





**Corporate Office:**  
85, Industrial Area 'A',  
Ludhiana - 141003,  
Punjab, India.

 + (91)-(161)-2225531/35  
 [contact@iolcp.com](mailto:contact@iolcp.com)

# WHISTLE BLOWER POLICY

CORPORATE POLICIES



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## I. PREFACE

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has adopted the Company's Code of Conduct ("the Code"), which lay down the principles and standards that should govern the actions of the Company and its employees. Any actual or potential violation of the Code, however insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the Code cannot be undermined. There is a provision under the Code requiring employees to report violations, which states

## Reporting Concerns

**5.1 Every employee of the Company shall promptly report to the management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of his or the Company.**

- a) Clause 49 of the Listing agreement between the Company and the Bombay Stock Exchange Limited, Mumbai, provides for a non-mandatory requirement to establish a mechanism called 'Vigil Mechanism' for employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the company's code of conduct or ethics policy.
- b) Accordingly, this Vigil Mechanism ("the Policy") has been formulated with a view to provide a mechanism for employees of the Company to approach the Chairman of the Audit and Risk Management Committee of the Company

## II. PREAMBLE

This policy is formulated to provide opportunity to employees to access in good faith, to the Audit and Risk Management Committee in case they observe unethical and improper practices or any other alleged wrongful conduct in the Company and to prohibit managerial personnel from taking any adverse personnel action against those employees.

## III. APPLICABILITY

This policy applies to all permanent employees of the Company.

## IV. POLICY

No adverse personnel action shall be taken or recommended against an employee in retaliation to his disclosure in good faith of any unethical & improper practices or alleged wrongful conduct. This policy protects such employees from unfair termination and unfair prejudicial employment practices.

## V. DEFINITIONS

### 1. Adverse Personnel Action

An employment-related act or decision or a failure to take appropriate action by managerial personnel which may affect the employee's employment, including but not limited to compensation, promotion, job location, job profile, immunities, leaves & training rights or other privileges.

### 2. Alleged Wrongful Conduct

Alleged wrongful conduct shall mean violation of law, infringement of Company's code of conduct or ethic policies, mismanagement, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

### **3. Audit and Risk Management Committee**

Audit and Risk Management Committee shall mean a committee of Board of Directors of the Company, comprising of all Non-Executive Directors, constituted in accordance with the provisions of section 292A of Companies Act, 1956 read with clause 49 of Listing Agreement entered into by the Company with Stock Exchange.

### **4. Company**

Company means “IOL Chemicals and Pharmaceuticals Limited”.

### **5. Compliance Officer**

Compliance Officer means “Company Secretary” of the Company.

### **6. Good Faith**

An employee shall be deemed to communicating in ‘good faith’ if there is a reasonable basis for communication of unethical & improper practices or any other alleged wrongful conduct.

Good faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical & improper practices or alleged wrongful conduct is malicious, false or frivolous.

### **7. Managerial Personnel**

Managerial personnel shall include director, president, vice president, manager, department head, supervisor or other employee who has authority to make or materially influence significant personnel decisions.

### **8. Policy or This Policy**

Policy or This Policy means “Vigil Mechanism”.

### **9. Unethical & Improper Practices**

Unethical & improper practices shall mean:

- a) An act which does not conform to approved standard of social and professional behaviour;
- b) An act which leads to unethical business practices;
- c) Improper refers to unethical conduct;
- d) Breach of etiquette or morally offensive behaviour, etc.

### **10. Whistle Blower**

An employee of the Company who discloses in good faith any unethical & improper practices or alleged wrongful conduct to the Audit and Risk Management Committee in writing.

## VI. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 1956 and/or any other SEBI Regulation(s) as amended from time to time.

## VII. GUIDELINES

### 1. Internal Policy & Protection under Policy

This policy is an internal policy on disclosure by the employees of any unethical and improper practices or wrongful conduct and access to Audit and Risk Management Committee.

This policy prohibits the Company to take any adverse personnel action against its employees for disclosing in good faith any unethical & improper practices or alleged wrongful conduct to the Audit and Risk Management Committee. Any employee against whom any adverse personnel action has been taken due to disclosure of information under this policy may approach the Audit and Risk Management Committee.

