

NAVACHETANA

WHITSLE
BLOWER
POLICY

SHAISHAVI PROJECT
CONSULTANTS

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WHISTLE BLOWER/VIGIL POLICY

1. OBJECTIVE OF THE POLICY

Section 177 of the Companies Act, 2013 mandates the following classes of Companies to constitute a Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behaviours, actual or suspected fraud or violation of Company Code of conduct or ethics policy.

- Every listed Company;
- Every other Company which accepts deposits from the public;
- Every Company which has borrowed money from banks and public financial institutions in excess of Rs. 50 crores.

Considering the applicability of Section 177(9) and 177(10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014; Navachetana Microfinance Services Pvt. Ltd. (hereinafter referred to as the Company) has formulated this Whistle Blower policy.

The Company believes in conducting all affairs of its constituents in fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. The Company is committed to developing a culture where it is safe for all employees and Directors to raise concerns about any poor or unacceptable practice and any event of misconduct.

Towards this end, the company has adopted a Code of Conduct for Directors and Employees (“the Code”), which lays down the principles and standards that should govern the actions of the Company, its Directors and Employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, is a matter of serious concern for the Company.

Accordingly, this Vigil / Whistle Blower Policy (“the Policy”) has been formulated with a view to provide a mechanism for employees of the Company to approach HR Head/Internal Audit Head (hereinafter referred to as the “Vigilance Officer”) of the Company and Chairman of Audit Committee in appropriate or exceptional cases. The Directors of the Company can report their genuine concern directly to Chairman of Audit Committee, formed by Board of Directors of the Company.

This policy would also help to create an environment where Employees/Directors feel free and secure to raise the alarm where they see a problem. It will also ensure that whistle blowers are protected from retribution, whether within or outside the organisation.

The policy is not a route for taking up a grievance about a personal situation.

2. GUIDING PRINCIPLES

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
- Treat victimization as a serious matter including initiating disciplinary action on such person/(s);
- Ensure complete confidentiality;
- Not attempt to conceal evidence of the Protected Disclosure;
- Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
- Provide an opportunity of being heard to the persons involved especially to the Subject.

3. SCOPE OF POLICY

The Policy covers malpractices and events which have taken place/ suspected to take place involving:

- Alleged wrongful conduct
- Abuse of authority
- Breach of contract
- Negligence causing substantial and specific danger to public health and safety
- Manipulation of company records/data
- Financial irregularities including fraud or suspected fraud
- Criminal offence
- Pilferation/ Leakage of confidential/propriety information/ unpublished price sensitive information
- Wastage/misappropriation of company funds/assets
- Breach of employee Code of Conduct or Rules
- Accepting or seeking anything of material value from clients or related organizations
- Mistreatment of clients of the Company
- Indicates any incident/possible incident of sexual harassment at workplace
- Deliberate violation of law/regulation including Insider Trading;
- Discrimination in any form
- Any other illegal practices, unethical behaviour, biased, favoured, imprudent event

4. DISQUALIFICATION

The following instances would constitute a violation of the Vigil Mechanism /Whistle blower Policy.

- Bringing to light personal matters regarding another person, which are in no way connected to the organization.
- While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action and would be taken up with utmost sternness.

- Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a mala fide intention.
- Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blowers who make two or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy and action will be initiated against him/her.
- Actions against such violations could range in their severity, if necessary, even extending up to termination of one's employment/ contract/ association with the organization.

5. PROCEDURE

- A. Whistle Blowers can make Protected Disclosure to the Vigilance Officer as soon as possible but not later than 30 consecutive days after becoming aware of the same, in the format prescribed under Annexure 2 of the Policy. Vigilance Officer will inform the Managing Director (MD) about the complaint. The Protected disclosure should be factual and neither speculative nor in the nature of a conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- B. All Protected Disclosures against Employees (except Vigilance Officer) should be addressed to the Vigilance Officer of the Company or to the Chairman of the Audit Committee in appropriate or exceptional cases.
- C. If the Protected Disclosure is against Vigilance Officer or MD or any Director of the Company than it should be reported to the Chairman of the Audit Committee for investigation and in case, the complaint is against the Chairman of the Audit Committee, it should be reported to the Board of the Company.
- D. If initial enquiries by Vigilance Officer or MD or Chairman of Audit Committee or Board as the case may be indicate that the concern has no basis, or it is not a matter to be investigation pursued under this policy, it may be dismissed at this stage and the decision is documented.
- E. Where initial enquiries indicate that further investigation is necessary, this will be carried through either by the Vigilance Officer or MD alone, or by Committee nominated by Vigilance Officer or/and MD for this purpose. The investigation would be carried out in a fair manner, as a neutral fact-finding process

and without presumption of guilt. A written report of the findings would be made by Vigilance Officer/Committee.

