



**BERAR FINANCE LIMITED**

**VIGIL MECHANISM AND WHISTLEBLOWER POLICY**

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## BERAR FINANCE LIMITED

### VIGIL MECHANISM AND WHISTLEBLOWER POLICY

#### PREAMBLE:

Section 177(9) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Power) Rules, 2014 mandates following classes of companies to constitute a Vigil Mechanism:

- Every listed company;
- Companies which accept deposits from public; and
- Companies which have borrowed money from banks and public financial institutions in excess of Rupees Fifty crores.

In compliance of the above requirements, as a deposit-accepting company, Berar Finance Limited has formulated this Vigil Mechanism and Whistleblower Policy (“**Policy**”) in order to provide a framework for responsible and secure whistle-blowing.

#### POLICY OBJECTIVES:

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of its business operations. In order to maintain these standards, the Company encourages its Employees, Directors and any other person who have genuine concerns about known or suspected violation of legal and regulatory requirement, incorrect or misrepresentation of any facts, unacceptable practice, serious irregularities or illegal or unethical or any event of misconduct within the Company, to come forward and express these concerns without fear of punishment or unfair treatment.

The objectives of this Policy are as follows:

- To encourage and provide a channel to the stakeholders of the Company to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or any policy of the Company;
- To ensure that such concerns are treated seriously and appropriately; and
- To provide for adequate safeguards against victimization of persons who avail of the mechanism.
- To report to the management about unethical behavior, actual or suspected fraud or instances of leakage of unpublished price sensitive information (“UPSI”) or suspected leakage of UPSI or violation of the Code of conduct and/ or the insider trading code adopted by the Company or misrepresentation of any financial statements and reports, etc.

This Policy neither releases Employees, Directors or any other person from their duty of confidentiality in course of their work nor can be used as a route for raising malicious or unfounded allegations about a personal situation.

#### DEFINITIONS:

- “**Audit Committee**” means a committee constituted by Board of Directors of the Company in pursuance of Section 177(1) of the Companies Act, 2013.
- “**Bribery**” has the meaning assigned to it under the “ANTI-BRIBERY AND ANTI-CORRUPTION POLICY” adopted by the Company.
- “**Company**” means Berar Finance Limited and includes all its branches.
- “**Corruption**” has the meaning assigned to it under the “ANTI-BRIBERY AND ANTI-CORRUPTION POLICY” adopted by the Company.
- “**UPSI**” shall have the meaning assigned to it under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- “**Director**” means a director on the Board of the Company whether whole-time or otherwise.

- **“Employee”** means every employee in the employment of the Company.
- **“Facilitation Payments”** has the meaning assigned to it under the “Anti-Bribery and Anti-Corruption Policy” adopted by the Company
- **“Fraud”** has the meaning assigned to it under the “ANTI-BRIBERY AND ANTI-CORRUPTION POLICY” adopted by the Company
- **“Protected Disclosure”** means any concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence an unethical, illegal, improper activity or other misconduct under the section “SCOPE OF THE POLICY” with respect to the Company. It should be factual and not speculative and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- **“Subject”** means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation under this Policy.
- **“Whistleblower”** means a person or an entity making a Protected Disclosure under this Policy. A Whistleblower will include Employees, Directors or any other person as listed under the section titled “ELIGIBILITY” of this Policy.
- **“Whistleblower Officer”** means an officer appointed to receive Protected Disclosures from Whistleblower, conduct detailed investigation in relation to such Protected Disclosures, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistleblower the result thereof. The Company Secretary of the Company, or such other person as may be appointed by the Audit Committee from time to time, shall act as the Whistleblower Officer.

However, if the Protected Disclosure concerns the financial/accounting matters or where the Subject is a Director, the Chairman of the Audit Committee shall act as the Whistleblower Officer.

