



VIGIL MECHANISM OF ARC FINANCE LIMITED

1. PREAMBLE

- 1.1. Section 177 of the Companies Act, 2013 requires every listed company to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed. The Company had adopted a Code of Conduct for Directors and Senior Management Executives ("the Code"), which lays down the principles and standards that should govern their actions. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, is a matter of serious concern for the Company and should be brought to the attention of the concerned. A vigil mechanism shall provide for adequate safeguards against victimization of persons who can also use such mechanism for reporting genuine concerns including above. It also makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.
- 1.2. Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges, *inter alia*, provides for a non-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 violation of the company's code of conduct.
- 1.3 Under these circumstances, the Company, being a Listed Company proposes to establish a Vigil Mechanism and to formulate a policy for the same.

2. DEFINITIONS

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



- d. **"Code"** means Code of Conduct for Directors and Senior Management Executives adopted by ARC Finance Limited.
- e. **"Employee"** means all the present employees and whole time Directors of the Company (Whether working in India or abroad).
- f. **"Protected Disclosure"** means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity under the title "SCOPE OF THE POLICY" with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- g. **"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.
- h. **"Vigilance and Ethics Officer"** means an officer 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.
- i. **"Whistle Blower"** is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

3. POLICY OBJECTIVES

- 3.1 The Company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct.
- 3.2 The Company 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 employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.
- 3.3 A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/ Managing Director/ Chairman of the Audit Committee in exceptional cases.



