



**SBFC FINANCE LIMITED**

**Code of Conduct for Board & Senior Management**

### Authorisation

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|----------------|--|-----------|
| Author         | Mansi Sawant (Assistant Manager-Company Secretary)             |           |
| Recommended by | Namrata Sajnani (Company Secretary & Chief Compliance Officer) |           |
| Reviewed by    | Namrata Sajnani (Company Secretary & Chief Compliance Officer) |           |
|                | Mahesh Dayani (Chief Business Officer)                         |           |
|                | Pankaj Poddar (Chief Risk Officer)                             |           |
|                | Aseem Dhru (MD & CEO)  |           |
| Approved by    | Board  |           |

### VERSION CONTROL

| Version Control Number | Author             | Date Effective                 | Version Description |
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| Ver 1.0                | Jay Mistry         | 14 <sup>th</sup> October, 2022 | Initial Version     |
| Ver 2.0                | Rajalaxmi Moopanar | 25 <sup>th</sup> January, 2025 | Revision            |

### Summary of Changes

| SI No | Changes/Introduction of new variant   |
|-------|---|
| 1     | Aligned in accordance with amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by SEBI on 12 <sup>th</sup> December, 2024 |

**CODE OF CONDUCT FOR THE COMPANY'S BOARD OF DIRECTORS AND THE SENIOR  
MANAGEMENT**

**Date: 14<sup>th</sup> October, 2022**

**I. OBJECTIVE OF THE CODE**

Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI LODR Regulations**”) provides that the board of directors shall lay down a code of conduct for all members of board of directors and senior management of the listed entity and the code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013. SBFC Finance Limited (the “**Company**”) has formulated this code of conduct for the members of the board of directors of the Company (the “**Board**” and such directors, the “**Director(s)**”) and the members of the senior management of the Company (the “**Senior Management**”) pursuant to the SEBI LODR Regulations (and such code of conduct, the “**Code**”). The Code is aligned with the Company's objectives and aims to enhance an ethical transparent process in managing the affairs of the Company.

The term ‘Senior Management’ shall have the meaning as ascribed to it under SEBI LODR Regulations and includes key managerial personnel as defined under Section 2(51) of the Companies Act, 2013, as amended (the “**Companies Act**”).

The terms not defined in the Code shall have the meaning as ascribed to such terms under the Companies Act and the SEBI LODR Regulations.

All the Directors and members of the Senior Management shall sign the acknowledgment form attached as **Annexure I** and return the form to the Company Secretary indicating that they have received, read and understood the provisions of the Code and agree to comply with the same. All the Directors and members of the Senior Management shall be required to affirm compliance with this Code on an annual basis, within 30 days of close of every financial year to the Company Secretary, in the form attached as **Annexure II**.

**II. APPLICABILITY**

The Code is applicable to the Board and the Senior Management. All members of the Board and Senior Management shall affirm compliance with the Code on an annual basis. The Annual Report of the Company is required to contain a declaration to this effect duly signed by the Managing Director and/or the Chief Executive Officer. If any Director/ member of the Senior Management have any questions regarding the provisions of the Code, he/ she shall consult the Compliance Officer in order to ensure the compliance in true spirit.

The Independent Directors of the Company are subject to certain additional duties as laid down by the Companies Act and Schedule IV thereunder.

**III. COMPANY'S BELIEF SYSTEM**

The Code attempts to set forth the guiding principles by which the Company shall operate and conduct its daily business with its stakeholders, government and regulatory agencies, media, and anyone else with whom it is connected. It recognises that the Company is a trustee and custodian of its shareholders' money and in order to fulfill its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of its shareholders.

The Company is conscious of the reputation it carries amongst its stakeholders and the public at large and shall endeavour to do all it can to sustain and improve the same. The Company shall continue to initiate policies, which are customer-centric and which promote financial prudence.

