VIGIL MECHANISM AND WHISTLE BLOWER POLICY

I. PREAMBLE

Section 177 (9) 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 Vigil Mechanism shall 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.

Effective October 1, 2014, Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges, *inter alia,* provides for a mandatory requirement for all listed companies to establish a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behaviour, actual or suspected, fraud or unethical practises.

II. POLICY

In compliance of the above requirements, our Company, Vertex Securities Limited (VSL), being a Listed Company has established a Vigil Mechanism and formulated a Whistle Blower Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism.

This Vigil Mechanism and Whistle Blower Policy shall come into effect from 12th May, 2015.

III. POLICY OBJECTIVES

The Vigil Mechanism and Whistle Blower Policy aims to provide a channel to the Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy.

The purpose of the Vigil Mechanism/Whistle Blower Policy (hereinafter referred to as the Policy) is as follows:

• To encourage the employees to report unethical behaviours, malpractices, wrongful conduct, fraud, violation of the Company's Policies & Values, violation of law by any employees of VSL without any fear of retaliation.

• To build and strengthen a culture of transparency and trust within the organization.

This 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 about a personal situation.

This policy seeks the support of VSL employees to report significant deviations from key management policies and report any non-compliance and wrong practices, e.g., unethical behaviour, fraud, violation of law, inappropriate behaviour /conduct etc.

IV. DEFINITIONS

"Alleged wrongful conduct" shall mean violation of law, infringement of Company's rules, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

"Audit Committee" means a Committee constituted by the Board of Directors of the Company in accordance with the guidelines of Listing Agreement and Companies Act, 2013.

"Board" means the Board of Directors of the Company.

"Company" means, "Vertex Securities Limited and its subsidiary company"

"Director(s)" means a director appointed to the Board of a Company

"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.

"Employee(s)" means, every employee of the Company.

"Improper Practice" includes

a) Any actual or potential violation of the legal & regulatory requirements whether Criminal/ Civil;
b) Theft or fraud;
c) Abuse of authority;
d) Breach of contract/ trust, pilferation of confidential/propriety information;
e) Negligence causing substantial and specific danger to public health and safety;
f) Manipulation/ theft of the Company data/records;
g) 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;
h) Wastage/misappropriation of the Company funds/assets, embezzlement;

i) Breach of Company Policy or failure to implement or comply with any approved Company Policy (ies);
j) Any claim of retaliation for providing information to or otherwise assisting the Audit Committee;
k) Any other action or inaction that could have significant impact on the operations, performance, value and the reputation of the Company.

"Protected Disclosure" means, a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence Improper Practice. Protected Disclosures should be factual and not speculative in nature.

"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 Policy.

"Vigilance Officer/Vigilance Committee or Committee" is a person or Committee of persons, nominated/appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.

"Whistle blower" is someone who makes a Protected Disclosure under this Policy.

V. SCOPE

This Policy is extension of the Code of Conduct. It covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

- The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

- Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Chairperson of the Audit Committee or Chairman of the Company or the Investigators.

- Protected Disclosure will be appropriately dealt with by the Chief Ethics Officer of the Company or Chairperson of the Audit Committee or the Chairman of the Company or Corporate Governance Cell, as the case may be.

VI. ELIGIBILITY

All Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

This policy encourages all the eligible individuals to report any kind of misuse of company's properties, mismanagement or wrongful conduct prevailing/executed in the company.

VII. DISQUALIFICATIONS

• While it will be ensured that genuine complainant are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

• 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.

• Complainant, who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or complainant who makes 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy.

