



**Lonsen Kiri Chemical Industries Limited**  
**(CIN-U24114GJ2008PLC053537)**  
***(Whistle Blower Policy)***

*Incompliance as per Companies Act, 2013 and the Companies (Meetings of Board and its Powers), Rules 2014  
(As reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 26<sup>th</sup> September,  
2014)*

## **1. Introduction**

- 1.1 The Company Lonsen Kiri Chemical Industries Limited (“**LKCIL**”/“**The Company**”) believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behaviour. The Company is committed to developing a culture where it is safe for all the employees to raise concerns about any misconduct or unacceptable practice.
- 1.2 For this purpose, the Company has adopted a Code of Business Conduct, which lays down the principles and standards that should govern the actions of the Company and its employees. The Code of Business Conduct requires the employees not only to comply with and strictly adhere to the standards of the conduct contained therein but also report to the Chairman or Whole-time Directors for any misconduct or any illegal activity, fraud or abuse of the assets of the Company. The employees reporting any misconduct shall be suitably protected and no unjust action(s) will be taken against any such employee(s).
- 1.3 As per Section 177 of the Companies Act, 2013 (“**the Act**”) and the Companies (Meetings of Board and its Powers) Rules, 2014, every following classes of Company (ies):
- Listed Company;
  - Which accept deposits from the public;
  - Which have borrowed money from banks and public financial institutions in excess of Rs. 50.00 Crore (Rupees Fifty Crores); and
- requires to vigil mechanism (**Whistle Blower**) for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company’s code of conduct or ethics policy. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision(s) for direct access to the Chairman of the Audit Committee or the any director nominated to play the role of Audit Committee, as the case may be in appropriate or exceptional cases.

## **2. Objective**

- 2.1 The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, **LKCIL** encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of conduct or policy. It provides adequate safeguards against victimization of employees and Directors to avail of the mechanism.

- 2.2 The Company shall circulate the existence and contents of this Policy to all the Employees.

### **3. Definitions**

The definitions of some of the key terms used in this policy are given below.

- 3.1 **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Companies Act, 2013 (**"the Act"**) and the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modifications or re-enactment thereof from time to time).
- 3.2 **"Employee"** means every employee, including the Directors in the employment, of the Company (whether working in India or abroad) and its Subsidiaries.
- 3.3 **"Good Faith"** means an Employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication of Unethical Behaviour and Improper Practices or any other Wrongful Conduct. Good faith shall be deemed lacking (a) when the Employee does not have personal knowledge or a factual basis for the communication or (b) where the Employee knew or reasonably should have known that his communication about the Unethical Behaviour and Improper Practices or Wrongful Conduct is malicious, false or frivolous.
- 3.4 **"Investigators"** means any person(s) duly appointed/consulted by the Chief Financial Officer and/or Chairman of the Audit Committee as the case may be, to conduct an investigation under this policy.
- 3.5 **"Protected Disclosure"** means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- 3.6 **"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.
- 3.7 **"Whistle Blower"** is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.
- 3.8 **"Unethical Behaviour and Improper Practices or Wrongful Conduct"** shall mean:-

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- (a) an act or omission which does not conform to approved standard of social and professional behavior; or
- (b) an act or omission which leads to unethical business practices including misappropriation of monies and actual or suspected fraud; or
- (c) improper or unethical conduct; or
- (d) breach of etiquettes or morally offensive behavior; or
- (e) an act or omission which may lead to incorrect financial reporting; or
- (f) an act or omission which is not in line with applicable company policy including Company's Code of Business Conduct or ethics policies; or
- (g) an act or omission which is unlawful; or
- (h) an act or omission which may lead to substantial and specific danger to public health and safety or abuse of authority.; and
- (i) any other unethical behaviour, improper practices or wrongful conduct.

### **4. Scope and role of Whistle Blower**

- 4.1 All Employees of the Company are eligible to make Protected Disclosures under this Policy.
- 4.2 The role of Whistle Blowers is that of reporting party with reliable information. Whistle Blowers are not expected or required to act as investigator nor fact finder in any matter and they do not have any right to participate in the investigation proceedings.
- 4.3 The Policy shall not be used in place of the Company's grievance procedures or procedures laid down for the protection of employees against sexual harassment at workplace. Further, this policy shall not be a route for raising malicious or unfounded allegations against colleagues. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment, any abuse of this protection will warrant disciplinary action. Whistle Blowers, who had made three or more Protected Disclosures which had been subsequently found to be mala fide, frivolous or malicious, shall be barred from making any further Protected Disclosures under this Policy.

### **5. Manner in which concern can be raised**

- 5.1 Any Whistle Blower, who observes any Protected Disclosures relating to financial malpractices or non-compliance with legal requirements relating to financial matters, shall report the same to the Managing Director (MD) /Chief Financial Officer (CFO) of the Company and any other Whistle Blower, who observes any Protected Disclosures relating to non-financial malpractices, shall report to the MD/CFO of the Company. The MD/CFO, as the case may be, shall appropriately, thoroughly and expeditiously conduct the investigation of such Protected Disclosure, including where necessary with the help of Investigators. If the concerned Whistle Blower

is not satisfied with the outcome of the investigation by the MD/CFO as the case may be, then he can make the Protected Disclosure directly to the Chairman of the Audit Committee. If the Chairman of the Audit Committee and Managing Director is the same person then the said matter shall be investigated by the Board of the Company (excluding MD) or any Director (s) authorised by them from time to time. The Audit Committee or the Board of the Company (excluding MD) or any Director (s) authorised by them shall appropriately and expeditiously investigate the Protected Disclosure including where necessary with the help of Investigators and recommend appropriate actions.

