



Sakthi Finance

Since 1955

**CODE OF CONDUCT TO REGULATE,
MONITOR AND REPORT
TRADING BY INSIDERS**

(As amended by the Board of Directors at their meeting held on 30 May 2025)



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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited ("SFL"), Coimbatore
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Name	Designation
Sri S Venkatesh	Company Secretary and Chief Compliance Officer

Document History			
Sl No	Date	Nature of Document	Remarks
1	31st October 2009	Base Document	Initially the policy on Code of Conduct to Regulate, Monitor and Report Trading by Insiders was adopted by the Board of Directors
2	29th May 2019	Amendment	Amendments were made in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
3	12 February 2025	Amendment	Amendments were made in line with the SEBI (Prohibition of Insider Trading) Regulations 2015 amended on 6 December 2024.
4	12 February 2025	Amendment	Amendments were made in line with the SEBI (Prohibition of Insider Trading) Regulations 2015 amended on 6 December 2024.
5	30 May 2025	Amendment	Amendments were made in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2025 dated 11th May 2025 effective from 9th June 2025.



ABBREVIATIONS USED

Board	Board of Directors
the "Code"	Code of Conduct to Regulate, Monitor and Report Trading by Insiders
the "Regulations"	SEBI (Prohibition of Insider Trading) Regulations 2015
the "Act"	The Companies Act 2013



1.0 INTRODUCTION

- 1.1. Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations 2015 (the “Regulations”) requires a listed company to formulate a Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons, towards achieving compliance with the said Regulations by adopting the minimum standards, set out in Schedule B to the Regulations.
- 1.2. Accordingly, in supersession of the previous Code dated 30th May 2015, a Code of Conduct to Regulate, Monitor and Report Trading by Insiders (the “Code”) for Sakthi Finance Limited (the “Company”) is formulated as under:

2.0 IMPORTANT DEFINITIONS

- a. “Compliance Officer” means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be.
- b. “Connected person” means:
- i. any person who is or has been, during the six months prior to the concerned act, associated with a company, in any capacity, directly or indirectly, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship, whether temporary or permanent, with the company, that allows such a person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
 - ii. Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established:
 - a. a relative of connected persons specified in clause (i); or
 - b. a holding company or associate company or subsidiary company; or



- c. an intermediary as specified in Section 12 of the SEBI Act or an employee or director thereof; or
 - d. an investment company, trustee company, asset management company or an employee or director thereof; or
 - e. an official of a stock exchange or of clearing house or corporation; or
 - f. a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 - g. a member of the board of directors or an employee, of a public financial institution as defined in Section 2 (72) of the Companies Act 2013; or
 - h. an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - i. a banker of the company; or
 - j. a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his relative or banker of the company, has more than ten per cent of the holding or interest or;
 - k. a firm or its partner or its employee in which a connected person specified in sub-clause (i) of clause (d) is also a partner; or
 - l. a person sharing household or residence with a connected person specified in sub-clause (i) of clause (d);
- c. **“generally available information”** means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media;
- d. **“immediate relative”** means a spouse of a person and includes parent, sibling and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;
- e. **“insider”** means any person who is:
- i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information;



f. "relative" shall mean the following:

- i. spouse of the person;
- ii. parent of the person and parent of its spouse;
- iii. sibling of the person and sibling of its spouse;
- iv. child of the person and child of its spouse;
- v. spouse of the person listed at sub-clause (iii); and
- vi. spouse of the person listed at sub-clause (iv)

g. "trading" means and includes subscribing, redeeming, switching, buying, selling, dealing, or agreeing to subscribe, redeem, switch, buy, sell, deal in any securities and "trade" shall be construed accordingly;

h. "trading day" means a day on which the recognized stock exchanges are open for trading;

i. "unpublished price sensitive information" means any information, relating to the company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily include but not restricted to, information relating to the following:

- i. financial results;
- ii. dividends;
- iii. change in capital structure;
- iv. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business , *[award or termination of order/contracts not in the normal course of business] and such other transactions
- v. changes in key managerial personnel, *[other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;
- vi. change in rating(s), other than ESG rating(s);
- vii. fund raising proposed to be undertaken;
- viii. agreements, by whatever name called, which may impact the management or control of the company;
- ix. fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
- x. resolution plan/ restructuring or one time settlement in relation to loans/borrowings from banks/financial institutions;
- xi. admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
- xii. initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials,



- misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
- xiii. action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;
 - xiv. outcome of any litigation(s) or dispute(s) which may have an impact on the company;
 - xv. giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
 - xvi. granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.]

*Effective with effect from June 9, 2025 or such other date as may be specified by SEBI.

- j. Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations 2015, as amended.

3.0 CODE

3.1. Reporting

- 3.1.1. The Compliance Officer shall report to the Board of Directors ("Board") and shall provide reports to the Chairman of the Board, on quarterly basis or at such frequency as may be stipulated by the Board.

3.2. Information on a need-to-know basis and Chinese Wall procedures

- 3.2.1. All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his/her legal obligations.