#### **IV. GENERAL STANDARDS OF CONDUCT**

The Company expects the following from the Directors and Senior Management:

1. Adherence to the highest standards of honest conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationships;
2. True, fair, adequate and accurate disclosures in the periodic reports required to be filed by the Company with government and regulatory agencies;
3. Compliance with the applicable laws, rules and regulations;
4. To address misuse or misapplication of the Company's assets and resources;
5. The highest level of confidentiality and fair dealing within and outside the Company;
6. All the members of the Board and the Senior Management shall conduct their activities and fulfill their fiduciary obligations, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness and in the best interest of the Company;
7. All the members of the Board and the Senior Management shall act on a fully informed basis, in good faith, responsibility, due diligence, care and competence, without allowing their independent judgment to be subordinated and in the best interest of the Company; and
8. All the members of the Board and the Senior Management shall exercise good judgment, to ensure the interests, safety and welfare of customers, employees, and other stakeholders and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organization.

#### **V. A) CONFLICT OF INTEREST**

Conflict of interest occurs when personal interest of any member of the Board or of the Senior Management interferes or appears to interfere in any way with the interests of the Company. Every member of the Board and Senior Management has a fiduciary duty towards the Company, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it does demand that they avoid situations where a conflict of interest might occur or appear to occur. They are expected to perform their duties in a way that they do not conflict with the Company's interests such as:

##### **a. Employment / Outside Employment:**

The members of the Senior Management are expected to devote their total attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company or otherwise is in conflict with or prejudicial to the Company.

##### **b. Business Interests:**

If any member of the Board and Senior Management considers investing in securities issued by the Company's customers, suppliers or competitors, they should ensure that these investments do not compromise their responsibilities to the Company. Many factors including the size and nature of the investment, their ability to influence the Company's decisions, their access to confidential information of the Company, or of the other entity, and the nature of the relationship between the Company and the customer, supplier or competitor should be considered in determining whether a conflict exists. Additionally, they should disclose to the Company any interest that they have which may conflict with the business of the Company.

**c. Related Parties:**

Any dealings with a related party must be devoid of any preferential treatment or favouritism and must be avoided altogether wherever it is likely to impact the decision in the matter in favour of such related party. In the case of any other transaction or situation giving rise to conflicts of interests, the Audit Committee of the Board should after due deliberations decide on its impact.

In case of any dealings with related parties, the transactions shall be in compliance with the provisions of the Companies Act and the SEBI LODR Regulations.

**B) DISCLOSURE STANDARDS**

The Company shall make true, fair, adequate and accurate disclosures in the periodic reports required to be filed with governmental, regulatory and statutory authorities. The members of the Senior Management shall initiate all actions deemed necessary for proper dissemination of relevant information to the Board, auditors, regulators and other statutory agencies, as may be required under applicable laws, rules and regulations.

Further, the Board and Senior Management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

**C) USE OF COMPANY'S ASSETS AND RESOURCES**

Each member of the Board and the Senior Management has a duty to the Company to disclose its legitimate interests while dealing with the Company's assets and resources. The members of the Board and Senior Management are prohibited from:

- i. using corporate property, information or position for personal gain;
- ii. soliciting, demanding, accepting or agreeing to accept anything of value from any person while dealing with the Company's assets and resources; and
- iii. acting on behalf of the Company in any transaction in which they or any of their relative(s) have a significant direct or indirect interest.

**D) CONFIDENTIALITY AND FAIR DEALINGS**

- i. The Company's confidential information includes all trade related information, trade secrets, privileged information, customer information, employee related information, strategies, administration, research in connection with the Company and commercial, legal, scientific, technical data that are either provided to or made available to each member of the Board and the Senior Management by the Company either in paper form or electronic media to facilitate their work or that they are able to know or obtain access by virtue of their position with the Company. All confidential information must be used for the Company's business purposes only.
- ii. This responsibility includes safeguarding, securing and proper disposal of confidential information in accordance with the Company's policy on maintaining and managing records. This obligation extends to confidential information of third parties, which the Company has rightfully received under non-disclosure agreements. Special care must be taken by the Board and the Senior Management in handling the confidential information of third parties. Such confidential information should be handled in accordance with the agreements entered into with such third parties.
- iii. To further the Company's business, confidential information may have to be disclosed to potential business partners. Care should be taken in divulging such sensitive information, and shall be done so only after the said potential business partner has signed a confidentiality agreement with the Company.
- iv. Any publication or publicly made statement that might be perceived or construed as attributable to the Company, made outside the scope of any appropriate authority in the Company, should include

a disclaimer that the publication or statement represents the views of the specific author and not the Company.