#### **SCOPE OF THE POLICY:**

The Policy covers disclosure of any unethical, illegal and improper practices and events which have taken place or suspected to take place involving:

- Unlawful activity (including violation of law) whether criminal, civil or regulatory;
- Abuse of authority;
- Breach of contract;
- Manipulation of Company’s data/records;
- Financial irregularities including fraud or suspected fraud, embezzlement, deficiencies in internal control or deliberate error in preparation of financial statements or misrepresentation of financial reports (for example accounting manipulation, non-compliance with internal controls procedures, misappropriation of assets or fraudulent statements);
- Leak or suspected leak of UPSI.
- Bribery, Fraud or Corruption (for example conflicts of interest, bribery, sponsorships & donations, gifts or Facilitation Payments);
- Pilferation or misappropriation of the Company's assets, funds or confidential/proprietary information;
- Breach of or failure to implement or comply with any approved policies of the Company;
- Unlawful gains arising out of Company's resources;
- Serious endangerment to the environment, health and safety;
- Activities, which otherwise by law, treaty or agreement amount to serious improper conduct (for example discriminatory practices, use of child labour, human rights violations);
- Information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed; and
- Any other unethical, biased, favored, imprudent event which affect the interest of the Company adversely and has the potential to cause financial or reputational loss.

The Whistleblower's role is that of a reporting party with reliable information. He/she is not required or expected to act as investigators or finders of facts nor would he/she determine the appropriate corrective or remedial action that may be warranted in a given case.

The Whistleblower should not act on his/her own in conducting any investigation activities nor does he/she have a right to participate in any investigating activities other than as requested by the Whistleblower Officer who may be appointed in accordance with this Policy.

The Protected Disclosure will be dealt with by Whistleblower Officer.

#### **ELIGIBILITY:**

Various stakeholders of the Company are eligible to make Protected Disclosures under the Policy. These stakeholders may fall into any of the following broad categories:

- Directors, officers, Employees (whether permanent, fixed-term or temporary), trainees, seconded staff, casual workers, volunteers and interns of the Company (collectively referred to as "**Company Personnel**");
- Employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other locations, including collection agents;
- Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company;
- Clients/customers of the Company; and
- Any other person having an association with the Company.

A person belonging to any of the above-mentioned categories can avail of the channel provided by this Policy for raising an issue covered under this Policy.

The Policy intends to cover concerns that could have serious impact on the operations and performance of the business of the Company.

#### **GUIDING PRINCIPLES:**

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

- Ensure that the Whistleblower and/or the person(s) processing the Protected Disclosure is not victimized, discharged, demoted, threatened, harassed or retaliated for doing so;
- Treat such victimization as a serious matter including initiating disciplinary action against person(s) causing or allowing such victimization;
- Ensure complete confidentiality of the name of the Whistleblower, all reports and records associated with the Protected Disclosure, except to the extent necessary to conduct a complete and fair investigation;
- Not attempt to conceal evidence of the Protected Disclosure;
- Take disciplinary action, if anyone destroys or conceals evidence of the Protected Disclosure made/to be made; and
- Provide an opportunity of being heard to the persons involved especially to the Subject.

#### **DISQUALIFICATION:**

- While it will be ensured that genuine Whistleblowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistleblower knowing it to be false or bogus or with a mala-fide intention or complaints made to settle personal grievances.
- A Whistleblower, who makes any Protected Disclosure, which has been subsequently found to be malafide, frivolous, false, malicious or without any factual substance shall be liable for disciplinary action.
- Further, this Policy may not be used as a defence by a Company Personnel against whom an adverse action has been taken, independent of any whistleblowing and for legitimate reasons or cause under the Company's rules and policies.

However, no action will be taken against anyone who makes an allegation in good faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation.

**RESPONSIBILITY OF WHISTLEBLOWER:**

The Whistleblower has the following responsibilities under this Policy:

- Bring to the early attention of the Company any unethical, illegal, improper activity or other misconduct they become aware of with respect to the Company;
- Although the Whistleblower is not required to provide proof, he must have sufficient cause for concern. Any delay in reporting may lead to loss of evidence and also lead to financial loss for the Company;
- Avoid anonymity when raising a concern;
- Follow the procedures prescribed in this Policy for making a Protected Disclosure;
- Co-operate with investigating authorities, maintaining full confidentiality;
- The intent of the Policy is to bring genuine and serious issues to the fore and it is not intended for petty disclosures. Malicious allegations by Employees or Directors may attract disciplinary action;
- A Whistleblower has the right to protection from retaliation. But this does not extend to immunity for involvement in the matters that are the subject of the allegations and investigation; and
- Maintain confidentiality of the subject matter of the Protected Disclosure and the identity of the persons involved in the alleged malpractice. It may forewarn the Subject and important evidence is likely to be destroyed.

