

# VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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V.3	30-05-2019
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V.5	29-06-2021
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## SONATA FINANCE PRIVATE LIMITED

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## 1. Preface

- 1.1 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 behaviors, 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.
- 1.2 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter alia, contains similar requirement for establishment of an effective vigil mechanism/whistle blower policy enabling the stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal and unethical practices.
- 1.3 Further the SEBI (Prohibition of Insider Trading) Regulations, 2015 require every listed company to have a whistle-blower policy and to make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.
- 1.4 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; Regulation 22 of Chapter IV of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Clause 9A of Chapter IV of the SEBI (Prohibition of Insider Trading) Regulations, 2015, **Sonata Finance Pvt. Ltd.** (*hereinafter referred to as the "Company"*) has formulated this Vigil Mechanism/Whistle Blower Policy in compliance thereto.

## 2. Objective of the Policy

- 2.1 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.
- 2.2. 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.
- 2.3 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.
- 2.4 Accordingly, this Vigil Mechanism/ Whistle Blower Policy ("the **Policy**") has been formulated with a view to provide a mechanism for employees of the Company to

approach **Head of Internal Audit Department** (*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.

2.5 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 whistleblowers are protected from retribution, whether within or outside the organisation.

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

### 3. Definitions

3.1 **"Alleged wrongful conduct"** shall mean violation of applicable laws to the Company, infringement of Company's rules, misappropriation of monies, substantial and specific danger to public health and safety non-adherence to the Code or abuse of authority.

3.2 **"Audit Committee"** means a Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

3.3 **"Board"** means the Board of Directors of the Company.

3.4 **"Code"** means The Code of Conduct for employees adopted by the Company, enclosed as **Annexure 1**

3.5 **"Company"** means **"Sonata Finance Private Limited"** a Company registered under the provisions of the Companies Act, 1956 having its registered office at II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow-226026 (Uttar Pradesh) and all its offices/divisions.

3.6 **"Directors"** means a director other than Managing Director or Executive Director of the Board of the Company.

3.7 **"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.

3.8 **"Employee"** means (i) every employee of the Company, including the Directors of the Company (ii) Key Managerial Personnel as defined under relevant provisions of the Companies Act, 2013 or any amendment or modification thereof.

3.9 **"Good Faith"**: 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.

- 3.10 **"Protected Disclosure"** means any communication made in good faith that discloses or demonstrates an intention or evidence of an ongoing spurious / unethical activity or any condition that may preempt occurrence of such activities.
- 3.11 **"Subject"** means a person or group of persons against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation under this Policy.
- 3.12 **"Vigilance Officer"** means an officer appointed to receive protected disclosures from Whistle Blower, maintaining records thereof, to conduct detailed investigation of the disclosure received from the whistleblower and placing the same before the Audit Committee for its disposal and informing the Whistle Blower about the result thereof.
- 3.13 **"Whistle Blower"** means an employee/director or group of employees/director(s) or their representative bodies who makes a Protected Disclosure under this policy and also referred in this policy as complainant.

## 4. The Guiding Principles

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

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

## 5. Scope of Policy

- 5.1 The Policy covers malpractices and events which have taken place/ suspected to take place involving:
- a) Alleged wrongful conduct
  - b) Abuse of authority
  - c) Breach of contract

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

5.2 Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

## 6 Disqualification

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

- 6.1 Bringing to light personal matters regarding another person, which are in no way connected to the organization.
- 6.2 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.
- 6.3 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.
- 6.4 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.
- 6.5 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.

## 7 Eligibility

All employees of the Company including Directors or their representative bodies are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

## 8 Anonymous Allegation

Whistle blowers must put their names to allegations as follow-up questions. Investigation may not be possible unless the source of the information is identified. Disclosures expressed anonymously will ordinarily NOT be investigated.

## 9 Access to Chairman of the Audit Committee

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

## 10 Procedure

- 10.1 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.
- 10.2 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. The contact details of the Vigilance Officer is as under:-

**Mr. Tarun Kumar Shrivastava**  
**Head, Internal Audit Department**  
**Sonata Finance Pvt. Ltd.**  
**II Floor, CP-1, PG Towers, Kursi Road, Vikas Nagar, Lucknow- 226026 (UP)**  
**Email: -[tarun.shrivastava@sonataindia.com](mailto:tarun.shrivastava@sonataindia.com)**  
**Contact No. +91 8400 333 781**

**And email Id of Chairman of the Audit Committee is as under:**  
[cac@sonataindia.com](mailto:cac@sonataindia.com)

- 10.3 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.
- 10.4 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.

