



# **VREEDHI FINANCIAL SERVICES PRIVATE LIMITED**

## **VIGIL MECHANISM POLICY**

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### **Introduction:**

The Company has adopted the Code of Ethics & Business Conduct, which lays down the principles and standards that should govern the actions of the Company and its employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the Code cannot be undermined. Accordingly, this Vigil Policy ("the Policy") has been formulated with a view to provide a mechanism for employees of the Company to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc., howsoever insignificant or perceived as such.

### **Objective:**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and The Companies Act, 2013 also provides for establishment of a vigil mechanism for directors and employees of the Company to report genuine concerns. This Policy enables its directors and employees to report instances of unethical conduct, actual or suspected fraud or violation of the company's Code and Staff Rules without fear of punishment or unfair treatment and to prescribe the procedures to be followed by them in that respect. The Policy also provides for safeguards against victimization of persons who use such mechanism and also make provision for direct access to the Chairperson in appropriate or exceptional cases.

### **Purpose:**

The Vigil policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company. The policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

### **Scope:**

All Employees and Directors of the Company who are associated with the company can raise concerns/eligible to make Protected Disclosures. The Policy covers malpractices and events which have taken place/ suspected to take place involving but not limited to following:

- a) Abuse of authority
- b) Breach of contract
- c) Negligence causing substantial and specific danger to public health and safety
- d) Manipulation of company data/records
- e) Financial irregularities, including fraud or suspected fraud or Deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports.
- f) Any unlawful act whether Criminal/ Civil

- g) Proliferation of confidential/propriety information
- h) Deliberate violation of law/regulation
- i) Wastage/misappropriation of company funds/assets
- j) Breach of Company Policy or failure to implement or comply with any approved Company Policy
- k) Inaccuracy in maintaining the Company's books of account and financial records.
- l) Procurement Fraud
- m) This Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.
- n) Any other matters or activities on account of which the interest of the Company is affected.

### **Definitions:**

- **"Audit Committee"** means a Committee constituted by the Board of Directors pursuant to the provisions of the Section 177(1) of the Companies Act, 2013
- **"Board"** means the Board of Directors of the Company
- **"Company"** means Vreedhi Financial Services Private Limited
- **"Disciplinary Action"** means any action that can be taken on the completion of/during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- **"Employee"** means all the present employees and Directors of the Company (whether working in India or abroad).
- **"Ethical Behavior"** means being in accordance with the accepted principles of right and wrong of that govern the conduct of a profession including but not restricted to financial impropriety and accounting malpractices.
- **"Good Faith"** means an employee shall be deemed to be communicating in "good faith" if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge on a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.
- **"Investigators"** means persons authorized, appointed, consulted or approached by Board/Audit Committee and include the auditors of the Company and the police.
- **"Nodal Officer or Investigation Committee"** means an officer or Committee of persons who is/are nominated/ appointed to conduct detailed investigation of the disclosure received from the Vigil blower and recommend disciplinary action. The Committee, if appointed, should include Senior Level Officers of HR, Internal Audit/Finance and a representative of the Division/ Department where the alleged malpractice has occurred.
- **"Policy"** means Vigil Mechanism Policy

- **“Professional Behavior”** means exhibiting a courteous, conscientious and generally businesslike manner at the workplace that strives to maintain a positive regard to others while avoiding excessive display of the deep feeling.
- **“Protected Disclosure”** means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity with respect to the Company. It should be factual and not speculative or in the nature of an interpretation/conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- **“Subject Employee”** means an employee against or in relation to whom a protected disclosure is made under this policy.
- **“Unethical Alleged Activities”** means and includes the following:
  - Violation of any law or regulations, policies including but not limited to corruption, bribery, Theft, fraud, coercion and willful omission.
  - Rebating of Commission/benefit or conflict of interest.
  - Procurement frauds.
  - Mismanagement, Gross wastage or misappropriation of company funds/assets.
  - Manipulation of Company data/records.
  - Misappropriating cash/company assets;
  - Providing any confidential or proprietary information related to any stream (for example R&D, Finance, Marketing, IT, Supply Chain, Human Resources and farmers or Customers/Vendors relation etc.)
  - Unofficial use of Company’s property/human assets.
  - Activities violating the Company policies. (Including Code of Conduct)
  - A substantial and specific danger to public health and safety.
  - An abuse of authority or fraud
  - An act of discrimination.

The above list is illustrative and should not be considered as exhaustive.
- **“Vigil Blower”** means an employee who exposes or makes a Protected Disclosure under this policy in the hope of stopping it.

**Reporting allegations of unethical activities:**

The procedure for reporting and dealing with disclosures is given in **Annexure I**.

