

## WHISTLE BLOWER POLICY

### 1. Preface

The Company has adopted the Code of Conduct (“The Code”) with the objectives of enhancing the standards of ethical conduct for the highest degree of transparency, integrity, accountability and corporate social responsibility. Any actual or potential violation of the Code would be a matter of serious concern for the company. The employees can play an important role in pointing out such violations of the code.

Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges, inter alia, provides for a non-mandatory requirement for all listed companies to establish a mechanism called ‘**Whistle Blower Policy**’ for employees to report to the management, instances of any unethical behaviour, actual or suspected fraud or violation of the Company’s code of conduct.

Accordingly, this Whistle Blower Policy (“the Policy”) has been formulated with a view:

- To provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee of the Board of Directors of the Company; any instance of unethical behaviour, actual or suspected fraud or violation of the Company’s code of conduct and
- To safeguard the interest of such Employees / persons against victimization, who notice and report any unethical or improper practices.
- To appropriately communicate the existence of such mechanism, within the organisation and to outsiders.

### 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**” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act, 1956 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.

- c) **“Employee”** means every employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.
- d) **“Investigators”** means committee of officials as may be decided by the Chairman and / or 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.
- e) **“Person 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.
- f) **“Reported Disclosure”** means any communication made in good faith that demonstrates information that may evidence any instance of unethical or improper behaviour / practice (not necessarily a violation of Law), actual or suspected fraud or violation of the Company’s code of conduct (“the unethical practice”).
- g) **“Whistle Blower”** means an 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 employees of the Company and other persons dealing with the Company. All Employees of the Company and other persons dealing with the Company are eligible to make Reported Disclosures 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 Employees and other 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 Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

## **6. Procedure**

- a) All Reported Disclosures should be addressed to the Chairman of the Audit Committee of the Company. The investigation in the same shall be carried out by the committee of officials as may be decided by the Chairman and Executive Director of the Company 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 Audit Committee, in consultation with the Chairman and Executive Director of the Company. In exercising this discretion, the Audit 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 authorizing one or more investigators / persons, as committee may deem fit and proper.
- e) The procedure to be followed in any investigation shall be decided solely by the Audit 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.

- f) The persons alleged to be involved in the unethical practice, shall cooperate 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 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.
- g) Any evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated, by any employee/person.
- h) 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 Audit Committee, of the receipt of the Reported Disclosure and submit the report to the Chairman of the Audit 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 Chairman of the Audit Committee in exceptional circumstances. The decision would be communicated to the Whistle Blower and the alleged persons by the head of the Secretarial and Legal Department.
- i) 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 Audit 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 re-appearance and re-hearing before the Committee.
- j) On the completion of investigation, it would be the responsibility of the Audit Committee to recommend suitable action to the management and also advise the concerned Department Head 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.
- k) The Audit Committee shall decide on whether the outcome of an investigation shall be made public, keeping in view the best interest of the Company.
- l) The head of the Secretarial and Legal Department shall assist in all respects to the Chairman of the Audit Committee and committee of officials / any investigators, for smooth completion of the investigation process under the policy.

## **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 ensure that any kind of discrimination, harassment, victimization 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 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 Chairman of the Audit 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 Head of the Secretarial and Legal Department shall submit a report to the Audit 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 Audit 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 Human Resources Department to all the Employees of the Company and other persons dealing with the Company, through circular/display on the Notice Board / display on the Intranet.

## **11. Amendment**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such

amendment or modification will be binding on the Employees and other persons dealing with the Company unless the same is notified in writing.

**For Kirloskar Brothers Investments Limited**

**Sd/-  
Atul C. Kirloskar  
Chairman**

**Pune: February 17, 2010**