

# **SITAL LEASING AND FINANCE LIMITED**

## **Code of Conduct**

### **For Board of Directors, Officers and Employees and independent Directors as per schedule IV of Companies Act, 2013**

#### **INTRODUCTION:**

Sital Leasing and Finance Limited is, committed to conducting its affairs ethically and lawfully. This Code of Conduct establishes policies & procedures that are intended to guide directors, officers and employees in the performance of their duties and responsibilities and ensure compliance with the Company's commitment to ethical and lawful conduct. These standards are set forth in the pages that follow and are reflected in the character and the conduct of our directors, officers and employees, which are in consonance of compliance of the revised Clause 49(IIE) of the Listing Agreement, in its true spirit and not only as a matter of legal compliance. In pursuant of the said Clause, the Board of Directors of the company in their meeting held on 05<sup>th</sup> January, 2015 approved the revised Code of Conduct, which has become effective w.e.f. 05<sup>th</sup> January, 2015. A copy of the Code of Conduct as approved by the Board of Directors is provided hereinafter. We urges you to become thoroughly familiar with the contents of this booklet – the code of Business Conduct and Ethics (also referred to simply as the –Code)–and to use it as a guidelines in the performance of your responsibilities for the company. We also encourage you to seek assistance either from your superior or from the Secretarial department when a question or concern arises with respect to any matter addressed in this material. If you have question or concern about a code of Conduct provision or about some action or practice you observe, you should always bring your questions to the attention of the company by talking to your superior, other members of management, the company's Legal or Secretarial Department or use the Company's anonymous reporting system. The key is to make the Company aware of any questions of concerns you have so they can be investigated, evaluated and appropriately addressed. "For the purpose of this code the **SENIOR MANAGEMENT** mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

#### **BASIC POLICIES:**

##### **1. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

Obeying the law, both in letter and in spirit, is the foundation on which this company's ethical standards are built. All Directors and employees must respect and obey the laws of the land. Although not all Directors or employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from superiors, managers or other appropriate Company personal. The company provides information as appropriate to communicate and promote compliance with laws, rules and regulations that relate to the operation of the Company's business.

##### **2. CONFLICTS OF INTEREST**

A –conflicts of interest exists when a person's private interest interferes in any way with the interests of the Company. A conflict situation can arise when an employees or Director takes actions or has interests that may make it difficult to perform his or her Company

work objectively and effectively. Conflicts of interest may also arise when an employee or Director, or members of his or her family, receives improper personal benefits as a result of his or her position in the company. It is almost always a conflict of interest for a company employee or director to work simultaneously for a competitor, customers, supplier or financier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers, competitors or financier, except as it relates to the Company's business. Conflicts of interest are prohibited as a matter of Company policy, except to the extent approved by the Board of Directors. Conflicts of interest may not always be clear-cut, so if you have question, you should consult with your superior or the Company Secretary. Any employee or Director who becomes aware of a conflict or potential conflict should bring it to the attention of superior, manager or other appropriate Company personnel. Example of conflicts of interest include any activity, interest or association that might influence, or even appear to influence, the independent exercise of an employee's judgments in making a decision or taking an action which is in the best interests of the Company, its stockholders and the public.

### **3. FULL AND FAIR DISCLOSURES OF THE ACCOUNTING MATTERS**

In performing our responsibilities for the Company, we must prepare and/or complete all Company records, business data, reports, filings, submissions and documents in a full, fair, accurate, timely and understandable manner. The falsification of records, manual or computer, is always unethical, generally illegal and always unacceptable to the Company. All information transmitted both within and outside of the company must be honest and well founded, as the integrity of the company's records and reports is based on the validity, accuracy and completeness with which they are prepared in addition, all Company financial practices concerning accounting, internal accounting controls and auditing matters must meet the highest standards of professionalism, transparency and honesty.

### **4. COMPANY FUNDS AND PROPERTY**

We are all personally responsible and accountable for the proper expenditure of Company funds. This includes Company money spent on travel or other business expenses. We are also responsible for the proper use and care of company property over which we have control. Company equipment or other property should be handled, secured and cared properly. It should not be used for personal benefit, sold, loaned, given away or otherwise disposed off, regardless of its condition or value, without proper authorization.

### **5. RECORD KEEPING**

The company required honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported. Many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your superior. The company has rules and guidelines for expenses report and reimbursement. All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirement and applicable company policies. Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's policy and/or applicable law. In accordance with those policies, in the event of threatened or actual claims, litigation or governmental

investigation, please consult the Company Secretary regarding retention or destruction of any related materials.

