

Vigil Mechanism/Whistle Blower Policy of ISFL

1. Background

ISFL, has in place formal set up of dealing with complaints received from various sources. Section 177 (9) and (10) of the newly enacted Companies Act, 2013 provides for establishment of a vigil mechanism in listed companies and certain classes of companies like the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees, for its directors and employees to report genuine concerns in such manner as may be prescribed.

2. Preamble

ISFL, as a company incorporated under Companies Act, 1956, is required to establish a vigil mechanism and as such frame a whistle blower policy for its director(s) and employee(s) to report to the management their concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The mechanism shall provide for adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. However, this policy is an internal document of the company and has been framed for the purpose defined above.

3. Definitions

- a) "ISFL" means IFIN Securities Finance Limited
- b) "Audit Committee" means the Audit Committee of the Board constituted by the Board of Directors of IFIN Securities Finance Limited.
- c) "Director" means Directors of IFIN Securities Finance Limited
- d) "Competent Authority" means COO & WTD of IFIN Securities Finance Limited and will include any person(s) to whom he may delegate any of his powers as the Competent Authority under this policy from time to time. In case of conflict of interest, Competent Authority means Chairman of the Audit Committee.
- e) "Designated Authority" means Chairman of the Audit Committee.

f) "Whistle Blower" means an employee or Director making a Protected Disclosure under this policy.

g) "Protected Disclosure" means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.

Terms that have not been defined here specifically shall have the same meaning assigned to them in this Policy. In case of doubt on any term used in this Policy, interpretation of Competent Authority will be final and binding.

4. Objective

The policy aims at quickly spotting aberrations and dealing with at the earliest to prevent any pecuniary or esteem loss to ISFL. Under the policy the employees making "Protected Disclosure" in good faith shall be assured of confidentiality and protection as whistle blower against any retaliatory action intended to humiliate, harass them in any form.

5. Applicability

The Whistle Blower Policy shall apply only to Director(s) and all employees of ISFL.

6. Eligibility

The Director(s) and employees of the ISFL are eligible to make "Protected Disclosures" under the Policy. The Protected Disclosure may be in relation to matters concerning ISFL which may relate to concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy, wilful attempt to exceed delegated authority by virtue of demonstrable loss may be caused to ISFL or demonstrable wrongful gain may accrue to the person against whom protected disclosure is being made.

7. Scope and Coverage

The policy is designed in such a way that it shall help the person making protected disclosure to the management of ISFL or to the Chairman of the Audit Committee in exceptional cases against any instance of wrongdoing and malpractices within ISFL. However, the disclosures should be made in a reasonable time frame. The few instances when the protected disclosure may be made are:

- (i) Criminal offence (e.g. fraud, corruption or theft) committed/likely to be committed.
- (ii) Failure to comply with legal/regulatory obligations
- (iii) Violation of fair practice code of ISFL in dealing with lending related issues.
- (iv) Destruction of official records/information/evidences with mala fide Intention.
- (v) Incidence of sexual harassment of a member of staff, clients and service providers of ISFL.
- (vi) Breach of ISFL Staff Regulations.
- (vii) Embezzlement causing pecuniary loss to ISFL.
- (viii) Submission of fake bills.
- (ix) Discrimination against a member of staff, client or service provider on the grounds of sex, caste, religion or disability.
- (x) An act which leads to unethical business practices.
- (xi) An act which does not conform to approved standard of social and professional behavior.

8. Protection to Whistle Blower

Under Whistle Blower Policy, ISFL shall ensure that any director or employee who has made a protected disclosure under the Policy or rendered assistance in inquiry under the policy, is not victimised by initiation of any proceedings or otherwise merely on the raising alarm over any wrongdoing in ISFL. Such whistle blower need not fear the risk of losing his/her job, transfer, demotion, refusal of promotion, disciplinary action, retaliation, alienation from peers, any type of obstruction in his functioning at his workplace. His right derived from the position being held by him in ISFL shall be protected at any cost.

However, this protection will be available to him/her subject to the following:

- (i) That the disclosure has been made in good faith and is genuine.
- (ii) That the person making disclosure has made a personal declaration that he/she reasonably believes the information to be substantially true
- (iii) That the complaint is not motivated or vexatious.
- (iv) That the complaint is not made for personal gains.
- (v) That the complaint has been made in the role of whistle blower and not just as a complainant.

