



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

### **1. Preface**

Kirloskar Industries Limited (the Company) has adopted the Whistle Blower Policy / Vigil Mechanism ('the Policy') with the objectives of enhancing the standards of ethical conduct for the highest degree of transparency, integrity, accountability, corporate social responsibility and to ensure that a robust vigil mechanism is in place and is operative. Any actual or potential violation of the Policy would be a matter of serious concern for the Company. The employees can play an important role in pointing out such violations of the Policy.

Section 177(9) of the Companies Act, 2013, Regulation 9A(6) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations") and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) provides that every listed company shall establish a vigil mechanism for its directors and employees to report genuine concerns.

Pursuant to the provisions of the Companies Act, 2013, read with Rules thereof and the Listing Regulations, every listed company shall establish a vigil mechanism called 'Whistle Blower Policy / Vigil Mechanism' for directors and employees to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management (the 'Code') or ethics policy or any other instance to the Chairperson of the Audit Committee (the Committee) of the Board of Directors of the Company may deem fit.

Accordingly, this Policy has been formulated with a view:

- To provide a vigil mechanism for directors and employees of the Company and other persons dealing with the Company as defined hereinafter. The areas of concern covered by this Policy are summarized in point 2(c).
- To safeguard the interest of such directors / employees / persons against victimisation, who notice and report any unethical or improper practices.
- To appropriately communicate the existence of such mechanism, to its directors and employees.



## 2. Definitions

The definitions of some of the terms used in this Policy are given below. Other terms not defined herein shall have the meaning assigned to them under the Code.

- a) **“Alleged Person”** means a person purportedly involved in the unethical practice and against whom or in relation to whom a Reported Disclosure has been made or evidence gathered during the course of an investigation.
- b) **“Audit Committee / the Committee”** means the Committee constituted by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013, read with Rules thereof and the Listing Regulations, including its amendments thereof.
- c) **“Company”** means Kirloskar Industries Limited.
- d) **“Concerns”** means a matter can be considered serious enough for an alarm to be raised if it satisfies any of the following conditions:
  - a. Serious violation of any organizational level policy, indicating weakness in internal control process.
  - b. Matter is likely to receive media or public attention.
  - c. Abuse of authority at any defined level in the Company.
  - d. Exposes the Company to a significant monetary or non-monetary liability.
  - e. Acts involving acceptance of bribes or any other form of corruption.
  - f. Disclosure of confidential or proprietary information to any outsiders.
  - g. Leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI PIT Regulations or the *‘Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of the Designated Persons’* and *‘Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information’* to include *‘Policy on determination of Legitimate Purpose’* and *‘Policy and Procedure for Inquiry in case of Leak or Suspected Leak of Unpublished Price Sensitive Information’ (Code of Fair Disclosure)* of the Company.
  - h. Financial irregularities, including fraud or suspected fraud.



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- i. Indicates an incident / possible incident of sexual harassment at work place.
  - j. Any other unethical, biased, favored, imprudent event.
- e) **“Employee”** means every employee of the company (whether working in India or abroad), including a Director in the employment of the Company.
- f) **“Investigators”** mean committee of officials of the Company as may be decided by the Chairperson and / or Managing Director and / or the Executive Director and / or any other persons authorised, appointed, consulted or approached by the committee of officials to carry out investigation in the Reported Disclosure.
- g) **“Persons dealing with the Company”** means vendors, customers, contractual service providers, contractors, agency staff or any other outside parties / non-employees dealing with the Company, whether directly or indirectly.
- h) **“Reported Disclosure”** means any communication made in good faith that demonstrates information that may evidence any instance of unethical or improper behavior / practice (not necessary a violation of law), actual or suspected fraud or violation of the Code including, but not limited to, in relation to any of the Concerns.
- i) **“UPSI”** shall mean such information which is considered / deemed to be an unpublished price sensitive information in accordance with the SEBI PIT Regulations or the ‘Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of Designated Persons of the Company’ or the ‘Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Company’, as amended from time to time.
- j) **“Whistle Blower”** means a director, employee and / or any other person dealing with the Company making a Reported Disclosure under this Policy.

### 3. Scope

This policy is applicable to all the directors and employees of the Company and Persons dealing with the Company. All directors, employees of the Company and Persons dealing with the Company are eligible to make Reported Disclosures

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under the Policy. The Reported Disclosures may be in relation to matters concerning the Company.

## 4. Policy

The Company is committed to openness, transparency and accountability in all its affairs for everybody in the society and to provide a workplace conducive to open discussion of its business practices to enable the employees and the Company to achieve highest standards of Governance. The Policy reinforces the Company's approach by providing a forum to the directors, employees and Persons dealing with the Company to voice their concerns about suspected unethical or improper practice.

## 5. Disqualifications

- a) While it would be ensured that genuine Whistle Blowers are protected from any kind of unfair treatment as herein set out, any abuse of such protection would warrant disciplinary action.
- b) Protection under this Policy would not mean protection from disciplinary action against false or bogus allegations made by a Whistle Blower, knowing it to be false or bogus, or any reported disclosures made with a *mala fide* intention.
- c) Whistle Blowers, who make three or more Reported Disclosures, which have been subsequently found to be *mala fide*, frivolous, vexatious, malicious, or reported otherwise than in good faith, will be disqualified from making further Reported Disclosures under this Policy. In respect of such Whistle Blowers, the Committee would reserve its right to take / recommend appropriate disciplinary action.

