



# **KEI INDUSTRIES LIMITED**

## **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

**(Amended w.e.f. November 6, 2014)**

## **1. PREFACE**

KEI Industries Limited (“the Company”) is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. In line with this and pursuant to clause 49 of the Listing Agreement, the Company has formulated a Whistle Blower Policy (“the Policy”) since 2004. Now pursuant to Section 177 of the Companies Act, 2013 & rules made thereunder and amended clause 49 of the Listing Agreement with the Stock Exchanges, the Company is required to establish Vigil Mechanism for its directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the company’s code of conduct or ethics policy. In line with this and also its commitment to open communication and the best practices of Corporate Governance, the Company has amended its Whistle blower Policy.

## **2. PURPOSE**

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing and encourage the Directors and employees wishing to raise a concern about any violation of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, suspected misconduct or unethical/unacceptable practices etc. to come forward and express these concerns to the Whistle Officer without any fear of punishment or unfair treatment.

The policy neither releases Employees, Directors, and Business Partners from their duty of confidentiality in the course of their work nor uses it as a route for raising malicious or unfounded allegations about a personal situation.

## **3. ELIGIBILITY**

All Employees, Directors, Business Partners of the Company are eligible to make Protected Disclosures under the Policy.

## **4. DEFINITIONS**

- a) **“Employee”** means a person who performs a full time service for wages/ salary or other remuneration in the Company.
- b) **“Director”** means a Director on the Board of the Company whether whole-time or otherwise.
- c) **“Business Partner”** means any individual / Firm / Company / Organisation any other Body Corporate providing / supplying any goods, materials or services to the Company.
- d) **“The Company”** means **“KEI INDUSTRIES LIMITED”**.

- e) **“Policy or This Policy”** means Vigil Mechanism/ Whistle Blower Policy.
- f) **“Protected Disclosure”** means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. Protected Disclosures should be factual and not speculative in nature.
- g) **“Whistleblower” or “Complainant”** is someone (employee/ director/Business Partner) who makes a Protected Disclosure under this Policy.
- h) **“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.
- i) **“Whistle Officer” or “Whistle Committee” or “Committee”** means an officer or Committee of persons who is/are nominated/ appointed to conduct detailed investigation of the disclosure received from the whistleblower and recommend disciplinary action. Currently, the Head of HR Department and Executive Director are nominated as Whistle Officer. The Committee, if appointed, should include Senior Level Officers of Personnel & Admin, Internal Audit and a representative of the Division/ Department where the alleged malpractice has occurred.
- j) **“Disciplinary Action”** means any action that can be taken upon completion of investigation proceedings including but not limited 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.
- k) **“Audit Committee”** means a committee of Board of Directors of the Company constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges.
- l) **Good Faith:** Whistleblower shall be deemed to be communicating in “good faith” if there is a reasonable basis for the communication of the existence of waste or of a violation or has observed about unethical or improper practices. “Good Faith” shall be deemed lacking when the whistleblower does not have personal knowledge of a factual basis for the communication or where the whistleblower knew or reasonably should have known that the communication about the unethical or improper practices is malicious, false or frivolous.
- m) **Unfair Termination and Unfair Prejudicial Employment Practices**

“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, job location, rights, immunities, promotions or privileges.

**n) Unethical or Improper Practices**

**Unethical** – Unethical act is the act not conforming to approved standards of social or professional behaviour which leads to “unethical business practices” or an action not adhering to ethical, moral and honourable principles.

**Improper** – Improper refers to unethical conduct, breach of etiquette or morally offensive behaviours.

**o) Violation** – An infraction or a breach which is not necessarily a violation of law, of Company’s Policies, Memorandum and Articles of Association, Code of Conduct designed to protect the interest of employees without jeopardizing interest and growth of the Company.

**p) Waste** – Employee’s conduct or omission, which results in substantial abuse, misuse, destruction, or loss of company funds, property or manpower belonging to the Company.

**5. INTERPRETATION**

Terms that have not been defined in this Policy shall have the same meaning as assigned to them in the Companies Act, 2013 and Listing Agreement/or any other SEBI Regulation(s) as amended from time to time.