This assurance will not be extended to the employee who has made a disclosure malafidely and knowingly that it was incorrect or false or misleading. In such case, he shall be liable to Disciplinary Action(s) to be decided by the Competent Authority or Committee constituted under this Policy.

If the employee raising alarm as whistle blower is aggrieved by any action on the ground that he is being victimized due to the fact that he had filed a complaint or disclosure, he may file an application before the COO & WTD or Chairman of Audit Committee, as the case may be, for seeking redressal in the matter, who shall take such action as deemed fit.

9. Procedure for Disclosure

Designated Authority, which accepts such disclosures, will have the responsibility of keeping the identity of the employee making disclosure as secret. Hence, the person making any protected disclosure will have to comply with the following conditions:

- (i) The Protected Disclosure should be in a closed/secured envelope.
- (ii) The envelope should be addressed to COO & Whole-time Director, IFIN Securities Finance Limited, III Floor, 142, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034, and should be super scribed "Complaint under Protected Disclosure Scheme of ISFL". If the envelope is not super scribed and closed, it may not be possible for the Designated Authority of ISFL to protect the identity of

employee making disclosure under this Policy. If protected disclosure is received by any person other than the Designated Authority as mentioned above, then the same should be forwarded to the Designated Authority as mentioned in para (ii) above. The whistle blower should give his/her Name and address in a covering letter to the protected disclosure and the Designated Authority to detach the covering letter while forwarding the same for investigation to the investigating officer. However, the Whistle Blower should not write his name and address on the envelope itself.

(iii) The protected disclosures shall be factual and not speculative, or in a nature of conclusion and should include proper information as detailed below for making proper assessment –

- a) Nature of the alleged dishonest practice or improper behaviour
- b) Time of occurrence
- c) Location of occurrence
- d) Manner of occurrence
- e) Persons involved in the wrong doing.
- f) Amount of financial loss on account of wrong doing
- g) Details of any supporting document
- h) Details of witness

(iv) The protected disclosure can be made in English, Hindi or any other regional language of the place to which the whistle blower belongs.

(v) Anonymous/pseudonymous complaints shall not be entertained.

(vi) If the complainant desires that his/her identity should not be disclosed, he should draft the text of complaint in such a manner that it does not give any details or clue to his/her identity. However, the details of the complaint should be specific and verifiable.

(vii) If the Whistle Blower believes that there is a conflict of interest between the Designated Authority and the disclosure made, then the Designated authority having conflict of interest in a given case, should recuse themselves from the discussion and remaining members shall deal with the subject matter on hand.

(viii) With a view to protect his/her identity, the Designated Authority in ISFL will not issue any acknowledgement and the whistle-blowers are advised not to enter into any further correspondence with the Designated Authority in their own interest.

In case, ISFL needs the assistance of Whistle Blower in investigation into the complaint, he/she will be required to cooperate in that matter.

10. Procedure for Enquiry/Investigation

(i) All disclosures shall be summarised and submitted by the Designated authority on a monthly basis or earlier depending upon severity.

(ii) Where complaint has no basis or substance at all, it will be dismissed at this stage by the Competent Authority and decision will be documented. Depending upon the severity of the disclosure, an internal or external investigator will be deployed and the investigation would be carried out quickly and thoroughly.

(iii) Once the decision to enquire/investigation is taken, the Designated authority will ensure that the complaints are enquired/investigated and action taken to its logical conclusion normally within 45 days of receipt of protected disclosure.

(iv) The person against whom the complaint is received shall be informed of the allegations at the outset of a formal investigation and be given opportunities to be heard during the investigation.

11. Maintenance of record

(i) The Designated Authority will personally open all the emails/envelops pertaining to the matters under the policy.

(ii) He will ensure that a register is maintained for recording complaints marking the number of the complaint and date of its receipt.

(iii) The Designated Authority will bring the complaint to the notice of COO & WTD or to the Audit Committee, as the case may be, immediately on its receipt.

12. Amendment of Vigil/Whistle Blower Policy

ISFL reserves the right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

13. Responsibility for implementation

The Audit Committee of Directors of ISFL shall have the responsibility for overseeing the Vigil Mechanism in ISFL.