VIII. PROCEDURE

a) Protected Disclosures should be reported to the Chairman of the Audit Committee 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, Hindi or in regional language.

b) If a protected disclosure is received by any executive of the Company other than Chairman of Audit Committee, the same should be forwarded to the Audit Committee for further appropriate action.

c) The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Protected Disclosure should be submitted in a closed and secured envelope and should be superscribed as **"Protected Disclosure under the Whistle Blower Policy"**. If the complaint is not superscribed and closed as mentioned above it will not be possible for the Audit Committee to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure. The Chairman of Audit Committee shall detach the

covering letter bearing the identity of the whistle blower and process only the Protected Disclosure.

d) Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential. The audit committee assures that in case any further clarification is required he will get in touch with the complainant. The Audit Committee if deems fit may call for further information or particulars from the complainant.

e) Anonymous / Pseudonymous disclosure shall not be entertained. Protected Disclosures 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.

f) All Protected Disclosures should be addressed to the Chairman of the Audit Committee of the Company. The Chairman of the Audit Committee of the Company is:

Mr. James Pothen
Independent Director,
Vertex Securities Limited,
IInd Floor, Thottathil Traders,
Market Road, Ernakulam,
Cochin – 682 018.

g) On receipt of the protected disclosure the Chairman of the Audit Committee shall make a record of the Protected Disclosure and also ascertain the authenticity, correctness and credibility of complaint and source, shall recommend necessary corrective measures.

IX. INVESTIGATION

a) All protected disclosures under this policy will be recorded and thoroughly investigated. The Audit Committee may investigate and may at its discretion consider involving any other Officer of the Company.

b) The decision to conduct an investigation taken by the Audit Committee by itself is not an accusation and is to be treated as a neutral fact finding process.

c) Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

d) Subject(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard to the extent that such cooperation will not compromise self incrimination protections available under the applicable laws.

e) Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s).

f) Unless there are compelling reasons not to do so, subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.

g) Subject(s) have a right to be informed of the outcome of the investigations. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

h) The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit and as applicable.

i) Any member of the Audit Committee or other officer having any conflict of interest with the matter shall disclose his/her concern /interest forthwith and shall not deal with the matter.

X. DECISION AND REPORTING

a) Audit Committee along with its recommendations will report its findings to the Managing Director of the Company through the Chairman of the Audit Committee within 15 days of receipt of report for further action as deemed fit. In case prima facie case exists against the subject, then the Managing Director of the Company shall forward the said report with its recommendation to the concerned disciplinary authority for further appropriate action in this regard or shall close the matter, for which he shall record the reasons. Copy of above decision shall be addressed to the Audit Committee, the complainant and the subject.

b) If an investigation leads to a conclusion that an improper or unethical act has been committed, the Vigilance Officer shall recommend to the Audit Committee of the Board of Directors of the Company to take such disciplinary or corrective action as it may deem fit.

c) If the report of investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency.

d) 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.

e) A report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee of Board on annual basis.

f) A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the Subject to the Vigilance Officer or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

XI. CONFIDENTIALITY

The complainant, Vigilance Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:

a) maintain confidentiality of all matters under this Policy;
b) discuss only to the extent or with those persons as required under this policy for completing the process of investigations;
c) keep the papers, emails and files in safe custody/password protected.

XII. PROTECTION

- No unfair treatment will be meted out to a Whistle Blower by virtue of his/ her having reported a Protected Disclosure under this policy.

- Adequate safeguards against victimisation of complainants shall be provided.

- The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure.

- The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

XIII. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

XIV. COMMUNICATION

Directors and Employees shall be informed of the Policy by publishing on the notice board and the website of the Company.

XV. 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 period of 2 (two) years or such other period as specified by any other law in force, whichever is more.

XVI. REVIEW

The Audit Committee shall from time to time review the functioning of the Whistle Blower mechanism.

A report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee of Board on annual basis.

XVII. ANNUAL AFFIRMATION

The Company shall annually affirm that it has not denied any personal access to the Audit Committee of the Company in respect of matters involving alleged improper practise and that it has provided protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices.

XVIII. DISCLOSURE IN ANNUAL REPORT

The affirmation shall form part of Corporate Governance report as attached to the Annual Report of the Company.

XIX. AMENDMENTS/MODIFICATIONS

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Directors and employees unless the same is not communicated in the manner described as above.

XX. AVAILABILITY IN WEBSITE

The “Policy” as adopted by the Board and amended from time to time shall be made available at the web site of the company (www.vertexbroking.com).

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