

HINDUSTAN AUTO FINANCE LIMITED

E-Mail: hindaf1980@gmail.com, CIN: L65910DL1980PLC010617

Website: www.hindaf.in

CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

INTRODUCTION

This Code of Conduct (hereinafter referred to as “Code”) is applicable to the members of the Board and Senior Management Personnel of Hindustan Auto Finance Limited (“the Company”).

The purpose of the code is to demonstrate the ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the Management by the stakeholders and business partners. Directors and Senior Management Personnel are expected 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.

All Directors and Senior Management shall sign the acknowledgement form at **Appendix-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 same. All Directors and Senior Management shall be required to affirm compliance with this Code on an annual basis, within 30 days of the close of financial year to the Company Secretary in the form annexed at **Appendix-II**.

DEFINITIONS

- a. “Board” or “Board of Directors” shall mean the Board of Directors of the Company.
- b. “Company” shall mean Hindustan Auto Finance Limited.
- c. “Compliance Officer” shall mean the Company Secretary of the Company and in his absence any senior officer, so designated by the Board for the purpose of compliance with the Code.
- d. “Director” means a director appointed to the Board of a Company.
- e. “Whole Time Directors” shall mean the Board Members who are in the whole-time employment of the Company.
- f. “Listing Regulations” shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- g. “Senior Management” shall mean officers/personnel of the Company who are the members of the core management team excluding the Board of Directors and shall comprise all members of Management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager and shall include Company Secretary and Chief Financial Officer.
- h. “Independent Directors” shall means a Director who satisfies the criteria of Independence as prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- i. “Relatives” have been defined u/s 2(77) of the Act read with Rule 4 of Companies (Specification of Definition details) Rules, 2014 to mean: Anyone who is related to another, if: they are members of a Hindu Undivided Family; they are Husband and Wife; or one person is related to the other in any of the following manner: -

Father (including step-father)
Mother (including step-mother)
Son (including step-son)
Son’s Wife

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Daughter
Daughter's Husband
Brother (including step-brother)
Sister (including step-sister)

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modifications or re-enactment thereto, as the case may be.

APPLICABILITY

This Code shall be applicable to the following persons:

- (i) All Directors; and
- (ii) Senior Management

KEY REQUIREMENTS

The Directors and Senior Management Personnel shall act within the authority conferred upon them in the best interests of the Company and will:

*act in the best interest of and fulfill their fiduciary obligations to the Company and its shareholders;

- act honestly, fairly, ethically and with integrity;
- conduct themselves in a professional, courteous and respectful manner and not take improper advantage of their position;
- act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgement to be subordinated;
- use their prudent judgement to avoid all situations, decisions or relationships which give or could give rise to conflict of interest or appear to conflict with their responsibilities within the Company;
- not exploit for his/her own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the Company declines to pursue such opportunity for its business interest(s)
- disclose and avoid having any personal and/or financial interest in any business dealings concerning the Company;
- avoid any dealings with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influence decision to be made by the Company;
- not hold any positions or jobs or engage in outside businesses or other interests that are prejudicial to the interests of the Company; and
- inform the Board at the earliest opportunity, any existing or potential conflict of interest situation.

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OTHER DIRECTORSHIPS

The Board of Directors shall promptly at the time of their appointment and subsequently whenever there is a change, their interest in the Companies and body corporates in compliance with applicable laws.

The Directors and Senior Management shall also promptly disclose their relationships with other individuals, firms or body corporate wherever such relationships may affect their independence of judgement while performing their duties and responsibilities towards the Company.

GIFTS AND DONATIONS

The Directors and the Senior Management shall neither receive nor offer or make, directly or indirectly, any gifts, donations or comparable benefits which are intended to or perceived to obtain undue favors in the transactions detrimental to the interest of the Company, except for nominal 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.

PUBLIC REPRESENTATION

The company honors the information requirements of the public and its stakeholders. 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 or the Group shall be represented only by specifically authorized directors and employees. It will be the sole responsibility of these authorized representatives to disclose Company related information.

