

SFL:BSEPIT:257:2024-25

12 February 2025

BSE Limited
(Scrip Code : 511066)
Floor 25, P J Towers
Dalai Street, Fort
Mumbai —400 001

ISIN: INE302E01014

On-line submission through Listing Centre

Dear Sir / Madam,

Disclosure under Regulation 30 of the SEBI (Listing Obligations and Listing Requirements) Regulations 2015 (“SEBI LODR”)

We wish to inform that the Board of Directors have, at their meeting held on 12 February 2025, approved the following amended Policies/Codes under SEBI LODR / Companies Act 2013 and SEBI (Prohibition of Insider Trading) Regulations 2015 respectively, as amended.

A. SEBI LODR / Companies Act 2013

1. Policy on Determination of Materiality of an Event or Information (Revised Policy)
2. Audit Committee Charter (“AC Charter”)
3. Policy on Related Party Transactions
4. Corporate Social Responsibility(“CSR”) Policy

B. SEBI (Prohibition of Insider Trading) Regulations 2015

1. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Revised Code)
2. Code of Conduct to Regulate, Monitor and Report Trading by Insiders (Revised Code)

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





Sakthi Finance
Since 1955

The amended Policies/Codes have also been hosted on the website of the company at www.sakthifinance.com.

We request you to take the above documents on record.

Yours faithfully
For Sakthi Finance Limited



S Venkatesh
Company Secretary and
Chief Compliance Officer
FCS 7012



Encl: (6)



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POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT OR INFORMATION

(As amended by the Board of Directors at their meeting held on 12 February 2025)



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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited (" SFL "), Coimbatore
Document Title	Policy for determination of Materiality of Event or Information
Classification	Confidential

Document Owner	
Name	Title
Sri S Venkatesh	Company Secretary and Chief Compliance Officer

Document History			
Sl No	Date	Nature of Document	Remarks
1	12th February 2016	Base Document	Initially the Policy for Determination of Materiality of Event or Information was approved 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	7th August 2023	Amendment	Amendments were made as per the SEBI notification dated 14th June 2023, SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations 2023.
4	12 February 2025	Amendment	Amendments were made in line with amendments made to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 dated 12 December 2024.



ABBREVIATIONS USED

Board	Board of Directors
the "Regulations"	SEBI (Prohibition of Insider Trading) Regulations 2015
the "Act"	The Companies Act 2013
the "Company"	Sakthi Finance Limited



1.0. INTRODUCTION

1.1. Pursuant to Regulation 30(4)(ii) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (**Listing Regulations**), the Board of Directors ("**the Board**") of Sakthi Finance Limited ("**the Company**") has adopted this Policy at their meeting held on 12th February 2016 for determination of materiality of events or information for disclosure to the Stock Exchanges under the Listing Regulations.

2.0. CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION

2.1. The Company shall consider the criteria as specified in clause (i) of sub-regulation (4) of Regulation 30 of the Listing Regulations 2015 for determination of materiality of events or information.

3.0. GUIDELINES FOR DETERMINING MATERIALITY

3.1. The Company shall consider the following criteria for determination of materiality of events/ information:

3.1.1. the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or

3.1.2. the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; or

3.1.3. the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:

3.1.3.1 two percent of turnover, as per the last audited consolidated financial statements of the Company;

3.1.3.2 two percent of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;

3.1.3.3 five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company;

3.1.4. In case where the criteria specified in sub-clauses above is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the listed entity, the event or information is considered material.

3.2. Events or information that are to be disclosed on application of materiality criteria and the basis for determination of materiality are given in the **Annexure**.



3.3. Notwithstanding the above, all the events or information specified in para A of Part A of Schedule III to the Listing Regulations shall be deemed to be material events or information and will have to be disclosed without application of materiality criteria upon occurrence of the event.

4.0. TIMELINE FOR DISCLOSURE

4.1. The Company shall disclose to the Stock Exchanges all events or information which are material in terms of the provisions of Listing Regulations as soon as reasonably possible and in any case not later than the following:

4.1.1. Thirty minutes from the closure of the meeting of the Board of Directors in which the decision pertaining to the event or information is taken.

Provided that in case the meeting of the board of directors closes after normal trading hours of that day but more than three hours before the beginning of the normal trading hours of the next trading day, the listed entity shall disclose the decision pertaining to the event or information, within three hours from the closure of the board meeting:

Provided further that in case the meeting of the board of directors is being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of such meeting for the day on which it has been considered.

4.1.2. Twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company.

4.1.3. Twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

Provided that if all the relevant information, in respect of claims which are made against the listed entity under any litigation or dispute, other than tax litigation or dispute, in terms of sub-paragraph 8 of paragraph B of Part A of Schedule III, is maintained in the structured digital database of listed entity in terms of provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, the disclosure with respect to such claims shall be made to the stock exchange(s) within seventy-two hours of receipt of the notice by the listed entity.

4.1.4. Where timelines have been specified in Part A of Schedule III to Listing Regulations, disclosures shall be made within such timelines.



4.2. In case the disclosure is made after the timeline specified above, the Company shall provide explanation for the delay along with the disclosure.

5.0. AUTHORISATION TO KEY MANAGERIAL PERSONNEL ("KMP") FOR DETERMINING MATERIALITY OF AN EVENT OR INFORMATION

5.1. In terms of Regulation 30(5) of the Listing Regulations, the Board of Directors of the Company severally authorises Sri M. Balasubramaniam, Vice Chairman and Managing Director and Sri K Sundaramurthy, Chief Financial Officer for the purpose of determining materiality of an event or information and the appropriate period/stage for disclosures to be made, based on the guidelines of this policy on matters not falling within the events or information and the criteria mentioned in **Annexure**. Sri S Venkatesh, Company Secretary and Chief Compliance Officer has been authorised for the purpose of making disclosures to the Stock Exchanges and on the website of the Company based on the decision of the Vice Chairman and Managing Director.

