



BELSTAR MICROFINANCE LIMITED

**WHISTLEBLOWER /VIGIL MECHANISM POLICY**

**@Reviwed by The Board of Directors on May 09, 2023**

## Contents

1.PREFACE .....	3
2.LEGAL REQUIREMENT .....	3
3.DEFINITIONS.....	3
4.SCOPE .....	5
5.DISQUALIFICATIONS.....	5
6.PROCEDURE.....	6
a. RIGHTS AND RESPONSIBILITIES OF PARTIES INVOLVED .....	6
b. INVESTIGATION.....	7
7.DECISION .....	8
8.REPORTS.....	8
9.NOTIFICATION .....	8
10. ANNUAL AFFIRMATION.....	9
11. POWERS TO AMEND THE POLICY.....	9

## 1.PREFACE

Belstar Investment and Finance Private Limited (hereafter called “The Company”) values Spirit, Teamwork, Accountability, resourcefulness and is committed to adhere to the highest standards of Ethics and Integrity in the conduct of its business. Any actual or potential violation of these standards, 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

## 2.LEGAL REQUIREMENT

Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 mandates the following classes of companies to constitute a vigil mechanism –

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

The Company falls under category 3 and is required to have a mechanism called the ‘Whistleblower/Vigil Mechanism Policy’ for directors and employees to report concerns of unethical behavior, actual or suspected, fraud or violation of the Company’s code of conduct or ethics policy.

In view of the above this Whistleblower policy/ (hereinafter referred to as “the policy”) has been formulated to provide an opportunity to employees / vendors to report to the concerned authority, any instance of unethical, improper or any other wrongful conduct or an event that he/she becomes aware of that could affect the business or reputation of the company – whether actual or suspected, without fear of reprisal, discrimination, harassment or any other adverse consequences. The policy also provides for correction / disciplining of those responsible.

## 3.DEFINITIONS

Definitions of some of the key terms used in the policy are given below;

- i. Company: Company under this policy means “Belstar Microfinance Limited (BELSTAR)”
- ii. Employee: Employee means every employee of the company (permanent / under contract)- whether working in India or abroad, including the directors in employment with the company.
- iii. Vendor: Vendor means any supplier of goods or services to the Company
- iv. Customer: Customers means any receiver of Microfinance services from the Company
- v. Whistleblower or Complainant:  
Whistleblower or Complainant is an employee or vendor (as defined in clause (i), (ii) and (iii)) who make a protected disclosure under this policy.
- vi. Protected disclosure:

Protected disclosure means a concern raised by an employee(s) or vendor(s) or customer(s) of the Company through a written communication and made in good faith which discloses or demonstrates information about any “wrongful conduct”. Protected disclosures should be factual.

- vii. Subject: Subject means a person or group of persons against or in relation to whom a “Protected disclosure” is made or evidence is gathered during the course of the investigation.
- viii. Managerial Personnel: Managerial Personnel shall include the Managing Director, all Executive Directors, all Executives at one level below Executive Directors and Functional Heads at the corporate level.
- ix. Good Faith: An employee / vendor 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 concerned employee / vendor does not have personal knowledge of a factual basis for the communication or where the employee / vendor knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.
- x. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013
- xi. Competent Authority:
  - (a) Where the complaint pertains to general functioning of the department or to any “Subject”, within the department, the Competent Authority will be the “Ethics counselor “of the concerned department.
  - (b) Where the “Subject” involved is a Functional Head, the Competent Authority will be the Managing Director of the Company.
  - (c) Where the “Protected Disclosure” involves financial / accounting matters, or the “Subject” is any Managerial Personnel, or in other exceptional cases, the Competent Authority will be the Managing Director of the Company.
  - (d) Contact details of the Ethics Counselor/ Whistleblower officer of the Company are as under:

**Name and Address:**

G Parthasarathy  
Chief Risk Officer,  
Belstar Microfinance Ltd,  
4/14, MV Square, Soundarapandian Street,  
Ashok Nagar,  
Chennai – 600083  
E mail – [parthasarathy.g@belstar.in](mailto:parthasarathy.g@belstar.in)

- (e) If the Whistleblower / subject / persons assisting the case are aggrieved by the finding / report of the Competent Authority, then he / she may approach the Audit Committee directly.

xii. Wrongful Conduct:

Any one or more of the following may constitute “Wrongful conduct”;

- (a) An act which does not conform to the approved standard of social or professional behavior.
- (b) Morally offensive behavior.
- (c) Any act against the accepted business practice of the company.
- (d) Any violation of law.
- (e) Misuse or abuse of authority.
- (f) Fraud or suspected fraud.
- (g) Misuse of confidential / proprietary information.
- (h) Any act causing substantial danger to public health and safety.
- (i) Any other acts that affect the business / reputation of the company.

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and RBI Act and / or any other regulation(s) applicable to the company as amended from time to time.

#### 4.SCOPE

Various stakeholders of the company are eligible to make protected disclosures under this policy. The Stakeholders may fall into any of the following category:

- (a) Employee(s) of the Company
- (b) Employee(s) of other agencies deployed for the Company’s activities
- (c) Vendors / customers/ suppliers / contractors working with the Company.
- (d) Any other person associated with the company.

Any of the above stakeholders or any person against whom a complaint has been made, who faces harassment / reprisal / adverse consequences as a result of a protected disclosure under this policy may approach the Managing Director of the Company directly for remedy.

Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Investigator or the Audit Committee or the Investigators.