- v. All the Directors and members of the Senior Management shall adhere to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.

#### **E) ACCEPTANCE OF GIFTS AND PAYMENTS**

The Company requires that every Director and the member of Senior Management should be fully compliant with the laws, statutes, rules and regulations that have the objective of preventing unlawful gains of any nature whatsoever.

Directors and the members of Senior Management shall not accept any offer, payment, promise to pay, or authorisation to pay any money, gift, or anything of value from customers, suppliers, shareholders/ stakeholders, etc. of the Company, that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commission of fraud, or opportunity for the commission of any fraud.

### **VI. ADDITIONAL GUIDELINES FOR INDEPENDENT DIRECTORS**

The independent Directors of the Company shall:

1. Uphold ethical standards of integrity and probity and help create, maintain and implement a culture of ethical standards and commitment to corporate governance practices and compliances.
2. Act objectively and constructively while discharging his/ her duties.
3. Discharge his/ her responsibilities in a bona fide manner in the interest of the Company.
4. Devote sufficient time and attention to his/her professional obligations for informed and balanced decision making.
5. Not allow any extraneous considerations that will vitiate his/ her exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
6. Not abuse his/ her position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person.
7. Refrain from any action that would lead to loss of his/ her independence.
8. Where circumstances arise, which make an independent Director lose his/ her independence, the independent Director must immediately inform the Board accordingly.
9. Assist the Company in implementing the best corporate governance practices.
10. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
11. Bring an objective view in the evaluation of the performance of Board and management.
12. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
13. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
14. Safeguard the interests of all stakeholders, particularly the minority shareholders.
15. Balance the conflicting interest of the stakeholders.

16. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
17. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
18. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.
19. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.
20. Strive to attend all meetings of the Board, the committees thereof of which they are members and the general meetings of the Company.
21. Participate constructively and actively in the committees of the Board in which he/ she is the chairperson or a member.
22. Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting.
23. Keep themselves well informed about the Company and the external environment in which it operates.
24. Not to unfairly obstruct the functioning of an otherwise proper Board or committee thereof.
25. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
26. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
27. Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
28. Act like a trustee for the Company's property/assets as well as the property/assets of other organization that have been entrusted to the Company.
29. Not use any information or opportunity received by them in their capacity as Director in a manner that would be detrimental to the Company's interests
30. Act within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
31. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

## **VII. FUNCTIONS OF THE BOARD AND GOOD CORPORATE GOVERNANCE PRACTICES**

Each member of the Board and Senior Management should adhere to the following so as to ensure compliance with good Corporate Governance practices:

### **Key functions of the members of the Board**

1. Reviewing and guiding corporate strategy, major plans of action, risk management policy (if any), annual budgets and business plans, setting performance objectives, monitoring implementation



and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.

2. Monitoring the effectiveness of the Company's corporate governance practices and making changes as needed.
3. Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
4. Aligning the remuneration of Board and the key managerial personnel with the long term interests of the Company and its shareholders.
5. Ensuring a transparent nomination process to the Board with the diversity of thought, experience, knowledge, perspective and gender in the Board.
6. Monitoring and managing potential conflicts of interest of management, members of the Board and shareholders, including misuse of corporate assets and abuse in related party transactions.
7. Ensuring that the integrity of the Company's accounting and financial reporting systems, including the independent audit, and appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the applicable laws and relevant standards.
8. Overseeing the process of disclosure and communications.
9. Monitoring and reviewing Board's evaluation framework.

#### **Other Responsibilities**

1. The Board shall provide strategic guidance to the Company, ensure effective monitoring of the management and shall be accountable to the Company and the shareholders.
2. The Board shall set a corporate culture and the values which executives throughout a group shall follow.
3. The members of the Board shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the shareholders, without allowing their independent judgment to be subordinated.
4. The Board shall encourage continuing Directors' training to ensure that the members of Board are kept up to date.
5. Where decisions of the Board may affect different shareholder groups differently, the Board shall treat all shareholders fairly.
6. The Board shall maintain high ethical standards and shall take into account the interests of stakeholders.
7. The Directors shall exercise objective independent judgement on corporate affairs.
8. The Board shall consider assigning a sufficient number of non-executive members of the Board capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
9. The Board shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the Company to excessive risk.
10. The Board shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the Company's focus.

