



## **WHISTLE BLOWER PROTECTION POLICY OR THE VIGIL MECHANISM**

**Originally adopted by the Board of Directors on 8<sup>th</sup> August, 2015**

**Amended by the Board of Directors on 5<sup>th</sup> December, 2015**

**Amended by the Board on 14<sup>th</sup> February, 2019**

### **1. INTRODUCTION**

- 1.1. SMS Pharmaceuticals Limited, "the Company" believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behavior. The Company is committed to developing a culture where it is safe for all the Stakeholders to raise concerns about any misconduct or unacceptable practice.
- 1.2. Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed. The Company has adopted a Code of Business Conduct & ethics, "the Code" for Directors and Employees, which lays down the principles and standards that should govern the actions of the Company and its employees.
- 1.3. Any actual or potential violation of the Code or any illegal activity, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The employees reporting any misconduct shall be suitably protected and no unjust action will be taken against any such employee. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.
- 1.4. The Company as per Section 177 of Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (erstwhile Clause 49 of the Listing Agreement) was formulated a policy on 08.08.2015 named as 'Whistle Blower Policy' for its employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct.
- 1.5. Accordingly, the Company propose to re-named the established policy as Whistle Blower Protection Policy, "the Policy" and amend the Committee composition thereof.

### **2. OBJECTIVE & SCOPE**

- 2.1. This Whistle Blower Policy, consequent to statutory mandate is an extension of the Code of Business Conduct through which the Company seeks to provide a mechanism for the Stakeholders to disclose their concerns and grievances on "Unethical Behavior and Improper/Illegal Practices and Wrongful Conduct" taking place in the Company for appropriate action. The policy neither releases employees 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
- 2.2. This policy seeks the support of SMS Pharmaceuticals employees, channel partners and vendors to report Significant deviations from key management policies and report any non-compliance and wrong Practices, e.g, unethical behavior, fraud, violation of

law, inappropriate behavior /conduct etc. Through this Policy, the Company provides necessary safeguards to all Whistle Blowers for making Protected Disclosures in Good Faith and any Stakeholder assisting the investigation.

### **3. TERMS AND REFERENCES**

In this Policy, the following terms shall have the following meanings:

- 3.1. **“Audit Committee”** means the Audit Committee, by whatever name called, constituted by the Board of Directors of the Company in compliance with Section 177 of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof) read with Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.
- 3.2. **“The Code”** means the Code of Business Conduct.
- 3.3. **“The Company”** means SMS Pharmaceuticals Limited.
- 3.4. **“Director”** means a director appointed on the Board of the Company.
- 3.5. **“Disciplinary Action”** means any action that can be taken on the completion of/during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- 3.6. **“Employee”** means every employee, of the Company (whether working in India or abroad) and its subsidiaries.
- 3.7. **“Good Faith”** means a Stakeholder shall be deemed to be communicating in ‘good faith’ if there is a reasonable basis for communication of Unethical Behavior and Improper/Illegal Practices or any other Wrongful Conduct. Good faith shall be deemed lacking (a) when the Stakeholder does not have personal knowledge or a factual basis for the communication or (b) where the Stakeholder knew or reasonably should have known that his communication about the Unethical Behavior and Improper Practices or Wrongful Conduct is malicious, false or frivolous.
- 3.8. **“Investigators”** means any person(s) duly appointed/consulted by the CFO, CEO or the Audit Committee, as the case may be, to conduct an investigation under this policy.
- 3.9. **“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 information evidencing an unethical or improper activity 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 and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- 3.10. **“Stakeholder”** means any person including Employees and Directors with an interest or concern in the business of the Company and their representative bodies.
- 3.11. **“Subject”** means a person or a group of persons against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation under this Policy.
- 3.12. **“Whistle Blower”** means a Stakeholder who has made a Protected Disclosure.
- 3.13. **“Unethical Behavior and Improper/Illegal Practices or Wrongful Conduct”** shall mean:-
  - An act or omission resulting Violation of "the Code";
  - i. An act or omission which does not conform to approved standard of social and professional behavior;

