

**Magma HDI General Insurance
Company Limited**

Breach of Integrity and Whistle Blower Policy

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Approved By: Board of Directors

Policy Owner : Human Resource Department of
Magma Fincorp Limited

This document is confidential in nature and supersedes any Breach of Integrity and Whistle Blower Policy existing in the Company, and should be read in conjunction with the most recent policies and procedures documented.

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Base Document	:	Companies Act, 2013, Listing Agreement and RBI Guidelines
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Governing Guideline/Policy	:	Companies Act, 2013, Listing Agreement and RBI Guidelines
Legal aspects checked by	:	Mr. Kailash Baheti, Mr. Raj Kumar Kapoor, Mr. Anand Roy and Vinod Kothari & Co.

Breach of Integrity and Whistle Blower Policy

Magma Fincorp Limited and its Group Companies

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1. PREFACE

'Integrity is an integral part of the strong value system practiced by Magma Fincorp Limited and all its Group Companies (hereafter together referred as the **“Company”** or **“Magma”**) and all Magma’s directors, employee and associates are expected to exhibit this ‘Value’ in all our dealings. It is natural, that we have a mechanism to deal with the employees whose activities cast doubts about their integrity. It is also desirable that such issues are escalated to the appropriate level in the company for suitable action. At the same time, it is important to note that 'Prevention is better than Cure' and hence we should be vigilant so that occasions of breach of integrity are minimized. In fact, if there are frequent integrity breaches in any particular function, it reflects adversely on the quality of supervision in that functional vertical.

Any 'Breach of integrity' and/or fraud is a very important issue for any financial services company like Magma and so we have evolved a policy guideline to deal with directors, employees, channel partners, customers, service providers or others who are reported to have breached integrity or committed fraudulent act(s).

Anything done or omission thereof by any directors and/or employees, directly or in connivance with others, with an intention of cheating the company whether such act or omission has resulted in any actual loss or damage to the company or not, shall constitute fraud.

Over the last 24 years Magma has grown from a small enterprise to an organisation of national repute. Magma aspires to grow further aggressively. This requires a focussed approach and calls for taking responsibility and ownership at all levels.

Magma has always been a process driven organisation and to become globally competitive and sustain long term success it needs to build a high level of integrity which is driven by trust and lived by its core values.

In line with Magma’s commitment to the highest possible standards of professionalism, honesty, ethical, moral and legal behaviour for conduct of affairs of the Company towards the employees and outsiders, in fair and transparent manner and its commitment to open communication, this **“Breach of Integrity and Whistle blower Policy ”** (hereinafter referred to as the **“Policy”**) has been formulated to provide a mechanism to the directors, employees, senior management personnel and/or professionals serving in any functions and attached to any roles and stakeholders of the Company to approach and report to the Disciplinary Committee and/or Officer dealing with Frauds as may be designated for this purpose or any unethical or improper practices in the Company. This Policy also seeks to protect the Whistle Blower from any retaliatory action taken by anyone in the Company including its managerial personnel. While the role played by stakeholders is important, specially, the role of the employees in pointing out such violations cannot be undermined.

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2. DEFINITION

- **“Alleged Wrongful Conduct/Wrongful Conduct”** shall mean violation of law, misuse or abuse of authority, actual Fraud or suspected Fraud, any deliberate concealment of such abuse or Fraud, infringement of Company’s rules, violation of code of conduct, misappropriation of funds, cheating or an intention to cheat, substantial and specific danger to public health and safety or violation of this Policy.
- **“Audit Committee”** means the committee constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act, 1956 and reconstituted in accordance with Section 177 of the Companies Act, 2013 read with Clause 49 of the listing Agreement.
- **“Board of Director” or “Board”** in relation to a company, means the collective body of the directors of the company;
- **“Breach of Integrity/ Fraud”** includes:
 - a) An act characterised as such under the provisions of section 447 of the Companies Act, 2013;
 - b) In terms of definition provided by the Reserve Bank of India (RBI):
 - Misappropriation and criminal breach of trust;
 - Unauthorised credit facilities extended for reward or for illegal gratification;
 - Negligence and cash shortages;
 - Cheating and forgery;
 - Irregularities in foreign exchange transactions;
 - Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property.
- **“Compliance Officer”** means such person designated by the Company, from time to time, for the purpose of reporting and/or compliances under the various law(s), rules regulations as applicable to the Company including any amendment thereto.
- **“Code of Conduct and Discipline Rule”** shall mean Magma’s Code of Conduct and Discipline Rules.
- **“Director”** means a Director appointed to the Board of a company.
- **“Disciplinary Action”** for the Employees means any action that can be taken on the completion of / during the investigation proceedings including but not limiting to a warning, imposition of penalty, suspension/termination from official duties and for the Stakeholders it shall mean termination of business relationship or any such action as is deemed to be fit

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by HR and/or Disciplinary Committee considering the gravity of the matter which shall also include but not limited to legal suits.

