

FRONTLINE FINANCIAL SERVICES LIMITED

WHISTLE BLOWER POLICY (VIGIL MECHANISM)

1. INTRODUCTION:

Pursuant to sub-sections (9) & (10) Section 177 of the Companies Act, 2013 (“**the Act**”) every listed company is required to establish a **Vigil Mechanism** for directors and employees to report genuine concerns. The vigil mechanism under sub-section (9) is required to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. Further, the details of establishment of such mechanism has to be disclosed by the company on its website and in the Board’s report.

Rule 7(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 (“**the Rules**”) provides that the Audit Committee shall oversee the vigil mechanism through the committee and if any of the member(s) of the committee have a conflict of interest in a given case, they should disqualify themselves and the others on the committee would deal with the matter on hand. Rule 7(4) of the Rules provide that the vigil mechanism shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee.

Clause 49(II)(F) of the Listing Agreement (“**the Listing Agreement**”) applicable with effect from 01-OCTOBER, 2014 mandates every listed company to compulsorily have a “**Whistle Blower Policy**”-

1. Companies are required to establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company’s code of conduct or ethics policy.
2. This mechanism should also 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.
3. The details of establishment of such mechanism shall be disclosed by the company on its website and in the Board’s report.

In compliance with the aforementioned requirements, this Vigil Mechanism & Whistle Blower Policy (“**the Policy**”), approved by the Board of Directors on 30-MARCH- 2015, shall come into force with effect from the 30-MARCH-2015 and future amendments / modifications shall take effect from the date stated therein.

2. DEFINITIONS:

The definitions of some of the key terms used in this Policy are given below.

- a. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the listing agreement with the stock exchanges with effect from 1st October, 2014.
- b. **“Code”** means Code of Conduct and Business Ethics of the Company.
- c. **“Company Secretary”** means a Secretary as defined in clause (24) of Section 2 of the Companies Act, 2013.
- d. **“Director”** means any person appointed as a non-executive director by the Company and any of its subsidiary companies, if any.
- e. **“Employee”** means every employee including the executive directors of the Company and those employed by its subsidiaries (whether working in India or abroad).
- f. **“Investigator”** mean any person authorised, appointed, consulted or approached by the Chairman of the Audit Committee and includes the auditors of the Company.
- g. **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence unlawful, unethical or improper activity.
- h. **“Subject”** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- i. **“Whistle Blower”** means a Director or an Employee making a Protected Disclosure under this Policy.

2.1 Words and expressions importing the singular number shall include the plural number and vice versa.

2.2 Words and expressions importing the masculine gender shall include the feminine and neuter gender.

3. SCOPE :

- a. This Policy is an extension of Company’s Code viz. Code of Conduct and Business Ethics. The Whistle Blower’s role is that of a reporting party with reliable information. He is not required or expected to act as an investigator or as a finder of facts, nor would he determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. A Whistle Blower should not act on his own in conducting any investigative activity, nor does he have a right to participate in any investigative activity

other than as requested by the Chairman of the Audit Committee or the Investigator.

- c. Protected Disclosure will be appropriately dealt with by the Chairman of the Audit Committee.
- d. The Policy is intended to cover serious concerns that can have a significant impact on the Company and its subsidiary companies, such as actions (actual or suspected) that:
 - i) may lead to incorrect financial reporting;
 - ii) are not in line with applicable company policy;
 - iii) are unlawful; or,
 - iv) may amount to serious or improper lapse in conduct.

4. ELIGIBILITY :

All Directors and Employees are eligible to make Protected Disclosures under the Policy. Although the Whistle Blower is not expected to prove the truth of an allegation, the Whistle Blower needs to demonstrate that there is sufficient ground for concern.

5. DISQUALIFICATIONS :

- a. While it will be ensured that a genuine Whistle Blower is accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a *mala fide* intention.
- c. A Whistle Blower, who makes any Protected Disclosure, which has been subsequently found to be *mala fide* or malicious or frivolous, baseless or reported otherwise than in good faith, on more than one occasion may be temporarily or permanently disqualified from reporting further Policy apart from inviting exemplary disciplinary action. The period of such disqualification shall be decided by the Audit Committee and shall be communicated to the Whistle Blower in writing.
- d. In case of repeated frivolous complaints being filed by a Director or an Employee, the Audit Committee may take suitable disciplinary action against the concerned Director or Employee including summary dismissal.

