

WHISTLE-BLOWER POLICY AND VIGIL MECHANISM

(The amended Policy as approved by the Board of Directors on 30th May 2019)

Objective

India Nippon Electricals Limited and its related entities ('the Company') are committed towards conducting its business with highest standards of ethics, honesty, integrity and ethical behaviour. This Whistle-blower Policy and Vigil Mechanism ('the Policy' or 'this Policy') is formulated under Section 177 (9) and (10) of the Companies Act, 2013, Companies Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The objectives of the Policy are:

- To establish a vigil mechanism for employees, directors and third-parties to report genuine concerns or grievances including concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.
- To provide adequate safeguards against victimization of employee(s), director(s) and third-parties who avail of the mechanism to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- To provide for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

1. Definitions

The definitions of the key terms used in this Policy are as follows:

- Audit Committee** means the Audit & Risk Management Committee of the Company in accordance with Section 177 of the Companies Act 2013 and read with Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Company** means India Nippon Electricals Limited and its related group entities.
- Director** means Directors and Independent Directors of the Company, so far it is not inconsistent with the Companies Act 2013 and its Rules.
- Employee** means all employees (including contractual/fixed term and casual) of the Company, part time or full time.
- Ethics Committee** means a committee comprising of senior members of the Company to manage the whistle-blower mechanism and to receive Complaints from the Ethics Helpline.
- Ethics Helpline** means an independent third-party service provider appointed by the Company to receive Protected Disclosure.
- Frivolous Complaint** shall mean any Protected Disclosure that is speculative in nature.



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- h) **Genuine Concern or Complaint** is a concern on any misconduct or malpractice or any other Unethical activity that should be factual and not speculative in nature.
- i) **Unethical Activity** means any unethical behavior or activity that includes, actual or suspected fraud, violation of the Company policies and systems, adversely affects Company's reputation or brand image, violation of applicable laws, gross or wilful negligence causing substantial and specific danger to health, safety and environment in the Company, accounting or financial misreporting, bribery, graft and insider trading, etc.
- j) **Investigator** means an internal or external person who is authorized, appointed, consulted or approached by the Ethics Committee to investigate the Protected Disclosure.
- k) **Protected Disclosure** means a Genuine Concern that discloses or demonstrates information that may evidence any misconduct or malpractice or other Unethical activity.
- l) **Subject** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of the investigation.
- m) **Third-Party** means vendor, supplier, dealer, consultants, contractors and any other third-party associated with the Company.
- n) **Whistle-blower** means an individual who makes a Protected Disclosure under this Policy that includes an Employees, Director and Third-Party of the Company.

2. Purpose and coverage of the Policy

- a) This Policy is applicable to all the units or factories of the Company and to all its Employees and Directors.
- b) This Policy is equally applicable to Third-Party to report a concern related to a potential violation of the Company's Code of Conduct or Ethics Policy.
- c) This Policy:
 - i. Provides a platform and mechanism for the Employees, Directors and Third-Parties to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal.
 - ii. It provides an environment that promotes responsible and protected whistle-blowing. It reminds Employees, Directors and Third-Parties about their duty to report any suspected violation of any law that applies to the Company and any suspected violation of the Company's Code of Conduct or Ethics Policy.
 - iii. Above all, it is a dynamic source of information about what may be going wrong at various levels within the Company, which will help the Company in realigning various processes and to take corrective actions as part of good governance practice.



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3. Scope of Policy

The Policy covers the following misconduct or malpractices:

- a) A substantial and specific danger to environment, public health and safety
- b) Acceptance of kickbacks
- c) Activities violating Company policies including Code of Ethics and Conduct
- d) Abuse of authority
- e) Bribery and corruption in cash or kind
- f) Child labour
- g) Claiming of false expenses in reimbursement
- h) Concurrent employment
- i) Conflict of interest
- j) Discrimination, victimization and bullying
- k) Financial fraud of any nature
- l) Fraud in request for proposal/request for quotation
- m) Gross wastage or misappropriation of Company funds/assets/resources
- n) Harassment of any nature other than Sexual Harassment
- o) Inappropriate use of social media
- p) Leakage of confidential, proprietary or Unpublished Price Sensitive Information
- q) Manipulation of Company data/records including incorrect financial reporting
- r) Sexual harassment
- s) Tax fraud
- t) Unfair trade practices and/or anti-competitive behavior
- u) Violation of any law or regulations applicable to the Company
- v) Violation of Insider trading Law or the Code of Conduct to Regulate, Monitor and Report Insider Trading and unauthorized/illegitimate disclosure of Unpublished Price Sensitive Information
- w) Violation of human rights
- x) Working for competitors or suppliers

4. Procedures - Reporting of Protected Disclosure

- a) Any Protected Disclosure under this Policy shall be deemed to be made in Good Faith if there is a reasonable basis for communication of Unethical Activity or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the Employee does not have personal knowledge on a factual basis for the communication or where the Employee knew or reasonably should have known that the communication about the Unethical Activity or alleged wrongful conduct is malicious, false or frivolous.