- **“Disciplinary Committee”** shall mean the committee formed under this Policy which shall include ;
 - a. One nominee each in the grade of VP (HR) and VP (Accounts), to be nominated by the Chief People Officer (‘CPO’) and Chief Strategy Officer(‘CSO’) respectively- (to look into Whistle Blow cases related to all Employees up to the level of Assistant Manager);
 - b. Chief People Officer and Chief Strategy Officer - (to look into Breach of Integrity/Frauds/Whistle Blow cases related to all Employees in Manager Grade and above);
 - c. Concerned Vertical Heads of the Company for the purpose of this Policy to look into Whistle Blow cases related to the Stakeholders;
 - d. Audit Committee to look into Whistle Blow cases related to Chief People Officer and Chief Strategy Officer and Directors of the Company;
- **“Employee”** means every person in employment relationship with the Company, including the Directors in employment of the company, Key Managerial Personnel and Senior Management Personnel of the Company.
- **“Group Companies”** means and includes Subsidiaries and Associates (both the terms are defined in the Companies Act, 2013)
- **“Investigator/Investigating Authority”** shall mean and include members of Internal Audit function or such other person as may be designated by the Audit Committee, to investigate the matter raised by Whistle Blower.
- **Key Managerial Personnel** has been defined in section 2(51) of the Companies Act, 2013 which shall include;
 - (i) The Chief Executive Officer or the Managing Director or the Manager;
 - (ii) The Company Secretary;
 - (iii) The Whole-Time Director;
 - (iv) The Chief Financial Officer;
- **“Protected Disclosure/Whistle Blow”** means a concern raised by Employee(s) or Directors or any other Stakeholder(s) of the Company, through a written communication and made in good faith which discloses or demonstrates information about an activity covered under the definition of Alleged Wrongful Conduct under the scope of the Policy with respect to the Company.

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However, the 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 to allow for proper assessment of the nature and extent of the concern.

- **“Stakeholder”** means a person having any business relationship with the Company including but not limited to customers, contractors, suppliers, business Employees, service providers, channel partners, third party agencies, valuer etc. It shall also include employees of those entities in which Magma has an interest but does not have control, as also consultants and agents employed by Magma for conduct of its business normally.
- **Senior Management Personnel** has been defined in section 178 of the Companies Act, 2013 and Clause 49 of Equity Listing Agreement the Companies have with the stock exchanges where the equity shares of the Company are listed as, personnel of the Company who are members of its core management team excluding Board of Directors; normally this would comprise all members of management one level below the executive directors, including functional heads;

In Magma’s context the term “Senior Management Personnel” would cover its Executive Committee (Ex-Com) i.e. business heads who directly reports to the Vice Chairman and the Managing Director or such other persons as deemed fit.

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

3. Our Commitment

- Provide Stakeholder with best in class service so as to develop a mutually beneficial relationship;
- Be preferred employer where Employees feels valued and Stakeholders recognise the commitment, potential and dedication of our employees;
- Achieve success for Stakeholders and serve for the betterment of the society;
- In fulfilling our commitment we will strive to live by our core values, these are :
 - Integrity and credibility
 - Know and understand the principles of integrity;
 - Always be fair, just and right;
 - Deliver on one’s commitment and maintain consistency in dealings;
 - Adhere to moral and ethical Code of Conduct;

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- Openness and Transparency
 - Drive clear understanding of products and programmes at all levels;
 - Share expectations with each other and clearly communicate the scope of work;
 - Share/pool resources, best practices, customer insights, technologies and partner knowledge to enhance overall capability and effectiveness;
 - Stand by values and report someone who has cut corners to compromise on them;
 - Leverage diverse perspectives across levels, departments and functions for better and more informed decisions;
 - Demonstrate faith in others abilities;
 - Seek inputs, knowledge and experience by formal and informal means and build on the recommendation;
- Trust and respect for people
 - Be disciplined and punctual towards the organisation;
 - Adhere to the workplace norms as mentioned in any other Policies of Magma;
 - Have confidence and faith in self and team members;
 - Appreciate and honour good performance;
 - Treat colleagues and other Stakeholders with dignity and respect;
- Fairness and impartiality
 - Treat everyone equally, be unbiased;
 - Be sensitive and ethical in every single deal;
 - Maintain high standards of transparency in disclosures;
 - Provide equal opportunities to people irrespective of gender or religion;
 - Respect fellow team members and collaborate across team to achieve goals;
- Demanding Excellence
 - Motivate your external drive to surpass expectations.
 - Set targets and develop specific timelines to achieve them.
 - Treat challenges as a stepping stone.

Apart from the above guiding principles, we shall at all times be guided by Magma Book of Values.

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4. OBJECTIVES

1. This Policy aims to maintain the standard of business conduct and ethics expected of everyone who carries out work for or on behalf of for the Company and also ensuring compliance with legal requirements.
2. This policy also seeks to serve as a guideline for reporting of fraud to the various regulatory authorities as required by such authorities from time to time.
3. This policy does neither release the Employees and Stakeholders from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.
4. This Policy provides a channel to Whistle Blower to report concerns about any Alleged Wrongful Conduct and to build and strengthen a culture of transparency and trust between the Whistle Blower and Magma as an organization.
5. It provides necessary safeguards for protection from reprisals or victimization of Whistle Blower, blowing the whistle in good faith.
6. It encourages the Whistle Blower to communicate to the members of the Disciplinary Committee and/or through fraud control of the Company as may be applicable, behaviour or practice, that they may be aware of and which they suspect to be unethical, illegal or otherwise inappropriate and harmful to the Company.
7. It seeks to protect the Whistle Blower, who is providing information regarding violation/s of law or regulation by the Company, its Employees and Stakeholders or regarding manipulation of company's data / records, leaking confidential or proprietary information, wastage or misappropriation of company fund and assets or any other activities which amount to Wrongful Conduct/Alleged Wrongful Conduct in terms of this Policy, including but not limited to, accounting, internal controls, auditing matters, applicable national and/or international laws, either through Whistle Blower mechanism and/or by informing the identified personnel of the Company through written communication, with relevant information, without fear of victimization.