11. When committees of the Board are established, their mandate, composition and working procedures shall be well defined and disclosed by the Board.
12. The members of the Board shall be able to commit themselves effectively to their responsibilities.
13. In order to fulfil their responsibilities, members of the Board shall have access to accurate, relevant and timely information.
14. The Board and Senior Management shall facilitate the independent Directors to perform their role effectively as a member of the Board and also a member of a committee of Board.

#### **Do's**

1. Attend Board meetings regularly and participate in the deliberations and discussions effectively.
2. Study the Board papers thoroughly and enquire about follow-up reports on definite time schedule.
3. Involve actively in the matter of formulation of general policies.
4. Be familiar with the broad objectives of the Company and the policies laid down by the government and the various laws and legislations.
5. Ensure confidentiality of the Company's agenda papers, notes and minutes.
6. Every Director shall inform the Company about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.
7. Every Director shall disclose his/ her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his/ her shareholding at the first meeting of the Board in which he/ she participates as a Director and thereafter at the first meeting of the Board in every financial year and whenever there is a change in the disclosures already made.

#### **Don'ts**

1. Do not reveal any information relating to any constituent of the Company to anyone.
2. Do not display the logo / distinctive design of the Company on their personal visiting cards / letter heads.
3. Do not sponsor any proposal relating to loans, investments, buildings or sites for Company's premises, enlistment or empanelment of contractors, architects, auditors, doctors, lawyers and other professionals etc.
4. Do not do anything, which will interfere with and / or be subversive of maintenance of discipline, good conduct and integrity of the staff.
5. Do not buy or sell or suggest to anyone else buy or sell the securities of any company, either directly or through family members or other persons or entities, while you are aware of inside information about the company.
6. Senior Management shall make disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.
7. No employee including Senior Management, key managerial personnel or Director or promoter of the Company shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company, unless prior approval for the same has been obtained from the Board as well as public shareholders by way of an ordinary resolution.

#### **VIII. WAIVERS**

Any waiver of any provision of this Code for a member of the Company's Board or a member of the Senior Management must be approved in writing by the Board.

The matters covered in this Code are of the utmost importance to the Company, its stakeholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its value system.

#### **IX. REPORTING CONCERNS**

Every Director or member of the Senior Management of the Company shall promptly report to the management any actual or possible violation of the Code or an event that he/ she becomes aware of that could affect the business or reputation of the Company. In case of non-compliance of this code by the Directors and /or Senior Management personnel, the same shall be dealt by the Board of Directors for initiating appropriate action, as they may deem fit and proper.

#### **X. REVIEW OF CODE**

The Code shall be reviewed at such intervals, as is deemed necessary by the Board. Consequently, upon any changes in regulatory guidelines, such change shall be deemed to be a part of the Code until the Code is reviewed and approved next time.

**ANNEXURE I**

**SBFC FINANCE LIMITED**

**CODE OF CONDUCT FOR THE COMPANY'S BOARD OF DIRECTORS AND THE SENIOR  
MANAGEMENT**

**ACKNOWLEDGEMENT FORM**

I, \_\_\_\_\_, have received and read the Company's "**Code of Conduct for the Company's Board of Directors and the Senior Management**" (the "**Code**"). I have understood the terms contained in this Code and I agree to comply with the Code.

**Signature:**

**Name:**

**Designation:**

**Date:**

**Place:**

**ANNEXURE II**  
**SBFC FINANCE LIMITED**  
**CODE OF CONDUCT FOR THE COMPANY'S BOARD OF DIRECTORS AND THE SENIOR**  
**MANAGEMENT**  
**ANNUAL COMPLIANCE REPORT\***

I, \_\_\_\_\_, do hereby solemnly affirm to the best of my knowledge and belief that I have fully complied with the terms of the Company's "**Code of Conduct for the Company's Board of Directors and the Senior Management**" during the financial year ending March 31 \_\_\_\_\_.

**Signature:**

**Name:**

**Designation:**

**Date:**

**Place:**

\*To be submitted annually by April 30.