#### 5.DISQUALIFICATIONS

1. Though the policy encourages anonymous disclosures, it is not possible to interview the Whistleblower or provide protection to him / her under this policy
2. While it will be ensured that the Whistleblowers will be protected from any adverse consequences / discrimination, any misuse / abuse of this protection will warrant strict disciplinary action.

3. This policy does not protect an employee from an adverse action which occurs independent of his disclosure of unethical and improper practice or alleged wrongful conduct, poor job performance, any other disciplinary action, etc. unrelated to a disclosure made pursuant to this policy.
4. Whistleblowers, who make three or more Protected Disclosures, which have been subsequently found to be mala fide, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistleblowers, the Competent Authority would reserve its right to take/recommend appropriate disciplinary action.
5. 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.

## 6. PROCEDURE

### *a. RIGHTS AND RESPONSIBILITIES OF PARTIES INVOLVED*

- 1) All Protected Disclosures should be in writing to ensure clear understanding of the issues raised and should either be handwritten or typed in English or regional language of the place residence of the Whistleblower or may be sent by e-mail. Handwritten / typed letters may be sent through any post or courier.
- 2) Though there is no specific format for making a protected disclosure, it should be substantiated by appropriate evidence. The disclosure should be made as soon as possible but not later than 45 consecutive calendar days after the Complainant becomes aware of the same.
- 3) The identity of the Whistleblower / Subject / any other person assisting the investigation should be kept confidential unless and otherwise required by any law in force.
- 4) Protected Disclosures should be factual and not speculative or 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 and the urgency of a preliminary investigative procedure.
- 5) Subjects will normally be informed of the allegations without disclosing the identity of the Whistleblower at the outset of a formal investigation and will be given opportunities for providing his inputs pertaining to the case.
- 6) Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- 7) 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.

- 8) Whistleblower / Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the parties involved should be consulted as to whether public disclosure of the investigation results would be in the best interest of the parties and the Company.

## ***b. INVESTIGATION***

- 1) The Competent Authority will start an investigation only after a preliminary analysis that:
  - a. The protected disclosure has been made in:
    - i. Good Faith
    - ii. The whistleblower reasonably believes that the information / allegations contained therein are reasonably true and
    - iii. The whistleblower is not acting for personal gain.
  - b. The protected disclosure constitutes a 'wrong doing' under this policy
  - c. The allegations are supported by information adequate / appropriate enough to be investigated.
- 2) A Whistleblower 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.
- 3) The Competent Authority shall acknowledge receipt of disclosure within 7 days of the receipt of the disclosure if the contact details of the Whistleblower are provided.
- 4) The Competent Authority may appoint any person not related to the case to assist him with the proceedings. However, any investigation under this policy should be conducted directly by the Competent Authority.
- 5) The investigation may involve study of documents and interviews with various individuals. Any person required to provide documents, access to systems and other information by the Competent Authority for the purpose of such investigation shall do so. Individuals with whom the Competent Authority 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.
- 6) All the proceedings / findings of the investigation should be properly documented and kept confidentially for a minimum period of 7 years from the end of investigation or for such further period as may be decided.
- 7) The investigation shall be conducted in a timely manner (normally within 45 days of the receipt of the protected disclosure) and a written report be submitted to the Audit Committee with all the proofs and recommendations of the Competent Authority.

- 8) The final decision on the action to be taken in each case will be made by the Audit Committee based on the recommendations of the Competent Authority. Any action taken may conform to the Company's applicable personnel or staff policies and disciplinary procedures.
- 9) If any member of the Audit Committee has a conflict of interest in any given case, then he/she should excuse himself/herself and the other members of the Audit Committee should deal with the matter on hand.
- 10) If any instance of harassment / reprisal / adverse consequences is reported by the Whistleblower / subject / other persons who assist in the case as a result of making a protected disclosure, the Competent Authority should take cognizance of the same and the matter should be immediately reported to the Managing Director of the Company . The Managing Director shall investigate into the same and recommend suitable action to the management.

## 7.DECISION

If an investigation leads the Ethics Counsellor / Managing Director to conclude that an improper or unethical act has been committed, the Ethics Counsellor / Managing Director shall recommend to the management of the Company to take such disciplinary or corrective action as the Ethics Counselor / Managing Director deems fit. It is clarified that 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.

## 8.REPORTS

- a) The Ethics Counsellor shall submit a report to the Audit Committee on a regular basis about all Protected Disclosures referred to him since the last report together with the results of investigations, if any.
- b) A quarterly status report on the total number of complaints received if any and the status of each complaint with the summary of findings must be submitted to the Board by the Chairman of the Audit Committee.

## 9.NOTIFICATION

All departmental heads are required to notify & communicate the existence and contents of this policy to the employees of their department. Every departmental head shall submit a certificate duly signed by him to the Compliance Officer that this policy was notified to each employee of his department. The new employees shall be informed about the policy by the HR department and statement in this regard should be periodically submitted to the Compliance Officer.

This policy as amended from time to time shall be made available at the internet site of the Company which is accessible to its employees/vendors/ customers/associates.



## 10. ANNUAL AFFIRMATION

The Company shall annually affirm that it has not denied any personnel access to the Audit Committee and that it has provided protection to whistle blower from adverse personnel action.

The affirmation shall form part of the Corporate Governance report as attached to the Annual Report of the Company.

## 11. POWERS TO AMEND THE POLICY

The Board of Directors is entitled to make amendments to this policy and to establish further rules and regulations for the effective implementation of this policy as required from time to time. Such amendments will become effective only upon being communicated in writing to the stakeholders.

While care has been taken to provide an exhaustive procedure for the implementation of this policy, ambiguities which are not addressed in this policy will be investigated / proceeded with keeping in mind the scope and intent of this policy.

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