5. APPLICABILITY AND SCOPE

- a. This Policy applies to all Employees, Directors and Stakeholders of the Company.

This Policy covers any Alleged Wrongful Conduct or any activity on account of which the Interest of the Company is affected and is formally reported by Whistle Blower(s) such as:

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- i. Issues pertaining to Integrity;
- ii. Disciplinary Issues / work place harassment;
- iii. Any other issue;

i. Issues pertains to Integrity:

In case of any issues pertaining to breach of integrity, once a case is prima facie and case is accepted, the process laid down in this Policy shall be followed. Examples of Integrity/Wrongful Conduct which can be treated as Breach of Integrity/Fraud is mentioned in **Annexure I**.

ii. Disciplinary Issues / Work place harassment

In case of receipt of any Protected Disclosure regarding any disciplinary / work place harassment issues, the Human Resources department will be the ultimate authority to take decision basis on the Code of Conduct and Discipline Rules of the company.

iii. Any other issues

Protected Disclosure other than as mentioned above will be dealt in pursuance of the Code of Conduct and Discipline Rules of the Company and/or as per this Policy as applicable.

- b. 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;
- c. 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 Compliance Officer and/or Investigator/ Investigating Authority or otherwise;
- d. Protected Disclosure will be appropriately dealt with by the internal audit and/or officer designated for this purpose, Investigator/ Investigating Authority or the Chairman of the Audit Committee, as the case may be, depending on the gravity of Protected Disclosure made by the Whistle Blower;

A Whistle Blower, in exceptional circumstances, may also report any violation, to the Chairman of the Audit Committee whose address is given herein below, who shall cause investigation into the same at his own discretion or may refer the matter to the Disciplinary Committee for investigation.

The Chairman of the Audit Committee

Magma House,
24, Park Street, Kolkata – 700016.

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6. REPORTING OF WRONGFUL CONDUCT AND DISCIPLINARY ISSUES

This section is divided in following four parts:

- A. Detection and identification of Alleged Wrongful Conduct
- B. Reporting of the Wrongful Conduct
- C. Investigation of the Alleged Wrongful Conduct
- D. Action on the investigation and/or findings

A. Detection of Alleged Wrongful Conduct

- i. Each vertical, both line and support, of all businesses, shall have in place adequate directive/preventive/ controls to prevent and detect Alleged Wrongful Conduct and the primary responsibility of detection and reporting of any Wrongful Conduct would normally rest with the immediate superior of the perpetrator.
- ii. Wrongful Conduct may also be detected by Internal Audit team whenever they conduct an audit or special review. Simultaneously, to prevent occurrence of fraudulent activities, surprise branch visit will be conducted and extension of this may include surprise audit of any location by internal team meant/formed for this purpose.
- iii. All Employees/Stake Holders have the responsibility to be vigilant against any Wrongful Conduct and any Wrongful Conduct notice can be brought to light through 'Whistle Blowing'.

B. Reporting of Wrongful Conduct

Any Whistle Blower coming to know of any suspected Alleged Wrongful Conduct, through whatever means, should immediately bring it to the notice of fraud control who in turn shall refer the matter to the Investigating Authority depending on the nature of the case. In case of any undue delay in reporting of any Wrongful Conduct, it will be considered as conniving with the Wrongful Conduct.

Any Whistle Blower who reports of any Fraud or suspected Wrongful Conduct shall be protected against any unfair treatment being meted out to him/her. The identity of the individual reporting the Wrongful Conduct will also be adequately protected.

As an additional measure, if any Employee is found to be retaliating against someone who has reported a Wrongful Conduct in good faith shall be subjected to disciplinary proceedings under this Policy. At the same time, if any individual is found to be making repeated or frivolous complaints, then suitable action will be taken against the concerned including reprimand.

An exclusive e-mail ID under the control of fraud control team has been set up to which any Wrongful Conduct can be reported by any Whistle Blower. The said e-mail id is: -

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fraudcontrol@magma.co.in

The team of fraud control will carry out a preliminary analysis as to whether the complaint pertains to Wrongful Conduct or not or there is a prima-facie case and shall then refer the matter of business nature to Internal Audit or Investigating Authority as the case may be for conducting a thorough investigation. Matters related to non-business nature, e.g., behavioural or inter-personnel issues will be taken up directly by HR for investigation. Intimation by way writing or by an e-mail will also be sent to the concerned National Vertical Head of investigation having been initiated.