- 5.2 Where a Protected Disclosure is to be made, which involves a MD or CFO of the Company, such Protected Disclosure may be made by any Whistle Blower to the Chairman of Audit Committee. If the Chairman of the Audit Committee and Managing Director is the same person then the said matter shall be investigated by the Board of the Company (excluding MD) or any Director (s) authorised by them from time to time. The Audit Committee or the Board of the Company (excluding MD) or any Director (s) authorised by them shall appropriately and expeditiously investigate the Protected Disclosure including where necessary with the help of Investigators and recommend appropriate action.
- 5.3 The Whistle Blower must disclose his / her identity in the covering letter while forwarding such Protected Disclosures. No cognizance will be taken of any Protected Disclosure made anonymously and/or without proper signature.
- 5.4 Protected Disclosure can be made through email complaint or written complaint. The complaint should be factual rather than speculative and must contain to the maximum extent possible, the following information:-
  - (a) The Employee, and/or outside party or parties involved;
  - (b) The office/unit of the Company where it happened
  - (c) When did it happen; date or time;
  - (d) Nature of concern
  - (e) Any documentary evidence or proof, if available
  - (f) Whom to contact for more information, if possible
  - (g) Any other relevant informations for investigation

**6. Investigation**

- 6.1 All Protected Disclosures reported under this Policy will be thoroughly investigated by the MD and/or CFO and/or Audit Committee, as the case may be. The identity of Whistle Blower, Subject and any other person assisting in the investigation, will be kept confidential.
- 6.2 Subject(s) may be communicated about the allegations made in the Protected Disclosure, unless such communication is detrimental to the investigation proceedings. The investigation shall be conducted in a fair manner and provide opportunity for hearing to the Subject.
- 6.3 Subject(s) shall have a duty to co-operate during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- 6.4 Subject(s) 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.
- 6.5 Subject(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard.
- 6.6 Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in the 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.
- 6.7 Whistle Blowers/Subjects and any other Employee assisting the investigation shall have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be directly, indirectly, explicitly or implicitly influenced, coached, threatened and/or intimidated by the Whistle Blower/Subject or any other person.
- 6.8 In the course of investigation proceedings, Subjects are not allowed to leave the Company without specific written approval of the concerned Director. In case of Whistle Blowers, they shall be allowed to leave the Company with a specific written undertaking that they shall continue to extend necessary co-operation for conduct of investigation till required under intimation to the concerned Director.
- 6.9 After investigation, a written report of the findings should be prepared and the Whistle Blowers/Subjects have a right to be informed about outcome of the investigation.
- 6.10 After Investigation, the Investigator shall report to the MD/CFO of the Company if investigation against the any other employee. If MD/CFO involved in such practice then the report shall be submitted to the Chairman of the Audit Committee corrective or disciplinary action as it may deem fit.

## **7. Protection**

- 7.1 No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy in Good Faith. The Company is adopt the policy to condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers.
- 7.2 Whistle Blower may directly report any violation of the above clause no.7.1 to the Chairman of the Audit Committee, who shall investigate into the same and instruct such corrective or disciplinary action as it may deem fit.
- 7.3 Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
- 7.4 This Policy may not be used as a defense by the Whistle Blower against whom an adverse personnel action has been taken.

## **8. Decision**

If an investigation of any Protected Disclosure leads the MD/CFO, The audit committee to conclude that an Unethical Behaviour and Improper Practices or Wrongful Conduct has been committed, then the MD/CFO/Audit Committee as the case may be, shall instruct such corrective or disciplinary action as may deem fit. For avoidance of doubt, it is clarified that any disciplinary or corrective action initiated against the Subject 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.

## **9. Reporting**

The MD/CFO shall submit a report to the Chairman of the Audit Committee on quarterly basis about the Protected Disclosures received by them including their outcome and status.

## **10. General**

- 10.1 The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.
- 10.2 Every Department head shall submit a certificate that this policy has been notified to each Employee of his department and the same has been acknowledged by each such Employee. The new Employees shall be informed about the existence and content of this policy by the HR department of the Company.

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10.3 All Protected Disclosures made by the Whistle Blower or documents obtained during the course of investigation along with the reports of investigation shall be retained by the Company for a minimum period of 7 years.

10.4 The Board of Directors of the Company shall have the right to amend the policy from time to time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

**Place: Ahmedabad**

**Date: 26.09.2014**

**For Lonsen Kiri Chemical Industries Limited**

sd/-

**Manish Kiri**

**Managing Director and Chairman of Audit Committee**

**For Lonsen Kiri Chemical Industries Limited**

**For Lonsen Kiri Chemical Industries Limited**

sd/-

sd/-

**Shixin Luo**

**Vyas**

**Director**

**Officer**

**Hemant**

**Chief Operating**

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**To,**

**Lonsen Kiri Chemical Industries Limited**

**1. Factory Add:** Plot No. 498, 500, 545, 577/B, 584/B, 585 to 589,  
Village: Dudhwada – 391450, Tal: Padra, Dist: Vadodara,  
Gujarat, India

**2. Regd. Off:** 7<sup>th</sup> Floor, Hasubhai Chambers, Opp. Town Hall, Ellisbridge,  
Ahmedabad – 380 006