



**Spandana Sphoorty Financial Limited**

**Vigil Mechanism / Whistle-Blower Policy**

**Version: 3**

**Date of Implementation: April 01, 2019**

Contents	PageNo.
1. Background	2
2. Policy Objectives	2
3. Scope of the Policy	3
4. Definitions	3
5. Eligibility	4
6. Receipt and Disposal of Protected Disclosures	4
7. Investigation	5
8. Protection	6
9. Secrecy / Confidentiality	6
10. Decision	6
11. Reporting	7
13. Communication	7
14. Retention of Documents	7
15. Administration and Review of the Policy	7
16. Amendment	7

## 1. Background

1.1 Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, prescribe that (a) every listed company, (b) the companies which accept deposits from the public and (c) the companies which have borrowed money from banks and public financial institutions in excess of Rupees Fifty Crores, shall establish a whistle-blower policy / vigil mechanism for the directors and employees to report genuine concerns or grievances ("**Policy**" / "**Vigil Mechanism**" / "**Whistle-Blower Policy**"). The vigil mechanism shall provide for adequate safeguards against victimization of employees and directors who avail the vigil mechanism and also provide for direct access to the chairperson of the audit committee of the company, in appropriate or exceptional cases.

1.2 Further, in terms of Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended on November 30, 2018, (hereinafter referred to as "**Listing Regulations**"), Spandana Sphoorty Financial Limited ("**Company**") is required to formulate a vigil mechanism for directors and employees to report genuine concerns.

1.3 In terms of Regulation 9A(6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended on December 31, 2018, (hereinafter referred to as the "**Insider Trading Regulations**"), the Company is required to formulate a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information ("**UPSI**").

1.4 The Company has adopted a Fair Practices Code ("**FPC**"), a Unified Code of Conduct ("**CoC**") of Sa-Dhan and MFIN, a Code of Practices and Procedures for Fair Disclosure of UPSI and a Code of Conduct for Prohibition of Insider Trading and Internal Procedures as required under Insider Trading Regulations, which lays down the framework for prohibition of insider trading securities and to strengthen the legal framework. Any actual or potential violation of the Insider Trading Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The vigil mechanism policy provides for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

## 2. Policy Objectives

We are committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct and/ or who have witnessed or have knowledge of instances of leak of UPSI or have concerns about suspected leakage of UPSI to come forward and express these concerns without fear of punishment or unfair treatment. A vigil (whistle-blower) mechanism provides a channel to the employees and Directors to report to the management about unethical behavior, actual or suspected fraud or instances of leakage of UPSI or suspected leakage of UPSI or violation of the code of conduct and/ or the insider trading code adopted by the Company. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee / Managing Director of the Company in exceptional cases.

### 3. Scope of the Policy

This Policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company and malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, instances of leakage of UPSI or suspected leakage of UPSI, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle-blowers concerning its employees. 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.

### 4. Definitions

**“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 and in compliance with RBI Guidelines on Corporate Governance for NBFCs.

**“Code”** means the FPC and COC adopted by Spandana for conduct of its Directors and Employees.

**“Company”** means “Spandana Sphoorty Financial Limited.

**“Disciplinary Committee”** means a committee comprising of the Managing Director (MD), Head of HR, Head of Risk, Head of Internal Audit and representative of the Complaints Department.

**“Employee”** means every employee of the Company, including the Directors in the employment of the Company.

**“Insider Trading Code”** means Code of Conduct for regulating, monitoring and reporting of trading by Designated Persons and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information adopted by the Company.

**“Policy”** means the Vigil Mechanism/ Whistle-Blower Policy of the Company.

**“Protected Disclosure”** means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. The protected disclosure should be factual and not speculative in nature.

**“Subject”** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

**“Unpublished Price Sensitive Information/ UPSI”** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions; and
- (v) changes in key managerial personnel.

“**Whistle and Ethics Officer**” means an officer of the company nominated by Competent Authority to conduct detailed investigation under this policy and to receive protected disclosure from Whistle-Blowers, maintain record thereof, placing the same before the Disciplinary Committee for its disposal and informing the Whistle-Blower the results thereof.

“**Whistle-Blower**” means an Employee or a director making a Protected Disclosure under this Policy.

## 5. Eligibility

All Employees of the Company and various stakeholders of the company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

## 6. Receipt and Disposal of Protected Disclosures

All Protected Disclosures should be reported in writing by the complainant as soon as possible after the Whistle-Blower becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English.

The Protected Disclosure should be submitted in a closed and secured envelope. Alternatively, the same can also be sent through email with the subject “**Complaint under the Vigil Mechanism/ Whistle-Blower Policy**”. If the complaint is not superscribed and closed as mentioned above, it will not be possible for the Disciplinary Committee to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure. In order to protect identity of the complainant, the Whistle & Ethics Officer will not issue any acknowledgement to the complainants and they are advised neither to write their name/address on the envelope nor enter into any further correspondence with the Whistle and Ethics Officer. The Whistle and Ethics Officer shall assure that in case any further clarification is required he will get in touch with the complainant.

The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The Whistle and Ethics Officer or MD as the case may be, shall detach the covering letter bearing the identity of the Whistle-Blower and process only the Protected Disclosure.

All Protected Disclosures should be addressed to the Whistle and Ethics Officer of the Company or to the MD in exceptional cases. The Company Secretary and Compliance Officer of the Company shall be the designated Whistle & Ethics Officer of the Company. The contact details of the Whistle and Ethics Officer are asunder:-

**Name and Address** – Company Secretary and Compliance Officer

Spandana Sphoorty Financial Limited, Plot No.31 & 32, Ramky Selenium Towers, Tower A, Ground Floor, Financial District, Nanakramguda, Hyderabad – 500032 Telangana.