Wherever deemed necessary HR and/or Investigating Authority, as the case may be, will intimate to the Disciplinary Committee about the gravity of the frauds and the concerned Disciplinary Committee or HR in consultation with the members of the Disciplinary Committee may put the accused Employee under immediate suspension pending completion of the investigation and enquiry.

C. Investigation of the Alleged Wrongful Conduct

Once a case of suspected Wrongful Conduct is brought to the notice of Investigating Authority, it shall study the case and may take action as deemed necessary:

- i. Preliminary analysis/investigation of cases shall be done for acceptance / rejection for investigation by the Investigating Authority or Internal Audit as the case may be.
- ii. On preliminary analysis/investigation, if any matter is rejected then reasons thereof shall also be intimated fraud control who in turn may intimate the same to the Whistle Blower or complainant.
- iii. Investigating Authority shall depute its audit team to investigate the matter thoroughly, if it feels necessary. Investigating Authority may also take the help of any other department/external resources for investigation, if it feels necessary. However there should not be any conflict of interest while taking help of other department;
- iv. Once Internal Auditor or Investigating Authority as the case may be, after learning the facts of the case, believes that an employee/stake holders accused of Wrongful Conduct should be put under suspension, it may make such recommendation to the Disciplinary Committee before or at any stage during the investigation, clearly stating the reasons for such recommendation depending on the gravity of Wrongful Conduct.
- v. The investigation shall be completed normally within 21 days of the receipt of the Protected Disclosure.
- vi. After the completion of the investigation (and discussions with concerned vertical, if felt necessary), Internal Auditor or Investigating Authority as the case may be shall submit the final investigation report to the concerned Disciplinary Committee , the Compliance

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Officer and to the National Head of the concerned vertical (Ex-com. member) if so required. Such report shall contain recommendations inter alia;

- Charges fixed on the Employees responsible with grading of the offences in terms of “Minor”, “Major”, “Serious” and “Gross”;
- To take such disciplinary or corrective action as the Disciplinary Committee of the Company deems fit;
- Process modifications, if any;

D. Actions on the investigation findings

There will be two types of actions emanating out of the investigation findings.

- **The first category of actions** will be pertaining to disciplinary actions against Directors and Employees or Stakeholders as the case may be who have been implicated in the Alleged Wrongful Conduct.
- **The second category of actions** will be the implementation of ‘process modifications’ to minimize the possibility of Fraud recurrence.

The Disciplinary Committee shall study the report and initiate appropriate punitive action against the persons on whom Internal Audit or Investigating Authority as the case may be, has reported adverse findings. The punitive action shall depend on the degree of offence as prescribed in the Breach of Integrity Policy of the Company. The Disciplinary Committee will also monitor and ensure that the action to be initiated as per the report has been properly implemented.

Before implementing the disciplinary action, HR may discuss with the concerned Vertical Head and seek their views. However, the decision of the Disciplinary Committee will prevail. Whistle Blowers, who are Employees or Stakeholders of the Company and who make any Protected Disclosures, which are subsequently found to be mala fide or malicious, shall be liable to Disciplinary Action under this policy of the Company. Any Employees knowingly or intentionally suppressing / hiding any Wrongful Conduct and not reporting to the Disciplinary Committee and/or Investigating Authority will also be liable for disciplinary action under this Policy.

Actions for Employees:

For ‘Serious’, ‘Gross’, Major’ and ‘Minor’ Alleged Wrongful Conduct the outline of standard disciplinary procedure/action is to be referred to the **Annexure II**.

In case of repeated frivolous complaints being filed by a Director or an Employee, the Audit Committee may take suitable action against the concerned director or employee including reprimand.

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In all the aforesaid cases, the time lines for completion of process of investigation mentioned in **Annexure III** shall be adhered to.

Actions for Stakeholders:

Actions for external agencies/parties (read with definition of Stakeholders) will be initiated by the concerned vertical in terms of laid down policies of the Company.

The Compliance Officer on receiving the report from the Internal Auditor or Investigating Authority as the case may be, shall submit or cause the same to be submitted to the Reserve Bank of India in accordance with directions of the Reserve Bank of India.

In all the aforesaid cases, the time lines for completion of process of investigation mentioned in **Annexure III** shall be adhered to.

7. Non-Interference

There shall not be any interference in the process of investigation especially by anyone in the concerned vertical.

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. Complete protection will, therefore, be given to Whistle Blower(s) 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.

Save and except as required by law enforcement agencies under any subpoena, the identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law (except to the persons involved in investigation in the matter on which whistle has been blown) and unless the Whistle Blower has himself/herself disclosed his/her identity to any other office or authority. Provided however that the Whistle Blower before making a complaint shall have reasonable belief that an issue exists and he has acted in good faith. Any complaint not made in good faith and assessed as such by the Investigation Authority/ Disciplinary Committee shall be viewed seriously and the Whistle Blower shall be subject to appropriate Disciplinary Action. This Policy does not

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protect a Whistle Blower from an adverse action taken independent of his disclosure of unethical and improper practice etc. unrelated to a disclosure made pursuant to this Policy.

Notwithstanding anything mentioned herein above, any breach of protection clause by the Employees or the Stakeholders shall be appropriately dealt with by the Disciplinary Committee at its own discretion and the Disciplinary Committee shall take such punitive and/or disciplinary action it may deem fit.

