



VIGIL MECHANISM / WHISTLE BLOWER POLICY

(As amended by the Board of Directors at their meeting held on 12th November 2024)

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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited (“SFL”), Coimbatore
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Document Owner	
Name	Title
Sri S Venkatesh	Company Secretary and Chief Compliance Officer

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SI No	Date	Nature of Document	Remarks
1	9th August 2014	Base Document	Vigil Mechanism / Whistle Blower Policy was initially adopted by the Board of Directors of the Company.
2	29th March 2022	Amendment	Amendments were made in line with the current requirement of SEBI LODR Regulations and the Companies Act 2013
3	... November 2024	Amendment	Contact details of the Chairman of the Audit Committee has been changed.

ABBREVIATIONS USED

SEBI LODR	SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015
SFL	Sakthi Finance Limited
SMP	Senior Managerial Personnel
the Act	The Companies Act 2013
the Policy	Vigil Mechanism/Whistle Blower Policy

1.0. INTRODUCTION

- 1.1 Sakthi Finance Limited or the Company (“SFL” or “the Company”) believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.
- 1.2 The Company is committed to developing a culture where it is safe for any Whistle Blower to raise concerns about any risk, malpractice, poor or unacceptable practice and any event of misconduct or wrongdoing.
- 1.3 The Companies Act 2013 and Regulations 22 of the SEBI (“LODR”) Regulations 2015 (Listing Regulations) entered into between the Listed Companies and Stock Exchanges provides a non-mandatory requirement, for all listed companies to establish a “Whistle Blower Policy” for Directors and employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of the Company’s Code of Conduct.
- 1.4 Accordingly, a Vigil Mechanism/Whistle Blower Policy (“the Policy”) has been formulated with a view to assist employees who believe that they have discovered malpractice or impropriety and provide mechanism for such employees of the Company to approach the Chairman of Audit Committee of the Company and to give reasonable protection to the Whistle Blower from any unfair treatment.
- 1.5 The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects the Whistle Blower wishing to raise a concern about serious irregularities within the Company.
- 1.6 The Policy neither releases Whistle Blowers from their duty of confidentiality in the course of their work nor is to be misused to publicise a grievance about a personal work-related situation.
- 1.7 The Policy will be posted on the Company’s website at www.sakthifinance.com

2.0. APPLICABILITY

- 2.1 The Policy is applicable to all Directors and Employees of the Company and its subsidiary/ies, if any, and other persons dealing with the Company.
- 2.2 This Policy has been drawn up so that Whistle Blowers can make Protected Disclosure under the Policy. The Protected Disclosure may be areas of concern in respect of the Company covered by this Policy and summarized in paragraph 6.

3.0. DEFINITIONS

- 3.1 The definitions of some of the key terms used in this Policy are given below.
- 3.2 "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with the Directions of Reserve Bank of India Guidelines or Section 177 of the Companies Act 2013 or Regulation 18 of the Listing Regulations with the Stock Exchanges.
- 3.3 "Board"/"Board of Directors" means board of directors of the Company.
- 3.4 "Code of Conduct" means code applicable to the directors and senior management personnel adopted on 30th September 2014 and any modification / replacement thereof.
- 3.5 "Company/SFL" means Sakthi Finance Limited.
- 3.6 "Disciplinary Action" means any action that can be taken on the completion of / during the investigation proceedings, including but not limited to, a warning, recovery of financial losses incurred by the Company, suspension / dismissal from the services of the Company or any such action as is deemed to be fit considering the gravity of the matter.
- 3.7 "Employee" means every employee of the Company including the Directors in the employment of the Company or its subsidiaries.
- 3.8 "Investigators" mean those persons authorised, appointed, consulted or approached by the Chairman of Audit Committee and include the auditors of the Company and the police.
- 3.9 "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity with respect to the Company. Protected Disclosures should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- 3.10 "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.
- 3.11 "Whistle Blower" means an Employee making a Protected Disclosure under this Policy.

4.0.SCOPE

- 4.1 The Policy is an extension of the Company's Code of Conduct for Directors and Senior Management Personnel. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- 4.2 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 Chairman of Audit Committee or the Investigators.
- 4.3 Protected Disclosure will be appropriately dealt with by the Chairman of the Audit Committee or the Investigator, as the case may be.

5.0.DISQUALIFICATIONS

- 5.1. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as set out here, any abuse of this protection will warrant disciplinary action.
- 5.2. 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.
- 5.3. Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be *mala fide* or malicious or Whistle Blowers who make 3 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.