## 6. Procedure

- a) All Reported Disclosures should be addressed to the Chairperson of the Committee of the Company. The Committee Chairperson shall ensure that the committee of officials of the Company shall carry out investigation in respect of every Reported Disclosure and follow the procedure set out hereinafter. Appropriate care would be taken to keep the identity of the Whistle Blower, confidential.



- b) Reported Disclosures by the Whistle Blower should preferably be made in writing so as to ensure a clear understanding of the issues raised and should not be speculative, in any case. The Reported Disclosure should be forwarded under a covering letter with specific and sufficient details to permit thorough investigation.

The Reported Disclosure shall include:

- The name and address of the Whistle Blower;
  - The nature and facts of the Reported Disclosure;
  - The impact / effect either monetary or otherwise on the Company, if possible.
- c) The investigation in the Reported Disclosure, without the name and address of the Whistle Blower, would be at the discretion of the Committee, in consultation with the Chairperson of the Company. In exercising this discretion, the Committee shall consider factors viz. gravity of the alleged unethical practice and its consequences.
- d) All Reported Disclosures made under this Policy shall be thoroughly investigated by the committee of officials of the Company, either by itself or by authorising one or more investigators / persons, as the committee may deem fit and proper.
- e) All Reported Disclosures in relation to the Leakage of UPSI shall be dealt with in accordance with the SEBI PIT Regulations, the '*Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of the Designated Persons*' and '*Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information*' to include '*Policy on determination of Legitimate Purpose*' and '*Policy and Procedure for Inquiry in case of Leak or Suspected Leak of Unpublished Price Sensitive Information*' (*Code of Fair Disclosure*) of the Company, as amended from time to time, and such other code of conduct or internal policies as may be framed by the Company from time to time in order to comply with the SEBI PIT Regulations.
- f) The procedure to be followed in any investigation shall be decided solely by the Committee / committee of officials. The process of investigation shall be kept confidential to the extent possible given the legitimate needs of law and the investigation.



- g) The persons alleged to be involved in the unethical practice, shall co-operate with any of the Investigators during investigation and such persons shall have a reasonable opportunity of being heard and have a right to consult, at his / her own cost, with a person or persons of their choice, other than the Investigators. However, such person shall not interfere in the process of investigation.
- h) Any evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated, by any employee / person.
- i) The committee of officials / investigators shall complete the investigation within 45 (forty-five) days or within such extended period as may be granted by the Committee, of the receipt of the Reported Disclosure and submit the report to the Chairperson of the Committee. Decision on the report would be taken by the Committee within 30 (thirty) days of the date of the report. The Whistle Blower may appear directly before the Chairperson of the Committee in exceptional circumstances. The decision would be communicated to the Whistle Blower and the alleged persons by the Managing Director and / or the Executive Director.
- j) In case the investigation as specified in the clause hereinabove is not completed within 45 (forty-five) days or within such extended period as may be granted by the Committee or if the Whistle Blower is not satisfied with the decision communicated, the Whistle Blower shall be entitled to submit a request for personal reappearance and re-hearing before the Committee.
- k) On the completion of investigation, it would be the responsibility of the Committee to recommend suitable action to the management and also advise the Managing Director and / or the Executive Director to take suitable corrective measures to avoid recurrence of such Reported Disclosure and take suitable disciplinary action against the alleged persons. However, any disciplinary or corrective action initiated against the alleged persons 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.

## 7. Protection

- a) No unfair treatment shall be given to a Whistle Blower by virtue of his / her having made a Reported Disclosure under this Policy. The Company shall



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ensure that any kind of discrimination, harassment, victimisation or any other unfair employment practice is not adopted against Whistle Blowers and no action would be taken to obstruct the Whistle Blower's right to continue to perform his / her duties / functions including making further Reported disclosures. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company would arrange for the Whistle Blower to receive advice about the procedure, etc.

- b) The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Whistle Blowers are cautioned that their identity may become known for reasons outside the control of the Chairperson of the Committee (e.g. during investigations carried out by Investigators).
- c) Any other employee / person assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

### **8. Reporting**

The Managing Director and / or the Executive Director shall submit a report to the Committee on a quarterly basis, about all Reported Disclosures referred to the Committee, since the last report together with the results of investigations, if any, actions recommended and implementation.

The report shall be reviewed and recorded by the Committee.

### **9. Retention of documents**

All Reported Disclosures along with the evidences gathered during investigation and results and other investigation documents relating thereto, shall be retained by the Company for a minimum period of seven years.

### **10. Communication of policy**

The Policy shall be communicated by the Managing Director and / or the Executive Director to all the employees of the Company and other persons dealing with the Company, and shall also be displayed on its website. The website shall also display the contact details of the Committee Chairperson for this purpose.



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### **11. Amendments**

This Policy may be amended or modified from time to time in case of any subsequent changes to the provisions of applicable Regulations or which deems necessary to strengthen Whistle Blower Policy / Vigil Mechanism.

**For and on behalf of the Board of Directors  
of Kirloskar Industries Limited**

Sd/-

**Atul Kirloskar**

**Chairman**

**Date: 25 March 2019**

**Place: Pune**