

VIGIL MECHANISM POLICY

OF

FDPL FINANCE PRIVATE LIMITED

(“FFPL” OR “THE COMPANY”)

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VIGIL MECHANISM POLICY

1. INTRODUCTION AND BACKGROUND

1.1 Introduction

FDPL Finance Private Limited (“FFPL” or “the Company”), is a company incorporated under Companies Act, 2013 and a Non-Banking Financial Company (NBFC) – Base Layer (BL) (CoR No N-13.02471) registered with the Reserve Bank of India (RBI), which is in the businesses of digital lending and allied activities through various Lending Service Providers and its tech platform web interface. The Company’s product shall include retail loans (secured and unsecured) of various tenures and ticket sizes wherein the transactions shall be carried out in the digital mode.

1.2 Background

Section 177(9) of the Companies Act, 2013 (‘Act’) read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014. mandates the following classes of Companies to establish a Vigil Mechanism for the Directors and employees of the Company to report genuine concerns or grievances about unethical behaviors, actual or suspected fraud or violation of Company Code of conduct or ethics policy:

- a) Every listed Company;
- b) Every other Company which accepts deposits from the public;
- c) Every Company which has borrowed money from banks and public financial institutions in excess of Rs. 50 crores.

Pursuant to the provisions of Section 177 (9) & (10) read with rule 7 of Chapter XII of the Companies Act, 2013, the Company has set up and adopted the following Vigil Mechanism which lays down the principles and standards governing the management of grievances and concerns of employees and directors of the Company and shall be overseen by the Board (hereinafter referred to as ‘Board of Directors’) of the Company. The Mechanism as set up herein-below shall enable the employees and the directors of the Company to report their genuine concerns or grievances about the actual and potential violation of the principles and standards laid down herein.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards the Company encourages the employees to voice their genuine concerns without fear of censure.

2. OBJECTIVES

- a) To encourage employees to bring genuine ethical and legal concerns, violations and suspected fraudulent behaviour of which they are or become aware of, to an internal authority so that action can be taken immediately to resolve the problem;
- b) To minimize the Company's exposure to the damage that can occur when the employees actually or potentially try to circumvent internal mechanisms in furthering the aforementioned concerns, violation and frauds;
- c) Mechanism and direct access to consider, investigate and resolve/ redress genuine complaints/ concerns based on facts and valid evidence/s;
- d) To let employees know that the Organization is serious about adherence to Code of conduct or policy; and
- e) Adequate protection and safeguards employees who avail the mechanism.

3. DEFINITIONS

1. **“The Company”** means FDPL Finance Private Limited.
2. **“Board”** means the Board of Directors of the Company.
3. **“Employee”** or Personnel means any employee/s and Director/s who are in employment of the Company.
4. **“Code of Conduct”** means the Code of Business Conduct and Ethics.
5. **“Protected Disclosure”** means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an activity specifically described under the title **“SCOPE OF THE POLICY”** with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion, supported with valid evidence along with specific information to facilitate proper assessment, investigation and redressal of the nature and extent of the concern.
6. **“Questionable Accounting or Auditing Matters”** include, without limitation, the following:
 - fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company and recording and maintaining of financial records of the Company;
 - deficiencies in or non-compliance with the Company’s internal accounting controls;
 - misrepresentation or false statement to or by a senior officer/s or accountant/s regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
 - deviation from full and fair reporting of the Company’s financial condition.
7. **“Reportable Matters”** means any matters covered under the scope of the policy;

4. SCOPE

This Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of Company’s rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies and other matters or activities on account of which the interest of the Company is adversely affected.

However, the mechanism does not release the employees from their duty of confidentiality in the course of their work and nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

Further, this Policy is not intended to question financial or business decisions taken by the Company that are not Reportable Matters nor should it be used as a means to reconsider any matters which have already been addressed pursuant to disciplinary or other internal procedures of the Company. Further, this Policy is not intended to cover career related or other personal grievances.

5. ELIGIBILITY

All Employees and Directors of the Company are eligible to make disclosures under the mechanism in relation to matters concerning the Company.

6. PROCEDURE

1. Where any director or employee finds or observes any of following activities (but not limited to) then he must within a period of 30 days of occurrence of event or on the date on which he comes to know, report in writing their complaint / grievance in the format as provided in Annexure 1 to this mechanism:

- Embezzlement of funds;
 - Any prejudicial act in which stakeholders' interest or public interest is involved;
 - Serious frauds which are affecting or may affect the financial position of the Company;
 - Internal theft; and
 - Payoff & Kickbacks etc.
2. The Complainant shall address the Complaints / Grievances to the HR or Board. The duly filled complaint form provided herein shall be submitted to any of the above-mentioned person(s).
 3. In order to protect the identity of the complainant, the company will maintain confidentiality of the complainants.
 4. The HR/ Board on the receipt of disclosure of any of above frauds or events shall make a record of the disclosure and also ascertain from the complainant whether he was the person who made the disclosure or not. The HR shall also carry out initial investigation either itself or at its discretion by involving any other official of the Company or an outside agency as it may deem fit.
 5. The decision to undertake the investigation by the company shall not by itself be regarded as the acceptance of the accusation by the company. It is a neutral fact-finding process to ascertain the truth of the accusation.
 6. Any person of the Company involved in the investigation, having any conflict of interest with the matter shall disclose his/her concern/interest forthwith and shall not deal with the matter.
 7. The person investigating as it deems fit, may call for further information from the complainant.
 8. The concerned person shall carry out detailed investigation if the reported disclosure is found to be correct.
 9. The Employee/Director against whom disclosure has been reported shall:-
 - Co-operate with any person appointed in this regard;
 - Have a right to consult any person of his choice other than person assigned or Complainant;
 - Not interfere in investigations conducted by the concerned person;
 - Not withhold, tamper or destroy any of evidences;
 - Unless otherwise restricted, be given an opportunity to respond to material findings;
 - Not threaten, influence or intimidate complainant or any of witnesses; and
 - Have a right to know the outcomes of investigation.
 10. The Investigations shall be completed within a period of 60 days.

