



# Sakthi Finance

Since 1955

SFL:LR30:074:2019-20

29 May 2019

BSE Limited  
(BSE Code : 511066)  
Floor 25  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai – 400 001

Through BSE on-line filing portal

Dear Sir/Madam,

## Intimation under SEBI (Prohibition of Insider Trading) Amendment Regulations 2018

We wish to inform that the Board of Directors have, at their meeting held on 29 May 2019, adopted the following revised/new Polices/Codes under SEBI (Prohibition of Insider Trading) Regulations 2015, as amended.

- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Revised Code)
- Code of Conduct to Regulate, Monitor and Report Trading by Insiders (Revised Code)
- Policy for Enquiry in case of Leak or suspected leak of Unpublished Price Sensitive Information (New Policy)

A copy each of the above policies are enclosed for your reference and records.

The Polices/Codes have also been hosted on the website of the company at [www.sakthifinance.com](http://www.sakthifinance.com)

We request you to take the documents on record.

Yours faithfully  
For Sakthi Finance Limited

  
S Venkatesh

Company Secretary and  
Compliance Officer  
M.No : FCS 7012



Enc: (3)

**CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF  
UNPUBLISHED PRICE SENSITIVE INFORMATION**

[Under Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations 2015]

1. The Board of Directors of Sakthi Finance Limited ("the Company") has always thrived to conduct its business in a fair and transparent manner with a view to protect the interest of all the stakeholders of the Company.
2. The Company shall adhere to the following principles of fair disclosure of unpublished price sensitive information with respect to it or its securities which is likely to affect price of the securities:
  - a. The Company shall ensure prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
  - b. The Company shall ensure uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
  - c. The Company Secretary/Compliance Officer of the Company shall act as the Chief Investor Relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
  - d. The Company shall make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
  - e. The Company shall provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
  - f. The Company shall ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
  - g. The Company shall develop and follow best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
  - h. The Company shall handle all unpublished price sensitive information on a need-to-know basis.



3. Following is the policy with respect to preservation of Unpublished Price Sensitive Information:
- a. No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the company or its securities, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
  - b. No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations unless for the purpose and manner permitted in the Regulations.
  - c. Legitimate purpose means sharing of unpublished price sensitive information ("UPSI") in the ordinary course of business or on a need-to-know basis. The Company may share the UPSI if required in the interest of the Company.
  - d. The legitimate purpose shall, inter alia, include sharing of UPSI on need to know basis by an insider with employees, directors, lenders, customers, merchant bankers, legal advisors, auditors, or other advisors or consultants.
  - e. For the purpose of clarity in understanding, following are illustrative examples of sharing of UPSI which would be considered as legitimate purpose:
    1. Furnishing of information to statutory authorities, controlling authorities, local or administrative bodies as per applicable statute or in the usual course of business or for investigation/inquiry purpose or when specifically required by them.
    2. Under or in connection with any legal proceedings or pursuant to any order of courts, tribunals or judicial forums/authorities.
    3. Arising out of any contractual obligations under any contract, agreement, arrangement, settlement, understanding or undertaking entered into by the Company.
    4. In connection with compliance with applicable laws, rules, regulations and requirements.



5. **Sharing of UPSI on need-to-know basis in the usual course of business or arising out of business requirements, strategies, developments, etc., which includes, but not limited to, the following:**
- **With promoters and/or their representatives/advisors.**
  - **By an insider with fellow employees in the course of discharge of his duties or in furtherance of the business of the Company.**
  - **With bankers/lenders, including proposed bankers/lenders, in connection with loans availed / proposed to be availed by the Company or under applicable guidelines of the Reserve Bank of India.**
  - **With auditors, lawyers, other advisors, merchant bankers, intermediaries, valuers, service providers and other consultants during the course of their engagement for the purpose of or in connection with the business of the Company.**
  - **With financial / technical experts for advice, consultation, transaction support, intermediation and approvals in the process of evaluation of business opportunities.**
6. **Sharing of UPSI for any other purpose as may be permitted by the Vice Chairman and Managing Director of the Company in writing considering the business exigencies of the Company.**
7. **Any communication or access to any unpublished price sensitive information relating to the Company to any person including other insiders other than for legitimate purpose mentioned above requires prior approval of the Vice Chairman and Managing Director.**
8. **Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for the purposes of SEBI (Prohibition of Insider Trading) Regulations 2015 and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.**
4. The Chairman of the Company, subject to the approval of the Board, is authorized to amend or modify this Code in whole or in part.