6.0. EFFECTIVE DATE

6.1. This Policy comes into force with immediate effect.

7.0. AMENDMENT

7.1. Any amendment/modification to the Listing Regulations and/or other applicable laws in this regard shall become applicable to this Policy and this Policy shall be deemed to have been amended accordingly.

7.2. The Board of Directors shall have the right to withdraw, substitute and/or amend this Policy at any time as it may deem necessary and appropriate. The decision of the Board in this respect shall be final and binding.

Date: 12 February 2025

Place: Coimbatore

(As amended by the Board of Directors at their meeting held on 12 February 2025)



ANNEXURE

Events or information and corresponding criteria for determining their materiality pursuant to Para B of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3 of this Policy.

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Any of the following events pertaining to the listed entity:
 - a. arrangements for strategic, technical, manufacturing, or marketing tie-up; or
 - b. adoption of new line(s) of business; or
 - c. closure of operation of any unit, division or subsidiary (in entirety or in piecemeal)
3. Capacity addition or product launch
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business.
5. Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in normal course of business and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division due to natural calamity (like earthquake, flood, fire, etc.), *force majeure* or events such as strikes, lockouts, etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the Company.
8. Pendency of any litigation(s) or disputes or the outcome there of which may have an impact on the listed entity.
9. Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme
11. Giving of guarantees or indemnity or becoming a surety, by whatever name called, for any third party
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.





Sakthi Finance

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AUDIT COMMITTEE CHARTER

(As amended by the Board of Directors at their meeting held on 12 February 2025)



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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited (" SFL "), Coimbatore
Document Title	Audit Committee Charter
Classification	Normal

Document History			
Sl No	Date	Nature of Document	Remarks
1	9th August 2014	Base Document	Audit Committee Charter was initially adopted by the Board of Directors of the Company
2	29th May 2019	Amendment	Certain clauses were inserted as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 dated 9th May 2018 effective from 1st April 2019.
3	29th March 2022	Amendment	Amendments were made as per the notification by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2022 dated January 24, 2022.
4	27th March 2024	Amendment	Amendments were made as per RBI Master Direction on "Information Technology Governance, Risk, Controls and Assurance Practices" dated 7th November 2023.
5	12 February 2025	Amendment	Amendments were made in line with amendments made to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 dated 12 December 2024.



ABBREVIATIONS USED

AC Charter	Audit Committee Charter
ACB	Audit Committee of the Board
CEO	Chief Executive Officer
CFO	Chief Financial Officer
KMP	Key Managerial Personnel
Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015
NBFC	Non-Banking Financial Companies
RBI	Reserve Bank of India
RPT	Related Party Transactions
SEBI	Securities and Exchange Board of India
SFL	Sakthi Finance Limited
the Act	The Companies Act 2013



1.0 INTRODUCTION

- 1.1. Sakthi Finance Limited or the Company ("**SFL**" or "**the Company**") believes in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty and integrity.
- 1.2. Section 177 of the Companies Act 2013 ("**the Act**"), dealing with Audit Committee, has become operational from 1st April 2014. The Section has prescribed that the Terms of Reference of the Audit Committee has to be in writing.
- 1.3. Accordingly, an Audit Committee Charter ("**AC Charter**") has been formulated with a view to provide the scope for the Audit Committee to deal with the matters which are prescribed under the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**").
- 1.4. In view of the issue of RBI Master Direction on "Information Technology Governance, Risk, Controls and Assurance Practices" dated 7th November 2023 the Audit Committee Charter is amended in line with above Direction and is documented.
- 1.5. The AC Charter will be hosted on the Company's website at www.sakthifinance.com.

2.0 PRIMARY OBJECTIVES

- 2.1. Audit Committee's role shall flow directly from the Board of Directors' overview function on corporate governance, which holds the Management accountable to the Board and the Board, in turn, accountable to the shareholders. Acting as a catalyst in helping the organization achieve its objectives, the primary role of the Audit Committee is that of assisting the Board of Directors in overseeing the:
 - 2.1.1 integrity of the Company's financial statements;
 - 2.1.2 compliance with legal and regulatory requirements;
 - 2.1.3 qualification and independence of the external auditors;
 - 2.1.4 performance of the Company's external auditors and the Internal Audit function; and
 - 2.1.5 adequacy and reliability of the internal financial control system

3.0 COMPOSITION

- 3.1. The Audit Committee shall consist minimum of three Directors as members of the Committee, out of which at least two thirds of the members will be independent. The criteria of independence would be decided upon by the Board of Directors and in accordance with the Act, rules and regulations of the Securities and Exchange Board of India ("**SEBI**") and such other legal and regulatory requirement that may be applicable to the Company.



- 3.2. All the members of Audit Committee shall be financially literate and at least one member to have accounting or related financial management expertise.

For this purpose, the term "financially literate" means the ability to read and understand the basic financial statements, as prescribed under the Act and Listing Regulations. A member will be considered to have accounting or related financial management expertise if he or she has experience in finance or accounting or requisite professional certification in accounting or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") or other senior officer with financial oversight responsibilities.

- 3.3. The Board's Report shall disclose the composition of Audit Committee.