- F. Name of the Whistle Blower shall not be disclosed by Vigilance Officer/Committee unless otherwise required under any law or regulation or by a competent court of law.
- G. The Vigilance Officer shall make a detailed written record of the Protected Disclosure. The record will, inter alia, include:
- Facts of the matter;
 - Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
 - Whether any Protected Disclosure was raised previously against the same Subject;
 - The financial/otherwise loss which has been incurred/would have been incurred by the Company;
 - Findings of the Vigilance Officer/investigation person; and
 - The recommendations of the Vigilance Officer on disciplinary/other action(s).
- H. Investigations must begin within 7 days of the receipt of the complaint in writing.
- I. Vigilance Officer/Committee shall finalize and submit the report to MD or the Audit Committee within 30 days of being nominated/ appointed.
- J. On submission of report, MD or Chairman of Audit Committee shall discuss the matter with Vigilance Officer/Committee, who shall either:
- In case the Protected Disclosure is proved, accept the findings of the Vigilance Officer/Committee and take such Disciplinary Action as MD may think fit and take preventive measures to avoid reoccurrence of the matter;
 - In case the Protected Disclosure is not proved, extinguish the matter;
 - Depending on the seriousness of the matter, MD can further place the matter before the Board with its recommendations. The Board may decide the matter as it deems fit.
- K. In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation and the decision, she/he can make a direct appeal to the⁸ Chairman of the Audit Committee.
- L. In cases of violation of insider trading regulations, the Whistle Blower may report the matter directly to the Office of Informant Protection of SEBI in accordance with the provisions and procedure prescribed in Chapter III A of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

6. PROTECTION OF WHISTLE BLOWER

The vigil mechanism shall provide for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism. The identity of the whistle blower should remain confidential to the extent possible and permitted under law with the Vigilance Officer/ Audit Committee and at no point of time it should be divulged out.

No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blower. Complete protection will, therefore, be given to Whistle Blower against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, any type of harassment, biased behavior or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

A Whistle-Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend disciplinary action to the management.

Any other Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.

7. CONFIDENTIALITY

The Whistle Blower, the Subject, the Vigilance Officer and everyone involved in the process shall:

- Maintain complete confidentiality/ secrecy of the matter.
- Not discuss the matter in any informal/social gatherings/ meetings.
- Not discuss the matter with any other person other than one required for enquiry/investigation into the matter.
- Discuss only to the extent or with the persons required for the purpose of completing the process and investigations.
- Ensure secrecy of the whistle blower, subject, protected disclosure, investigation team and witnesses assisting in the investigation should be maintained.

- Keep the documents, emails, records related to the matter confidential.
- Not keep the papers unattended anywhere at any time.

8. DECISION

If an investigation leads Vigilance Officer to conclude that an improper or unethical act has been committed, the Vigilance Officer shall recommend to the management of the Company to take such disciplinary or corrective actions as they deem fit.

If the report of investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency. Further, if the complainant is found to make false allegations or repeated frivolous complaints of unethical & improper practices or about alleged wrongful conduct of the subject to the Vigilance Officer or the Chairman of the Audit Committee, he shall be subject to appropriate disciplinary action.

9. REPORTING

A quarterly report on total number of complaints received during the period, under the Policy with the summary of findings in investigation and the corrective actions taken shall be placed before the Audit Committee and the Board.

All reports and records associated with “Disclosures” are considered confidential information and access will be restricted to the Whistle blower, the Audit Committee, the Vigilance Officer and the Board of Directors. “Disclosures” and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

10.COMMUNICATION

Directors and Employees shall be informed of the Plicy by publishing on the notice board and the website of the Company.

11.RETENTION OF DOCUMENTNS

All Protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of 8 (eight) years or such other period as specified by any other law in force, whichever is more.

12.AMENDMENT

Any change in the policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to amend, modify or review any part of this policy or the entire policy upon the recommendation of the Audit Committee, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

Whilst, the Company has made best efforts to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the broad intent of the policy. The Company may also establish further rules and procedures, from time to time, to give effect to the intent of this policy and further the objective of good corporate governance. This policy will be reviewed periodically by the Board.