



VIGIL MECHANISM / WHISTLE BLOWER
POLICY

2023

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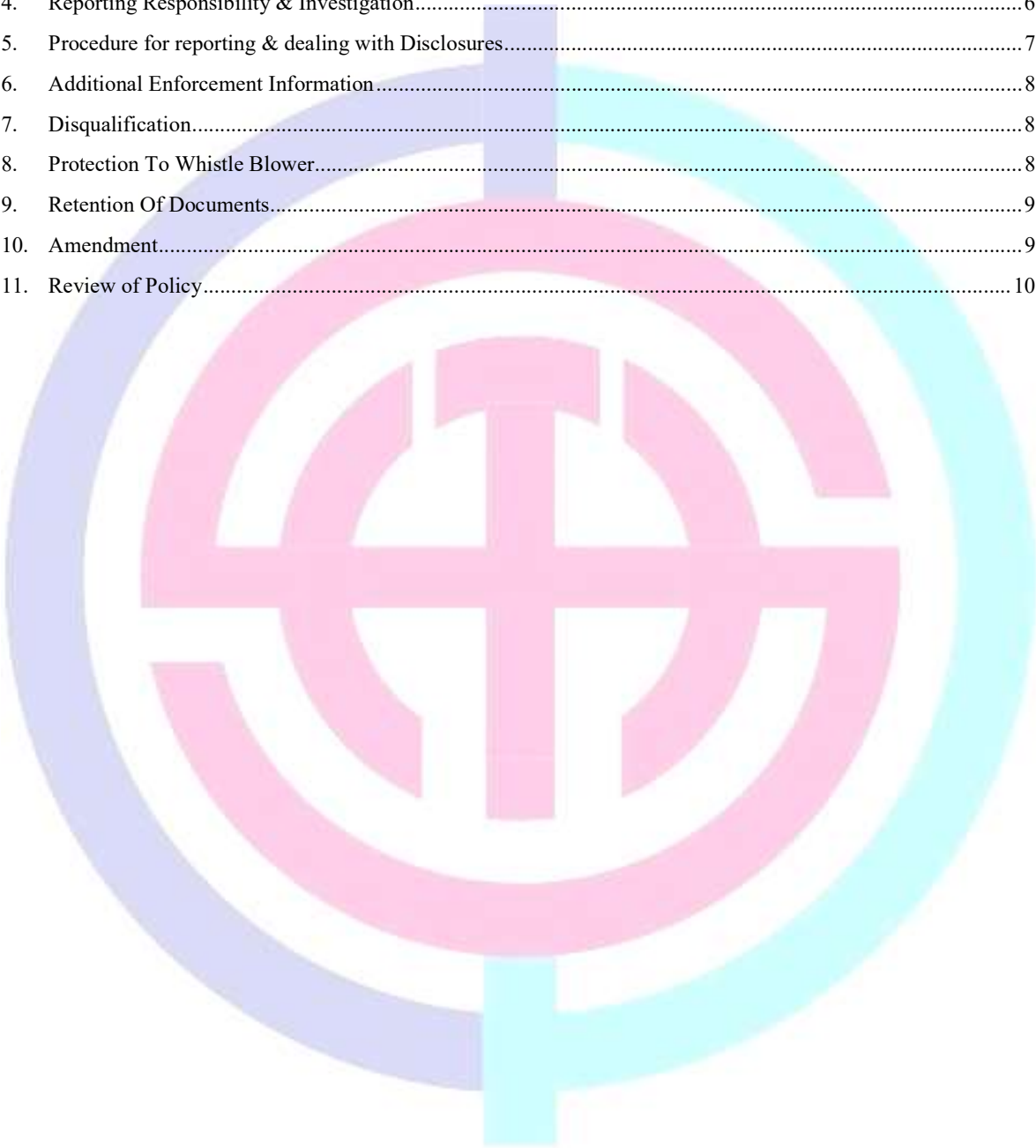
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Changes during the year

Date of Issuance	Circular No.	Circular Name

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1. Preface

The Company believes in the conduct of its business in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Any actual or potential violation of any Policy/Code of the Company, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Whistle Blower in pointing out such violations of the Code of the Company cannot be undermined. In many cases, a violation does not affect an individual directly, but is detrimental to the organisation's interest. When a Whistle Blower sees violations of integrity norms, he/she may not be directly aggrieved, but may have information that the organisation's interests are being compromised on account of unethical behaviour, suspected or actual fraud, violation of any Policy/Code of the Company etc. Individuals hesitate to report such violations out of fear or indifference. The Whistle Blower policy provides a mechanism for an individual to report violations without fear of victimization.