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- b) The Whistle-blowers are expected to speak up and bring forward all misconduct or malpractices about the issues listed above in Section 3.
- c) The list specified in Section 3 is only illustrative and not exhaustive.
- d) Employees and Directors can choose to remain anonymous while reporting the Protected Disclosure and the Company will not make any attempt to discover the identity of the Whistle-blower. It would be mandatory for the Third-Parties to disclose their identity.
- e) A Whistle-blower reporting issues related to sexual harassment, child labor or discrimination or violation of human rights would necessarily need to disclose their identity to enable effective investigation.
- f) The issues related to personal grievance, promotion and/or increment would not be covered under this Policy. Employees should contact the respective Human Resource personnel for assistance.
- g) The Company has engaged an external Ethics Helpline provider to receive all Protected Disclosures under this Policy and to report to the Ethics Committee.
- h) Any Employee, Director or Third-Party who has a Genuine Concern may make a Protected Disclosure to the Ethics Helpline Provider through any of the following means:

Reporting channel	Contact details	Availability
Phone	1800 100 4635	7:00am to 11:00pm on weekdays
Email	inel@ethicshelpline.in	24/7
Web Portal	www.in.kpmg.com/ethicshelpline/inel	24/7
Fax	Dial 1800 100 4635 and select option 2 on IVR	7:00am to 11:00pm on weekdays
Post Box	P. O. Box No 71, DLF Phase 1, Qutub Enclave, Gurgaon - 122002, Haryana, India	24/7

- i) The Ethics Helpline will share a unique case reference number with the Whistle-blower. The said case reference number should be quoted for any further correspondence/communication on the Protected Disclosure.
- j) The Ethics Helpline will prepare a report based on the information provided by the Whistle-blower and will share the incident report carrying the case number with the Ethics Committee in 2 (two) business days by mailing the same to the email ID of the Ethics Committee ethics@inel.co.in. In case any member of the Ethics Committee is found to have perceived conflict of interest, the Ethics Helpline Provider will share the incident report with Chairman of the Audit Committee both physically and electronically at the following address and email ID.



Address	Email ID
Chairman of the Audit Committee:	chmnac@inel.co.in

- k) In case of serious issues of financial statement misrepresentation, fraud or violations of serious nature that would entail severe penalty or imprisonment to the Company and/or the Directors, the complainant may directly make the Protected Disclosure to the Chairman of the Audit Committee both physically and electronically at the address and email ID mentioned above, who shall then deal with such Protected Disclosure in a manner as he deems appropriate.
- l) In case of Protected Disclosure on sexual harassment, the Ethics Committee shall direct all Complaints to the Internal Committee constituted under the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act 2013 and Rules made thereunder which shall deal with the Protected Disclosure in line with the said Act.
- m) Third-Party shall be informed of the contents of this Policy and the manner of making a Complaint under this Policy in such manner as may be deemed fit by the Ethics Committee.

5. Disqualifications of Protected Disclosure

The Ethics Committee shall not investigate the Protected Disclosures which would fall under the following categories:

- a) Protected Disclosures related to issues which are not covered under the Policy (as detailed in Section 3).
- b) Anonymous reporting of Protected Disclosure by Third-Party or issues related to sexual harassment without written and self-attested Complaint.
- c) If the Protected Disclosure does not carry following minimum information:
 - i. Name, designation and location of the Subject(s) involved
 - ii. Detailed description of the incident
 - iii. Location and time or duration of incident
 - iv. Specific evidence or source of evidence



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6. Ethics Committee

- a) The Company had constituted an Ethics Committee comprising of the following members as appointed by the Chairman of the Audit Committee:
 - i. Managing Director of INEL - Chairman
 - ii. Chief Executive Officer/President of INEL - Member
 - iii. Chief Financial Officer of INEL - Member
 - iv. Head - Human Resources of INEL - Member
 - v. Chief Human Resource Officer, Lucas TVS Limited - Member
- b) The Ethics Committee shall:
 - i. Conduct the enquiry in a fair and unbiased manner.
 - ii. Ensure complete fact-finding.
 - iii. Maintain strict confidentiality.
 - iv. Decide on the outcome of the investigation, whether an Unethical Activity has been committed and if so by whom.
 - v. Decide on the appropriate course of action - suggested disciplinary action, including dismissal, and preventive measures.
 - vi. Minute Committee deliberations and document the final report
 - vii. Submit a report to the Audit Committee regarding the effective functioning of the Whistle-blower mechanism, at such intervals as the Committee may specify which shall not be more than a year.