4.0 CHAIRPERSON

- 4.1. The members of the Audit Committee shall elect a Chairperson from among themselves.
- 4.2. The Chairperson of the Audit Committee shall be an Independent Director.
- 4.3. The Chairperson of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries.

5.0 SECRETARY

- 5.1. The Company Secretary shall act as Secretary to the Audit Committee Meetings.

6.0 MEETINGS

- 6.1. The Audit Committee shall meet at least four (4) times in a financial year and not more than One Hundred and Twenty (120) days shall elapse between two consecutive meetings.
- 6.2. The Audit Committee shall meet periodically with management, the internal auditor and the external auditor as deemed fit by it.
- 6.3. The Audit Committee may invite the Chairman, Vice Chairman and Managing Director and /or Directors of the Company to attend the Meeting of the Committee.
- 6.4. The Statutory Auditors, the Internal Auditor and the Chief Financial Officer shall attend and participate at meetings of the Committee as permanent invitees. The Committee may invite such of the executives, as it considers appropriate, or any other advisor/ consultant/ person to be present at the meetings. The right to vote shall vest only with the members of the Committee.



6.5. The Statutory Auditors of the Company and Key Managerial Personnel ("**KMP**") shall have a right to be heard in the meetings of the Audit Committee when it considers the independent auditor's report but shall not have a right to vote.

7.0 QUORUM

7.1. The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Audit Committee, whichever is higher, but there should be a minimum of two Independent Directors present at the meeting. A duly convened meeting of the Committee at which the requisite quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

8.0 ANNUAL GENERAL MEETING

8.1. The Chairman of the Committee shall attend the Annual General Meetings to answer shareholder queries and provide any clarifications on matters relating to audited financial statements.

9.0 POWERS OF AUDIT COMMITTEE

9.1. The Committee shall act and have powers in accordance with the terms of reference specified in writing, by the Board, which shall include the following:

- 9.1.1 To investigate any matter within the scope of this Charter or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the company and the Company's personnel.
- 9.1.2 To seek information from any employee or director of the Company, to perform its duties effectively and have direct access to such employee or director.
- 9.1.3 To secure assistance and attendance of outsiders with relevant knowledge/expertise in accounting, legal or other matters, if it considers necessary.
- 9.1.4 To engage independent counsel and other advisors as it deems appropriate to perform its duties and responsibilities.
- 9.1.5 To approve appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

10.0 ROLE OF AUDIT COMMITTEE

The role of the Audit Committee shall include the following:

10.1. FINANCIAL STATEMENTS

- 10.1.1 Examination of the financial statements and draft auditors' report
- 10.1.2 Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.



- 10.1.3 Recommendation for appointment, re-appointment, removal, remuneration and terms of appointment of statutory auditors of the Company
- 10.1.4 Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 10.1.5 Discuss and review, with the management and auditors, the annual / quarterly financial statements before submission to the Board, with particular reference to:
- 10.1.5.1 Matters required to be included in the Directors' Responsibility Statement in the Board's Report in terms of sub-section (3)(c) of Section 134 of the Act
 - 10.1.5.2 Disclosures under 'Management Discussion and Analysis of Financial Condition and Results of Operations'.
 - 10.1.5.3 Any changes in accounting policies and practices and reasons for them
 - 10.1.5.4 Major accounting entries involving estimates based on exercise of judgment by management
 - 10.1.5.5 Significant adjustments made in the financial statements arising out of audit findings
 - 10.1.5.6 Modified Opinions in the draft audit report
 - 10.1.5.7 Disclosure of any related party transactions
 - 10.1.5.8 Compliance with listing and other legal requirements relating to financial statements
 - 10.1.5.9 Review the statement for uses/applications of funds raised through an issue (public issue, rights issue, preferential issue etc.) and the Statement of Deviation/Variations before submitting to stock exchanges on a quarterly basis and annual statement of funds utilized for purposes other than as mentioned in the offer document / prospectus / notice. Such review shall be conducted till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been fully received.
- 10.1.6 Review the financial statements, in particular, the investments made by the unlisted subsidiary company, if any.
- 10.1.7 Review the utilisation of the Loans and or advances from / Investments by the holding company exceeding ₹ 100 crores or 10% of the asset size of the Company, whichever is lower, including existing loans / advances / investments.
- 10.1.8 Review the report submitted by the Compliance Officer in respect of the compliance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 2015, at least once in a financial year and also verify whether the systems of internal controls for prevention of insider trading are adequate and are operating effectively.
- 10.1.9 To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc. on the listed entity and its shareholders.



10.2. EXTERNAL AUDIT

- 10.2.1 Discuss with External Auditors, before the audit commences, the nature and scope of audit as well as post-audit discussion / review to ascertain any area of concern.
- 10.2.2 Recommend to the Board, the appointment / re-appointment and the terms of appointment of auditors of the Company, removal of the external auditors, fixation of audit fee and also approval for payment for any other services rendered by the Statutory Auditors.
- 10.2.3 Review and monitor the auditors' independence and performance and effectiveness of audit process.
- 10.2.4 Call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statements before submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.

10.3. INTERNAL AUDIT

- 10.3.1 Review on a regular basis the adequacy of internal audit function, including the internal audit department, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 10.3.2 Review the appointment, removal, performance and terms of remuneration of the Chief Internal Auditor or any person heading the Internal Audit function.
- 10.3.3 Review the regular internal reports to management prepared by the internal audit department, as well as management's response to it.
- 10.3.4 Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 10.3.5 Discuss with internal auditors any significant findings and follow-up thereon.
- 10.3.6 Review Internal Audit Reports relating to the internal control weaknesses.