9. ADMINISTRATION, AMENDMENT AND REVIEW OF THE POLICY

The Audit Committee shall be responsible for the administration, interpretation, application and review of this Policy. The Audit Committee also shall be empowered to bring about necessary changes to this Policy, if so required at any stage at its own discretion or with the concurrence and/or recommendation of the Disciplinary Committee. 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.

A quarterly report about the functioning of the Whistle Blower Mechanism shall be placed before the Audit Committee by the members of the Disciplinary Committee. A quarterly status report on the total number of complaints received if any during the period with summary of the findings of Investigating Authority / Disciplinary Committee and corrective steps taken should be sent to the Audit Committee.

10. CONFIDENTIALITY

Investigating Authority and external resources (if any) appointed by the Investigating Authority during the course of investigation or any other person who are anywhere related to this Policy shall maintain the confidentiality of sensitive information relating to the Company which comes to their knowledge in the course of the discharge of their functions and any other confidential information about the Company that comes to them, from whatever source, except when such disclosure is authorized or legally mandated. No person shall provide any confidential or sensitive information either formally or informally, to the press or any other publicity media, unless specifically authorized to do so. Confidential / sensitive information includes all information not in public domain and that might be of use to competitors or harmful to the Company or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends.

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Annexure I

Examples of Alleged Wrongful Conduct constituting Breach of Integrity/Fraudulent Acts

Note: This is not an exhaustive list. Wrongful Conduct not mentioned in the list will be graded appropriately based on the grading used in the Wrongful Conduct mentioned in the list

SL. NO.	VERTICAL	CATEGORY	GRADE	NATURE OF Wrongful Conduct
1	All	Others	Serious	Accepting payments in cash, kind, gratification from anyone- customer, channel etc. Exception is only items like calendars, diaries, sweets that carry the name of the company offering the same. Even in the case of such items, if value of such gift exceeds Rs. 500/- it should be declared in writing in a register.
2	All	Others	Serious	Entering into any money transaction with any channel partner of the company
3	All	Misleading business decision	Major	Non adherence to marking all business approval mails directly to the person executing or implementing the approved action. The person executing should peruse the mails of approving authority only.
SALES VERTICAL				
4	Sales	Unauthorised activities	Gross	Attempt of sales personnel to influence FI & TVR and related aspects
5	Sales	Others	Gross	Misappropriation of cash and financial instruments related to the company, customers, channels and service providers
6	Sales	Making false promises to/misinforming customers	Major	Promising terms that are not as per standard offerings on the company
7	Sales	Making false promises to/misinforming customers	Major	Misleading customers with wrong terms of lending even within offerings of the company
8	Sales	Making false promises to/misinforming customers	Major	Trying to advise the guarantor that it is just a signature and has no financial implications
9	Sales	Making false promises to/misinforming customers	Major	Incorrect fees collected directly or letting channel take higher than prescribed processing fees
10	Sales	Making false promises to/misinforming customers	Major	Wrong product being offered, trying to fit a customer for a product he does not want Complaint of mis-selling, in terms of tenor, loan value, hypothecations process, docs required etc.
11	Sales	Mishandling channels	Major	Converting a direct case to indirect
12	Sales	Mishandling channels	Serious	Converting a direct case to indirect -"if such conversion is with the objective / intent of sharing DSA payout / commission."

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13	Sales	Mishandling channels	Major	Changing the name of the channel partner
14	Sales	Mishandling channels	Major	Not preventing any channel from collecting cash from the customer
15	Sales	Misleading credit decision	Major	Suppression of any information that is material to credit decision e.g. not reporting the past defaults, profile being high risk, strong connection with police, repo agents, political parties etc., surrogate funding, high degree of leveraging, venture being on informal partnership (not exhaustive but indicative)
16	Sales	Misleading credit decision	Major	Dealer or DSA communicated a delivery permission prior to credit approval.
17	Sales	Misleading credit decision	Major	overruling an FI negative without documented papers to justify
18	Sales	Misleading credit decision	Major	Tailor making a customer for the screen that is advising customer swap
19	Sales	Tampering documents	Major	Not doing OSV properly and seeing only the photocopies
20	Sales	Tampering documents	Major	Signing on behalf of the customer in case of missing signatures
21	Sales	Jeopardizing recovery	Major	permitting customer to bring in co-applicant not related, by not collecting relationship proof as required
22	Sales	Making unauthorized delivery of assets	Major	Advising a DSA in turn to order any dealer to deliver an asset
23	Sales	Affecting company's revenue	Major	Promising charges below approved rates for any service
24	Sales	Others	Major	Recommending or rejecting a case without due diligence
25	Sales	Others	Major	Paying EMI of any customer fully or partly
26	Sales	Others	Major	Suppressing information on personal relationship with any prospective customer either handled by himself or by other sales executives
27	Sales	Making false promises to/misinforming customers	Minor	Not disclosing penal charges, personal visit charges etc. to the customer
28	Sales	Making false promises to/misinforming customers	Minor	Promising door step collection of EMI
29	Sales	Making false promises to/misinforming customers	Minor	Not capturing all liabilities and obligations of a customer and committing a loan amount that he does not qualify for
30	Sales	Mishandling channels	Minor	Permitting channel to book a deal subsequent month, since his current month targets are met
31	Sales	Mishandling channels	Minor	Converting indirect case to direct