5. The Board of Directors may stipulate further guidelines, procedures and rules, from time to time, to ensure fair disclosure of unpublished price sensitive information.
6. This Code shall be published on the official website of the Company.
7. This Code and every subsequent modification, alteration or amendment made thereto, shall also be intimated to the Stock Exchange where the securities of the Company are listed.
8. The Code shall be deemed to have come into force with effect from **1st April 2019.**
9. Subsequent modification(s) / amendment(s) to SEBI (Prevention of Insider Trading) Regulations, 2015 shall automatically apply to this Code.



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

### **1. Introduction**

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.

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. Important Definitions**

- (a) "Compliance Officer" means Company Secretary of the company.
- (b) "Connected person" shall generally include:
- Promoters, Directors, Key Managerial Personnel and Specified Employees (referred to as "Designated Persons") who may have access to unpublished price sensitive information; and
  - Immediate Relatives of the above;
- (c) "generally available information" means information that is accessible to the public on a non-discriminatory basis;
- (d) "insider" means any person who is:
- i) a connected person; or
  - ii) in possession of or having access to unpublished price sensitive information;
- (e) "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;
- (f) "trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities and "trade" shall be construed accordingly;
- (g) "trading day" means a day on which the recognized stock exchanges are open for trading;



- (h) "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, de-listings, disposals and expansion of business and such other transactions; and
  - v. changes in key managerial personnel;
- (i) 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. Code

#### a. Reporting

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.

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

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.

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.

#### **c. Designated Persons**

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.

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.

#### **d. Trading window**

- i. 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.
- ii. **The trading window will remain closed from the end of every quarter till 48 hours after the declaration of the financial results.**
- iii. 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.





**e. Pre-clearance and trades**

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.
- v. 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. Disclosure Responsibilities and formats****Initial Disclosures of holdings:**

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;



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.

### **Continual Disclosures of trades**

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;

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. Institutional Mechanism for Prevention of Insider Trading**

**The Managing Director or Director (Finance and Operations) 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 Director and Director (Finance and Operations) 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.**

**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. Penalty for contravention of Code of Conduct**

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. Applicability of the Code to certain persons**

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. Review**

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

29th May 2019  
Coimbatore

(Amended by Board of Directors on 29th May 2019)



**POLICY FOR INQUIRY IN CASE OF LEAK OR SUSPECTED LEAK OF  
UNPUBLISHED PRICE SENSITIVE INFORMATION**

**1. Background**

Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended by SEBI PIT (Amendment) Regulations 2018, mandates every listed company to formulate a written policy and procedures for inquiry in case of leak of unpublished price sensitive information and initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information ("**UPSI**") and inform SEBI promptly of such leaks, inquiries and results of such inquiries.

**2. Applicability**

This Policy shall be applicable with effect from 1st April 2019.

**3. Scope**

This Policy deals with:

- a. Formulating procedures for inquiry such as initiating inquiry, reporting, etc. in case of leak or suspected leak of UPSI.
- b. Strengthening the internal control system to prevent leak of UPSI.
- c. Penalizing any insider who appears to have found guilty of violating this policy.

**4. Definitions**

The definitions of some of the key terms used in the Policy are given below:

- a. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act 2013 and Regulation 18 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**").
- b. "Code" means the Code of Conduct to Regulate, Monitor and Report Trading by its Insiders ("**the Code**").
- c. "Compliance Officer" means the person as defined in the Code.
- d. "Leak of UPSI" means communication of information which is or deemed to be UPSI by any person, who is in possession of UPSI, to any other person, directly or indirectly, overtly or covertly or in any manner whatsoever, except for legitimate purposes, performance of duties or discharge of legal obligations.
- e. "Suspect" means the person or persons against or in relation to whom an inquiry is initiated in case of leak or suspected leak of UPSI.
- f. "Unpublished price sensitive information or UPSI" means any information, relating to the Company or its securities, if any, 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, de-listings, disposals and expansion of business and such other transactions; and
  - v. changes in key managerial personnel; and
  - vi. such other information as determined by the Board of Directors/Vice Chairman and Managing Director / Director (Finance and Operations) as UPSI from time to time.
- g. "Whistle Blower" means an employee of a Company making a disclosure under the Whistle Blower Policy.
- h. "Working days" means working days of the Company.
- i. Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

#### 5. Procedure for inquiry in case of Leak or suspected Leak of UPSI

- a. Source of information relating to leak of UPSI

Chairman of the Board or Audit Committee or the Compliance Officer may on becoming aware *suo moto* or on receipt of a written intimation of leak or suspected leak of UPSI from:

- i. the Suspect
- ii. any other person, including employees of the Company or
- iii. the regulators

follow the below mentioned procedure in order to inquire and/or investigate the matter.