10.4. INTERNAL CONTROL

- 10.4.1 Review with the management, performance of external and internal auditors, the adequacy of internal control systems and ensure adherence to it.



10.4.2 Review management letters / letters of internal control weaknesses issued by statutory / internal auditors.

10.4.3 Evaluation of internal financial controls and risk management systems.

10.5. OTHERS

10.5.1 Scrutiny of inter corporate loans and investments.

10.5.2 Valuation of undertakings or assets of the company, wherever it is necessary.

10.5.3 Monitoring the end use of funds raised through public offers and related matters.

10.5.4 Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

10.6. WHISTLE BLOWER MECHANISM

10.6.1 Being a listed company, the Company has to formulate a policy for establishment of Vigil Mechanism (Whistle Blower Mechanism) for Directors and employees to report genuine concerns.

10.6.2 Review and oversee the functioning of vigil mechanism. If any of the members of the committee has a conflict of interest in a given case, the member shall recuse themselves and the others will deal with the matter.

10.6.3 The vigil mechanism shall provide adequate safeguards against victimisation of directors and employees who avail of the vigil mechanism and also provide direct access to the Chairperson of the Audit Committee or Director nominated to play the role of Chairperson or member of the Audit Committee in appropriate or exceptional cases.

10.6.4 In case of repeated frivolous complaints being filed by a Director or employee, the Committee or the Director nominated to play the role of Chairman of the Audit Committee, may take suitable action against the Director or employee concerned.

10.6.5 The details of establishment of vigil mechanism will be disclosed by the Company on its website and in the Board's Report.



10.7. COMPLIANCE WITH REGULATORY REQUIREMENTS AND POLICIES

- 10.7.1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 10.7.2 Review the findings of any examinations by regulatory agencies and any audit observations.
- 10.7.3 Review the report of the Monitoring Agency appointed by the Company, to monitor the utilization of proceeds of such public / rights issue / preferential issue or qualified institutional placement and make appropriate recommendations to the Board to take steps in this matter.

10.8. INFORMATION SYSTEM ("IS") AUDIT

- 10.8.1 ACB will be responsible for exercising oversight of the IS Audit of the Company.
- 10.8.2 ACB will approve IS Audit Policy and review it at least annually.
- 10.8.3 ACB will review critical issues highlighted relating to IT/Information Security / Cyber Security and provide appropriate direction and guidance to the Company management.
- 10.8.4 ACB will ensure that the IS Audit adopts Risk Based Audit approach.
- 10.8.5 ACB will also ensure that IS Audit reviews critical systems performing control and risk assessments on a continuous basis, wherever possible.

11.0 RISK MANAGEMENT

- 11.1. Discuss with the management, the Company's policies with respect to risk assessment and risk management, including appropriate guidelines to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to control them.

12.0 RELATED PARTY TRANSACTIONS ("RPT")

- 12.1. All Related Party Transactions and any subsequent modification of such transactions should be approved by the Audit Committee. Such approval shall be only by the members of the committee who are Independent Directors.
- 12.2. The Audit Committee may grant omnibus approval for RPTs conducted in the ordinary course of business on comparable terms.



- 12.3. The following details shall be placed periodically before the Audit Committee to oversee the potential conflict of interest situation:
- 12.3.1 A statement in summary form of transactions with related parties in the ordinary course of business made pursuant to the omnibus approval given by the Audit Committee.
 - 12.3.2 Details of material individual transactions ('materiality' threshold to be defined by the management and reviewed by the Audit Committee) with related parties which are not in the normal course of business.
 - 12.3.3 Details of material individual transactions ('materiality' threshold to be defined by the Audit Committee) with related parties or others, which are not on arm's length basis, together with Management's justification for the same.
- 12.4. Remuneration and sitting fees paid by the Company or its subsidiary (if any) to its Director, Key Managerial Personnel or Senior Management, except who is part of Promoter or Promoter group, shall not require approval of the Audit Committee provided that it is not material in terms of the provisions of the Listing Regulations.
- 12.5. The Members of the Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:
- 12.5.1. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
 - 12.5.2. the transaction is not material in terms of the provisions of the Listing Regulations.
 - 12.5.3. rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratifications.
 - 12.5.4. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of the Listing Regulations.
 - 12.5.5. any other condition as specified by the Audit Committee.

13.0 SUBSIDIARY COMPANY OVERSIGHT

- 13.1. Review the financial statements, in particular, the investments made by the unlisted subsidiary companies, if any.



14.0 REPORTING

- 14.1. The Audit Committee will report and update the Board, periodically, on various matters that it has considered as well as on the independence of the Statutory Auditors.
- 14.2. The Annual Report of the Company shall disclose the composition of the Audit Committee, brief description of the scope of the Audit Committee Charter, names of members, Chairperson, meetings and attendance.
- 14.3. The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, shall be binding on the Board. If the Board does not accept the recommendations of the Audit Committee, it shall record the reasons thereof and communicate such reasons to the shareholders.
- 14.4. Reporting regularly to the Board with respect to:
- 14.4.1 The quality or integrity of the Company's financial statements;
 - 14.4.2 The Company's compliance with legal or regulatory requirements;
 - 14.4.3 The performance of the external auditor as well as the Internal Audit Function; and
 - 14.4.4 The findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature.

15.0 OTHER FUNCTIONS

- 15.1. Perform such other activities related to this Charter as requested / assigned by the Board of Directors.
- 15.2. Carry out additional functions as is contained in the Act and the Listing Regulations or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee.
- 15.3. Institute and oversee special investigations as needed.