**Procedure to investigate alleged unethical activities:**

The following investigation process shall be adhered to in case the complaint or protected disclosure is filed:

- The Nodal Officer in consultation with the Director, will determine whether the concern or complaint actually pertains to a compliance or ethical violation through majority within 10 working days of receipt of the complaint.
- If the Nodal Officer decides that the complaint is not valid, the rationale for the decision shall be communicated to the complainant.
- If the Nodal Officer determines that the complaint is a valid compliance violation, an Investigation Committee (identified by the Board/Audit Committee) shall investigate the alleged violation.
- Investigation Committee shall file a report of the findings to the Board/Audit Committee along with any supporting evidence.
- The Investigation Committee will take all reasonable efforts to ensure that the investigation process is completed within 30 working days of the receipt of Protected Disclosure and in any case not to exceed 90 days. In case it could not be completed, it shall justify the need for extension to the Board/Audit Committee.
- The Board/Audit Committee will make a decision based on the findings reported by the Investigation committee.
- Prompt, appropriate and corrective action will be taken by the Board/Audit Committee against the accused.
- It is the discretion of the Board/Audit committee to inform the decision/action taken on the complainant.
- The identity of Subject Employee will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- Subject Employee will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- No allegation of wrongdoing against a Subject Employee shall be considered as maintainable unless there is good evidence in support of the allegation.

**Documentation and reporting:**

- The investigation report will be filed in the format attached in **Annexure II**.
- All documentation pertaining to the complaint including but not restricted to the investigation report, corrective action taken and evidence will be maintained for a period of 3 years by the Nodal Officer.
- All complaints received will be kept confidential and will be shared only on a 'Need to Know' basis.
- The Nodal Officer shall submit a report to the Board/Audit Committee on a quarterly basis which includes number of complaints received, accepted and status of pending complaints.

## **Roles and responsibilities:**

### **➤ Vigil Blower:**

- The Vigil Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case. They are expected to report instances of misconduct, unethical behavior etc., if any.
- Vigil blowers provide initial information related to a reasonable belief that an unethical activity has occurred.
- Vigil blower must provide all factual corroborating evidence and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure. An investigation will not be undertaken without verifiable support.
- Vigil blowers are not to act on their own in conducting any investigation.
- Vigil blowers have a responsibility to be candid with the Nodal Officer and Investigation committee. The person should be prepared to be interviewed by the Investigation Committee.
- The Vigil blowers will not be immune to disciplinary action if he is found guilty of or is a party to the allegations.

### **➤ Investigation Participant/Subject Employee:**

- All employees who are interviewed, asked to provide information or otherwise participate in an investigation shall have a duty to fully cooperate with the investigators during investigation to the extent that such co-operation sought does not merely require them to admit guilt.
- Participants should refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no case should the participant discuss with the investigation subject the nature of evidence requested or provided or testimony given to investigators unless agreed to by the investigators.
- Requests for confidentiality by participants will be honored to the extent possible within the legitimate needs of law and the investigation.
- Participants are entitled to protection from retaliation for having participated in an investigation

### **➤ Investigator:**

- A structured approach should be followed to ascertain the creditability of the charge.
- Ensure the confidentiality and secrecy of the issue reported and subject is maintained.
- Provide timely update to the Audit Committee/Board on the progress of the investigation.
- Ensure investigation is carried out in independent and unbiased manner.
- Document the entire approach of the investigation.

- Investigation Report including the approach of investigation should be submitted to the Audit Committee/Board with all the documents in support of the observations.

### **Vigil blower protection:**

The identity of the Vigil Blower, subject employee and any other Employee assisting the inquiry/ investigation, shall be kept confidential at all times, except during the course of any legal proceedings, where a disclosure/statement is required to be filed. Company strongly condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against the Vigil blowers for disclosures made under this policy and ensures complete protection to the genuine Vigil Blowers. Any abuse of their protection will warrant disciplinary action. No unfair treatment shall be vetted out towards the Vigil Blower by virtue of his/her having reported a protected disclosure under this policy and the Company shall ensure that full protection has been granted to him/her against:

- Unfair employment practices like retaliation, threat or intimidation of termination/suspension of services, disciplinary action including transfer, demotion, refusal of promotion, etc.
- Direct or indirect abuse of authority to obstruct the Vigil blower's right to continue performance of his duties/functions during routine daily operations, including making further disclosures under this policy. However, action will be taken against Vigil blowers making baseless allegations.

However, protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Vigil Blower knowing it to be false or bogus or with a mala fide intention. In respect of such Vigil Blowers, the Board/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

### **Disciplinary action when allegation is proved:**

- In case the Protected Disclosure is proved, as per the findings of the Committee, Disciplinary action may be taken up to and including termination and also ensure preventive measures to avoid reoccurrence of the matter.
- In case the Protected Disclosure is not proved, the matter shall be extinguished.
- During the investigation period or at any time thereafter, if any employee is found to be (a) retaliating against the complainant; (b) coaching witnesses; or (c) tampering with evidence, then it would lead to severe disciplinary action including termination of employment.
- In exceptional cases, where the Vigil Blower is not satisfied with the outcome of the investigation and the decision, he or she can make a direct appeal to the Chairman of the Board/Audit Committee.