Whistleblowers must disclose their names to allegations as follow-up questions and investigation may not be possible unless the source of the information is identified.

**PROCEDURE:**

- A Whistleblower can make a Protected Disclosure in writing to the Whistleblower Officer with a copy of the same to the Audit Committee, as soon as possible but not later than 30 consecutive days after becoming aware of the same. Such reports should be factual rather than speculative and must contain as much specific information as possible to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures.
- The Whistleblower must mention his/her name, address and contact details (employee code in case the Whistleblower is an Employee of the Company) while communicating a Protected Disclosure. Complaints expressed anonymously **WILL NOT BE** investigated. It will also provide a brief description of the alleged unethical/illegal activity or malpractice along with the names of those alleged to have committed the unethical/illegal activity or malpractice.
- Protected Disclosure can be sent in the form of letters by hand delivery, courier or by post or via emails addressed to the Whistleblower Officer. Letters should be sent in a closed envelope and should be superscribed as “*Protected Disclosure under Whistleblower Policy*” or sent through email with the subject “*Protected Disclosure under Whistleblower Policy*”.
- The contact details of the Chairman of the Audit Committee and the Company Secretary of the Company are:

<p><b><u>Chairman of the Audit Committee</u></b>                  Mr. Rajesh Vasudevan                  S/o. Vasudevan Nambissan                  C/o Berar Finance Limited,                  Avinisha Tower, Mehadia Chowk,                  Dhantoli, Nagpur-440012.                  disclosure@berarfinance.com</p>	<p><b><u>Company Secretary</u></b>                  Ms. Deepali Balpande                  W/o. Ravindra Balpande                  C/o Berar Finance Limited,                  Avinisha Tower, Mehadia Chowk,                  Dhantoli, Nagpur-440012.                  disclosure@berarfinance.com</p>
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- On receipt of the Protected Disclosure, the Whistleblower Officer shall acknowledge receipt of the Protected Disclosure within 7 days of receipt of such disclosure, detach the covering letter bearing the identity of the Whistleblower and conduct an initial enquiry into the Protected Disclosure.

**INVESTIGATION:**

- If initial enquiries by the Whistleblower Officer indicate that the Protected Disclosure 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 will be documented.

- Where initial enquiries indicate that further investigation is necessary, this will be carried out by the Whistleblower Officer or by any person/team as designated by the Audit Committee (“Investigating Officer”). The investigation would be conducted in a fair manner, as a neutral fact-finding process and without the presumption of guilt. The investigation by itself would not tantamount to an accusation.
- Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- Subjects shall have duty to co-operate with the Whistleblower Officer/Investigating Officer during investigation to the extent that such cooperation will not compromise self-incrimination protection available under the applicable laws. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witness shall not be influenced, coached, threatened or intimidated by the Subjects.
- The investigation may involve the study of documents and interviews with various individuals. Any person required to provide documents, access to systems and other information by the Whistleblower Officer/Investigating Officer for the purpose of such investigation shall do so. Individuals with whom the Whistleblower Officer/Investigating Officer requests an interview for the purposes of such investigation shall make themselves available for such interview at reasonable times and shall provide the necessary cooperation for such purpose. The investigation may involve appointment of an external agency or seeking of external legal or expert view wherever the Whistleblower Officer/Investigating Officer thinks it necessary.
- Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- The Whistleblower Officer/Investigating Officer shall make a detailed written report of the Protected Disclosure. The report will 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 Whistleblower Officer/Investigating Officer;
  - The recommendations on disciplinary action/other action/(s).
  - Finalise and submit the report to the Audit Committee within 45 days (or such other time defined/approved by the Audit Committee) of being nominated / appointed unless more time is required under exceptional circumstances.
- On submission of the report, the Audit Committee shall either:
  - In case the Protected Disclosure is proved, accept the findings of the Whistleblower Officer/Investigating Officer and take such disciplinary action as it may think fit and preventive measures to avoid reoccurrence of the matter, after providing the Subject with a reasonable opportunity of being heard;
  - In case the Protected Disclosure is not proved, extinguish the matter; or
  - Depending on the seriousness of the matter, place the matter before the Board of the Company with its recommendations and seek/extend legal help, if needed. The Board of the Company may decide the matter as it deems fit.
- If the Whistleblower Officer, the Investigating Officer or any member of the Audit Committee has conflict of interest in any given case, then he/she should recuse himself/herself and other members of the Audit Committee should deal with the matter on the hand.
- In exceptional cases, where the Whistleblower is not satisfied with the outcome of the investigation and the decision, he/she can make a direct appeal to the Managing Director of the Company.