## **6. CONFIDENTIAL INFORMATION**

As employees of Sital leasing and Finance Limited, we are all responsible for protecting the Company's confidential information and using that information only for Company's purposes. All information develop within the Company with respect to its business is confidential and should not be disclosed to any unauthorized person. Employees should not discuss confidential Company information outside the Company, even with their families. Such information must be protected because unauthorized disclosure could destroy its value to the Company and give unfair advantage to others. Examples of Company confidential information include, bids, business proposals and contracts, budgets, computer software, codes, data files and security information, trade secrets, nonpublic revenue or earnings results and any other non-public information concerning the Company's financial, legal or other business activities. Other information that we have access to may include personal information about our fellow employees, the Company's stockholders or our customers. This information is also confidential and may not be disclosed without proper authorization. The Company's customers properly expect that this information will be kept confidential. GRM Overseas Limited takes any violation of a customer's confidentiality very seriously and will not tolerate such conduct.

## **7. INSIDER TRADING**

Directors and employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to –tip| other who might make an investment decision on the basis of this information is not only unethical, but also illegal and may be subject to prosecution by government agencies. The Company's –insider Trading Policy| requires Directors and certain employees to agree in writing to comply with this Company Policy Statement. If you have any questions, please consult with the company secretary.

## **8. SAFE WORK ENVIRONMENT**

The Company strives to provide each employee with a safe work environment. Each employee has responsibility for maintaining a safe workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. The Company has a written policy regarding the reporting of violence in the workplace. Employees should report to work in a condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of alcohol or illegal drugs in the workplace will not be tolerated.

## **9. DISCRIMINATION AND HARASSMENT**

Sital Leasing and Finance Limited is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate illegal discrimination or harassment of any kind. Examples of illegal discrimination or harassment include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. The Company prohibits discrimination, including sexual, physical and sociological harassment.

## **10. COMPETITIVE PRACTICES**

The Company is committed to competition on a lawful and ethical basis. You are not permitted to use improper or illegal means of gaining competitive information that is

confidential or proprietary information owned by others. You should not use or disclose confidential or proprietary information that you may have from past employment with other employers. We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practice stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing disclosures of stolen a propriety information or trade secrets by past or present employees of other companies is prohibited. Each employee should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors, Bankers/FIs and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

#### **11. PROPER USE OF COMPANY ASSETS**

Theft, carelessness, and waste have a direct impact on the company's profitability. All employees and directors will take appropriate actions to protect the Company's assets and ensure their efficient use for legitimate business use. All employees should endeavor to protect the Company's assets and ensure their efficient use. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted. The obligation of employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, Company developed software and copyrights, as well as business, marketing and service plans, Company developed operating procedures, engineering ideas, designs, databases, records, salary and other employee personnel and health and welfare information and any unpublished financial data and reports, Unauthorized use or distribution of this information would violate company policy. It could also be illegal and result in civil or even criminal penalties.

#### **12. CORPORATE OPPORTUNITIES**

Employees and Directors are prohibited from taking personal advantage, or enabling others to take personal advantage, of opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No employee or Director may use corporate property, information, or position for improper personal gain, and no employee Director may compete with the Company directly or indirectly. Employees and Directors owe a duty to the Company to advance its legitimate interest when the opportunity to do so arises.

#### **13. FLEXIBILITY**

The concept of code of conduct is not static and needs the review from time to time according to the size of the company and nature of the business. It also reflects the perception of the directors, officers and employees of the company with respect to the dedication and work culture of the organization, which needs the up-gradation and innovation in the methods of achieving the goals. We recognize the needs of the hour and our committed to bend ourselves to absorb the company's requirements in future. In view of the same the parameters of code of conduct will be in constant touch of the management of the company and may be modified to achieve the best result for the company.

## **14. CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

### **I. Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his 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 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 independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

### **II. Role and functions:**

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations specially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) 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;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **III. Duties :**

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) 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;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) 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;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) 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.

### **IV. Responsibility**

An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.

### **V. Manner of appointment:**

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in

the Act and the rules made there under and that the proposed director is independent of the management.

(4) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out:

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (D and O) insurance, if any;

(e) the Code of Business Ethics that the company expects its directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

(6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **VI. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **VII. Resignation or removal:**

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

(3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **VIII. Separate meetings:**

(1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;

(2) All the independent directors of the company shall strive to be present at such meeting;

(3) The meeting shall:

(a) review the performance of non-independent directors and the Board as a whole;

(b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **IX. Evaluation mechanism:**

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

For and on Behalf of

**Sital leasing and Finance Limited**

Sd/-

(Director)