The Company has a duty to ensure that it has an adequate vigil mechanism to address all complaints related to questionable practices, internal controls, auditing matters, or the reporting of all information to the shareholders, the regulators and/or the government and the financial markets. Such a mechanism should allow the Whistle Blower to make a disclosure internally of such matters without fear of reprisal, discrimination or adverse employment consequences and address the disciplining of those responsible. The Whistle Blower Policy / Vigil Mechanism is established as required under Section 177 of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time.

In accordance with the RBI Circular on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ('RBI SBR Framework'), the Company as Standalone Primary Dealer shall always remain within the NBFC Middle Layer (NBFC-ML) and shall be required to adhere with the regulatory provisions applicable to a NBFC-ML. This Whistle Blower Policy / Vigil Mechanism shall also form part of compliance with the Clause 3.2.3 (i)(ii) of the said RBI SBR Framework.

This mechanism shall provide adequate safeguards against victimisation of a Whistle Blower and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

2. Definitions

The definitions of some of the key terms used in this Policy are given below.

"Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with the Companies Act 2013 and the rules framed thereunder, as amended from time to time.

"Code" means Fair Practices Code, Code of Conduct pertaining to all employees, Code of Conduct pertaining to the Directors or any other Code as may be prescribed by the Company and/or any other act, rules, etc. and as amended from time to time.

"Director" means a director appointed to the Board of a Company and as defined under the Companies Act, 2013

"Employee" means every employee of the Company, including the Directors in the employment of the Company (Whole Time Director/Managing Director).

"Investigators" mean persons authorized, appointed, consulted or approached by the Principle Officer/Audit Committee and is inclusive of but not limited to the internal or statutory auditors of the Company and the police.

"Principal Officer" means the Managing Director or the Chairperson of the Audit Committee

"Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.

"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.

"Whistle Blower" means any employee, director or customer or any person having association with the Company, who makes or attempts to make a protected disclosure as defined above.

"Whistle Blowing" means the deliberate, voluntary and protected disclosure of individual or organisational malpractice by a person who has or had privileged access to data, events or information about an actual, suspected or anticipated wrongdoing within or by the organisation that is within its ability to control.

3. Scope

The Policy covers malpractices and events which have taken place/suspected to take place involving (indicative list):-

1. Abuse of authority
2. Breach of contract
3. Negligence causing substantial and specific danger to public good
4. Manipulation of company data/records
5. 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
6. Any unlawful act whether Criminal/ Civil

7. Pilferation of confidential/propriety information
8. Deliberate violation of law/regulation
9. Wastage/misappropriation of Company funds/assets
10. Sexual Harassment, including any unwelcome sexually determined behavior, which can be humiliating and may constitute an unsafe and unhealthy work environment or any other act or behavior defined by law as constituting sexual harassment.
11. Breach of Company policy or failure to implement or comply with any approved Company policy
12. Actions not specifically mentioned here but have been mentioned in the Codes, as defined, would also be covered
13. Any other actions that are detrimental to the interest and reputation of the Company

However, before reporting any such adverse events, the Whistle Blower has to ascertain that a violation has actually occurred and that the act is not based on what can be termed as a normal business decision.

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.

4. Reporting Responsibility & Investigation

Whistle Blower shall promptly report to the Principal Officer, any actual or possible violation of the Code or an event he/she becomes aware of which could affect the business or reputation of the Company or any other group Company.

All Protected Disclosures should be addressed to the Principal Officer of the Company.

The contact details of the Principal Officer are as under:

- (i) Managing Director
STCI Primary Dealer Limited
A/B1 - 801, A Wing, 8th Floor
Marathon Innova
Marathon Nextgen Compound
Off Ganpatrao Kadam Marg
Lower Parel (W), Mumbai – 400 013
Tel: 022-66202200
- (ii) Chairperson of the Audit Committee
STCI Primary Dealer Limited
A/B1 - 801, A Wing, 8th Floor
Marathon Innova
Marathon Nextgen Compound
Off Ganpatrao Kadam Marg
Lower Parel (W), Mumbai – 400 013.

The Managing Director shall periodically submit a report to the Audit Committee on the number and the nature of the Complaints received, if any and the action taken thereon.

5. Procedure for reporting & dealing with Disclosures

Protected Disclosures should be reported 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 or Hindi.

Protected Disclosures shall be addressed to the Principal Officer. However, any Protected Disclosure against the Managing Director shall be reported directly to the Chairman of the Audit Committee.

The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. The Principal Officer shall detach the covering letter and discuss the Protected Disclosure with Members of the Audit Committee and if deemed fit, forward the Protected Disclosure to the Management of the Company for investigation.

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. The complaint can also be lodged over e-mail to the Principal Officer at stcipd@stcipd.com.