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32	Sales	Mishandling channels	Minor	taking wrong subventions of dealers/manufacturers and giving incorrect rate to customers
33	Sales	Misleading credit decision	Minor	Recommending a case post-delivery without declaring
34	Sales	Misleading credit decision	Minor	Accompanying or offering to accompany FIE on any FI
35	Sales	Jeopardizing recovery	Minor	Deliberately converting an NPDC case to PDC and vice versa
36	Sales	Jeopardizing recovery	Minor	not capturing the right communication address/ phone number where applicant is reachable.
37	Sales	Jeopardizing recovery	Minor	Offering an LTV higher than what the customer wanted
38	Sales	Affecting company's revenue	Minor	Diverting list of declined cases to other channels or competition
39	Sales	Tampering documents	Serious	Making any change in any standard document of the company or the documents of the customer, DSA, dealer or any other agency
40	Sales	Tampering documents	Serious	Preparing or ordering preparation of any document that should be received from the channel, dealer, customer or any other agency
41	Sales	Jeopardizing recovery	Serious	Sharing information that might compromise the company's position with the customer
42	Sales	Making unauthorized delivery of assets	Serious	Advising delivery of an asset to a customer through any mode of communication-verbal, letter, delivery order
43	Sales	Affecting company's revenue	Serious	Diverting insurance business to others
44	Sales	Others	Serious	Offering or promising any payments in cash or kind to anyone internally or externally to improve performance.
45	Sales	Others	Serious	Sharing customer information outside Magma
46	Sales	Negligence of work	Major	In consecutive three RCU Negative cases in a particular month, the concerned Deal Originator will be accountable for such irregularity since he/she is responsible for verifying the original / carrying out OSV.

CREDIT AND OPERATIONS VERTICAL

47	Credit Ops /	Others	Gross	Accepting payments in cash, kind, gratification from anyone- customer, channel etc. Exception is only items like calendars, diaries, sweets that carry the name of the company offering the same. Even in the case of such items, if value of such gift exceeds Rs. 1000 it should be declared.
48	Credit Ops /	Others	Gross	Misappropriation of cash and financial instruments related to the company, customers, channels and service providers
49	Credit Ops /	Unauthorised activities	Gross	Attempt to entertain or acceptance or being influenced by sales team in FI,TVR and related aspects
50	Credit Ops /	Misleading the company	Major	Bypassing any credit process of the company deliberately or inadvertently
51	Credit Ops /	Misleading the company	Major	Not recording material information about any proposal/appraisal

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52	Credit Ops /	Misleading the company	Major	Disposing (Approving or rejecting) a case without appraisal .
53	Credit Ops /	Misleading the company	Major	Swapping the DSA or DO
54	Credit Ops /	Misleading the company	Major	Entering discrepant information about the asset, customer, financial parameters
55	Credit Ops /	Misleading the company	Major	Not capturing a critical PDD document list or not following up on due dates for PDDs, that leads to fraud, early delinquencies and Instant write-offs
56	Credit Ops /	Misleading the company	Major	Releasing payment for non-registered Construction equipment sans original invoice
57	Credit Ops /	Misleading the company	Major	Approving a charge below the approved rates for any service
58	Credit Ops /	Lack of guidance to customer	Major	Failing to brief the legal implications of being a co-applicant to a co-applicant or of a personal guarantee to the guarantor
59	Credit Ops /	Lack of guidance to customer	Major	Failing to inform financial details of the deal to the customer
60	Credit Ops /	Others	Major	Customer files being sent back to channels and then accepting represented cases with channel lead fraud/revised docs submitted
61	Credit Ops /	Others	Major	Disbursing without critical docs not collected, nor captured in PDD
62	Credit Ops /	Others	Major	Holding any payment to channels sans valid reasons and approval
63	Credit Ops /	Lack of guidance to customer	Minor	Reconfirmation of tenor, rate, EMI, other details during PD or TVR That leads to customer defaulting on not knowing the terms.
64	Credit Ops /	Misleading the company	Serious	Approving a case sans TVR, appraisal, reference check.
65	Credit Ops /	Misleading the company	Serious	Approving a negative FI case without adequate justifications
66	Credit Ops /	Misleading the company	Serious	Recording of personal discussion and TVR without actually conducting.
67	Credit Ops /	Misleading the company	Serious	Suppression of any information material to credit decision.
68	Credit Ops /	Misleading the company	Serious	Exceeding the discretionary powers
69	Credit Ops /	Misleading the company	Serious	Booking a file without requisite details.
70	Credit Ops /	Misleading the company	Serious	Not conducting de-dupe as per laid down procedure
71	Credit Ops /	Misleading the company	Serious	Gross negligence in judging the risk profile of the customer/venture/asset combination
72	Credit Ops /	Misleading the company	Serious	Failing to obtain all the documents that are prescribed in the manual and approval mails
73	Credit Ops /	Misleading the company	Serious	Failing to ensure compliance to sanction terms and conditions before booking the deal
74	Credit Ops /	Misleading the company	Serious	Issuing DO outside the System
75	Credit Ops /	Others	Serious	Sharing customer information in any mode to any outsider sans authorization.