- b. Preliminary Inquiry:

The object of preliminary inquiry is fact-finding, to ascertain the truth or otherwise of the allegations contained in the information or complaint, if any, and to collect necessary available material in support of the allegations, and thereafter to decide whether there is justification to initiate further investigation/inquiry.

The Chairman of the Board or Audit Committee shall forthwith forward such intimation to the CEO to conduct a preliminary inquiry headed by the Compliance Officer. The said inquiry shall be completed within 3 working days from the date of receipt of such intimation and report thereof shall be circulated to the Chairman of the Board or the Audit Committee, as the case may be and to the Compliance Officer.



## c. Intimation of Leak or suspected Leak of UPSI

If in the opinion of Chairman of the Board or Audit Committee and the Compliance Officer, the preliminary inquiry report warrants further investigation, the same shall be submitted to the Board of Directors and Inquiry Committee for detailed investigation.

The Compliance Officer shall simultaneously intimate SEBI about such Leak or suspected Leak of UPSI.

## d. Inquiry Committee

Inquiry Committee shall consist of the following persons or any person nominated by such officers from their department-

Director (Finance and Operations)

Head of Legal Department

Any other person nominated by the Vice Chairman and Managing Director

If any member of Inquiry Committee has a conflict of interest in any given case, then he should recuse himself and other members of Inquiry Committee should deal with the matter.

## e. Investigation by Inquiry Committee

Upon receipt of the report of the preliminary inquiry and all other supporting documents, the Inquiry Committee is required to initiate the investigation. The said investigation shall be completed within 15 working days from the date of receipt of report of the preliminary inquiry. The Inquiry Committee's investigation report shall be submitted to the Audit Committee and summary report shall be submitted to Board immediately, and such report shall also be submitted to SEBI simultaneously.

**6. Powers of the Inquiry Committee**

For purpose of conducting inquiry, the Inquiry Committee may:

## a. call upon

- i. such employees/individuals to seek clarification or information pertaining to the leak.
- ii. Persons / members of the Department involved in generation of the original data for purpose of determination of key figures pertaining to financial figures.
- iii. Persons involved in the preparation of the figures for the financial results and presentations.
- iv. Persons involved in the preparation of board notes
- v. Persons involved in dissemination of information relating to financial results in the public domain.
- vi. any other persons who had access to the information.
- vii. Any market intermediaries, fiduciaries and other person/entities who have access to UPSI for inquiry conducted for leak of such UPSI.

## b. at its discretion, invite external investigators/experts.



- c. take necessary actions including sending the Suspect on leave, restrict physical access to the office premise, freeze access to systems, electronic devices, emails, etc., during the pendency of the investigations for fair conduct of the proceedings.
- d. keep the identity of the Suspect confidential till the completion of inquiry unless it is essentially required for the purpose of investigation.
- e. notify the Suspect of the allegations at the outset of internal investigation and provide him opportunity to represent his case and submit evidence.
- f. do all such acts, deeds, matters and things as are necessary for the purpose of conduct of internal investigation.
- g. In case of difference in opinion among the members of the Committee, they may seek views of the Chairman of the Audit Committee or Board.

#### **7. Rights and Obligations of the Suspect**

- a. The Suspect shall:
  - i. co-operate with the Inquiry Committee during the investigation process.
  - ii. have a right to consult with a person or persons of their choice, other than members of Inquiry Committee.
  - iii. right to be informed of the outcome of the investigation
- b. The Suspect(s) has the responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Suspects.
- c. Unless there are compelling reasons not to do so, Suspects will be given the opportunity to respond to material findings contained in investigation report. No allegation of wrong doing against a Suspect shall be considered as maintainable unless there is good evidence in support of the allegation.

#### **8. Consequences of non-compliance**

- a. On receipt of report of Inquiry Committee, the Compliance Officer shall forthwith forward such report to Audit Committee.
- b. The disciplinary action against the Suspect may be taken within 15 working days from receipt of investigation report by the Audit Committee in consultation with the Board of Directors or any other person authorised by the Board.
- c. The disciplinary action may include wage freeze, suspension, recovery, clawback or termination, as may be decided by the Audit Committee or the Board of Directors or any other person authorised by the Board.
- d. SEBI or any other appropriate regulatory authority would also be informed of such violation who may take appropriate action against the Suspect.

**(Adopted by the Board of Directors on 29th May 2019)**