- ii. An act or omission which leads to unethical business practices including misappropriation of monies and actual or suspected fraud or Deficiencies in Internal Control and check; or
  - iii. An deliberate act or omission in preparations of Financial Statements or Misrepresentation of financial reports
  - iv. Breach of etiquette or morally offensive behavior;
  - v. An act or omission which may lead to substantial and specific danger to public health and safety or abuse of authority.
  - vi. An abuse of authority
  - vii. Breach of contract
  - viii. Manipulation of Company's data/records
  - ix. Any deliberate unlawful act whether Criminal/ Civil
  - x. Pilferage of confidential/propriety information
  - xi. Willful negligence of assigned duties that could result in damage/loss to the Company
4. The terms which have not been defined in the Policy shall have the same meaning assigned to them in the Companies Act, 2013, Securities Exchange Board of India Act, 1992 (including any statutory modifications or re-enactment thereof) and the Regulations framed there under.

## **5. ELIGIBILITY AND ROLE OF WHISTLE BLOWER**

- 5.1. All Stakeholders of the Company are eligible to make Protected Disclosures under this Policy.
- 5.2. The role of a Whistle-blower is limited to making a Protected Disclosure. A Whistle-blower should not engage in investigations concerning a Reportable Matter that is the subject of a Protected Disclosure. Whistle Blowers are not expected or required to act as investigator nor fact finder in any matter and they do not have any right to participate in the investigation proceedings. Neither should a Whistle-blower become involved in determining the appropriate corrective action that might follow from the submission of a Protected Disclosure.
- 5.3. The Policy shall not be used in place of the Company's grievance procedures or be a route for raising malicious or unfounded allegations against any Stakeholder of the Company. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment, any abuse of this protection will warrant disciplinary action.
- 5.4. Whistle Blowers, who had made three or more Protected Disclosures which had been subsequently found to be mala fide, frivolous or malicious, shall be barred from making any further Protected Disclosures under this Policy. Further, the Audit Committee may initiate suitable action against the concerned Whistle Blower including reprimand.

## **6. REPORTING MECHANISM**

- 6.1. **Our Responsibility:**
- i. To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:
  - ii. Ensure that the Whistleblower and/or the person processing the Protected Disclosure is not victimized for doing so.
  - iii. Treat victimization as a serious matter, including initiating disciplinary action, if required, on such person/(s).
  - iv. Ensure complete confidentiality.
  - v. Not attempt to conceal evidence of the Protected Disclosure.
  - vi. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made.
  - vii. Provide an opportunity of being heard to the persons involved especially to the Subject.
  - viii. Disclosure in writing to be sent/ handed over in a sealed cover to the designated officers as mentioned under Annexure –A.

## 6.2. Manner of Reporting:

- i. Whistleblowers must put their names to allegations as follow-up questions and investigation may not be possible unless the source of the information is identified. Disclosures expressed anonymously will ordinarily NOT be investigated
- ii. All Protected Disclosures should be reported in writing by the complainant as soon as possible after the Whistle Blower becomes aware of the same 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 any local language (i.e. Telugu).
- iii. The Protected Disclosure should be submitted in a closed and secured envelope and **should be super scribed as “Protected disclosure under the Whistle Blower policy”** or alternatively, the same can also be **sent through email** with the **subject “Protected disclosure under the Whistle Blower policy”** to the designated officers as mentioned under Annexure –A.

6.3. Any Stakeholder, who observes any Protected Disclosures **relating to financial malpractices**, shall report the same to the Chief Financial Officer (CFO) of the Company with a copy to Chairman of the Audit Committee. The CFO shall appropriately, thoroughly and expeditiously conduct the investigation of such Protected Disclosure, including where necessary with the help of Investigators and determine appropriate action based on findings. If the concerned Whistle Blower is not satisfied with the outcome of the investigation by the CFO, then he can make the Protected Disclosure directly to the Chairman of the Audit Committee. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure including where necessary with the help of Investigators and determine appropriate action based on findings.

6.4. **Any Stakeholder, who observes any Protected Disclosures relating to non-financial malpractices, shall report the same to Chairman of the Company with a copy to Chairman of the Audit Committee.** The CEO shall appropriately, thoroughly and expeditiously conduct the investigation of such Protected Disclosure including where necessary with the help of Investigators and determine appropriate action based on findings. If the concerned Whistle Blower is not satisfied with the outcome of such investigation by the CEO, then he can make the Protected Disclosure directly to the Chairman of the Audit Committee. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure including where necessary with the help of Investigators and determine appropriate action based on findings.