6.0.COVERAGE OF THE POLICY

- 6.1. The Policy covers malpractices and events which have taken place / suspected to take place involving:
- a. Abuse of Authority
 - b. Breach of Code of Conduct or Employment Contract/Rules
 - c. Manipulation of Company data / records
 - d. Financial or compliance irregularities, including fraud or suspected fraud
 - e. Criminal Offence having repercussion on the Company or its reputation

- f. Pilferation of confidential / proprietary information
- g. Deliberate violation of law / regulation
- h. Misappropriation or misuse of Company funds / Assets
- i. Leakage of Unpublished Price Sensitive Information
- j. Any other unethical, imprudent deed / behaviour

6.2. Policy should not be used as a route for raising malicious or unfounded allegations against colleagues and / or Directors.

7.0. PROTECTION TO WHISTLE BLOWER

7.1. 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.

7.2. A Whistle Blower may report any violation of the above clause (para 6 above) to the Chairman of the Audit Committee, who shall investigate into the matter and recommend suitable action to the management.

7.3. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law.

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

7.5. Protection to Whistle Blower under this Policy shall be available provided that Protected Disclosure is:

7.5.1 made in good faith

7.5.2 that the Whistle Blower has reasonable information or documents in support of the matter; and

7.5.3 not for personal gain or animosity against the Subject.

- 8.7. 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.
- 8.8. For the purpose of providing protection to the Whistle Blower, the Whistle Blower should disclose his/her identity only in the covering letter forwarding such Protected Disclosure.

9.0. INVESTIGATION

- 9.1. All Protected Disclosures reported under this Policy will be thoroughly investigated by the President / Chairman of Audit Committee of the Company who will investigate / oversee the investigations under the authorization of the Audit Committee.
- 9.2. The President / Chairman of Audit Committee may, at his discretion, consider involving any Investigators for the purpose of investigation.
- 9.3. The decision to conduct an investigation taken by the President / Chairman of Audit Committee is, by itself, not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- 9.4. The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- 9.5. 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.
- 9.6. Subjects shall have a duty to co-operate with the President / Chairman of Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- 9.7. Subjects have a right to consult with a person or persons of their choice, other than the President / Investigators and/or members of the Audit Committee and / or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings. However, if the allegations against the subject are not sustainable, then the Company may see reason from subject to reimburse such costs.
- 9.8. 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.

9.9. Unless there are compelling reasons not to do so, Subjects will be given an 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.

9.10. 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.

9.11. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

10.0. INVESTIGATORS

10.1. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the President / Chairman of the Audit Committee when acting within the course and scope of their investigation.

10.2. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of legal and professional standards.

10.3. Investigations will be launched only after a preliminary review by the Chairman of Audit Committee or the President, as the case may be, which establishes that:

10.3.1. The alleged act constitutes an improper or unethical activity or conduct; and

10.3.2. The allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the matter concerned is worthy of management review. Provided that such investigation should not be undertaken as an investigation of an improper or unethical activity or conduct.

11.0. DECISION

11.1. If an investigation leads the President / Chairman of Audit Committee to conclude that an improper or unethical act has been committed, the President / Chairman of Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective

action as the President / Chairman of Audit Committee 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.

12.0. SECRECY / CONFIDENTIALITY

12.1. The Whistle Blower, the Subject, the Senior Officer(s) and every one involved in the process shall:

12.1.1 maintain complete secrecy / confidentiality of the matter under this Policy

12.1.2 not discuss the matters under this Policy in any informal / social gatherings / meetings

12.1.3 discuss only to the extent or with the persons required for the purpose of completing the process and investigations as directed by Audit Committee

12.1.4 not keep the papers unattended anywhere at any time

12.1.5 keep the electronic mails / files under the password

12.2. If anyone is found not complying with the above, he / she shall be liable for such Disciplinary Action as is considered by the Audit Committee or the Vice Chairman and Managing Director, as the case may be.

13.0. REPORTING

13.1. The President shall submit a report to the Chairman of 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.

13.2. A quarterly report with the number of complaints received under the Policy and their outcome shall be placed before the Audit Committee and the Board.

14.0. RETENTION OF DOCUMENTS

14.1. All Protected Disclosures in writing or documented along with the results of related investigation shall be retained by the Company for a minimum period of seven years.

15.0. AMENDMENT

15.1. The Board of Directors reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason. However, no such amendment or modification will be binding on the Employees unless it is notified to the Employees in writing.

Date: 12th November 2024

Place: Coimbatore – 18

(As amended by the Board of Directors at their meeting held on 12th November 2024)