7. FALSE COMPLAINTS

The protection of employees and Directors raising genuine complaints / concerns from any unfair treatment as a result of their disclosure, is essential part of the policy but misuse of this protection by making frivolous and bogus complaints with mala fide intentions and/or for wrongful gains is strictly prohibited. Personnel and/or Director who makes such complaints with mala fide intentions and which would subsequently found to be false will be subject to strict disciplinary action.

8. COMPLAINT REPORTING AND DISPOSAL MECHANISM

1. An employee should raise Reportable Matters with Vigilance Officer through immediate superior supervisor, manager or point of contact is in the best position to address an area of concern in any of the valid way of written communication including electronic communication along with the supporting evidence documents and details, mentioning name of the employee raising such concern.

2. It is essential for the Company to have all critical information in order to enable the Company to effectively evaluate and investigate the complaint. The complaint or disclosure must therefore provide specific details, including names and dates, in order to facilitate the investigation.
3. The HR or any concerned person, after a preliminary enquiry and depending upon the merit of the case, shall forward the genuine Complaint to the Board without disclosing the identity of the employee.

9. INVESTIGATIONS

1. The Board/ HR may investigate and may at its discretion consider involving any other Officer of the Company and/ or an outside agency for the purpose of investigation.
2. Subject(s) in the ordinary course to be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
3. Subject(s) shall be duty-bound to co-operate with the authorized person or any of the Officers appointed by it in this regard.
4. Subject(s) shall not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s).
5. Unless there are compelling reasons not to do so, subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
6. Subject(s) have a right to be informed of the outcome of the investigations. 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.
7. The investigation shall be completed within 90 days of the receipt of the protected disclosure in the normal course of extension, however can be extended by such period as the Board deems fit.

10. DECISIONS AND REPORTING

If the outcome of the investigation leads to a conclusion that, any improper or unethical act has been committed, then the Board/ HR must record the same and recommend the Complaint along with the findings of the HR/ Board upon investigation to the management for the disciplinary or corrective action to be taken against the concerned employee/director. The decision of the Board shall be recorded with reasons and a copy of the same shall be forwarded to the complainant and the subject.

If the decision is not to the satisfaction of the complainant, then the complainant has the right to report the event to the appropriate legal or investigating authority. However, if the complainant makes false or wrong allegations then disciplinary actions in accordance with the rules, procedures and policies of the Company shall be taken against the complainant as the Board may decide.

11. PENALTIES

If the alleged fraud or misconduct is proven after investigation, the Board/ HR may impose such penalty / fine as it may deem fit depending upon nature of fraud or unethical act done by the person.

12. SECRECY AND CONFIDENTIALITY

The Board/ HR as well as complainant 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 investigation;
- Not keep the papers unattended anywhere at any time; and
- Keep the electronic mails / files under password and under safe custody.

13. PROTECTION

- No unfair treatment will be meted out to a complainant 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 complainants. Complete protection will therefore be given to complainant 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 complainant's right to continue to perform his duties /functions including making further disclosure.
- The Company will take steps to minimize difficulties which the complainant may experience as a result of making the disclosure. Thus, if the complainant is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the complainant to receive advice about the procedure, etc.
- A complainant may report any violation of the above clause to the Board, who shall investigate into the same and recommend suitable action to the management. The identity of the complainant 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 HR is authorized to initiate appropriate action as per extent regulations against the person or agency making such disclosure. The identity of the complainant, if known, shall remain confidential to those persons directly involved in applying this mechanism, unless the issue requires investigation by law enforcement agencies.
- Any other employee assisting in the said investigation shall also be protected to the same extent as the Complainant. Provided however that the complainant before making a complaint has reasonable belief that an issue exists and that he has acted in good faith. This policy does not protect an employee from an adverse action taken independent of his disclosure of unethical and improper practice etc. unrelated to a disclosure made pursuant to this policy.

14. DISPLAY OF MECHANISM ON WEBSITE

The Mechanism herein set up cannot be effective unless it has been communicated to eligible person described herein above. For this purpose, Company shall display it on its website and shall also disclose it in Board's Report.

15. RETENTION OF DOCUMENTS

The evidences, documents received by the HR/ Board in due course of time during investigation shall be preserved for three (3) years or for such period as may be specified by law in force in this regard from time to time.

16. APPROVAL AUTHORITY

This policy shall be approved by the Board of Directors of the Company.

17. REVIEW AND AMENDMENT POLICY

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs. 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.

ANNEXURE 1

Date: _____

Name of Complainant (Employee/ Director): _____

Email-id: _____

Address: _____

Contact No.: _____

Subject matter which is being reported: _____

Name of Person/Event focused at: _____

Brief about concern: _____

Evidence (if Any): _____

Signature