16.0 REPORTS

- 16.1. The Audit Committee will record its summary of recommendations to the Board which will be incorporated as a part of the minutes of the Board of Directors meeting. Where the Board has not accepted any recommendation of the Audit Committee, it shall disclose in the Board's Report along with the reasons for it.

17.0 EVALUATION

- 17.1. Conduct an annual performance evaluation relative to the Audit Committee's purpose, duties, responsibilities and effectiveness and recommend any changes it considers necessary for the approval of the Board of Directors.



17.2. The Audit Committee may conduct such evaluation and reviews in such manner as it deems appropriate.

18.0 REVIEW AND AMENDMENTS TO THE AUDIT COMMITTEE CHARTER

18.1. The adequacy of this charter shall be reviewed and reassessed by the Audit Committee, at least, annually and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought by the regulatory framework, from time to time.

Place: Coimbatore - 18

Date: 12 February 2025

(As amended by the Board of Directors at their meeting held on 12 February 2025)





Sakthi Finance

Since 1955

**RELATED PARTY TRANSACTIONS ("RPT")
POLICY**

(As amended by the Board of Directors at their meeting held on 12 February 2025)



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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited (" SFL "), Coimbatore
Document Title	Related Party Transactions (" RPT ") Policy
Classification	Public

Document Owner	
Name	Title
Sri S Venkatesh	Company Secretary and Chief Compliance Officer

Document History			
Sl No	Date	Nature of Document	Remarks
1	14th November 2014	Base Document	Related Party Transactions Policy was initially adopted by the Board of Directors of the Company.
2	29th May 2019	Amendment	Amendments were made in line with the Companies Act 2013 and SEBI (LODR) Regulations 2015.
3	29th March 2022	Amendment	Amendments were made in line with the Companies Act 2013 and SEBI (LODR) Regulations 2015.
4	12 February 2025	Amendment	Amendments were made in line with the amendments made to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, dated 12 December 2024.



ABBREVIATIONS USED

MCA	Ministry of Corporate Affairs
KMP	Key Managerial Personnel
Listing Regulations	SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015
NCDs	Non-Convertible Debentures
RPT	Related Party Transactions
RPT Policy	Related Party Transactions Policy
SFL	Sakthi Finance Limited
the Act	The Companies Act 2013
the Committee	Audit Committee



1.0 PREFACE

- 1.1. Sakthi Finance Limited or the Company ("**SFL**" or "**the Company**") believes in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism, transparency, honesty and integrity.
- 1.2. Section 188 of the Companies Act 2013 ("**the Act**") and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 ("**Listing Regulations**") provides that a listed Company shall formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions.
- 1.3. The Company understands the importance of stakeholder's confidence and trust in the Company. In order to preserve it with transparency and to ensure that there is no conflict of interest causing any apprehension in the minds of its stakeholders, the Board of Directors of the Company, based the recommendations of its Audit Committee ("**the Committee**"), has proposed to adopt a policy and procedures with respect to Related Party Transactions ("**RPT Policy**") of the Company.
- 1.4. The Related Party Policy will be placed on the Company's website at www.sakthifinance.com.

2.0 PRIMARY OBJECTIVE

- 2.1. The primary objective of the policy is not only to be in the best interests of its stakeholders but also in due compliance with the requirements of the Act and other applicable laws of the country. Further, as per Regulation 23 of the Listing Regulations, a policy needs to be formulated to deal with Related Party Transactions including a policy on material Related Party Transactions. This policy, therefore, lays down the mechanism to deal with Related Party Transactions.

3.0 DEFINITIONS

- 3.1. For the purpose of this policy:
 - 3.1.1. "**Act**" means the Companies Act 2013.
 - 3.1.2. "**Arm's length transaction**" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
 - 3.1.3. "**Listing Agreement**" means the Equity Listing Agreement entered into by the Company with the respective Stock Exchanges in which the company's equity shares and debentures are listed.



- 3.1.4. **"Material Related Party Transactions"** would mean contracts or arrangements as prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014 and in explanation to Regulation 23(1) of the Listing Regulations requiring shareholders' approval. (For the purpose of clarification a transaction with a related party shall be considered material if the transaction(s) entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual turnover of the Company as per the last audited financial statement of the Company).
- 3.1.5. **"Material Modification"** means modification to an approved RPT resulting in a variation by more than 50% in the approved value or quantity of the RPT.
- 3.1.6. **"Related Party"** is a party as defined in sub-section (76) of Section 2 of the Act or a related party as per applicable Accounting Standards.
- 3.1.7. **"Related Party Transaction" or "RPT"** means transactions as given under clause (a) to (g) sub-section (1) of Section 188 of the Act and as defined in Regulation 2(zc) of the Listing Regulations. These include sale, purchase or supply of any goods or materials, selling or otherwise disposing of, or buying, property of any kind, leasing of property of any kind, availing or rendering of any services, appointment of any agent for purchase or sale of goods, materials, services or property, such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company and underwriting the subscription of any securities or derivatives thereof, of the company, and transfer of resources, services or obligations, regardless of whether a price is charged or not, other than specifically exempted.