- 10.5 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.
- 10.6 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.
- 10.7 The Vigilance Officer shall make a detailed written record of the Protected Disclosure. The record will, inter alia, include:
- (a) Facts of the matter;
  - (b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
  - (c) Whether any Protected Disclosure was raised previously against the same Subject;
  - (d) The financial/otherwise loss which has been incurred/would have been incurred by the Company;
  - (e) Findings of the Vigilance Officer/investigation person; and
  - (f) The recommendations of the Vigilance Officer on disciplinary/other action(s).
- 10.8 Investigations must begin within 7 days of the receipt of the complaint in writing
- 10.9 Vigilance Officer/Committee shall finalize and submit the report to MD or the Audit Committee within **30** days of being nominated/ appointed.
- 10.10 On submission of report, MD or Chairman of Audit Committee shall discuss the matter with Vigilance Officer/Committee, who shall either:
- 10.10.1 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;
  - 10.10.2 In case the Protected Disclosure is not proved, extinguish the matter;
  - 10.10.3 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.
- 10.11 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 the

Chairman of the Audit Committee.

- 10.12 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.

## **11 Protection to Whistle Blower**

- 11.1 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.
- 11.2 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.
- 11.3 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.
- 11.4 Any other Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.

## **11. Secrecy/Confidentiality**

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

- a. Maintain complete confidentiality/ secrecy of the matter.
- b. Not discuss the matter in any informal/social gatherings/ meetings.
- c. Not discuss the matter with any other person other than one required for enquiry/investigation into the matter.



- d. Discuss only to the extent or with the persons required for the purpose of completing the process and investigations.
- e. Ensure secrecy of the whistle blower, subject, protected disclosure, investigation team and witnesses assisting in the investigation should be maintained.
- f. Keep the documents, emails, records related to the matter confidential.
- g. Not keep the papers unattended anywhere at anytime.

## **12. 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.

## **13. 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.

## **14. Access to Reports and Documents**

All reports and records associated with "Disclosures" are considered confidential information and access will be restricted to the Whistleblower, 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.

## **15. Communication**

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

## **16. 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 8 (eight) years or such other period as specified by any other law in force, whichever is more.

## **17. 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.

## **ACKNOWLEDGEMENT AND AGREEMENT REGARDING THE VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

This is to acknowledge that I have received a copy of the Company's Vigil Mechanism/Whistle Blower Policy. I understand that compliance with applicable laws and the Company's Code of Conduct is important and as a Company, the integrity of the financial information of the Company is paramount.

I further understand that the Company is committed to a work environment free of retaliation whenever an employee makes a good faith report regarding such concerns. Accordingly, I specifically agree that to the extent that I reasonably suspect there has been a violation of applicable laws or the Company's Code of Conduct including any retaliation related to the reporting of such concerns, I will immediately report such conduct in accordance with the Company's Whistle Blower Policy. I further agree that I will not retaliate against any employee for reporting a reasonably suspected violation in good faith.

I understand and agree that to the extent I do not use the procedures outlined in the Vigil Mechanism/Whistle Blower Policy, the Company and its officers and directors shall have the right to presume and rely on the fact that I have no knowledge or concern of any such information or conduct.

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Employee's Name

\_\_\_\_\_  
Date

## **Employee Code of Conduct**

This Code of Conduct is applicable to all employees of the Company. The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations, and with the highest standards of business practices and ethics. The issues covered in this Code are of utmost importance to the Company, its employees, and members.

All employees of the Company have a responsibility to carry out their duties in an honest and within the scope of their authority. They are entrusted with and are responsible for the working in accordance with company's vision and mission in an honest, fair, diligent, and ethical manner.

The purpose of this Code of Conduct is to:

- Encourage high standards of honesty, integrity and ethics among the employees of the Company.
- Encourage observance of standards to protect the interests of employees, and members.
- Give guidance to all the staff on the standards of conduct required by the Company.
- Achieve responsible use of and control over all the assets and resources employed or entrusted.
- Give an indication so as to what actions would constitute as "Breaches of Conduct".
- Describe the actions that company would take as consequences of breaches of conduct, and relative seriousness of those actions
- Explain the rights of staff.

This Code of Conduct will help in creating confidence among the Company's employees and its members and the society at large with respect to the dependability and sincerity of the Company.

### **Objectives:**

This policy is written so as to act as guide for all staffs of the Company towards their conduct in and outside official premises. The policy is designed to ensure that Company's staff operates efficiently and effectively and are treated fairly and equitably. It is an effort to explain the Company's position clearly so that disciplinary action does not come as a surprise to staff.

