



# **SPANDANA**

**SPANDANA SPHOORTY FINANCIAL LIMITED**

**Code of Conduct for Board Members  
and Senior Management Personnel**

**Date of Implementation: June 14, 2018  
Version 1 : August 04, 2022  
Version 2: January 23, 2025**

## **1. INTRODUCTION:**

Integrity, Responsiveness, Commitment and Team Spirit form integral part of the core beliefs of all activities at Spandana Sphoorty Financial Limited (hereinafter referred to as “the Company”), which has been the basis of its growth and development. In terms of the Regulation 15 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR)”) relating to ‘Corporate Governance’, as amended from time to time, it is mandatory that a separate legal and ethical standard of conduct is laid and be made applicable to all Board Members and all Senior Management Personnel of the Company. Hence, to meet this requirement, this Code of Conduct has been formulated by the Board. This Code broadly lays down the general principles to be followed by the Board Members and the Senior Management Personnel as a guide for making ethical decisions.

This Code of Conduct shall be called "The Code of Conduct for Board Members and Senior Management Personnel”.

This Code envisages that the Board of Directors of the Company and Senior Management Personnel should act within the framework of and in compliance with the applicable laws.

The purpose of this Code is to enhance integrity, ethics & transparency in the governance of the Company, and thereby reinforce the trust and confidence reposed in the Management of the Company by the shareholders and other stakeholders. The Board Members and Senior Management Personnel are expected to familiarize themselves with this Code and to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.

This code is in alignment with Company’s Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

This code may be modified by the Board from time to time to adopt the best practices and to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

This amended Code shall come into effect from the date of the Board meeting in which the same is approved.

## **2. DEFINITIONS AND INTERPRETATION:**

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

- (i) The term “Company” or “Spandana” shall mean Spandana Sphoorty Financial Limited.
- (ii) The term “Board / Board of Directors” shall mean the collective body of the Directors of the Company.
- (iii) The term “Board Members” shall mean the Members on the Board of Directors of the Company.
- (iv) The term “Code of Conduct” shall mean this Code for or regulating, monitoring and reporting of trades for prohibition of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.
- (v) The term “Independent Director” shall mean an Independent Director as defined in section 2(47)

and Section 149(6) of the Companies Act 2013 and Regulation 16(b) of the SEBI(LODR) Regulations 2015, as amended from time to time.

(vi) The term “Senior Management” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

(vii) The Term “Public Spokesperson” shall mean the Officer of the Company nominated as such by the Company under the Code of Corporate Disclosure Practices for Prevention of Insider Trading.

(viii) The term “Relative” shall mean ‘relative’ as defined in Section 2 (77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014.

(ix) The term “Related Party” shall mean parties as defined in Section 2 (76) of the Companies Act, 2013 and Regulation 2(zb) of SEBI (LODR) Regulations 2015.

(x) The term “Related Party Transactions” shall mean transactions as defined in Section 188 of the Companies Act, 2013 and Regulation 2(zc) and Regulation 23 of SEBI (LODR) Regulations 2015.

(xi) The term “Conflict of Interest” means where the interests or benefits of one person or entity interferes with the interests or benefits of the company.

In this Code, words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

### **3. APPLICABILITY:**

This Code shall be applicable to the following persons:

- a) All the Directors of Company including Independent Directors unless specifically exempted from provisions of this Code.
- b) All Senior Management Personnel.

### **4. KEY REQUIREMENTS:**

Board Members and Senior Management Personnel shall act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

- i) Shall act with utmost care, skill and diligence in relation to all dealings for the company;
- ii) Shall act in utmost good faith and adopt highest standards of personal and professional integrity, fairness, honesty, probity and ethical conduct and fulfill the fiduciary obligations without allowing their independence of judgment to be subordinated or compromised;
- iii) Shall not enter into any contract or arrangement without obtaining the approval of the Audit Committee and/ or the Board and where required, approval by a special resolution in the general meeting for related party transactions as mentioned;
- iv) Shall avoid having any personal and/or financial interest in any business dealings concerning the Company;

- v) Shall avoid any dealing/relationship with a Lender or Borrower (either directly or indirectly) that could compromise the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision required to be made by the Board Members/ Senior Management Personnel/the Company;
- vi) Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company or that adversely affects the performance of duties with the company;
- vii) Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors in case of Board Members and the Managing Director in case of Senior Management Personnel and the Board/MD declines to pursue such opportunity for the company and allows him to avail such opportunity;
- viii) Shall not seek or accept, directly or indirectly any gift from anyone having business dealings with the Company, except for normal value, which are customarily given and are of commemorative nature for special events and should never be of a kind that could create an appearance of impropriety, inducement or in any manner influence a business decision;
- ix) Shall not make any statement which has the effect of adverse criticism of any policy or action of the Government or of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders or any foreign country;

Provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member and Senior Management Personnel, which are purely factual in nature and are not considered as confidential, in his official capacity or in due performance of the duties assigned to him;