The Whistle Blower must disclose his/her identity in the covering letter forwarding such Protected Disclosure. As a rule, anonymous complaints will not be entertained. The identity of the Whistle Blower will be protected and will be known only to the Principal Officer. Whistle Blower will be protected from any kind of discrimination, harassment, victimization or any other unfair employment practice.

All complaints under this Policy would be promptly investigated, and all information disclosed during the course of the investigation shall remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law.

The Principal Officer may, where he/she feels the complaint requires related expertise, involve “investigators” to pursue the investigation, after consultation with the Audit Committee. Depending on the nature of the complaint, the alleged employee/subject, at the outset of formal investigations, may be informed of the allegations against him/her and have opportunities for making representations / providing explanations (if required) during the investigation. All employees and supervisors have a duty to cooperate in the investigation of reports of violations as mentioned hereinabove, or of discrimination, retaliation or harassment resulting from the reporting or investigation of such matters.

An employee shall be subject to disciplinary action, if the employee fails to cooperate in an investigation, or deliberately provides false information during an investigation. If, at the conclusion of its investigation, the Company determines that a violation of policy has occurred, the Company will take effective remedial action commensurate with the severity of the offense. This action may include disciplinary action against the accused party in terms of the applicable personnel or staff conduct rules and disciplinary procedures. Reasonable and necessary steps will also be taken to prevent any further violations of policy.

6. Additional Enforcement Information

In addition to the Company's internal complaint procedure, employees should also be aware that certain central and state law enforcement agencies are authorized to review questionable or potentially fraudulent reports. The Company's policies and practices have been developed as a guide to its legal and ethical responsibilities to achieve and maintain the highest business standards. Conduct that violates the Company's policies will be viewed as unacceptable under the terms of employment of the Company. Certain violations of the Company's policies and practices could even subject the Company and the individual employees involved, to civil and criminal penalties. Before issues or behavior can rise to that level, employees are encouraged to report violations covered hereinabove without fear of reprisal, discrimination or adverse employment consequences related to such reports. Nothing in this Policy is intended to prevent an employee from reporting information to the appropriate agency when the employee has reasonable cause to believe that the violation of a central or state statute or regulation has occurred.

7. Disqualification

While this Policy is intended to protect genuine Whistle Blowers from any unfair treatment as a result of their disclosure, misuse of this protection by making frivolous and bogus complaints with malafide intentions is strictly prohibited. A Whistle Blower who make numerous complaints all of which are subsequently found to be malafide may be disqualified to report further protected disclosures under this Policy. Further, the Company holds a right to take any action against such Whistle Blower who takes such defamatory actions resulting in the loss of reputation for the Company. Also, in case of repeated frivolous complaints being filed by Whistle Blower, the Management/Audit Committee may take suitable action, as it deems fit, against the Whistle Blower including reprimand.

8. Protection To Whistle Blower

If anyone raises a concern under this Policy, he/she will not be at risk of suffering any form of reprisal or retaliation. Retaliation includes discrimination, reprisal, harassment or vengeance in any manner. The Company's employee will not be at the risk of losing her/ his job or suffer loss

in any other manner like 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/her duties/functions including making further Protected Disclosures, as a result of reporting under this Policy. The protection is available provided that:

- a. The communication/ disclosure is made in good faith
- b. He/She reasonably believes that information, and any allegations contained in it, are substantially true; and
- c. He/She is not acting for personal gain

Accordingly, the Company strictly prohibits discrimination, retaliation or harassment of any kind against any employee who, based on his/her reasonable belief that such conduct or practices have occurred or are occurring, reports that information. An employee who retaliates against a Whistle Blower who has reported a violation in good faith will be subject to disciplinary action up to and including termination of employment.

Anyone who abuses the procedure (for example by maliciously raising a concern knowing it to be untrue) will be subject to disciplinary action, as will anyone who victimizes a colleague by raising a concern through this procedure. If considered appropriate or necessary, suitable legal actions may also be taken against such individuals. 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.

9. 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 minimum period of three years.

10. 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.

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.

In the event, any provisions contained in this Policy are inconsistent with the provisions contained in the Companies Act, 2013 or any Rules framed thereunder or to the applicable directions of RBI, etc. or any amendments thereto (Statutory Acts), the provisions contained in the Statutory Acts will prevail.

11. Review of Policy

The Board on its own and/ or due to any regulatory requirement/amendment can amend this Policy, as and when deemed fit. The Board reserves the right to alter, modify, add, delete, or amend any of the provisions of the Policy.

This Vigil Mechanism/Whistle Blower Policy will be reviewed annually, or in the interim, should there be a change/amendment in regulations.