**Email-** [vigil@spandanaindia.com](mailto:vigil@spandanaindia.com)

Protected Disclosure against the Whistle and Ethics Officer should be addressed to the Managing Director of the Company and the Protected Disclosure against the Managing Director of the Company should be addressed to the Audit Committee.

**Name and Address of MD of the Company:**

Mrs. Padmaja Gangireddy, Managing Director,

Spandana Sphoorty Financial Limited, Plot No.31 & 32, Ramky Selenium Towers, Tower A, Ground Floor, Financial District, Nanakramguda, Hyderabad – 500032 Telangana.

**Email-** [padmaja.reddy@spandanaindia.com](mailto:padmaja.reddy@spandanaindia.com)

**Contact details of the Audit Committee:**

Chairman/Chairperson, Audit Committee,  
Spandana Sphoorty Financial Limited, Plot No.31 & 32, Ramky Selenium Towers, Tower A, Ground  
Floor, Financial District, Nanakramguda, Hyderabad – 500032 Telangana

**Email-** [secretarial@spandanaindia.com](mailto:secretarial@spandanaindia.com)

On receipt of the protected disclosure the Whistle and Ethics Officer / MD / Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. The record will include:

- Brief facts;
- Whether any enquiry is conducted or any information on the protected disclosure;
- Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- Whether the same Protected Disclosure was raised previously on the same subject;
- Details of actions taken by Whistle and Ethics Officer / Managing Director/ Audit Committee for processing the complaint;
- Findings of the Disciplinary Committee; and
- The recommendations of the Disciplinary Committee / other action(s).

The Disciplinary Committee, if deems fit, may call for further information or particulars from the complainant.

**7. Investigation:**

All Protected Disclosures reported under this Policy will be thoroughly investigated by the Whistle and Ethics Officer of the Company who will investigate / oversee the investigations under the authorization of the Disciplinary Committee. Disciplinary Committee / Whistle and Ethics Officer may at its discretion consider involving any investigators for the purpose of Investigation.

The decision to conduct an investigation taken into a Protected Disclosure by itself is not an acceptance of the accusation by the Authority and is to be treated as a neutral fact-finding process because the outcome of the investigation may or may not support accusation.

The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of the investigation.

Unless there are compelling reasons not to do so, Subjects will be given reasonable opportunity for hearing their side during the investigation. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

Subjects shall have a duty to co-operate with the Whistle and Ethics Officer / Disciplinary Committee during investigation to the extent that such co-operation sought does not merely require them to admit guilty.

Subjects shall have right to access any document/ information for their legitimate need to clarify/ defend themselves in the investigation proceedings.

Subjects shall 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.

Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subjects shall be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.

Whistle and Ethics Officer shall normally complete the investigation within 30 days of the receipt of protected disclosure.

In case allegations against the subject are substantiated by the Whistle and Ethics Officer in his report, the Disciplinary Committee shall give an opportunity to Subject to explain his side.

#### **8. Protection:**

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-Blowers. Complete protection will, therefore, be given to Whistle-Blowers against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion 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 Audit Committee, who shall investigate into the same and recommend suitable action to the management.

The identity of the Whistle-Blower shall be kept confidential to the extent possible and permitted under law. The identity of the complainant will not be revealed unless he himself has made either his details public or disclosed his identity to any other office or authority. In the event of the identity of the complainant being disclosed, the Audit Committee is authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure. The identity of the Whistle-Blower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement agencies, in which case members of the organization are subject to subpoena.

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

#### **9. Secrecy / Confidentiality:**

The complainant, Whistle and Ethics Officer, members of Audit Committee, the Subject and everybody involved in the process shall:

- Maintain confidentiality of all matters under this Policy;
- Discuss only to the extent or with those persons as required under this policy for completing the process of investigations;
- Not keep the papers unattended anywhere at anytime; and
- Keep the electronic mails / files under password.

#### **10. Decision:**

If an investigation leads the Whistle and Ethics Officer / Disciplinary Committee to conclude that an improper or unethical act has been committed, the Whistle and Ethics Officer / Disciplinary Committee shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem 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.

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. A complainant who makes false allegations or repeated frivolous complaints of unethical & improper practices or about alleged wrongful conduct of the subject to the Whistle and Ethics Officer or the Audit Committee shall be subject to appropriate disciplinary action including reprimand, in accordance with the rules, procedures and policies of the Company.

#### **11. Reporting:**

The Whistle & Ethics officer shall submit a report to the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

#### **12. Access to the Audit Committee:**

The Whistle-Blower shall have right to access of the Audit Committee directly in exceptional cases and the Audit Committee is authorized to prescribe suitable directions in this regard.

#### **13. Communication:**

A Whistle-Blower policy cannot be effective unless it is properly communicated to employees. The policy should be published on the website of the company and in the report of the board of directors of the Company.

#### **14. Retention of Documents:**

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 7 (seven) years or such other period as specified by any other law in force, whichever is more.

#### **15. Administration and Review of the Policy:**

A quarterly report about the functioning of the Vigil Mechanism shall be placed before the Audit Committee. A quarterly status report on the total number of compliant received if any during the period with summary of the findings of Whistle and Ethics Officer / Managing Director and corrective steps taken should be send to the Audit Committee of the company. The Audit Committee shall be responsible for the administration, interpretation, application and review of this policy.

#### **16. 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.

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