- x) Shall not commit any offence involving moral turpitude;
- xi) Shall follow the Risk Management framework/policy established by the Company;
- xii) Shall ensure workplace free of discrimination & harassment based on race, colour, religion, caste, age, gender, nationality, origin, disability, veteran status, or any other biases;
- xiii) Shall not use IT system of the Company for purposes that may be regarded as derogatory, defamatory or obscene or otherwise considered irresponsible and/or compromise the protection and security of IT systems;
- xiv) Shall be accountable to the stakeholders i.e. shareholders, debtors, creditors, lenders, borrowers, customers, Government etc. in discharge of the duties of the Company;
- xv) Shall not contribute (whether directly or indirectly) any funds, credit, property or services of the Company to any Political Parties;
- xvi) Shall act in a socially responsible manner, within the applicable laws, rules and regulations, customs and traditions of the countries in which the Company operates;
- xvii) Shall act in accordance with and keeping in mind the Vision, Mission and Values of the Company;
- xviii) Promote alertness & awareness for safety and the protection of human life/property and environment;

- xix) Shall exercise their responsibilities in a bona fide manner in the interest of the Company and act objectively and constructively while exercising their duties;
- xx) Shall not allow any extraneous considerations that could vitiate their 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;
- xxi) Shall not abuse their 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;
- xxii) Shall assist the Company in implementing the best corporate governance practices;
- xxiii) Shall become and remain familiar with Company's business and the economic and competitive environment in which the Company operates and understands Company's business plan, strategies and objectives;
- xxiv) Shall immediately bring to the notice of the Board about any unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

**5. DUTIES OF DIRECTORS:**

The Director(s) of the Company:

- i) shall act in accordance with the articles of the company, subject to the provisions of the Companies Act, 2013 as amended from time to time;
- ii) shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment;
- iii) shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment;
- iv) shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company;
- v) shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company;
- vi) shall not assign his office and any assignment so made shall be void;

**6. SPECIFIC DUTIES OF INDEPENDENT DIRECTORS:**

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 behavior, 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.
- 14) The Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of Non-independent Directors and members of management wherein all the Independent Directors of the Company shall strive to be present at such meeting. 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 Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- 15) In addition to the above, the Independent Directors of the Company shall also abide by the duties as specified in Schedule IV of the Act.

#### **7. HEALTH, SAFETY AND ENVIRONMENT:**

The Directors and Senior Management Personnel of the Company shall provide safe and healthy working environment, prevent wasteful use of natural resources and shall ensure minimum impact on the ecological environment of the use and disposal of any material.

#### **8. PROTECTION OF ASSETS:**

The Directors and Senior Management Personnel of the Company shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.

## **9. CONFLICT OF INTEREST:**

The Board Members and Senior Management Personnel of the Company shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his/her opinion is likely to arise and shall make disclosures to the competent authority relating to all material financial and commercial transactions, if any, where they or any of their relatives have personal interest that may have a potential conflict with the interest of the company at large.

The Directors and Senior Management of the Company shall not be present at the meeting where discussion on the resolution relating to contract or arrangement with a related party is being taken.

Competent authority, in case of Board Members shall be Board of Directors and Managing Director in case of Senior Management Personnel.

## **10. COMPLIANCE OF LAW:**

The Board Members and Senior Management Personnel shall comply with all laws, rules and regulations as applicable including those relating to the business of the Company.

## **11. OTHER DIRECTORSHIPS:**

Unless specifically permitted by the Board in case of Board members and by the Managing Director in case of Senior Management Personnel, the Board Members and Senior Management Personnel shall not serve as Director of any other Company or as Partner of a Firm/Limited Liability Partnership or management position in any other entity that is engaged in a business competing with the Company or with which the Company has business relations. This clause is not applicable to the Independent Directors and Nominee Directors. Senior Management Personnel shall obtain prior approval of the Company or partnership of a firm/ Limited Liability Partnership or management position in any other entity.

## **12. PREVENTION OF INSIDER TRADING:**

The Board Members and Senior Management Personnel shall comply with the Code of Internal Procedures and Conduct for Prevention of Insider Trading, in dealing with securities of the Company.

## **13. CORPORATE DISCLOSURE PRACTICES AND EXTERNAL COMMUNICATION WITH MEDIA AND INVESTORS:**

The Code of Corporate Disclosure Practices regulates disclosure of “Unpublished Price Sensitive Information”.

- i) The Public Spokesperson is responsible for overseeing and coordinating disclosure of “Unpublished Price Sensitive Information” to stock exchanges, analysts, shareholders and media including drafting of the press release or the text of the information to be posted on the Company’s web-site/released to the press with the approval of the Director (Finance).
- ii) No person except the Public Spokesperson or those authorized by the Public Spokesperson, shall disclose any information relating to the Company’s Securities to analysts/research persons and institutional investors.
- iii) In all its public appearance with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company shall be represented only by specifically authorized Directors and/or employees, which the Board may authorize. The list of such authorized Directors and employees of the Company shall be notified to the Directors / Senior Management Personnel from time to time.

