



BAFNA PHARMACEUTICALS LIMITED

WHISTLE BLOWER POLICY

Why Whistle Blower Policy for Bafna Pharma?

Clause 49 of the Listing Agreement prior to 17th April, 2014 SEBI Circular No. **CIR/CFD/POLICY CELL/2/2014** 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 or ethics policy.

Clause 49 of the Listing Agreement as per 17th April, 2014 SEBI Circular No. **CIR/CFD/POLICY CELL/2/2014** is as follows:

“The company should devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.”

Further in terms of Section 177 of the Companies Act, 2013 & rules made thereunder, and other applicable provisions, if any, Whistle Blower policy is mandatory for the company.

THE PURPOSE OF THIS POLICY

Bafna Pharmaceuticals Limited (“BPL”) and its subsidiary(ies) (collectively the “Company”) are committed to complying with the domestic & foreign laws that apply to them, satisfying the Company's Code of Conduct and Ethics, and particularly to assuring that business is conducted with integrity and that the Company's financial information is accurate. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. If potential violations of Company policies or applicable laws are not recognized and addressed promptly, both the Company and those working for or with the Company could face governmental investigation, prosecution, fines, and other penalties. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company and also can be costly. Consequentially, and to promote the highest ethical standards, the Company will maintain a workplace that facilitates the reporting of potential violations of Company policies and applicable laws. Employees must be able to raise concerns regarding such potential violations easily and free of any fear of retaliation, that is the purpose of this policy (the “Policy” or the “Whistleblower Policy”).

The terms of the policy may be modified / amended without prior approval of the employees in order to meet the requirements of the Listing Agreement / any of the Acts / rules / regulations in this regard or any statutory modifications / amendments of the above, which shall be notified to the employees once the same is modified / amended. Further the Company reserves its right to amend or modify this policy in whole or in part; at any time without assigning any reasons and will be binding on the employees.

Accordingly, this Whistle Blower Policy (“the Policy”) has been formulated with a view to provide a mechanism for employees of the Company to approach the Audit Committee of the Company.

This policy is an internal document of the Company to provide employees of BPL an avenue to lodge complaints in line with commitment of BPL to the highest possible standards of openness, probity and accountability and to further provide necessary safeguards for protection of complainants from reprisals or victimisation for whistle blowing in good faith. The role of employees in pointing out violation of the guidelines of vital importance.

EMPLOYEE’S DUTY TO REPORT

Every employee is required to report to the Company any suspected violation of any law that applies to the Company, any misappropriation of funds, exploitation of assets, etc. of the company and any suspected violation of the Company’s Code of Conduct and Ethics. It is important that you report all suspected violations. This includes possible accounting or financial reporting violations, insider trading, bribery, or violations of the anti-retaliation aspects of this Policy. Retaliation includes adverse actions, harassment, or discrimination in your employment relating to your reporting of a suspected violation.

It is the policy of the Company that you must, when you reasonably suspect that a violation of an applicable law or the Company's Code of Conduct and Ethics has occurred or is occurring, report that potential violation. Reporting is crucial for early detection, proper investigation and remediation, and deterrence of violations of Company policies or applicable laws. You should not fear any negative consequences for reporting reasonably suspected violations because retaliation for reporting suspected violations is strictly prohibited by Company policy. Failure to report about violation that has occurred or is occurring is itself a serious violation of this Policy and such failure will be addressed with appropriate & strong disciplinary action, including possible termination of employment.

Definitions

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

- i. **“BPL”** means Bafna Pharmaceuticals Limited
- ii. **“Audit Committee (AC)”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act, 1956 and read with Clause 49 of the Listing Agreement with the Stock Exchanges including any statutory modification or re-enactment thereof.
- iii. **“Chairman of the Audit Committee (CAC)”** the Director who is presently appointed/ acting as the Chairman of the Audit Committee.
- iv. **“Employee”** means every employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.
- v. **“Code”** means the BPL’s Code of Conduct.
- vi. **“Investigators”** mean those persons authorised, appointed, consulted or approached by the Audit Committee and includes Statutory Auditors / Internal Auditors, etc... of the Company and the police.

- vii. **“Protected Disclosure (PD)”** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- viii. **“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.
- ix. **“Whistle Blower”** means an Employee making a Protected Disclosure under this Policy.

SCOPE

- a. This Policy is an extension of the BPL’s Code of Conduct. 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.
- b. 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 Audit Committee or the Investigators.
- c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

ELIGIBILITY

All Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company or its subsidiaries.