**6. SCOPE OF POLICY**

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

- a) Abuse of authority;
- b) Breach of Contract, Company’s Policies and /or Code of Conduct;
- c) Negligence causing substantial and specific danger to public health and Safety;
- d) Unauthorized alteration or Manipulation of Company data/records;
- e) Financial irregularities, deliberate violation of any accounting principles, policies and regulations, reporting of fraudulent financial information to the shareholders, the government or the financial markets, Forgery, falsification, destruction or alteration of documents / records, deliberate violation of law/regulation. However, this should not be merely technical or minimal nature;
- f) Pilferation of confidential/ proprietary information;
- g) Waste of Company’s funds, property, or manpower;
- h) Abuse of power (e.g. coercion, harassment);
- i) Misconduct with other Directors /employees or vulnerable adults(e.g. through physical, psychological, financial abuse;
- j) Fraud and corruption;
- k) Bribe, money laundering or any sort of personal favours (in cash or kind) for awarding contracts/assignments/job opportunity, etc;
- l) Any other unethical or improper conduct.

**7. GUIDING PRINCIPLES**

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

- a) Ensure that the Whistleblower and/or the person processing the Protected Disclosure is not victimized for doing so;
- b) Treat victimization as a serious matter, including initiating disciplinary action on person/(s) indulging in victimisation;
- c) Ensure complete confidentiality;
- d) Not attempt to conceal evidence of the Protected Disclosure;
- e) Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
- f) Provide an opportunity of being heard to the persons involved especially to the Subject;

However, this policy does not protect the whistleblower 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 workforce unrelated to a communication made pursuant to the Vigil Mechanism/Whistle Blower Policy.

**8. ANONYMOUS ALLEGATION**

Whistleblowers must put their names to allegations of unethical & improper practices, as follow-up questions and investigations may not be possible unless the source of the information is identified. Concerns expressed anonymously shall not be investigated but subject to the seriousness of the issue raised, the Audit Committee can initiate an investigation independently.

**9. ASSURANCES UNDER THE POLICY & PROTECTION AGAINST RETALIATION**

1. If one raises a concern under this Policy, he/she will not be at risk of suffering any form of reprisal or retaliation. Retaliation includes discrimination, reprisal, threaten harassment or vengeance in any manner. Company's employee will not be at the risk of losing her/ his job or suffer loss in any other manner like transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure, as a result of reporting under this Policy. The protection will be available provided that:

- a. The communication/ disclosure is made in good faith;
  - b. He/ She reasonably believes that information and any allegations contained in it are substantially true; and
  - c. He/ She is not acting for personal gain.
2. 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 Whistle Blower 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.
  3. The Company shall not tolerate any harassment or victimization or (including informal pressures) of/against the complainant and shall take appropriate action to protect them when they have made a complaint under this policy.
  4. The identity of the Whistle Blower shall be kept confidential.

#### **10. REPORTING AND MANNER OF DEALING WITH COMPLAINANTS**

1. Whistle Blower can make protected disclosure by hand-delivery, courier or by post addressed to the Whistle Officer i.e. Head of HR Department and a copy of the same be send to Executive Director of the Company.
2. The complaints may be lodged through an email as mentioned herein, which shall be protected by a password and can only be accessible by the Whistle Officer / Committee or any person authorized by the Committee.
3. Whistle Blower must put his/her name, address and contact details, salary Code to allegation. In case of letters, the disclosure should be sealed in an envelope marked “Whistle Blower” and addressed to the Whistle Officer (HR and Executive Director) OR to CMD, depending on position of the person against whom disclosure is made.
4. The Whistle Officer shall acknowledge receipt of the Disclosure as soon as practical (preferably within 7 days of receipt of a Disclosure), where the Whistleblower has provided his/her contact details.
5. a) After receiving complaints, Initial inquiries shall be made to determine whether an investigation is appropriate and the form that it should take. Some complaints may be resolved without investigation depending upon the nature of matter.  
  
b) While determining of alleged assertion, 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 same subject or subject matter;
- vi) What are the avenues available for addressing the matter;
- vii) Seriousness or significance of the asserted action and

c) If the Whistle Officer determines that any complaint be of a serious nature, then it shall be investigated by him after bring to the notice of Chairman of the Company. The Whistle Officer may refer the disclosure to the appropriate authority and seek a report on the findings from such authority.

Further, Whistle Officer/ Committee, as the case may be, shall have the authority to call for any information / documents and such examination of any employee/subject/whistleblower etc. for determining the correctness of the complaints.

d) Whilst it may be difficult for the Whistle Officer to keep the Whistleblower regularly updated on the progress of the investigations, he will keep the Whistleblower informed of the result of the investigations and its recommendations subject to any obligations of confidentiality

e) The Whistle Officer will ensure action on the recommendations of the Whistle Committee/ Officer and keep the Whistleblower informed of the same. He will complete all the formalities and shall resolve the matter within 3 months from the date of filing of the complaints. Any extension in respect thereof shall be in writing along with necessary justification.

f) If the Whistle Officer determines that the allegations do not constitute a malpractice, he will record this finding with reasons and communicate the same to the Whistleblower.