CONFIDENTIALITY OF INFORMATION

Any information concerning the Company's business, its customers, suppliers, etc. to which the Directors and Senior Management have access or which is possessed by the Directors and Senior Management, must be considered privileged and confidential and should be held in confidence at all times and should not be disclosed to any person, unless:

(i) specifically authorized; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws.

CONFLICT OF INTEREST:

The Director and Senior Management Personnel of the Company should not enter into any transaction or engage in any practice, directly or indirectly, that would tend to influence him/herto act in any manner other than in the best interest of the Company. Every director and senior management personnel should make a full disclosure to the board of any transaction that they reasonably expect, could give a rise to an actual conflict of interest with the company and seek the board's authorization to pursue such transactions.

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REGULATORY COMPLIANCES:

The Director and Senior Management Personnel should comply with all applicable laws, rules and regulations for the time being in force. In addition, if any director becomes aware of any information that he believes constitutes evidence of a material violation any securities or other laws, rules and regulations applicable to the Company or the operation of its business, by the Company or any employee or another director should bring such information to the attention of the Chairman of the audit committee.

ENVIRONMENT, HEALTH & SAFETY POLICY

We take environmental consciousness a step further as a company. We believe that directors/employees of the Company are environment conscious and contribute to preserving nature as well as safety measures in own respective work areas. All of us are responsible for conducting safe and environmentally sound operations; this is in the interest of our own wellbeing and the quality of life of others. All employees and the Board of Directors shall abide by this policy.

PROTECTION OF ASSETS

The Directors, KMP and Senior Management of the Company shall employ the assets of the Company and for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

INSIDER TRADING:

All Directors and Senior Management Personnel will comply with the Company's Code of Conduct for prevention of Insider Trading in dealing with the Securities of the Company as applicable from time to time.

CODE FOR INDEPENDENT DIRECTORS SPECIFYING THEIR DUTIES

In addition to the compliance of this Code, Independent Directors are also required to adhere to the Code of Conduct (in line with Schedule IV of the Companies Act, 2013) meant for Independent Directors of the Company **(Appendix-III)**

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 in line with any changes in law, changes in Company's philosophy, vision, business plans or otherwise and all such amendments/ modifications shall take effect from the date stated therein. All Directors and Senior Management shall be duly informed of such amendments and modifications.

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ENFORCEMENT OF CODE OF CONDUCT:

All Directors and Senior Management Personnel shall be accountable for fully complying with this Code.

CONSEQUENCE OF NON-COMPLIANCE OF THIS CODE:

Suspected violation of the code may be reported to the chairman of the board or the chairman of the audit committee. All reported violation shall be appropriately investigated. Any waiver of this code must be approved by the Board of Directors and publicly disclosed if required by any applicable law or regulation.

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Appendix-I ACKNOWLEDGEMENT FORM

To
The Board of Directors
Hindustan Auto Finance Limited

I, _____ have received and read the Company's Code of Conduct for Board Members and Senior Management Personnel. I have understood the provisions and policies contained in this Code and I agree to comply with this Code.

Signature: _____

Name: _____

Designation: _____

Date: _____

Place: _____

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Appendix-II

To
The Board of Directors
Hindustan Auto Finance Limited

ANNUAL AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I _____ do hereby affirm that I have complied with the Code of Conduct for Board Members and Senior Management Personnel during the financial year ended 31st March _____

Signature: _____
Name: _____
Designation: _____
Place: _____
Date: _____

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Appendix-III **CODE FOR INDEPENDENT DIRECTORS** (As per Schedule IV of Companies Act, 2013)

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.

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.

Role and functions:

The independent directors shall:

- (1) 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;
- (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 control and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;

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- (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.

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;

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(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.

Manner of appointment of Independent directors:

(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 thereunder 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.

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

Re-appointment of Independent directors:

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

Resignation or removal of Independent directors:

(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.

Separate meetings of Independent directors:

(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.

Evaluation mechanism of Independent Directors:

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.