**Action on false information/complaints given:**

An employee, who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct, shall be subject to disciplinary action, up to and including termination of employment, in accordance with Company rules, policies and procedures. Further, this policy may not be used as a defense by an employee against whom an adverse personnel action has been taken independent of any disclosure of information by him and for legitimate reasons or cause under Company rules and policies.

**Right to amendment:**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

**Policy Review:**

This policy shall be reviewed from time to time so that the policy remains compliant with applicable legal requirements and shall be kept updated as per applicable statutory guidelines.

**Scope of Limitation:**

In any circumstance where the terms of this policy differ from any existing or newly enacted law, rule, Regulation or standard governing the Company, the law, rule, Regulation or standard will take precedence over these policies and procedures until such time as this policy is changed to conform to the law, rule, regulation or standard.

Notwithstanding anything contained in this policy, the Company shall ensure compliance with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to the Company from time to time.



**PROCEDURE FOR REPORTING & DEALING WITH DISCLOSURES**

**❖ How should a Disclosure be made and to whom?**

All Protected Disclosures should be made in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English and shall be addressed to Mr. Naga Srinivasa Rao Pasam, Nodal Officer of the Company. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Vigil Blower. Anonymous disclosures will not be entertained as it would not be possible for to interview the Vigil Blowers. Letters can be submitted by hand-delivery, courier or by registered post. Emails can be sent to the Nodal Officer's official E-mail ID or such other E-mail ID as circulated in that regards.

Whilst, a disclosure should normally be submitted to the Nodal Officer, it may also be submitted directly to the Chairman of the Board/Audit Committee, when the Vigil blower feels it necessary under the circumstances. However, disclosures against any senior level employees should be sent directly to the Chairman/Executive Director/WTD of the Company.

**Details of Nodal Officer:**

Mr. Naga Srinivasa Rao Pasam

Mail Id: pnsrinivas@vreedhi.com

Add: 6-3-655/6/1, Somajiguda, Hyderabad 500082

**Details of Chairman:**

Mr. Shamik Trehan

Mail Id: shamik@vreedhi.com

Add: 6-3-655/6/1, Somajiguda, Hyderabad 500082

**❖ Is there any specific format for submitting the Disclosure?**

While there is no specific format for submitting a Disclosure, the following details MUST be mentioned:

- (a) Name, address and contact details of the Vigil blower (add Employee ID if the Vigil blower is an employee).
- (b) Brief description of the Protected Disclosure, giving the names of those alleged to have committed or about to commit the same. Specific details such as time and place of occurrence are also important.
- (c) In case of letters, the disclosure should be sealed in an envelope marked "Vigil Blower" and addressed to the Nodal Officer OR Chairman, depending on position of the person against whom disclosure is made.

❖ **What will happen after the Disclosure is submitted?**

- (a) The Nodal Officer shall acknowledge receipt of the Disclosure as soon as practical (preferably within 10 working days of receipt of a Disclosure), where the Vigil blower has provided his/her contact details.
- (b) The Nodal Officer will proceed to determine whether the allegations (assuming them to be true only for the purpose of this determination) made in the Disclosure constitute a Protected Disclosure by discussing with the Executive Director/Chairman/WTD.
- (c) Such Protected Disclosures will be thoroughly investigated by the Board/Audit Committee who may at its discretion, consider involving any Investigators for the purpose of investigation. The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact-finding process.

❖ **Reporting Channels:**

<b>Sl. No.</b>	<b>Channel</b>	<b>Information</b>	<b>Availability</b>
1.	Toll Free No.	1800 102 3799	9.30 A.M. to 6.30 P.M. from Monday to Friday
2.	Fax	040-48511133	24 hours a day
3.	Email Id	pnsrinivas@vreedhi.com	24 hours a day
4.	Post	Vreedhi Financial Services Private Limited 6-3-655/6/1, Second Floor, Somajiguda, Hyderabad, Telangana 500082	24 hours a day

**INVESTIGATION REPORT**

To,  
The Nodal Officer/Chairman  
Vreedhi Financial Services Private Limited  
Hyderabad

- ❖ **Nature of Complaint received:**
- ❖ **Background:** Brief paragraph to set scene i.e. individuals involved, working arrangements etc.
- ❖ **Outline process:** Describe actions taken to investigate.
- ❖ **Employee(s) Response:** Explanation given.
- ❖ **Supplementary Evidences:** Brief details of any witness statement(s) or corroborative evidence (if available).
- ❖ **Findings and Evaluation:** Identify whether the investigation has revealed evidence of misconduct. If so, identify the alleged misconduct (i.e. what rules or standards relating to his/her employment are the employee is alleged to have broken). The investigating officer should not come to a conclusion about whether or not the employee has actually committed the alleged offence. This is for the hearing officer to determine (if it is decided the case should progress to hearing) after a full hearing of all the evidence, including the employee's response to the allegations.
- ❖ **Appendices:** Include all information relevant to the investigation (i.e. witness statements and copies of any relevant documentation)