

BAROTA FINANCE LIMITED

VIGIL MECHANISM/WHISTLE BLOWER POLICY

VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

1. OBJECTIVE

Barota Finance Limited is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its directors and employees who have concerns about suspected violations of 'Code of Conduct' of the Company, unethical behavior, actual or suspected fraud, to come forward and express these concerns without fear of punishment or unfair treatment. This mechanism aims to provide an avenue for directors and employees to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

2. APPLICABILITY

This mechanism applies to all the employees and directors of the Company.

3. MECHANISM

The Vigil mechanism is formulated in line with the requirement of Section 177(9) of the Companies Act, 2013, inter alia to provide opportunity to employees / directors to access in good faith, the Vigilance Officer (in appropriate cases, the Audit Committee directly) in case, they observe unethical or improper practices (not necessarily a violation of law) and to secure those concerned from unfair termination and unfair prejudicial employment practices. It was recommended by Audit Committee and was approved by Board of Directors of the Company.

4. DEFINITIONS

4.1 "Annual Report" includes Balance Sheet, Statement of Profit and Loss, Cash Flow Statement , Directors Report, Auditors' Report and any other document annexed or attached or forming part of the Report to the members of the Company.

4.2 "Audit Committee" is the committee which is constituted pursuant to Section 177 of the Companies Act, 2013.

4.3 "Company" means, "Barota Finance Limited."

4.4 "Complainant" is someone who makes a Protected Disclosure under this mechanism.

4.5 'Director' means a member of the Board of Directors of the Company.

4.6 "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.

4.7 "Employee" means every employee on permanent rolls of the Company at its various business locations.

4.8 “Good Faith” - An employee or a director is said to communicate in “good faith” if there is a reasonable basis for the communication in writing of the existence of waste or of a violation or has observed unethical or improper practices. “Good Faith” is lacking when the employee or a director does not have personal knowledge of a factual basis for the communication or where the employee or the director knew or reasonably should have known that the communication about the unethical or improper practices is malicious, false or frivolous.

4.9 “Internal Circular” is a communication made on behalf of the Company by an authorized person which is addressed to the employees or to the directors of the Company through any mode including but not restricted to e-mail, fax, phone, notice board, inter office memo, etc.

4.10 “Mechanism or This mechanism” means, “Vigil mechanism.”

4.11 “Protected Disclosure” means a concern raised by a written communication made in good faith that discloses or demonstrates information that may indicate evidence of unethical behaviour, actual or suspected fraud or violation and improper activity. Protected Disclosures should be factual and not speculative in nature.

4.12 “Right of Access or Right of Approach” The right to an employee or to a director to give a written communication to the Vigilance Officer or to the Audit Committee, as the case may be, for the alleged misconduct or unethical or improper practice which an employee or a director has observed or have found.

4.13 “Subject” means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation under this mechanism.

4.14 “Unfair Termination and Unfair Prejudicial Employment Practices” means to threaten, or otherwise discriminate or retaliate against an employee in any manner that effects the employee’s employment, including compensation, rights, immunities, promotions or privileges.

4.15 “Vigilance Officer” means an officer who is appointed, authorized or designated by the Audit Committee for the purpose of processing and investigating (to the extent of this policy) into the protected disclosures and may include Auditors of the Company.

5. SCOPE

The following stakeholders of the Company are eligible to make protected disclosures under the mechanism.

- Employees of the Company
- Directors on the Board of Directors of the Company.

A person belonging to any of the above mentioned categories can avail the channel provided by this mechanism for raising an issue covered under this mechanism.

The mechanism covers malpractices and events which have taken place/ suspected to take place involving:

1. Abuse of authority.
2. Breach of contract.
3. Negligence causing substantial and specific danger to public health and safety.
4. Manipulation of company data/records.
5. Financial irregularities, including fraud or suspected fraud or deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports.
6. Any unlawful act whether Criminal/ Civil.
7. Perforation of confidential/ propriety information.
8. Deliberate violation of law.
9. Wastage/misappropriation of company funds, property or manpower.
10. A deliberate violation of any accounting principles, policies and regulations, reporting of fraudulent financial information to the shareholders, the government or the financial markets or any conduct that results in violation law, legal duties, code of conduct designed to protect the interest of employees / directors of the Company. However, this should not be merely technical or minimal in nature.
11. Breach of Company policy or failure to implement or comply with any approved Company policy.

EXCEPTIONS

- a) Any complaint or submission made under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 will be out of the scope of this policy.
- b) Any matter related to inter personal issues with colleagues, grievances against the Company with regard to service conditions, organizational policies, terms and conditions of employment, etc. would be reported through existing organizational channels and would not be covered under this mechanism.
- c) Reporting information which he / she does not have an authorization to access.

