

WHISTLE BLOWER POLICY / VIGIL MECHANISM OF LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED

1. Background:

As per provisions of Section 177 of the Companies Act, 2013, every listed Company or Companies accepting deposits from the public or Companies which have borrowed money from banks and Public Financial Institutions in excess of fifty crore rupees, shall establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. Under these circumstances, M/s Lakshmi Finance & Industrial Corporation Limited, being a Listed Company, proposes to establish a Whistle Blower (vigil) mechanism and to formulate a whistle blower policy.

2. Objectives:

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 unethical behavior, actual or suspected fraud or violation of Company's code of conduct or ethics policy to come forward and express these concerns without fear of punishment or unfair treatment. This policy aims to provide an avenue for employees to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

3. Purpose:

The Vigil policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company. The policy neither releases directors or employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

4. Scope and Applicability:

All directors, officers and employees of M/s Lakshmi Finance & Industrial Corporation Limited are eligible to make Protected Disclosures under the policy. The policy covers malpractices and events which have taken place/ suspected to take place involving:

1. Abuse of authority
2. Breach of contract
3. Negligence causing substantial and specific danger to public health and safety

4. Manipulation of Company data/records
5. Financial irregularities, including fraud or suspected fraud or Deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports
6. Any unlawful act whether Criminal/ Civil
7. Deliberate violation of law/regulation
8. Wastage/misappropriation of Company funds/assets
9. Breach of Company Policy or failure to implement or comply with any approved Company Policy

Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

5. **Definitions:**

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement with the Stock Exchanges.

“Board” means the Board of Directors of the Company.

“Employee” mean all the present employees, key Managerial Personnel and Directors of the Company.

“Whistle Blower” is an employee or group of employees or stakeholders or directors who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

6. **Eligibility:**

All employees, key managerial personnel, stakeholder or directors of the Company are eligible to make “Protected Disclosures”.

7. **Procedures – Essentials and handling or Protected Disclosure:**

- i. The Protected Disclosure / Complaint should be attached to a letter bearing the identity of the Whistle blower / complainant i.e. his/her Name, Employee Number and Location, and should be in a **closed / secured / sealed envelope** addressed to the Chairman of the Audit Committee which should be **superscribed “Protected Disclosure”**. (If the envelop is not superscribed and closed / sealed / secured, it will not be possible to provide protection to the whistle blower as specified under this policy).

- ii. Anonymous protected disclosure shall not be entertained.
- iii. Protected Disclosure should either be typed or written in legible and writing in English, Hindi or Regional language of the place of employment of the whistle blower and should provide a clear understanding of the Improper Activity involved or issue / concern raised. The reporting should be factual and not speculative in nature. It must contain as much relevant information as possible and should help in initial assessment and investigation.
- iv. 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.

8. Investigation:

- 8.1 All protected disclosures under this policy will be recorded and thoroughly investigated. The Audit Committee (AC) may investigate and may at its discretion consider involving any other Officer of the Company including Vigilance and Security Superintendent of the Company for the purpose of investigation.
- 8.2 The decision to conduct an investigation taken by AC is by itself not an accusation and is to be treated as a neutral fact finding process.
- 8.3 Person(s) Concerned will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- 8.4 Person(s) Concerned shall have a duty to co-operate with the AC or any of the Officers appointed by it in this regard to the extent that such cooperation will not compromise self incrimination protections available under the applicable laws.
- 8.5 Person(s) Concerned 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 Person(s) Concerned.
- 8.6 Unless there are compelling reasons not to do so, Person(s) Concerned will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a Person(s) Concerned shall be considered as maintainable unless there is good evidence in support of the allegation.
- 8.7 Person(s) Concerned have a right to be informed of the outcome of the investigations.
- 8.8 The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the AC deems fit and as applicable.

9. Decision and Reporting:

- 9.1 Audit Committee along with its recommendations will report its findings to the Management and Management will have the power to take the necessary actions.
- 9.2 If the report of investigation is not to the satisfaction of the complainant, the complainant has right to report the event to the appropriate legal or investigating agency.
- 9.3 A complainant who makes false allegations of unethical & improper practices or about wrongful conduct of the subject to the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

10. Secrecy / Confidentiality:

- 10.1 The complainant, Nodal officer, Members of Audit Committee, the Subject and everybody involved in the process shall.
- 10.2 Maintain confidentiality of all matters under this policy.
- 10.3 Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
- 10.4 Not to keep the papers unattended anywhere at any time.
- 10.5 Keep the electronic mails / files under password.

11. Retention of Documents:

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

12. Disclosures:

This vigil mechanism shall be disclosed by the Company on its website and the Board's Report has to be prepared and attached with the Annual Report of the Company in terms of the provisions of the Companies Act, 2013.

13. Amendments:

This policy can be modified or repealed at any time by the Board of Directors of the Company.