## **11. ACCESS TO THE CHAIRMAN OF AUDIT COMMITTEE**

- a) The Whistle Blower who is affected by any adverse action (any action taken against the employee in violation of Point 9 of this policy) under the WBP may make direct approach to the chairman of Audit Committee or Board of Directors for appropriate relief within 6 months.
- b) The Whistle Blower has the burden of proof in establishing that he or she has suffered an adverse action for an activity protected under the WBP.
- c) The Whistle Officer of the company shall have an affirmative defence 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 unrelated to a communication made pursuant to the WBP.

- d) If an investigation leads to a conclusion that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the Board of Directors of the Company to take such Disciplinary Action as it may deem fit.
- e) The Audit Committee or Board of Directors rendering judgment under the WBP may order any or all of the following remedies:
  - i) order an injunction to restrain continued violation of the provisions of the WBP;
  - ii) reinstate the employee to the same position or to an equivalent position;
  - iii) reinstate full fringe benefits and retirement service credit;
  - iv) order compensation for lost wages, benefits, and any other remuneration.

**A) ACCOUNTABILITY - WHISTLE OFFICER'S/COMMITTEE**

**Secrecy/Confidentiality** – The Whistle Officer and every other person involved in the process shall:

- a. maintain complete confidentiality/ secrecy of the matter;
- b. not discuss the matter in any informal/social gatherings/ meetings;
- c. discuss only to the extent or with the persons required for the purpose of completing the process and investigations;
- d. not keep the papers unattended anywhere at any time;
- e. keep the electronic mails/files under password.

**Maintenance of Register of Complaints** – Whistle Officer shall maintain a register for registration of Whistle Blower's Report. Each complaint shall bear unique number. The Whistle Officer may ask significant evidence while registering the complaints.

**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.

**Reporting to Board of Directors of the Company** – Whistle Officer shall submit periodically report before the Board Meeting to be held immediately after the completion of Whistleblower Complaint.

**B) RIGHTS OF A SUBJECT**

- a) Subjects have the right to be heard and the Whistle Officer or the Committee must give adequate time and opportunity to the subject to communicate his view 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.

**C) MANAGEMENT ACTION ON FALSE DISCLOSURES**

The Whistleblower who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct shall be subject to disciplinary action, up to and including termination of employment, in accordance with the Company rules, policies and procedures. Further this policy may not be used as a defense by Whistleblower against whom an adverse personnel action has been taken independent of any disclosure of information by him and for legitimate reasons or cause under Company's rules and policies.

**12. COMMUNICATION**

Directors, Employees and Stakeholders shall be communicated/ informed about this Policy by publishing on the notice board / website of the Company. It is the responsibility of all the Directors, Employees and Business Partners to keep themselves informed and updated on this Policy at all times.

**13. THE COMPLIANCE OFFICER**

The Company Secretary as the Compliance Officer of the Company shall also act as the Compliance Officer under the Whistle Blowing Policy.

**14. 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 7 years.

**15. ANNUAL AFFIRMATION**

The Company shall annually affirm that it has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and that it has provided protection to "Whistleblowers" from unfair termination and other unfair prejudicial employment practices.

**16. DISCLOSURE IN CORPORATE GOVERNANCE REPORT**

The affirmation as referred in point 15 above shall form part of the Board's Report on Corporate Governance that is required to be prepared and submitted together with the annual report.

**17. POWER OF AMENDMENT**

The Board of Directors shall have the power to amend, alter or modify this Vigil Mechanism/Whistle Blower Policy from time to time in line with the requirement of Companies Act, 2013, Listing Agreement and other SEBI Guidelines or any other rules, regulations etc. which may be applicable from time to time.

**18. ADDRESS FOR REPORTING AND COMMUNICATION**

**For HR Department and Executive Director:**

E Mail: [hrn@kei-ind.com](mailto:hrn@kei-ind.com) and CC to [rajeev@kei-ind.com](mailto:rajeev@kei-ind.com) or write to  
HR Department/ Executive Director,  
KEI Industries Limited  
D-90, Okhla Industrial Area,  
Phase-I, New Delhi – 110020.

**For Chairman of Audit Committee:**

E Mail: [pbholusaria@gmail.com](mailto:pbholusaria@gmail.com), or write to  
Chairman – Audit committee,  
KEI Industries Limited  
26/11, Shakti Nagar,  
Delhi-110007.

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