6. GUIDING PRINCIPLES

To ensure that this mechanism is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- i) Ensure that the Complainant and/or the person processing the Protected Disclosure is not victimized for doing so.
- ii) Treat victimization as a serious matter, including initiating disciplinary action on such person/(s)
- iii) Ensure complete confidentiality
- iv) Not attempt to conceal evidence of the Protected Disclosure
- v) Take disciplinary action, if anyone destroys or conceals evidence of the protected disclosure made/to be made
- vi) Provide an opportunity of being heard to the persons involved especially to the Subject.

7. GUIDELINES

7.1 Internal Policy

The Policy of Vigil Mechanism is an internal policy to make protected disclosures in good faith and to raise concerns to be appropriately dealt by the Vigilance Officer or the Audit committee as the case may be.

7.2 Prohibition

The Vigil Mechanism prohibits Company from taking any action which may lead to unfair termination or unfair prejudicial employment practices (i.e. threaten, demote, relocate, etc.) against its employees / directors for making Protected Disclosure in Good Faith. However, this policy does not protect an employee from an adverse action which occurs before a violation or waste report is communicated or from misconduct, poor job performance or subjection to a reduction in workplace unrelated to a communication made pursuant to the Vigil Mechanism.

7.3 Reporting Authority

Protected Disclosures concerning –

- a) The employees at the levels of Vice President and above should be addressed to the Chairman of the Audit Committee of the Company; and
- b) Other employees should be addressed to the Vigilance Officer.

7.4 Anonymous Allegation

Complainants 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.**

7.5 Rights & Duties of Complainants

- a) Bring to early attention of the Company any improper practice, covered in the scope of this policy, they become aware of. Delay in reporting may lead to loss of evidence and also financial loss for the Company.
- b) The reporting should be in writing along with all necessary evidences.
- c) Avoid anonymity when raising a concern.
- d) The complainant, if employee shall be free to submit the protected disclosure to his or her supervisor, if deemed fit or otherwise can directly approach to the Vigilance Officer without informing to the supervisor. However, directors may directly approach to Audit Committee for reporting any violation or other genuine concerns or grievances.
- e) The protected disclosure can be e-mailed or posted to the Vigilance Officer or Chairperson of Audit Committee at the below mentioned address:-
 - i) Vigilance Officer,
Vigil Mechanism
Barota Finance Limited
SCO 859, NAC, Manimajra, Chandigarh- 160101
Email: mail@barotafinance.com
 - ii) The Chairperson,
Audit Committee
Barota Finance Limited
SCO 859, NAC, Manimajra, Chandigarh- 160101
Email: mail@barotafinance.com
- f) In exceptional circumstances, the employee may submit the protected disclosure directly to the Chairperson of the Audit Committee at the above stated address or any address which may be notified from time to time.
- g) The complaints may also be lodged through (e-mail at mail@barotafinance.com) which will be protected by password and can only be accessible by the Vigilance Officer or Audit Committee or any person authorized by the Audit Committee.
- h) Intent of the mechanism is to bring genuine and serious issues to the fore and it is not intended for petty disclosures. Malicious allegations by employees may attract disciplinary action
- i) A Complainant has the right to protection from retaliation. But this does not extend to immunity for involvement in the matters that are the subject of the allegations and investigation.
- j) Protection under this Mechanism would not mean protection from disciplinary action arising out of false or bogus allegations made by a complainant knowing it to be fake or bogus or with a malafide intention.

- k) In case, a complainant makes repeated protected disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, the Audit Committee may take suitable action against such Complainant.
- l) Maintain confidentiality of the subject matter of the disclosure and the identity of the persons involved in the alleged Malpractice.

7.6 Rights of a Subject

- a) Subjects have right to be heard and the Vigilance Officer or the Committee must give adequate time and opportunity for the subject to communicate his/her say on the matter
- b) 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

7.7 Rights and Duties of Vigilance Officer

- a) Receive, oversee any protected disclosure made or reported under this Mechanism.
- b) To notify employee / director of their protections and obligations under this Vigil Mechanism.
- c) To conduct the enquiry in strict confidentiality and in a fair, unbiased manner to ensure complete fact finding
- d) To appoint any external agency in order to conduct proper inquiry.
- e) Forward the Vigil report to the Chairperson of the Audit Committee / Audit Committee upon review and report the outcome of the inquiry and to recommend appropriate action, if any.
- f) To ensure appropriate action.

7.8 Rights and Duties of Audit Committee

a) Maintenance of Register of Complaints

Audit Committee shall maintain a register for registration of complaints received under this policy. Each complaint shall bear a unique number. The Audit Committee may ask significant evidence while registering the complaints.

b) Determination of Nature of Complaints

Audit Committee shall determine the nature of Complaints keeping in view the requirements of various applicable laws.

The complaints may be determined in two broad categories:-

- i) Reporting on unethical or improper practices
- ii) Any wrongful action taken by the management against the employee who has approached Audit Committee as above.

The Audit Committee shall appropriately and expeditiously investigate all the complaints received under this policy, investigating the merits of the protected disclosure and determining the necessary course of action.