### 2. False Allegation & Legitimate Employment Action

An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct to the Audit and Risk Management Committee shall be subject to disciplinary action, up to and including termination of employment, in accordance with Company's rules, policies and procedures. Further, this policy may not be used as a defence by an employee against whom an adverse personnel action has been taken independent of any disclosure of information by him and for legitimate reasons or cause under Company rules and policies.

### 3. Disclosure & Maintenance of Confidentiality

An employee who observes any unethical & improper practices or alleged wrongful conduct in the Company may report the same to Audit and Risk Management Committee through e-mail addressed to whistleblower@iolcp.com or in writing addressed to The Chairman, Audit and Risk Management Committee, IOL Chemicals and Pharmaceuticals Limited, 85, Industrial Area, "A", Ludhiana and shall bear the identity of the Whistle Blower.

Confidentiality of whistle blower shall be maintained to the greatest extent possible.

### 4. Procedures

- 1) Any employee who observes any unethical & improper practices or alleged wrongful conduct shall make a report to the Audit and Risk Management Committee as soon as possible but not later than fortyfive consecutive calendar days after becoming aware of the same.
- 2) If the employee unable to put disclosure in writing, he may approach Compliance Officer directly or through his superior or any other employee. The Compliance Officer shall prepare a written summary of the employee's disclosure and provide a copy to the employee.
- 3) Audit and Risk Management Committee shall appropriately and expeditiously investigate all whistle blower reports received. In this regard, Audit and Risk Management Committee, if the circumstances so suggest, may appoint a senior officer or a committee of managerial personnel to investigate into the matter.

- 4) Audit and Risk Management Committee shall have right to outline detailed procedure for an investigation.
- 5) Where the Audit and Risk Management Committee has designated a senior officer or a committee of managerial personnel for investigation, they shall mandatory adhere to procedure outlined by Audit and Risk Management Committee for investigation.
- 6) The Audit and Risk Management Committee or officer or committee of managerial personnel, as the case may be, shall have right to call for any information/ document and examination of any employee of the Company or other person(s), for the purpose of conducting investigation of any matter under this policy. Number of employees can be called together. Before this, it must be decided that the whole investigation must be in accordance with the formulated policy.
- 7) A report shall be prepared after completion of investigation and the Audit and Risk Management Committee shall consider the same.
- 8) If the investigation leads the Audit and Risk Management Committee to conclude that the alleged unethical and improper practice or wrongful conduct existed or is in the existence, the committee shall recommend to the Board of Directors of the Company to take such disciplinary or corrective action as they may think fit.
- 9) After considering the report, the Audit and Risk Management Committee shall determine the cause of alleged adverse personnel action and may order for remedies which may interalia include:
  - a) Order for an injunction to restrain continuous violation of this policy;
  - b) Reinstatement of the employee to the same position or to an equivalent position;
  - c) Order for compensation for lost wages, remuneration or any other benefits, etc.

## 5. Notification

All departmental heads are required to notify & communicate the existence and contents of this policy to the employees of their department. Every departmental head shall submit a certificate duly signed by him to the Compliance Officer that this policy was notified to each employees of his department. The new employees shall be informed about the policy by the HR department and statement in this regard should be periodically submitted to the Compliance Officer.

This policy as amended from time to time shall be made available at the web site of the Company.

## 6. Annual Affirmation

The Company shall annually affirm that it has not denied any personnel access to the Audit and Risk Management Committee and that it has provided protection to whistle blower from adverse personnel action.

The affirmation shall form part of Corporate Governance Report as attached to the Annual Report of the Company.

This policy is approved by Board of Directors in its meeting held on 23 June 2007 and further amended on 30 May 2014







**Registered Office:**

Village & Post Office - Handiaya,  
Fatehgarh Channa Road,  
Barnala - 148107, Punjab, India.

Email: [contact@iolcp.com](mailto:contact@iolcp.com)  
Website: [www.iolcp.com](http://www.iolcp.com)