4.0 APPROVAL OF RELATED PARTY TRANSACTIONS BY AUDIT COMMITTEE

- 4.1. All RPT's, except the RPTs mentioned in paragraph 4.4 below shall require prior approval of Audit Committee of the Company irrespective of its materiality. The Audit Committee shall also approve any subsequent modification of RPT's.
- 4.2. Only those Members of the Audit Committee who are Independent Directors shall approve RPTs.
- 4.3. The Audit Committee shall consider the following while determining prior approval to an RPT:
- 4.3.1. Nature of relationship with related party;
- 4.3.2. Nature, material terms, monetary values and particulars of the contract or arrangement;
- 4.3.3. Method and manner of determining the pricing and other commercial terms;
- 4.3.4. Whether the transaction is at arm's length; and
- 4.3.5. Any other information relevant or important for the Audit



- Committee / Board to take a decision on the proposed transaction.
- 4.3.6. The Audit Committee can grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:
- 4.3.6.1. Transactions which are repetitive in nature or at regular intervals
 - 4.3.6.2. Transactions are in arm's length basis and are in the ordinary course of business.
 - 4.3.6.3. Such approval should be in the best interest of the Company.
 - 4.3.6.4. Details of related parties, nature of transactions, period of transaction and the maximum amount of transactions are to be specified.
 - 4.3.6.5. The indicative base price/current contracted price and the formula for variation in price, if any, should be specified.
 - 4.3.6.6. The aggregate transaction value per annum should be not more than ₹ 100 lakhs, in case where the need for the related party transactions cannot be foreseen and the above details are not available.
 - 4.3.6.7. The omnibus approval should be for a period not more than one year.
 - 4.3.6.8. Details of RPTs are to be reviewed on quarterly basis.
- 4.4. Remuneration and sitting fees paid by the Company or its subsidiary to its Director, Key Managerial Personnel or Senior Management, except who is part of Promoter or Promoter group, shall not require approval of the Audit Committee provided that it is not material in terms of the provisions of the Listing Regulations.
- 4.5. The Members of the Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions.
- 4.5.1. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore.
 - 4.5.2. the transaction is not material in terms of the provisions of Regulation 2(1) of the Listing Regulations.
 - 4.5.3. rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification
 - 4.5.4. the details of ratification shall be disclosed to the Stock Exchanges along with disclosures of related party transactions in terms of the provisions of Regulation 2(9) of the Listing Regulations.



5.0 APPROVAL OF TRANSACTIONS BY BOARD

5.1. The Board will approve all RPT's which are not on arm's length basis or which are not in the ordinary course of business and which are within the threshold limit as specified in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules 2014.

6.0 APPROVAL OF TRANSACTIONS BY BOARD AND MEMBERS

6.1. All Material Related Party Transactions which are within the scope of Section 188 (1) of the Act read with Rule 15(3) or Regulation 23 of the Listing Regulations would require prior approval of the members, based on the recommendation of the Board, through a resolution. No Related Party shall vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

7.0 DISCLOSURE BY INTERESTED DIRECTORS

7.1. Every Director and Key Managerial Personnel ("**KMP**") of the Company shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals, by giving a notice in writing.

7.2. Every Director and KMP of the company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement being discussed at the meeting of the Board, such Director /KMP shall disclose his concern or interest at the meeting of the Board in which such contract or arrangement is discussed and shall not participate in such meeting.

8.0 OTHER DISCLOSURES

8.1. Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual Return, Board's Report to the Stock Exchanges and publish it in the Company's Website.

8.2. In case the Company borrows NCDs by way of Public Issue (listed NCDs) in excess of ₹ 500 crores, our Company will file with BSE Limited, the details of Related Party Transactions along with the Unaudited Financial Results of the Company.

9.0 REVIEW OF THE POLICY

9.1. The RPT Policy will be reviewed from time to time by Board at least once in every three years in accordance with the regulatory requirements.

Date: 12 February 2025

Place: Coimbatore

(As amended by the Board of Directors at their meeting held on 12 February 2025)





CORPORATE SOCIAL RESPONSIBILITY

(As amended by the Board of Directors at their meeting held on 12 February 2025)



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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited ("SFL"), Coimbatore
Document Title	Corporate Social Responsibility Policy
Classification	Public

Document Owner	
Name	Title
Sri C Subramaniam	Company Secretary and Compliance Officer

Document History			
Sl No	Date	Nature of Document	Remarks
1	9th August 2014	Base Document	Corporate Social Responsibility Policy was initially adopted by the Board of Directors of the Company
2	14th August 2021	Amendment	The Ministry of Corporate Affairs ("MCA") by its Notification dated 22nd January 2021, amended the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Policy also amended in line with the above Notification.
3	12 February 2025	Amendment	Amendments were made as per wordings aligned with Schedule VII to the Companies Act 2013



ABBREVIATIONS USED

CSR Committee	Corporate Social Responsibility Committee
CSR Policy	Corporate Social Responsibility Policy
MCA	Ministry of Corporate Affairs
SEBI LODR	SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015
SFL	Sakthi Finance Limited
the Act	The Companies Act 2013



1.0 INTRODUCTION

- 1.1. Sakthi Group to which Sakthi Finance Limited belongs ("**SFL**" or "**the Company**") has over the years, believes in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty and integrity.
- 1.2. "Corporate Social Responsibility ("**CSR**") means the initiatives or activities undertaken by a Company in pursuance of its statutory obligations prescribed under Section 135 of the Companies Act, 2013 (at least 2% of the average net profits of the Company, made during the three immediately preceding financial years).
- 1.3. Section 135 of the Companies Act 2013, dealing with Corporate Social Responsibility, has prescribed that Corporate Social Responsibility Committee ("**CSR Committee**") has to formulate and recommend to the Board a Corporate Social Responsibility Policy.