This Code of Business Conduct and Ethics describes and summarises the standards of business conduct for the staffs and also highlights the importance of ethical value in conducting the business affairs of the Company.

### **Code of Conduct:**

Staff is expected to act honestly, conscientiously, reasonably and in good faith at all times having regards to their responsibilities, the interests of the Company and the welfare of colleagues and clients.

All staff of the Company is required to carry themselves in a manner so as to make a positive impression about the company. The following points summarize the manner in which an employee must conduct himself/herself:

- Language to be used by staff for their colleagues in or outside official premises should be mutually respectable.
- Staff must always use utmost respectable language while talking to or about clients.
- Official premises must strictly be used for only and only official purposes.
- Staff must be neatly dressed and well behaved in field and official premises.
- Seniors must always be ready to help the junior employees in carrying out their duties and must always set an example for juniors to follow in terms of efficiency and conduct
- All staff is expected to ensure proper safety of all office documents. Staff must take special care of cash in hand and the cheques kept at unit office. Only the authorized staff may have access to cashbox and cheques.

Above points are meant to be just an indicator for every staff. Staff must always behave, act in such a manner so as to bring tangible or intangible benefit to company.

Following would be viewed as serious violation of code of conduct for the staff of the Company.

- Using of abusive language, passing obscene comments and/or gestures or any such act which may violate an individual's dignity.
- Usage of any foul language and/or any act in field even if they are provoked to do so by anyone directly or indirectly linked to members.
- Embezzlement and/or misappropriation of client and/or Company money
- Usage of official premises for unofficial and/or personal work. Carrying out nefarious activities like drinking in official premises, whether during or after official hours and/or even during holidays.
- Carrying out nefarious activities in or outside office premises during office time while being on duty.
- Using of client for personal and/or unofficial work at any instant of time.
- Asking personal favours from clients at any instant of time.
- Indulging in any such acts which violates operational policy like having personal relationship with clients.
- Showing disrespect to juniors, colleagues, seniors through various gestures, actions, words etc.

Each and every staff is duty bound to disclose/report any violation in the code of conduct by any other colleague of him/her in the work place and/or in other Units, Branches, LHO, near his/her place of residence or anywhere else'. Breach of this code would be considered an equal level of breach of the code of conduct and he/she would be considered AT PAR WITH PERSON VIOLATING THE CODE

Above is just an indicative and not exhaustive list of misconduct. Unless a matter is so serious as to warrant instant dismissal, staff are entitled to be warned about disciplinary breaches and told of the manner in which their performance or conduct must improve.

Upon receiving complaint against any staff, management would conduct an in-depth enquiry covering all stated and unstated aspects of complaint. Concerned staff would be given sufficient time and chance to give his/her response. Company reserves right to ask for resignation or terminate any staff indulging in above mentioned acts and/or any such similar act and/or any

act which may bring disrepute of any sort or loss of any kind to company.

### **Disciplinary Actions:**

Various types of Disciplinary actions that may be taken by company:

- Oral warning
- Asking for written explanation
- Issuing explanation letter
- Issuing warning letter
- Issuing show cause notices
- Issuing suspension letters
- Asking employee to resign
- Issuing termination letters

Above list is of increasing severity. Type of disciplinary action that may be taken by company depends upon:

- **Severity of misconduct:** In cases of serious misconduct like Embezzlement and/or misappropriation of client and/or Company money, company reserves the right to take any disciplinary action which may go to extent of issuing termination letter.
- **Frequency of misconduct:** In case a staff commits misconduct of lesser severity too frequently, company may take action of higher intensity likewise if an employee has been issued 5 explanation letters, company may issue him a suspension letter in case he/she commits misconduct for sixth time.

### **Rights of Staff:**

Following are the rights a staff has in case of disciplinary action of any kind is taken:

- Full explanation of the actions /events leading to disciplinary action.
- Being heard by top management of company.
- Sufficient time and chance to respond to the disciplinary action.

Company would take disciplinary action against any employee only if it is confirmed that the employee has violated this Code of Conduct.

**Format for Whistle Blowing**

<b>Date</b>	
<b>Name of the Employee/Director</b>	
<b>E-mail id of the employee/Director</b>	
<b>Communication Address</b>	
<b>Contact No</b>	
<b>Subject matter which is reported</b>	
<b>(Name of the person/ event focused at)</b>	
<b>Brief about the concern</b>	
<b>Evidence (enclose, if any)</b>	

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