6.5. Where a Protected Disclosure is to be made, which involves a CFO or CEO or Director of the Company, such Protected Disclosure may be made by any Stakeholder directly to the Chairman of Audit Committee. If any of the members of the Audit Committee have a conflict of interest in a given case, they would recuse themselves and the others in the Committee would deal with the matter on hand.

## 6.6. Content of Report:

The complaint should be factual rather than speculative and must contain to the maximum extent possible, the following information:-

- i. The Director or Employee, and/or other Stakeholder involved;
- ii. The office/unit of the Company where it happened;
- iii. When did it happen; date or a period of time;
- iv. Nature of concern;
- v. Any documentary evidence or proof, if available;
- vi. Whom to contact for more information, if possible;
- vii. Any other relevant information;

## 6.7. Secrecy/Confidentiality

- i. The Complainant, Vigilance and Ethics Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:
- ii. Maintain confidentiality of all matters under this Policy;

- iii. Discuss only to the extent or with those persons as required under this policy for completing the process of investigations;
  - iv. Not keep the papers unattended anywhere at any time;
  - v. Keep the electronic mails / files under password.
- 6.8. All reports and records associated with Protected Disclosures are considered confidential information and access will be restricted to the Whistleblower and Vigilance Officer. Protected Disclosures and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

## **7. PROTECTION TO WHISTLE BLOWER**

If an employee 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. He/she 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 Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure, as a result of reporting under this Policy.

## **8. ACCOUNTABILITIES – WHISTLE BLOWERS**

- i. Bring to early attention of the Company any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern. Delay in reporting may lead to loss of evidence and also financial loss for the Company;
- ii. Avoid anonymity when raising a concern;
- iii. Follow the procedures prescribed in this policy for making a Disclosure;
- iv. Co-operate with investigating authorities, maintaining full confidentiality;
- v. The intent of the policy is to bring genuine and serious issues to the fore and it is not intended for petty disclosures;
- vi. A whistleblower has the right to protection from retaliation;
- vii. Maintain confidentiality of the subject matter of the Disclosure and the identity of the persons involved in the alleged malpractice/violation. It may forewarn the Subject in case any important evidence is likely to be destroyed.

## **9. ACCOUNTABILITIES – VIGILANCE OFFICER & INVESTIGATORS**

- i. Conduct the enquiry in a fair, unbiased manner;
- ii. Ensure complete fact-finding;
- iii. Maintain strict confidentiality;
- iv. Decide on the outcome of the investigation;
- v. Recommend an appropriate course of action - suggested disciplinary action, including dismissal, and preventive measures;
- vi. Minute Investigator's deliberations and document the final report.

## **10. RIGHTS OF A SUBJECT**

- i. Subjects have a right to be heard and the Whistle Officer must give adequate time and opportunity for the subject to communicate his/her say on the matter;
- ii. Subjects have the right to be informed of the outcome of the investigation and shall be so informed in writing by the Company after the completion of the inquiry/investigation process;
- iii. Subjects have a right to consult with a person or persons of their choice, other than the Investigators and/or the Whistle Blower;
- iv. 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 to reimburse such costs.

## **11. DECISION**

If an investigation of any Protected Disclosure leads the CFO, CEO or Audit Committee to conclude that an Unethical Behavior and Improper Practices or Wrongful Conduct

has been committed, then the CEO, CFO or Audit Committee as the case may be, shall instruct such corrective or disciplinary action as deemed fit. For avoidance of doubt, 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. ADMINISTRATION AND REVIEW OF THE POLICY**

The Audit Committee shall be responsible for the administration, interpretation, application and review of this policy. The Chief Financial Officer also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee.

#### **13. REPORTS**

**A quarterly status report on the total number of complaints received during the period, with summary of the findings of the Vigilance Officer and the corrective actions taken will be sent to the Chief Financial Officer of the Company, he/she subsequently put the same before Audit Committee.**

#### **14. AMENDMENT**

The Board of Directors of the Company shall review the policy periodically and amend or modify this Policy in whole or in part, as required at any time and notify such amendments or modifications to all the employees.

**This policy (as amended from time to time) shall be deemed to have come into force with effect from 8<sup>th</sup> Day of August, 2015.**

Place : Hyderabad  
Dated : 14.02.2019

Ramesh Babu Potluri  
(CHAIRMAN)

**Annexure A: Contact Details**

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