SAFEGUARDING THE INTEREST OF THE WHISTLE BLOWER

- a) The Company will do its best to protect whistle blower's identity when s/he makes a complaint. It must be appreciated, however, that the investigation process may require a statement by the whistle blower as part of the evidence.
- b) The Company recognizes that the decision to report a complaint can be a difficult one to make. The Company will not tolerate harassment or victimization and will take action to protect the whistle blower. The Company assures every Whistle Blower, protection against unfair termination or any other disciplinary action or unlawful discrimination or retaliation in any manner for blowing the whistle under this policy.
- c) The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection 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 the Whistle Blower’s right to continue to perform his duties / functions including making further Protected Disclosure will be given to genuine Whistle Blowers and no unfair treatment will be meted out by virtue of his/her having reported a Protected Disclosure under this policy. The Company will take steps to

minimize difficulties, reported by the Whistle Blower for making the Protected Disclosure.

d) The Company will ensure that there is no harassment or victimization of the Complainant. If there is any victimization, the Company will take very strong disciplinary action including dismissal of the employee concerned.

e) A Whistle Blower may report any violation of the above clause to the Audit Committee, who are bound to investigate into the same and recommend suitable action to the management.

DISQUALIFICATIONS AND EXCEPTIONS:

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

b) The whistle blower shall not make false or bogus allegations knowing it to be false or bogus, frivolous, malicious complaints or with a *mala fide* intention. Protected Disclosure of such category if subsequently found to be frivolous, baseless or reported otherwise than in good faith and strong disciplinary action may be initiated against him/her.

c) However, this policy does not protect an employee from an adverse action taken independent of his disclosure or unethical and improper practice etc., unrelated to a disclosure made pursuant to this policy.

d) Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be *mala fide* or malicious or Whistle Blowers who make 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 & may also be liable for their action including termination.

PROCEDURE

1) All Protected Disclosures (PD) including concerning financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation.

➤ **The contact details of the Chairman of the Audit Committee are as under:**

The Chairman - Audit Committee

Bafna Pharmaceuticals Limited

New No.68, Old No.299, Thambu Chetty Street,

Chennai – 600001

Cell No : 09962837226

- 2) The disclosure should be in writing in a sealed cover. The text of the Protected Disclosure should be carefully drafted so as not to give any details or clue as to the identity of the complainant. However, the details of the Protected Disclosure made should be specific and verifiable. If the envelope is not super scribed and closed as mentioned above it will not be possible for the authority to protect the complainant.
- 3) Complainant shall ensure that, he does not provide his name or address or other details on the cover, this is a measure in the interest of the Complainant to protect his identity.
- 4) On the top of the cover following words should appear prominently along with address of the Chairman **“Protected Disclosure under Whistle Blower Policy of Bafna Pharmaceuticals Limited”**.
- 5) The details of the employee making the disclosure should be in a covering letter, which must be easily detachable, this to ensure & protect the details of complainant by detaching the complainant details by the Chairman of the Audit Committee. The Chairman of the Audit Committee after detaching the covering letter discuss the Protected Disclosure with Members of the Audit Committee and if deemed fit, forward the Protected Disclosure for investigation
- 6) The sealed cover shall be opened only by the Chairman of the Audit Committee in person. Appropriate care must be taken to keep the identity of the Whistle Blower confidential by the Chairman of the Audit Committee by detaching the details of the Whistle Blower from the sealed cover before proceeding for informing the members of the Audit Committee or for investigations, etc. The identity of the Whistle Blower shall be kept confidential to the extent possible and as permitted under law.
- 7) Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
- 8) Protected Disclosures 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 or in the regional language of the place of employment of the Whistle Blower.
- 9) In case of urgency oral reports may be made directly to the Chairman of the Audit Committee or the Audit Committee initially, but the same should be put in writing by the Complainant as soon as the time permits.
- 10) 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.
- 11) The Company encourages complainants to put their names for investigation purposes forming part of covering letter. Anonymous applications will not be covered by the policy. However in exceptional circumstances, even anonymous complaints, based on the veracity, may be referred for investigation, provided the administering officials feel necessary.

- 12) The authority receiving the complaint will not issue any acknowledgment of the complaint. The authority will not normally enter into any further correspondence in order to protect the interests of the complainant unless it is really required.
- 13) The Authority on receipt of the protected disclosure shall make a detailed written record of the Protected Disclosure and also may ascertain confidentially from the complainant whether he was the person who made the Protected Disclosure or not before referring the matter for the investigation. The record will include:
 - i) Facts of the matter;
 - ii) Whether the same PD was raised previously by anyone, and if so, the outcome thereof;
 - iii) Whether the same PD was raised previously on the same subject;
 - iv) The financial/other loss which has been incurred/would have been incurred by the Company.
 - v) Findings and action taken thereof