- iv) The Board Members and Senior Management Personnel shall comply with the Code of Corporate Disclosure Practices.
- v) In case of breach of this paragraph 13 by any person, including any of the Directors and Senior Management Personnel, the Board of Directors may initiate appropriate action, including removal of such person from their respective designation and/or exercise of any rights and remedies available to the Company under the applicable laws against such person.

#### **14. RELATED PARTY DISCLOSURES:**

The Board Members shall make disclosure of related party transactions to the Board of Directors and the Senior Management Personnel shall make disclosure of the related party transactions to the Managing Director as per the provisions of the Companies Act, 2013 and Rules framed thereunder.

#### **15. CONFIDENTIALITY OF INFORMATION:**

Subject to the Code of Corporate Disclosure Practices as may be prevalent in the Company from time to time any information concerning the Company's business, its customers, borrowers, etc. to which the Board Members and Senior Management Personnel have access or which are in their possession, must be considered confidential and held in confidence.

No Board Member and Senior Management Personnel shall provide any information either formally or informally, to the press or any other media, unless specifically authorized. The Board Members and Senior Management Personnel shall also be required to maintain confidentiality of information for a period of 6 months after separation from the Company. Provided that, subject to paragraph 13, Board Members and Senior Management Personnel shall in consultation/under intimation to the Public Spokesperson of the Company be free to disclose such information which is:

- (a) part of the public domain at the time of disclosure; or
- (b) authorized or required to be disclosed pursuant to a decision of the Board or any of its Sub-Committees; or
- (c) required to be disclosed in accordance with applicable laws, rules, regulations, guidelines, or directions from the Ministry of Power.

#### **16. CLARIFICATIONS REGARDING THE CODE:**

Any member of the Board or Senior Management personnel requiring any clarification regarding this Code may contact Company Secretary/any officer specifically designated by the Board of Directors.

#### **17. ENFORCEMENT OF CODE OF CONDUCT:**

- A. The Company Secretary shall be the Compliance Officer for the purpose of this Code.
- B. Each Board Member and Senior Management Personnel shall be accountable for fully complying with this Code.
- C. The Compliance Officer shall report breach of this Code, if any, which comes to his notice to the Board of Directors of the Company.
- D. The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or as suspected violation of law or of this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation.



**18. CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE:**

In case of breach of this Code by any of the Directors or Senior Management Personnel, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary, and where necessary recommend removal of any of the Directors and Senior Management Personnel.

**19. AMENDMENTS TO THE CODE:**

The provisions of this Code can be amended/ modified by the Board of Directors of the Company from time to time and all such amendments/ modifications shall take effect from the date stated therein.

**20. AFFIRMATION OF COMPLIANCE WITH THE CODE:**

All Directors and the Senior Management Personnel shall affirm compliance with this Code on an annual basis (as per Annexure A and Annexure B respectively).

**21. PUBLICATION OF THE CODE:**

The Code shall be posted on the website of the Company i.e. [www.spandanaspooorty.com](http://www.spandanaspooorty.com)

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**ANNUAL DECLARATION BY BOARD OF DIRECTORS ON COMPLIANCE WITH CODE OF CONDUCT**

To,

The Board of Directors,  
Spandana Sphoorty Financial Limited  
Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1,  
Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha,  
Hyderabad Rangareddi TG 500081 IN

Dear Directors,

Sub: Declaration under Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) Regulations, 2015”].

I, ....., (DIN: .....) a/an ..... Director of Spandana Sphoorty Financial Limited, hereby confirm and declare that, in pursuance of the provisions of Regulation 26(3) of SEBI (LODR) Regulations, 2015, the company has framed a code of conduct to be applicable to the Board of Directors and the Senior Management Personnel of the Company.

I further confirm that I am aware of the content of the Code of Conduct as applicable to me and my functions as a Director of the Company and I was in compliance with the said code during the financial year ended March 31, .....

Sincerely

Signature : .....  
Name : .....  
Designation : .....  
DIN:.....  
Place:.....  
Date : .....

**ANNUAL DECLARATION BY SENIOR MANAGEMENT PERSONNEL ON  
COMPLIANCE WITH CODE OF CONDUCT**

To,

The Board of Directors,  
Spandana Sphoorty Financial Limited  
Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1,  
Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha,  
Hyderabad Rangareddi TG 500081 IN

Dear Directors,

Sub: Declaration under Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) Regulations, 2015”].

I, ....., (Designation and Employee ID: ....., a Senior Management Personnel of Spandana Sphoorty Financial Limited, hereby confirm and declare that, in pursuance of the provisions of Regulation 26(3) of SEBI (LODR) Regulations, 2015, the company has framed a code of conduct to be applicable to the Board of Directors and the Senior Management Personnel of the company and it has been disseminated on the website of the company.

I further confirm that I am aware of the content of the Code of Conduct as applicable to me and my functions as a Senior Management Personnel and I was in compliance with the said code during the financial year ended March 31, .....

Sincerely

Signature : .....  
Name : .....  
Designation : .....  
Employee ID:.....  
Place:.....  
Date : .....