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76	Credit Ops /	Others	Serious	Sharing information that might compromise the company's position with the customer.
77	Credit Ops /	Others	Serious	Preparing NOC without internal de-dupe
78	Credit Ops /	Making false declarations	Serious	FI reports submitted without actual field investigation being conducted

COLLECTION VERTICAL

79	Collection	Unauthorised activities	Gross	Carrying unaccounted cash
80	Collection	Cash holding	Gross	Using collection funds for expenses of any kind.
81	Collection	Others	Gross	Accepting payments in cash, kind, gratification from anyone- customer, channel etc. Exception is only items like calendars, diaries, sweets that carry the name of the company offering the same. Even in the case of such items, if value of such gift exceeds Rs.1000/- it should be declared.
82	Collection	Others	Gross	Using profit made in sale for collections
83	Collection	Others	Gross	Misappropriation of cash and financial instruments related to the company, customers, channels and service providers
84	Collection	Making false declarations	Major	Conducting FI along with channel for FI
85	Collection	Making false declarations	Major	Conducting FI in someone else's name of diverting allocated FI to someone else
86	Collection	Making false declarations	Major	false commitments to settlement for retaining in buckets or flowing back
87	Collection	Making false declarations	Major	Adding unvisited locations in the DCR
88	Collection	Unauthorised activities	Major	Leaving the HDD with unauthorized persons
89	Collection	Unauthorised activities	Major	Collecting sale or pre term amounts
90	Collection	Unauthorised activities	Major	Holding PDCs both filled or blank
91	Collection	Unauthorised activities	Major	Postponing month end advance collections to next month
92	Collection	Unauthorised activities	Major	Making part payments from own cash in customer account
93	Collection	Unauthorised activities	Major	Holding back original MR from customer
94	Collection	Unauthorised activities	Major	Enabling/participating in asset transfer to third party
95	Collection	Unauthorised activities	Major	Accepting cheques from non- customers - especially channel partners to hold a customer from flowing
96	Collection	Unauthorised activities	Major	Promising a settlement exceeding the powers in any mode of communication
97	Collection	Unauthorised activities	Major	Promising charges less than approved rates for any service.
98	Collection	Cash holding	Major	Cutting receipt for a table collection

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99	Collection	Cash holding	Major	Accepting clubbed EMI cheques of more than one loan from either customer or a third party
100	Collection	Others	Major	Not taking due care of HHD leading to its malfunction or physical damage
101	Collection	Others	Major	Not making all possible efforts to get the best price for the repossessed assets
102	Collection	Others	Serious	Ordering repossession without issuing formal repo order
103	Collection	Unauthorised activities	Major	Making part payments from own cash in customer account (loading)
104	Collection	Unauthorised activities	Minor	Wrong allocation of a collections bucket case
105	Collection	Making false declarations	Serious	Recording the FI in the System in any name other than the one who conducted the FI
106	Collection	Making false declarations	Serious	Making falsified statements in any mode of communication to obtain an approval of higher authorities
107	Collection	Making false declarations	Serious	Making alterations to MR
108	Collection	Unauthorised activities	Serious	Sharing HHD password with others
109	Collection	Unauthorised activities	Serious	Cutting MR in anticipation without physical cash or cheque
110	Collection	Unauthorised activities	Serious	Non documented repossession
111	Collection	Unauthorised activities	Serious	Non documented releases
112	Collection	Unauthorised activities	Serious	Accepting Self cheque
113	Collection	Cash holding	Serious	Convincing colleagues to cut MRs for cash collected or to be collected by oneself through false statements
114	Collection	Cash holding	Serious	Letting third party or channel to collect EMI
115	Collection	Cash holding	Serious	Deliberately delaying the payment of cash to the cash counter
116	Collection	Cash holding	Serious	Letting customers to pay cash in own bank accounts
117	Collection	Cash holding	Serious	Not cutting official MR
118	Collection	Others	Serious	Sharing customer information outside Magma.
119	Collection	Others	Serious	Sharing information that might compromise the company's position with the customer.
120	Collection	Others	Serious	Cross subsidizing value of one repo asset with other
121	Collection	Others	Serious	Depositing cheques with full knowledge that it was likely to bounce
122	Collection	Others	Serious	Utilizing a repo vehicle for any use
123	Collection	Others	Serious	Overstating an accident damage of a repo vehicle
124	Collection	Others	Serious	Sharing companies internal policies on waivers with others
125	Collection	Others	Serious	Buying any repossessed asset for oneself directly or through others
126	Collection	Others	Serious	Accepting quotations outside the bidding process
127	Collection	Others	Serious	Removing or suppressing quotations
128	Collection	Others	Serious	Revealing any price sensitive information to bidders
129	Collection	Others	Serious	Trying to influence the valuer