Further, the Chairperson and/or the Committee, as the case may be, shall have the authority to call for any information or documents and may examine any employee / director, etc for determining the correctness of the complaints.

c) Essential Factors

While determining the protected disclosure, the following factors may be considered:

- i) Accuracy of the information furnished;
- ii) Nature and quality of evidence;
- iii) Existence of relevant laws and rules;
- iv) Whether the action appears to be isolated or systematic;
- v) History of previous assertions regarding the subject matter;
- vi) What are the avenues available for addressing the matter;
- vii) Seriousness or significance of the protected disclosure and
- viii) Cost and benefit of potential investigation.

d) Objectivity and Independence

The Audit Committee should be objective and independent of influence in conducting interviews and reviewing relevant documents associated with protected disclosures under this policy.

e) Maintenance of Confidentiality

The Committee shall maintain confidentiality of the complainant and the witnesses who provide information.

f) Referral to Committee or Officials

Make referrals to appropriate committee or officials on discovery of reasonable cause to believe that Company's policy, regulation etc. have been violated and follow up until appropriate corrective action has been taken.

g) Time Frame for Redressal of Complaints

The Vigilance Officer and / or the Audit Committee, as the case may be, would complete all the formalities and would resolve the matter generally **within 45 days** from the date of filing of the complaints and make a detailed written record of the Protected Disclosure. Any extension in respect thereof would be in writing along with necessary justification.

h) Reporting to Board of Directors of the Company

The Vigilance Officer shall submit its report to the Audit Committee and the Audit Committee shall submit its report including the report of the Vigilance Officer before the meeting of Board of Directors of the Company.

i) Safeguards to Complainant

The Committee shall provide adequate safeguards against victimization of person who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate and exceptional circumstances.

7.9 Actions Prohibited by the Vigil Mechanism

The Company shall not –

a) Threaten, discriminate or retaliate against an employee (or director as the case may be) in any manner that affects the employee’s employment (i.e. compensation, rights, immunities, promotions or privileges) when an employee engages in an activity protected by the Mechanism.

This does not preclude a supervisor from taking appropriate action against an employee for misconduct, poor job performance, or a reduction in the workforce etc. within the policy of the Company.

b) Adverse action against an employee / director who participates or gives information in an investigation, or hearing or in any form or inquiry initiated by the Vigilance Officer or the Audit Committee.

7.10 Disqualifications

The following instances would constitute a violation of this Mechanism:

a) Bringing to light personal matters regarding another person which are in no way connected with the Organization.

b) Reporting information which he / she does not have an authorization to access.

c) Protection under this Mechanism would not mean protection from disciplinary action arising out of false or bogus allegations made by a complainant knowing it to be false or bogus or with a malafide intention.

d) In case, a complainant makes repeated Protected Disclosures which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, the Audit Committee may take suitable action against such complainant including reprimand.

7.11 Rights against Adverse Action

a) An employee who alleges adverse action under the Mechanism may approach the Audit Committee or Board of Directors within 30 days, for appropriate relief, if any adverse action is taken against a complainant in violation of this Mechanism.

b) The complainant has the burden of proof in establishing that he / she has suffered an adverse action for an activity protected under this Mechanism.

c) The management of the Company shall have an affirmative defense, if it can establish by a preponderance of the evidence that the adverse action taken against the employee was due to employee misconduct, poor job performance or a reduction of workforce etc. unrelated to a communication made pursuant to Vigil Mechanism.

d) A director, who alleges adverse action (complainant) under the Vigil Mechanism, may approach the Audit Committee or Board of Directors preferably within 30 days, for appropriate relief at the earliest, if any adverse action has been taken against the director in violation of this Mechanism.

7.12 Remedies

The Vigilance Officer or the Audit Committee rendering judgment under this Mechanism may order any or all of the following remedies –

- a) Order an injunction to restrain continued violation of the provisions of the Vigil Mechanism.
- b) Reinstate the employee to the same position or to an equivalent position.
- c) Reinstate full fringe benefits and retirement service benefits.
- d) Order compensation for lost wages, benefits and any other remuneration.

7.13 Notification

All employees shall be notified of the existence and contents of this policy through the departments head. The Audit Committee and the Board of Directors once adopting this policy shall make themselves aware of the contents and respective obligations and duties which it encompasses for a complainant director.

7.14 Disclosure

The Vigil Mechanism as adopted by the Board and amended from time to time shall be available at the web site of the Company. The details of establishment of this Mechanism shall be disclosed by the Company in the Board's Report.

7.15 Access to Reports and Documents

All reports and records associated with Disclosures are considered confidential information and access will be restricted to the Complainant, the Vigilance Officer, the Audit Committee and Board of Directors. 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 mechanism in place at that time.

7.16 Retention of Documents

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of 08 years.

7.17 Amendment Modification etc.

The Board of Director shall alter amend or modify the clauses of the above Vigil Mechanism from time to time in line with the requirements of Companies Act 2013 or any other rules, regulations etc. which may be applicable from time to time.