7. Investigations and role of Investigator(s)

- a) **Investigation** - Upon receiving an incident report from the Ethics Helpline Provider, an investigation will be performed only if the Ethics Committee is satisfied after preliminary review of the Protected Disclosure and shall decide on further course of action.
- b) The Ethics Committee shall have the power to investigate any Protected Disclosure either through one or more of its members (excluding those members who may have a conflict of interest) or by engaging any Investigator. The members investigating the Protected Disclosure and/or the Investigator, if any, shall submit a report to the Ethics Committee within a timeframe to be stipulated by the Ethics Committee.
- c) The investigation by itself would not tantamount to an accusation and will be treated as a neutral fact-finding exercise.
- d) Any member of the Audit Committee, Ethics Committee or other Officer having any conflict of interest with the matter shall disclose his or her concern/interest forthwith and shall not deal with the matter. This will be highlighted to the Investigators by the concerned person.



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- e) **Role of Investigator(s)** - Investigator(s) are required to proceed towards fact-finding and analysis with recourse to due diligence. Investigators shall perform their role in an independent and unbiased manner. Investigators shall necessarily observe fairness/objectivity, thoroughness, ethical behaviour and the highest professional standards. They are barred from discussing the content of the Protected Disclosure to any person inside or outside the Company who is not an essential witness, accused or co-accused. The Investigator(s) shall submit their report to the Ethics Committee within 45 working days from the receipt of such Protected Disclosure or such period as agreed/extended by the Ethics Committee.
- f) Based on the report received, the Ethics Committee may decide to carry out further specialized investigation if necessary.
- g) During the course of investigation the identity of the Subject and the Whistle-blower shall be kept confidential to the extent possible given the legitimate needs of law and the investigation. All the communications related to the Protected Disclosure shall be marked "Strictly Confidential" and should be password protected.
- h) **Timelines** - The entire process of investigation shall be completed within 90 days of the receipt of the Protected Disclosure from the Ethics Helpline Provider.
- i) During the course of investigation the Investigator or members of the Ethics Committee shall have the right to call for any information or document and examine any Employee of the Company or other person(s) as may be deemed appropriate for the purpose of conducting the investigation under this Policy
- j) After considering the report, the Ethics Committee shall recommend suitable disciplinary action commensurate with the misconduct or unacceptable practice or behavior. In all the cases, the decision of the Ethics Committee shall be final. However, in case of sexual harassment related Protected Disclosures, the decision of the Internal Committee shall be final which shall be only implemented by the Ethics Committee.
- k) In case of Protected Disclosure made directly to the Chairman of the Audit Committee, the provisions pertaining to Investigation and timelines as in Section 7 shall apply. However, the decision regarding disciplinary action shall vest with the Audit Committee of the Board which shall consider the investigation report.
- l) **Closure** - The Ethics Committee will share feedback of every Complaint with the Ethics Helpline, who in turn will share the feedback with the Whistle-blower if the contact details are provided by the Whistle-blower. The Whistle-blower may also contact the Ethics Helpline to seek feedback after 90 days from the date of reporting of the Protected Disclosure by quoting the case reference number.



8. Protection

- a) An Employee or Third-Party making a Protected Disclosure shall not be victimized and his or her interests shall not be prejudicially affected on such account. No action by way of discrimination, harassment, victimization, suspension or reduction or discontinuation of business or any other unfair employment practice like threat or intimidation or termination or suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like will be adopted against such Employee or Third-Party on account of his or her making such Protected Disclosure.
- b) Any Employee or Director assisting in the said investigation shall be protected to the same extent as the Whistle-blower.

9. Confidentiality

The Company shall treat all Protected Disclosures in a sensitive manner and shall endeavor to keep the identity of the Employee, Director or Third-Party making the Protected Disclosure confidential. However, the investigation process may reveal the source of the information and the individual making the disclosure may need to provide a statement which cannot be kept confidential if legal proceedings should arise.

10. Frivolous Complaints

Notwithstanding anything above, in case any of the Protected Disclosure is determined as Frivolous Complaint, the Audit Committee/Ethics Committee may take suitable disciplinary action against the concerned Employee, Director or Third-Party.

11. Record keeping

The Company shall maintain all the documents related to a Complaint for a period as determined under the Company's Archival Policy.

12. Notification

- a) All departmental heads are required to notify and communicate the existence and contents of this Policy to the Employees of their department.
- b) New Employees shall be informed about the Policy by the Human Resource department at the time of their joining the organisation.
- c) The Ethics Committee shall lay down the mode and manner of communicating the contents of this Policy and of making a Protected Disclosure by a Third-Party Stakeholders.



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- d) The Ethics Committee shall submit a report covering the following every financial year (in the meeting that immediately follows the end of financial year) to the Audit Committee regarding the functioning of the whistle blowing mechanism:
- i. Number of Protected Disclosures outstanding at the beginning of the year
 - ii. Number of Protected Disclosures received during the year
 - iii. Number of Protected Disclosures disposed-off during the year
 - iv. Disciplinary action taken in respect of each Protected Disclosure
- e) In case of Protected Disclosures made directly to the Chairman of the Audit Committee, the Chairman of the Audit Committee shall report every Quarter to the Audit Committee regarding the status of investigation.

13. Amendments

The Company is entitled to amend or modify this Policy in whole or in part, at any time without assigning reasons.

Policy approved on 29th January 2016.

First amendment approved on 30th May 2019.