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130	Collection	Others	Serious	Not handing over or holding documents undeclared documents (RC, Insurance, invoice) of repossessed vehicles
131	Collection	Others	Serious	Allowing repo agent to collect cash from customers
132	Collection	Others	Serious	Making false statements about the customer's intention and third party status to speed up the repossession
133	Collection	Others	Serious	Not making all efforts possible to recover and release the asset to the customer
134	Collection	Others	Serious	Releasing the repo assets sans complete recovery of dues
135	Collection	Unauthorised activities	Serious	If Dealer/ DSA/ Third Party makes payment for any party account, then the information in particular needs to be captured in system in appropriate manner by the concerned Field Collector. In case the Field Collector visits to the Dealer / DSA/ Third Party for collection / follow-up for payment for a proposal, then the same needs to be mentioned in the visit menu in his terminal. Any payment made by Dealer / DSA/ Third Party on behalf of the hirer and not captured by the Collector knowingly / willfully will be viewed as a breach of integrity

ACCOUNTS VERTICAL

136	Accounts		Gross	Collecting cash sans MR
137	Accounts		Gross	Cash shortage
138	Accounts		Gross	Holding unaccounted cash
139	Accounts		Gross	Shortage in MR books
140	Accounts		Gross	Issuing MR books for field collection
141	Accounts		Gross	Misappropriation of cash and financial instruments related to the company, customers, channels and service providers
142	Accounts		Major	Not updating daily cash register on daily basis
143	Accounts		Major	Not Keeping Petty Cash register updated in system
144	Accounts		Major	Handing over cash to pick up agency without following requisite control requirements
145	Accounts		Major	Not maintaining inventory control on MR rolls
146	Accounts		Major	Refusing to receive cash from customers, FOS within reasonable times
147	Accounts		Major	Delays in approving verified cash in HDD
148	Accounts		Major	Holding unaccounted cheques
149	Accounts		Serious	Holding cash deliberately without handing over to pick up agency/bank
150	Accounts		Serious	Not maintaining the MR books under lock and key
151	Accounts		Serious	Accepting counterfeit currency

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Annexure II

Degree	Fraudulent Act	Alleged Wrongful Conduct	Punitive Action
Minor	NA	Unintentional act or negligence for which no direct motive is attributable and the impact of the Alleged Wrongful Conduct does not have any material impact with regard to financial, reputation, customer satisfaction, legal etc.	Verbal warning / counselling /advisory /cautionary note by the HR manager and/or in presence of HR Manager with information to the national head concerned. Post action the information should be mailed to all concerned that the process has been complied and the copy of the relevant documents to be kept in file and the noting to be made in the HRMIS for future reference.
Major	Intentional Subversion of policy(s) / process/ established practices/ procedural activities not aimed at deriving pecuniary benefits	Intentional Subversion of policy, procedure to show better performance or unintentional act or negligence, consequences of which has material impact with regard to financial, reputation, customer satisfaction, legal etc. Any second instance of minor Wrongful Conduct within 12 months will be considered as Major Alleged Wrongful Conduct.	A warning in writing shall be issued by VP – HR / CPO. However, person(s) having delegation of authority by VP-HR/CPO can issue letters on their behalf. A copy of the same shall be held in the employees file at HR and noting shall be made in the HR MIS. Employee's rating during appraisal will be dropped one notch lower and such employee will not be eligible for promotion in the next appraisal cycle.
Serious	Intentional act aimed at deriving pecuniary benefit for self or channel partner.	Intentional Wrongful Conduct / process violation aimed to gain pecuniary benefit(s) or gross negligence of work consequences of which has material impact with regard to financial, reputation, customer satisfaction, legal etc. Any second instance of unexplained major Wrongful Conduct within 12 months will also be considered as serious Wrongful Conduct.	Initiating actions to make the accused employee exit from the system.
Gross	Misappropriation of cash of the company, customer, channel, service provider etc.	Intentional Wrongful Conduct that has gross negative impact on the company's reputation or ethical environment in the eyes of customer, employees, channels, law, service provider or any other stake holder.	Departmental action as per the Code of Conduct and Discipline rules of the Company leading to dismissal of accused employee. Alongside criminal proceedings to be done particularly when there is money to be recovered.

Before implementing the disciplinary action as per above matrix, the Disciplinary committee will discuss with the concerned vertical and may seek their views. However, the decision of the Disciplinary Committee will prevail.

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Annexure III

Time Lines for various steps in the Policy on Breach of Integrity and Whistle Blow.

Activity	Vertical Responsible	Time Line
1) Preliminary analysis by HR whether it is fraud or other disciplinary issue and communication to IA for investigation.	HR	7 Days
2) Investigation of fraud by IA and submission of Final Investigation Report.	IA	21 Days
3 (A) Decision and firming up of actions to be taken with regard to Employees and Stakeholders after discussion with concerned vertical.	Disciplinary Committee	14 Days
3 (B) Decision and firming up on process modifications after discussion with IA.	Concerned Vertical	14 Days
4) Implementation of actions against implicated employees: <ul style="list-style-type: none"> • Verbal or Written Warning • Lodging of FIR,) coordination with Legal team. • Dismissal Procedure consisting of show cause, enquiry & exit of Employees and Stakeholders from company. 	HR	<ul style="list-style-type: none"> • 7 Days • 7 Days • Within a reasonable time period.

11. Change Control Sheet

Version No.	Change request by	Memorandum of Change	Approval date