2.0 CSR POLICY

- 2.1. Based on the recommendations of CSR Committee, a Corporate Social Responsibility Policy ("**CSR Policy**") has been formulated with a view to provide the scope for the CSR Committee to deal with the matters which are prescribed under the Companies Act 2013 and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.
- 2.2. This policy is applicable to all CSR initiatives and activities taken up at various branches and other locations of Sakthi Finance Limited (SFL), for the benefit of various segments of the society.

3.0 CORPORATE SOCIAL RESPONSIBILITY STATEMENT

- 3.1. The CSR activities of the Company is designed in such a way to cover and focus in one or more areas as notified under Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time to time which, *inter alia*, includes the following activities.
 - 3.1.1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the sanitation and provision of safe drinking water.
 - 3.1.2. Promoting education including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently-abled and promoting livelihood enhancement projects.
 - 3.1.3. Promoting gender equality, empowering women, setting up of homes, hostel for women and orphans, setting up old of age homes, day care centers and such other facilities for senior citizens and measures for



reducing inequalities faced by socially and economically backward groups.

- 3.1.4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga.
- 3.1.5. Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.
- 3.1.6. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces ("CAPF") and Central Para Military Forces ("CPMF") veterans, and their dependents including widows;
- 3.1.7. Training to promote rural Sports, Nationally recognized Sports, Paralympic Sports and Olympic Sports.
- 3.1.8. Contributions to the Prime Minister's National Relief Fund or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government any other fund set up by the Central Government for socio economic development and relief and welfare of SC/ ST/OBC, minorities and women.
- 3.1.9. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government;
- 3.1.10. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- 3.1.11. Contributions to Defense Research and Development Organisation (DRDO), Department of Biotechnology (DBT) ;



- 3.1.12. Contributions to rural development projects;
- 3.1.13. Contributions to slum area development;
- 3.1.14. disaster management, including relief, rehabilitation and reconstruction activities; and
- 3.1.15. Such other activity as may be prescribed by the Central Government of India from time to time.

4.0 ON-GOING PROJECTS

4.1. On-going Project with respect to Company's CSR Project or activities means "a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and should include such project that was initially not approved as a multi-year project but whose duration had been extended beyond one year by the Board based on reasonable justification."

5.0 IMPLEMENTATION OF CSR

- 5.1. The CSR activities shall be undertaken either by the Company itself or through:
- 5.1.1. a company incorporated under Section 8 of the Companies Act 2013 or a registered public trust or a registered society, registered under Section 12A and 80 G of the Income Tax Act 1961 (43 of 1961), established by the company, either singly or along with any other company, or
 - 5.1.2. a company incorporated under Section 8 of the Companies Act 2013 or a registered trust or a registered society, established by the Central Government or State Government; or
 - 5.1.3. any entity established under an Act of Parliament or a State legislature; or
 - 5.1.4. a company incorporated under Section 8 of the Companies Act 2013 or a registered public trust or a registered society, registered under Section 12A and 80G of the Income Tax Act 1961 and having an established track record of at least three years in undertaking similar activities.
- 5.2. An entity mentioned above which intended to undertake any CSR activity, should register itself with the Central Government by filing the form CSR-1 electronically with the Registrar of Companies, with effect from the 1st day of April 2021 and obtain a unique CSR Registration Number. This shall not affect the CSR projects or programmes approved prior to the 01st day of April 2021.



- 5.3. A company might engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes according to its CSR policy as well as for capacity building of their own personnel for CSR.
- 5.4. A company might also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies were in a position to report separately on such projects or programmes in accordance with these rules.
- 5.5. Company should ensure that the funds so disbursed under CSR are utilised for the purposes and in the manner as approved by the Board / CSR Committee and the Chief Financial Officer or the person responsible for financial management shall certify the same.
- 5.6. In case of ongoing project, the Board of a Company should' monitor the implementation of the project with reference to the approved timelines and year wise allocation and should be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

6.0 CSR COMMITTEE

- 6.1. The Board of Directors of the Company will constitute a CSR Committee comprising minimum of number of Directors as Members of the Committee as prescribed under the Companies Act 2013. The CSR Committee is responsible to formulate the CSR Policy and to monitor the CSR activities on regular basis. The Committee should also ensure that the Company spends the minimum sum prescribed under the Companies Act 2013.
- 6.2. The CSR Committee shall formulate and recommend to the Board, an annual action plan in accordance with its CSR policy, which, *inter alia*, includes the following:
- 6.2.1. the list of CSR projects or programmes which were approved to be undertaken in areas or subjects specified under Schedule VII to the Act;
- 6.2.2. the manner of execution of such projects or programmes;
- 6.2.3. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- 6.2.4. monitoring and reporting mechanism for the projects or programmes; and
- 6.2.5. details of need and impact assessment, if any, for the projects undertaken by the company:



6.3. The annual action plan shall be altered by the Board at any time during the financial year, as recommended by the CSR Committee, with reasonable justification to that effect.

7.0 CSR SPEND

7.1. The Board shall ensure that the administrative overheads should not exceed five percent of overall total CSR expenditure of the company for the financial year. Administrative Overhead means, expenses incurred by the company for general management and administration of Corporate Social Responsibility functions in the company but should not include the expenses directly incurred for the designing, implementation, monitoring and evaluation of a particular Corporate Social Responsibility project.

7.2. Any surplus arising out of the CSR activities should not form part of the business profit of a company. It should be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

7.3. In case the Company spends an amount in excess of its requirement, such excess amount might be set off against the requirement to spend up to immediate succeeding three financial years subject to the conditions that:

7.3.1. the excess amount which is available for set off should not include the surplus arising out of the CSR activities, if any.