#### **RESPONSIBILITIES OF WHISTLEBLOWER OFFICER AND AUDIT COMMITTEE:**

The following are the key responsibilities of the Whistleblower Officer, the Investigating Officer and the Audit Committee while discharging their duties under this Policy:

- Conduct the enquiry in a fair, unbiased manner;
- Ensure complete fact-finding;

- Maintain strict confidentiality;
- Decide on the outcome of the investigation, whether an improper practice has been committed and if so by whom;
- Recommend an appropriate course of action – suggested disciplinary action, including dismissal, and preventive measures; and
- Record Audit Committee deliberations and document the final report.

**PROTECTION:**

- No unfair treatment will be meted out to a Whistleblower 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 a Whistleblower. Complete protection will, therefore, be given to a Whistleblower 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 behaviour or the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistleblower may experience as a result of making the Protected Disclosure. Thus, if the Whistleblower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistleblower to receive advice about the procedure, etc.
- The identity of the Whistleblower shall be kept confidential to the extent possible and permitted under the law. Any other Employee or Director assisting in the said investigation shall also be protected to the same extent as the Whistleblower.
- If a Whistleblower faces any retaliatory action or threats of retaliatory action as a result of making a Protected Disclosure, he/she shall inform the Whistleblower Officer in writing immediately. The Whistleblower Officer will take cognizance of each and every such complaint/feedback received and investigate the same accordingly and may also recommend appropriate steps to protect the Whistleblower from exposure to such retaliatory action and ensure implementation of such steps for his/her protection.

**CONFIDENTIALITY:**

The Whistleblower, the Subject, the Whistleblower Officer, the Investigating Officer, Audit Committee and everyone involved in the investigation process shall:

- Maintain complete confidentiality/secretcy of the matter;
- Not discuss the matter in any informal/social gatherings/meetings;
- Discuss only to the extent or with the persons required for the purpose of completing the process and investigations;
- Not keep the papers relating to such investigation unattended anywhere at any time; and
- Keep the electronic mails/files in relation to such investigation under encryption/ password.

If anyone is found not complying with the above, he/she shall be held liable for such disciplinary action as is considered fit.

**DECISION AND REPORTING RESPONSIBILITIES:**

Any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

A complainant who makes false allegations of unethical & improper practices or about wrongful conduct of the Subject to the Whistleblower Officer or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

A quarterly status report on the total number of complaints received during the period under this Policy, with the summary of the findings of the Whistleblower Officer and the corrective actions taken will be sent to the Board of the Company.

The Company will review the effectiveness of and adherence to this Policy and the steps taken to implement it and report the same to the Board of the Company on an annual basis.



**ACCESS TO CHAIRMAN OF AUDIT COMMITTEE:**

The Whistleblower shall have right to access Chairman of the Audit Committee directly in all cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

**COMMUNICATION:**

Stakeholders of the Company shall be informed of the Policy by publishing on the notice board and the website of the Company.

**TRAINING:**

Training will be provided to staff on an annual basis so that they are aware of this Policy and their obligations under the Policy.

**RETENTION OF THE DOCUMENTS:**

All Protected Disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company. The documentation shall include any written submissions provided, any other documents identified in the Protected Disclosure or by the Company as relevant to the Protected Disclosure, a summary of the date and manner in which the Protected Disclosure was received by the Company and any response by the Company to the Whistleblower. All such documentation shall be retained by the Company for a period of 5 (five) years or such other period as specified by law in force, whichever is more, from the date of receipt of the Protected Disclosure. Confidentiality will be maintained to the extent reasonably practicable depending on the requirements and nature of the investigation, as indicated above. Lastly, the Company will take disciplinary action, if anyone destroys or conceals evidence of the Protected Disclosure made/to be made.

**AMENDMENT:**

The Board reserves the right to amend (either in whole or in part), suspend or rescind this Policy at any time. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to all in writing or placed on the Company's website. 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. The Company shall also review this policy on a periodic basis and at least once every year and shall notify the Employees and Directors of any changes to this Policy.

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