

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

OF

SAKTHI FINANCE LIMITED

(Reviewed by Board on 29th May 2019)

1 INTRODUCTION

- 1.1 Sakthi Finance Limited is committed to conduct its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The company is committed to be a good corporate citizen.
- 1.2 The Directors and Senior Management team of the company must not only comply with applicable laws, rules and regulations but should also strive to promote honesty in conducting business. They must abide by the policies and procedures that govern the conduct of the company's business. The company shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards.

2 CONFLICTS OF INTEREST

- 2.1 A conflict situation may arise where, directly or indirectly:
 - 2.1.1 an independent judgement of the company's interest cannot be exercised
 - 2.1.2 Directors and Senior Management Team accept any personal benefits or gifts or entertainment beyond the customary level either by himself or through his family as a result of his position in the company from any person / company with which the company has business dealings
 - 2.1.3 Directors and Senior Management Team engage in any business activity that detracts an individual's ability to devote appropriate time and attention to his responsibilities with the company
 - 2.1.4 any significant ownership interest in any supplier, customer or competitor of the company
 - 2.1.5 any employment relationship with any supplier, customer, business associate or competitor of the company
- 2.2. The Directors and Senior Management Team should avoid 'conflicts of interest' with the company. In case there is likely to be a conflict of interest, he should disclose all facts and circumstances thereof to the Board of Directors or any officer nominated for this purpose by the Board and a prior written approval should be obtained.

3 DUTIES OF INDEPENDENT DIRECTORS (ID)

- 3.1 *As provided in Section 149(8) and Clause 49 of the amended Listing Agreement, the Independent Directors shall perform the following duties:*
- 3.1.1 *undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;*
 - 3.1.2 *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;*
 - 3.1.3 *strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a member;*
 - 3.1.4 *participate constructively and actively in the committees of the Board in which they are Chairpersons or members;*
 - 3.1.5 *strive to attend the general meetings of the Company;*
 - 3.1.6 *where they have concerns about 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;*
 - 3.1.7 *keep themselves well informed about the Company and the external environment in which it operates;*
 - 3.1.8 *not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;*
 - 3.1.9 *pay sufficient attention and ensure that adequate deliberations are held before approving the related party transactions and assure themselves that they are in the interest of the Company;*
 - 3.1.10 *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;*
 - 3.1.11 *report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy;*
 - 3.1.12 *acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees; and*
 - 3.1.13 *not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans and unpublished price sensitive information unless such disclosure is expressly approved by the Board or required by law.*

4 FINANCIAL REPORTING AND RECORDS

The professional and ethical conduct in the matter of financial affairs is essential for the proper functioning of the company. The officers and employees engaged in the finance functions should act with honesty and integrity. The persons in-charge for finance and accounting function should prepare and maintain company's accounts fairly and accurately in accordance with generally accepted guidelines, principles, standards, laws and regulations applicable to the company. Internal accounting and audit procedures shall fairly and accurately reflect all of the company's business transactions and disposition of assets. There shall be no wilful omissions of the company transactions from the books and records. Any wilful material misrepresentation or misinformation on the financial accounts and reports shall be regarded as a violation of this code.

5 PROTECTING COMPANY ASSETS

The assets of the company should not be misused but employed only for the purpose of conducting the business for which they are authorised. All Directors and Senior Management Team should strive to protect company's assets and property and ensure its efficient use.

6 ADVANCING INTEREST OF THE COMPANY

Directors and Senior Management Team owe a duty to the company to advance its legitimate interests when the opportunity to do so arises. They should not use company's property, information or position for personal gains. All Directors and Senior Management Team of the company must strive to perform best at all times.

7 INTEGRITY AND HONESTY

The Directors and Senior Management Team shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. They shall act and conduct free from fraud and deception. Their conduct shall conform to the professional standards of conduct.

8 FAIR DEAL

Each Director and the members of Senior Management Team should deal fairly with customers, suppliers and competitors. 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 practices.

9 HEALTH, SAFETY, ENVIRONMENT AND SOCIAL RESPONSIBILITY

Sakthi Finance Limited shall strive to provide a safe and healthy working environment and comply with all regulations regarding the preservation of the environment in and around its points of operations.

10 CONFIDENTIALITY

The Directors and the Senior Management Team shall maintain the confidentiality of information or that of any customer, supplier or business associates of the company to which company has a duty to maintain confidentiality, except when disclosure is authorised. The use of confidential information for his own advantage or profit is also prohibited.

11 COMPLIANCES

- 11.1 The Directors and the Senior Management Team shall comply with all applicable laws, rules and regulations. Transactions relating to sale or purchase of company's equity shares should not be undertaken without complying the formalities contained in the company's code of internal procedures and conduct for prevention of insider trading. If any Director or Member of the Senior Management Team who knows of or suspects of a violation of applicable laws, rules or regulations or this Code of Conduct, he must immediately report the same to the Board of Directors or any designated person thereof. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue. The company recognizes 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.
- 11.2 All Directors and Senior Management Team should adhere to the Code of Conduct and Ethics of the company. Violations of this Code of Ethics will result in disciplinary action, which may even include termination of services of the employee. The Board of Directors or any person designated by the Board for this purpose shall determine appropriate action in response to violations of this Code of Ethics.