7.3.2. the Company should pass a resolution to that effect.

7.3.3. The CSR amount shall be spent by a company for creation or acquisition of a capital asset, which should be held by:

7.3.3.1. a company incorporated under Section 8 of the Companies Act 2013 or a Registered Public Trust or Registered Society, having charitable objects and having valid CSR Registration Number

7.3.3.2. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

7.3.3.3. a public authority:

Any capital asset created by a company prior to the commencement of this rules should within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which might be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.



8.0 CSR REPORTING AND DISCLOSURES

- 8.1. The Board's Report should include an Annual Report on CSR containing the particulars specified under the Companies Act 2013 and the rules made thereunder.
- 8.2. Every company having average CSR obligation of ten crore rupees or more, in the three immediately preceding financial years, should undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which had been completed not less than one year before undertaking the impact study.
- 8.3. The impact assessment reports should be placed before the Board and shall be annexed to the annual report on CSR.
- 8.4. A Company undertaking impact assessment might book the expenditure towards Corporate Social Responsibility for that financial year, which should not exceed five per cent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.
- 8.5. The composition of the CSR Committee, CSR Policy and Projects approved by the Board shall be disseminated on the website of the Company for public access.

9.0 UNSPENT CSR AMOUNT

- 9.1. The unspent CSR amount, if any, should be transferred by the company to any fund included in Schedule VII to the Companies Act 2013 until a specific fund was introduced by the MCA.

10.0 MONITORING PROCESS

- 10.1. The Director (Finance and Operations) / Company Secretary shall submit a report to the CSR Committee annually about the end-use of contributions made.

11.0 REVIEW OF CSR POLICY

- 11.1. The CSR Policy will be reviewed by the CSR Committee / Board to update the policy based on the regulatory changes from time to time.

Date: 12 February 2025

Place: Coimbatore

(As amended by the Board of Directors at their meeting held on 12 February 2025)





Sakthi Finance

Since 1955

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

(As amended by the Board of Directors at their meeting held on 12 February 2025)



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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited (" SFL "), Coimbatore
Document Title	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
Classification	Public

Document Owner	
Name	Title
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 Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information 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.



ABBREVIATIONS USED

Board	Board of Directors
the "Code"	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
the "Regulations"	SEBI (Prohibition of Insider Trading) Regulations 2015
the "Act"	The Companies Act 2013



**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]

1.0. INTRODUCTION

- 1.1. 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.
- 1.2. 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:
 - 1.2.1. 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.
 - 1.2.2. The Company shall ensure uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
 - 1.2.3. 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.
 - 1.2.4. The Company shall make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
 - 1.2.5. The Company shall provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
 - 1.2.6. The Company shall ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
 - 1.2.7. 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.
 - 1.2.8. The Company shall handle all unpublished price sensitive information on a need-to-know basis.

2.0. PRESERVATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

- 2.1. Following is the policy with respect to preservation of Unpublished Price Sensitive Information:



- 2.2. 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.
- 2.3. 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.
- 2.4. 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.
- 2.5. 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.
- 2.6. For the purpose of clarity in understanding, following are illustrative examples of sharing of UPSI which would be considered as legitimate purpose:
- 2.6.1. 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.
- 2.6.2. Under or in connection with any legal proceedings or pursuant to any order of courts, tribunals or judicial forums/authorities.
- 2.6.3. Arising out of any contractual obligations under any contract, agreement, arrangement, settlement, understanding or undertaking entered into by the Company.
- 2.6.4. In connection with compliance with applicable laws, rules, regulations and requirements.
- 2.6.5. 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:
- 2.6.5.1. With promoters and/or their representatives/advisors.
- 2.6.5.2. By an insider with fellow employees in the course of discharge of his duties or in furtherance of the business of the Company.
- 2.6.5.3. 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.



- 2.6.5.4. With auditors, lawyers, other advisors, merchant bankers, intermediaries, valuers, service providers Trustees, Registrars and Share Transfer Agents, Custodians, Valuation Agencies, fund accountants, Association of Mutual Funds of India, Credit Rating Agencies and other consultants during the course of their engagement for the purpose of or in connection with the business of the Company.
- 2.6.5.5. With financial / technical experts for advice, consultation, transaction support, intermediation and approvals in the process of evaluation of business opportunities.
- 2.6.6. 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.
- 2.6.7. 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.
- 2.6.8. 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.
- 2.7. 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.
- 2.8. The Board of Directors may stipulate further guidelines, procedures and rules, from time to time, to ensure fair disclosure of unpublished price sensitive information.
- 2.9. This Code shall be published on the official website of the Company.
- 2.10. 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.
- 2.11. The Code shall be deemed to have come into force with effect from 1st April 2019.
- 2.12. Subsequent modification(s) / amendment(s) to SEBI (Prevention of Insider Trading) Regulations, 2015 shall automatically apply to this Code.

Date: 12 February 2025

Place: Coimbatore

(Amended by Board of Directors at their meeting held on 12 February 2025)





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 12 February 2025)



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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited (" SFL "), Coimbatore
Document Title	Code of Conduct to Regulate, Monitor and Report Trading by Insiders
Classification	Public

Document Owner	
Name	Title
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.



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, de-listings, disposals and expansion of business and such other transactions; and
 - v. changes in key managerial personnel;
- 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.

Date: 12 February 2025

Place: Coimbatore

(Amended by Board of Directors at their meeting held on 12 February 2025)