6. PROCEDURE :

- a. A Protected Disclosure should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the mother tongue of the Whistle Blower or in the regional language of the place of employment of the Whistle Blower.
- b. A Protected Disclosure should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- c. All Protected Disclosures should be addressed to the Chairman of the Audit Committee of the Company and shall be forwarded to him in care of the Company Secretary for investigation at the following address:

**B/803, WALL STREET-2,
NR. GUJARAT COLLAGE,
ELLISBRIDGE, AHMEDABAD - 380006.**

- d. The Protected Disclosure should be forwarded under a covering letter which only shall bear the identity of the Whistle Blower. The envelope should be labeled with a legend such as:

**“TO BE OPENED BY THE CHAIRMAN AUDIT
COMMITTEE ONLY. SUBMITTED PURSUANT TO THE
FRONTLINE FINANCIAL SERVICES LIMITED WHISTLE
BLOWER POLICY.”**

- e. Any such envelope received by the Company Secretary will be forwarded unopened and promptly to the chairman of the Audit Committee.
- f. If a Protected Disclosure is received by any director/ employee of the Company other than Company Secretary, the same should be forwarded by such employee forthwith to the Company Secretary for further and appropriate action. Sufficient care must be taken by the concerned employee to keep the identity of the Whistle Blower confidential.
- g. If a Director or an Employee would like to discuss any matter with the Chairman of the Audit Committee, he/ she should indicate this in the submission and include a telephone number at which he or she can be reached.

- h. The Chairman of the Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigator for investigation for the purpose of providing protection to the Whistle Blower.

7. INVESTIGATION :

- a. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Chairman of the Audit Committee of the Company who will appoint an Investigator to investigate the investigation under the authorization of the Audit Committee.
- b. The Chairman of the Audit Committee may at his discretion, consider involving any other Investigator for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Chairman of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- e. Subjects shall have a duty to co-operate with the Chairman of the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- f. Subjects have a right to consult with a person or persons of their choice, other than the Investigators and/or members of the Audit Committee and/or the Whistle Blower.
- g. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- h. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrong doing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

- i. Subjects will have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- j. If the allegations against the subject are not sustainable, then the Audit Committee may direct the Company to reimburse such costs as may be incurred by the Subject.
- k. The investigation shall be completed normally within 30 working days of the receipt of the Protected Disclosure and the outcome of the investigation shall normally be communicated to the Subject and the Whistle Blower within 15 working days thereafter. However, depending upon situation, the Investigator may be granted time beyond the said period of 30 days but in no case the extension shall be granted for more than 15 days at a time and not more than 3 such extensions shall be granted. However, if the investigation is handed to the police, the time limits stated herein will not apply.

8. PROTECTION :

- a. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against a Whistle Blower. Complete protection will, therefore, be given to a Whistle Blower 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 a Whistle Blower's right to continue to perform his/her duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which a Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if a 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.
- b. A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the Audit Committee.
- c. The identity of the Subject and the Whistle Blower shall be kept confidential to the extent possible and permitted under law.

- d. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

9. INVESTIGATORS :

- a. Investigators are expected to conduct a process geared towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.
- c. Investigations will be launched only after a preliminary review by the Chairman of the Audit Committee which *prima facie* establishes that:
 - i. the alleged act constitutes an improper or unethical activity or conduct, and
 - ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of management review.

10. DECISION :

If an investigation leads the Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, he/she shall recommend to the Audit Committee of the Company to take such disciplinary or corrective action as he/she may deem fit. 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

11. REPORTING :

The Chairman of the Audit Committee shall place before the Audit Committee all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any. However, any Protected Disclosure/ outcome of investigation received less than 48 hours before the commencement of the Audit Committee meeting may be placed in the subsequent meeting.

12. 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 three years from the date of receipt of the Protected Disclosure or completion of Investigation as the case may be.

13. AMENDMENT, MODIFICATION :

The Board of Directors reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. All such amendments or modifications will be notified.