INVESTIGATION

- 1) All Protected Disclosure reported under this policy will be recorded and thoroughly investigated. The Audit Committee may investigate and may at its discretion consider involving any Investigators including Statutory Auditors / Internal Auditors, etc. of the Company for the purpose of the investigation.
- 2) The decision to conduct an investigation taken by the AC is by itself not an accusation and is to be treated as a neutral fact finding process.
- 3) The identity of Whistle Blower(s) will be kept confidential to the extent possible, given the legitimate needs of law and the investigation.
- 4) Unless there are compelling reasons not to do so, Subject(s) may be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- 5) Subject(s) are duty bound to co-operate with the AC and / or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination or protections available under the applicable laws.
- 6) 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). Strong disciplinary action will be taken against all those violating this clause including termination of employment.
- 7) Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in an 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.
- 8) Subject(s) have a right to be informed of the outcome of the investigation. If allegations are not substantiated, 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. However, interest of the Company will prevail over the other.

- 9) The investigation shall be completed normally within 30 (thirty days) of the receipt of the Protected Disclosure and is extendable by such period as the AC deems fit.

INVESTIGATORS

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the AC 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 behavior, and observance of legal and professional standards.
- c. Investigations will be launched only after a preliminary review by the Audit Committee, which establishes that:
 - i. the alleged act constitutes an improper or unethical activity or conduct, and / or
 - 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. Provided that such investigation should not be undertaken as an investigation of an improper or unethical activity or conduct.

DECISION

If the Audit Committee concludes that an improper or unethical act has been committed, the authority shall recommend the appropriate authority to take such disciplinary and corrective action as deemed fit. It is clarified that any disciplinary action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable BPL Code of Conduct and or other Orders of the Company as applicable.

REPORTING

- a. The AC through its Chairman shall submit a report to the Board of Directors about all Protected Disclosure cases since the last report together with the results of investigations, if any, on quarterly basis. And further on a quarterly basis, AC has to provide and certify to the Board that, all the cases received by him has been recorded, the record and action taken has been furnished / placed before the Board.
- b. **Further Managing Director and all the other employees who normally receive / have access to the letters/communication addressed to CAC have to confirm and certify that, they have forwarded all the letters / communication received as it is and further without taking any advantage of the information and / or without tampering with evidence and / or causing hardship to the Complainant under this policy to the CAC on quarterly basis to the AC & also to the Board. Strong disciplinary action will**

be taken against all those violating this clause including termination of employment.

ANNUAL AFFIRMATION

- a.** The company shall affirm through Managing Director that, it has not denied access to any personnel to the Authorities concerned under this policy and that it has provided protection to the whistle blower from adverse personal action.
- b.** The affirmation shall form part of the Corporate Governance report as attached to the Annual report of the Company.
- c.** And further as per the then prevailing rules & regulations in this regard the Annual Affirmation / any other certificate as required shall be complied with either forming part of Boards Report / Corporate Governance Report, etc.

RETENTION OF RECORDS/DOCUMENTS

All Protected Disclosure documented along with the results of investigations relating thereto, shall be retained by the Company for a period of 5 (five) years or as the circumstances demand or such other period as specified by any other law in force, whichever is more.

COMMUNICATION OF THE POLICY

For effective implementation of this Policy, HR is duty bound and will ensure that policy will be circulated to all the employees as may be stipulated under the laws then existing including by placing in the notice boards and obtain the acknowledgements from all the employees, the acknowledgements received shall be placed in a file which should be under his control.

And further the policy will be placed on the website of the company.

FORMAT OF ACKNOWLEDEMENT FROM EMPLOYEES

You are required to read this Policy and submit the attached certification that you will comply with it.

ACKNOWLEDGMENT AND AGREEMENT REGARDING THE WHISTLEBLOWERPOLICY

This is to acknowledge that I have received a copy of the Company's Whistleblower Policy. I understand that compliance with applicable laws and the Company's Code of Conduct and Ethics is important and, as a listed public Company, the integrity of the financial information of the Company is paramount. I further understand that the Company is committed to a work environment free of retaliation for employees who have raised concerns regarding violations of this Policy, the Company's Code of Conduct and Ethics or any applicable laws and that the Company specifically prohibits retaliation whenever an employee makes a good faith report regarding such concerns. Accordingly, I specifically agree that to the extent that I reasonably suspect there has been a violation of applicable laws or the Company's Code of Conduct and Ethics, including any retaliation related to the reporting of such concerns, I will immediately report such

conduct in accordance with the Company's Whistleblower Policy. I further agree that I will not retaliate against any employee for reporting a reasonably suspected violation in good faith.

I understand and agree that to the extent I do not use the procedures outlined in the Whistleblower Policy, the Company and its officers and directors shall have the right to presume and rely on the fact that I have no knowledge or concern of any such information or conduct.

Employee's signature

Employee's Name

Date