- 3.2.2. Norms for appropriate Chinese Walls procedures and processes will be as under:

- i. To prevent the misuse of confidential information, the functions of the Company are divided into various departments and each department shall have separate areas.
- ii. The employees in the departments which routinely have access to confidential information shall not communicate any price sensitive information to other departments.



- iii. In exceptional circumstances employees of departments not having unpublished price sensitive information may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the Compliance Officer.

3.3. Designated Persons

- 3.3.1. President, Vice Presidents, Senior General Managers, General Managers, Functional head of the departments and all employees in Finance and Accounts and Secretarial Department in Registered Office are considered as Designated Employees and are deemed to have access to inside information.
- 3.3.2. The Chairman of the Board shall, in consultation with the Compliance Officer, specify any other person as the designated persons by this Code on the basis of their role and function in the organisation.

3.4. Trading window

- 3.4.1. Designated persons may execute trades subject to compliance with these Regulations. Towards this end, a notional trading window shall be used as an instrument for monitoring trading by the designated persons. The trading window shall be closed when the Compliance Officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.
- 3.4.2. The trading window will remain closed from the end of every quarter till 48 hours after the declaration of the financial results.
- 3.4.3. The timing for re-opening of the trading window shall be determined by the Compliance Officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available. The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.



3.5. Pre-clearance and trades

- 3.5.1. When the trading window is open, trading by designated persons shall be subject to pre-clearance by the Compliance Officer, if the value of the proposed trade(s) is above the threshold limit of ₹ 10,00,000 (Rupees Ten Lakh) in value over any calendar quarter, or such other limits as the Board may stipulate. No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed. The application for pre-clearance shall be in such form as may be prescribed by the Compliance Officer.
- 3.5.2. The Compliance Officer shall confidentially maintain a list as a "restricted list" as may be specified in the SEBI regulations which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.
- 3.5.3. Prior to approving any trades, the Compliance Officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
- 3.5.4. The trading in respect of securities shall be executed within seven (7) trading days after approval is granted by the Compliance Officer, failing which fresh pre-clearance would be needed for the trades to be executed.
- 3.5.5. A designated person who is permitted to trade shall not execute a contra trade within a period of six (6) months following the prior transaction. Relaxation may be given from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these Regulations. In the event, any such contra trade is executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.



4.0 DISCLOSURE RESPONSIBILITIES AND FORMATS**4.1. Initial Disclosures of holdings:**

- 4.1.1. Every promoter, Key Managerial Personnel and Director of the Company shall disclose (as per Form A) his holding of securities of the Company as on 15th May 2015, to the Company within thirty (30) days from that date;
- 4.1.2. Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter shall disclose (as per Form B) his holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company within seven (7) days of such appointment or becoming a promoter.

4.2. Continual Disclosures of trades

- 4.2.1. Every promoter, employee and director of the Company shall disclose to the Company (as per Form C) the number of securities acquired or disposed of within two (2) trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ₹ 10,00,000 (Rupees Ten lakh) or such other value as may be specified;
- 4.2.2. The Company shall within a period of two (2) trading days from the date of receipt of such disclosures, inform the Stock Exchanges particulars of such trading.
- A. The designated persons shall disclose their shareholdings in the Company as on 31st March every year on or before 15th April.
- B. The Chairman of the Company may require any other connected person to make disclosure of his holdings and trading in securities of the Company in Form D.

5.0 INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING

- 5.1. The Managing Director or Chief Financial Officer ("CFO") shall put in place adequate and effective system of internal controls to ensure compliance with the requirement in the Regulations. The Vice Chairman and Managing and CFO in discussion with the Compliance Officer shall decide on how and when people are brought 'inside' on sensitive transactions. The people so brought inside shall be made aware of the duties and responsibilities attached to the receipt of Inside Information and the liability that attaches to misuse or unwarranted use of such information.



5.2. In case the Company becomes aware of any leak or suspected leak of unpublished price sensitive information, appropriate inquiries will be initiated in accordance with the Policy for Inquiry in case of Leak or Suspected Leak of Unpublished Price Sensitive Information.

6.0 PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT

6.1. Any Designated Person contravening the Code will be liable to penalty and appropriate disciplinary action including remuneration freeze, suspension, dismissal etc. as may be decided by the Chairman of the Board in consultation with the Compliance Officer.

7.0 APPLICABILITY OF THE CODE TO CERTAIN PERSONS

7.1. The Regulations apply to certain persons who by being in any contractual, fiduciary or employment relationship or holding any position including a professional or business relationship with the Company whether temporary or permanent have access, directly or indirectly, to unpublished price sensitive information or are reasonably expected to allow such access. In case it is observed by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of Regulation 9, that there has been a violation of these Regulations, they shall inform SEBI promptly, with a copy to the Company.

8.0 REVIEW

8.1. This Code is subject to review by the Board of Directors of the Company from time to time.

9.0 REFERENCES

9.1. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.

9.2. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended.

Date: 30 May 2025

Place: Coimbatore

(As amended by Board of Directors at their meeting held on 30 May 2025)

