

MODERN FINANCIAL SERVICES LIMITED

VIGIL MECHANISM (WHISTLE BLOWER POLICY)

1. PREFACE

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) requires that every listed Company shall establish a Vigil Mechanism (Whistle Blower Policy) for the **Directors** and **employees** of the Company to report genuine concerns, instances of unethical behaviour, actual or suspected fraud or violation of the Company's **Code of Conduct**. The Company has adopted a Code of Conduct for Directors and Senior Management Personnel, which lays down the Principles and standards that governs the actions of the Company and its employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. Besides, Vigil Mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the **Chairman of the Audit Committee** in appropriate and exceptional cases.

Accordingly, the Company being a Listed entity, established a Vigil Mechanism (Whistle Blower Policy).

2. PURPOSE

The Whistle Blower Policy is intended to cover serious concerns that could have a large impact on the Company, such actions which :

- May lead to incorrect financial reporting ;
- Are unethical and unlawful ;
- Are not in consistence to Company's policy, including the Code of Conduct.

3. POLICY

The Vigil Mechanism (Whistle Blower Policy) aims at the followings:-

- ❖ creation of an environment where every employee feels free and secure to report specific incidents of unethical behaviour, actual or suspected incidents of fraud or any violation of the Code ;
- ❖ To investigate such reported incidents in a fair manner ;
- ❖ To take appropriate disciplinary action against the delinquent employee(s) ;
- ❖ To ensure that no employee is victimized or harassed for bringing such incidents to the attention of the Company.

The operation of this mechanism will be overseen by the **Audit Committee**.

4. SCOPE

This policy applies to all employees of the Company, including part time, temporary and contractual employees.

5. ELIGIBILITY

All employees of the Company including Directors are eligible to acquaint the respective Manager of Company in relation to matters concerning the Company provided complainant must act in good faith and the Policy must not be used as a tool for victimization, making false allegation or malafide intension.

6. REPORTING

a. Employees are encouraged to bring to the attention of the Company incidents pertaining, inter alia to:

- ❖ Illegal or unethical conduct including that which adversely affects investors, shareholders, customers, suppliers, other employees, or the business performance or image or reputation of the Company;
- ❖ Violation of any law or regulation including actual or suspected fraud;
- ❖ Conflict of interest with the Company;
- ❖ Leaking of confidential or proprietary information of the Company;
- ❖ Any violation of the Code of Conduct for prevention of Insider Trading, as adopted by the Company.
- ❖ Any other violation impacting the interest of the Company.

Complaint shall be made to the respective Manager of the Company and Chairman of the Audit Committee in exceptional cases.

b. Complaint shall be made in writing and must include as much information about the suspected violation as the complainant can provide. It should describe:

- ❖ the nature, period of commission and details of the alleged violation;
- ❖ the identities of the persons suspected to have committed the alleged violation; and
- ❖ description of the documents that may prove or relate to the suspected violation.

c. Employees are encouraged to report such incidents as early as possible but not later than 30 days to –

i) Manager of the Company

7. INVESTIGATION

- ❖ All concerned employees have a duty to cooperate in an investigation.
- ❖ All information disclosed during the course of an investigation, including the identity of the complainant, will be kept confidential, except as necessary or appropriate to disclose for the purposes of the investigation or where required to be statutorily disclosed.
- ❖ The Complaint received by the respective manager of the Company will be forwarded to the Vigilance and Ethics Officer who will carry out the investigations and submit Report of Investigations to the Audit Committee alongwith reasoning and supporting material.
- ❖ Complaint by or against senior management will be investigated as directed by the Audit Committee.
- ❖ If the Audit Committee determines that a violation has occurred, the Company will take appropriate action which may include disciplinary proceedings against the violator, including termination of employment.

8. NO RETALIATION

- ❖ This Policy is intended to encourage and enable employees to raise bonafide concerns. No employee who reports a violation shall suffer any harassment, retaliation or adverse employment condition as a consequence of such reporting.
- ❖ Any employee who retaliates against a person reporting a violation will be subject to disciplinary proceedings, which may extend to termination of employment.

9. COMPLAINT TO BE MADE IN GOOD FAITH

- ❖ A complainant must act in good faith and have reasonable grounds for forming a belief that his/her complaint constitutes a violation as described above.
- ❖ This Policy must not be used as a tool for victimization, making false allegation or with malafide intentions.
- ❖ Any person who is found to be making baseless, reckless, malicious or deliberately false allegation, shall be subject to disciplinary proceedings, which may extend to termination of employment.

10. AMENDMENT

The Board of Directors of the Company has the right to amend or modify this policy in whole or in part, at any time without assigning any reason whatsoever, if considered in necessary and in the interest of the Company as well as public interest.

For Modern Financial Services Ltd.

Sd/-

Director