions of the Companies Act, 2013 you may also file a copy of your resignation letter with the Registrar of Companies. Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

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