

LUMAX AUTOMOTIVE SYSTEMS LIMITED

POLICY ON WHISTLE BLOWER

1. PROLOGUE:

Corruption is a social evil and one of the impediments felt in eliminating corruption in the corporate community is lack of adequate protection to the complaints reporting the corruption or willful misuse of power or willful misuse of discretion which causes demonstrable loss to the government, society or any person whose stake is involved in the company or commission of criminal offence by the company.

2. INCEPTION

- a. The whistle blower protection Act, 2011 got the assent of president of India on 9th May 2014 and notification in the official Gazette of India was issued on 12th May 2014 to make it complete legislation to provide a system to encourage people to disclose information about corruption or willful misuse of power by public servant, including ministers. The law provides safeguards against victimization of person who makes the complaint.
- b. Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 mandates the Following classes of companies to constitute a vigil mechanism –
 - Every listed company;
 - Every other company which accepts deposits from the public;
 - Every company which has borrowed money from banks and public financial institutions in excess of Rs. 50 crores.

Further, Clause 49 of the Listing Agreement between listed companies and the Indian Stock Exchanges has been recently amended which, inter alia, Model Whistleblower policy (revised) provides for a mandatory requirement for all listed companies to establish a mechanism called the 'Whistleblower Policy' for directors and employees to report concerns of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.

3. OUR COMPANY

The Company firmly believes that any meaningful policy on the Corporate Governance 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 Code of Conduct ("the Code"), which lays down the principles and standards that should govern the actions of the Company and its employees. It must provide

empowerment to the executive management of the company, and simultaneously create a mechanism of checks and balances which ensures that the decision making power vested in the executive management are used with care and responsibilities to meet shareholders and stakeholders aspirations. The role of the employees in pointing out any violations of the Code cannot be undermined. The company recognizes the importance of Corporate Governance for the efficient conduct of business and committed to attain the Corporate Governance of the high standards and maximize the long-term shareholders' value in a legal and ethical manner, ensuring fairness, courtesy and dignity in all transactions of the company.

4. CRITERIA OF REPORTING THE CONCERNS

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 any other Company.

As per the amended Clause 49 (F) (1) of the Listing Agreement published on 17th, April, 2014 effective from 1st of October, 2014 between listed companies and the Stock Exchanges which inter alia, prescribes for a mandatory requirement for all listed companies to establish a vigil mechanism called 'Whistle Blower Policy' for the directors and employees of the Company to report to the management concern about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Accordingly, this Whistle Blower Policy ("the Policy") has been formulated with a view to provide a mechanism for employees of the Company to approach directly the Ethics Counselor / Chairman of the Audit Committee of the Company in exceptional cases.

5. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below. Capitalized terms not defined herein shall have the meaning assigned to them under the Code

a. "**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 and read with Clause 49 (F) (III) of the Listing Agreement with the Stock Exchanges.

b. "**Employee**" means every employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.

c. "**Code**" means the Code of Conduct.

d. "**Investigators**" mean those persons authorized, appointed, consulted or approached by the Ethics Counsellor/Chairman of the Audit Committee and include the auditors of the Company and the police.

e. "**Protected Disclosure**" means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.

f. "**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.

g. **“Whistle Blower”** means an Employee making a Protected Disclosure under this Policy.

6. POLICY SCOPE

- a. This Policy is an extension of the Code of Conduct of Lumax Automotive Systems Limited. The Whistle Blower’s role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Ethics Counselor or the Chairman of the Audit Committee or the Investigators.
- c. Protected Disclosure will be appropriately dealt with by the Ethics Counselor or the Chairman of the Audit Committee, as the case may be.

7. ELIGIBILITY

All Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

8. NON-APPLICABILITY

- a. The mechanism provides adequate safeguards against victimization of employees who avail this policy from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- c. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a *mala fide* intention.
- d. Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be *mala fide* or malicious or Whistle Blowers who make four or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy.

9. PROCEDURE

- a. In addition to the fact that the audit committee is tasked to review the functioning of whistleblower mechanism, we have classified the reporting procedures between the audit committee and the ethics councilor.

- b. All Protected Disclosures concerning financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation.
- c. In respect of all other Protected Disclosures, those concerning the Ethics Counselor and employees at the levels of Vice Presidents and above should be addressed to the Chairman of the Audit Committee of the Company and those concerning other employees should be addressed to the Ethics Counselor of the Company.
- d. If a protected disclosure is received by any executive of the Company other than Chairman of Audit Committee, the same should be forwarded to the Chairman of the Audit Committee for further appropriate action.
- e. Appropriate care must be taken to keep the identity of the Whistle Blower Confidential. Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower.
- f. Alternatively, Protected Disclosures can also be reported orally by giving a call on the mobile phone of the ethics Counselor (Contact details are mentioned below). Oral reports will normally be documented by the Ethics counselor accessing the call by the written transcription of the oral report.
- g. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. The Chairman of the Audit Committee, as the case may be shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- h. 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.
- i. For the purpose of providing protection to the Whistle Blower, the Whistle Blower should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

10. INVESTIGATION

- a. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Chairman of the Audit Committee of the Company who will investigate / oversee the investigations under the authorization of the Audit Committee.
- b. The Chairman of the Audit Committee may at his discretion, consider involving any Investigators for the purpose of investigation.

- c. The decision to conduct an investigation taken by the Chairman of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d. The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f. Subjects shall have a duty to co-operate with the Chairman of the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws. .
- g. Subjects have a right to consult with a person or persons of their choice, other than the Investigators and/or members of the Audit Committee and/or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings. However, if the allegations against the subject are not sustainable, then the Company may see reason to reimburse such costs.
- h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coerced, threatened or intimidated by the Subjects.
- i. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- j. Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- k. The investigation shall be completed normally within 30 days of the receipt of the Protected Disclosure.

11. PROTECTION

- a. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take

steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

- b. A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.
- c. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law.
- d. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

12. INVESTIGATORS

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
- c. Investigations will be launched only after a preliminary review by the Chairman of the Audit Committee, which establishes that:

(i)The alleged act constitutes an improper or unethical activity or conduct, and

(ii)The allegation is supported by information specific enough to be investigated or in Cases where the allegation is not supported by specific information, it is felt that the Concerned matter is worthy of management review, Provided that such investigation Should not be undertaken as an investigation of an improper or unethical activity or Conduct.

13. DECISION

If an investigation leads the Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Chairman of the Audit Committee may deem fit. 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.

14. REPORTING

The Ethics Counselor shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him since the last report together with the results of investigations, if any.

As per the Clause 49 (IIF) of the Listing Agreement, the compliance to the whistle blower policy shall be reported in the quarterly Compliances Report on the Corporate Governance to the Stock Exchanges where the shares of the Company listed.

The Contact Details of the Ethics Counselor are as follows:-

Mr. Balwant Kalia : 09990314444

Mail I.d : ho@lumaxauto.com

15. DISCLOSURE

As per the requirement of Clause 49 (F) (3) of the Listing Agreement, the details of establishment of such mechanism shall be disclosed by the company on its website and in the Board's report.

The Annual Report of the Company shall also disclose and affirm that no personnel has been denied the access of the audit committee for to raise his/her concern pursuant to the policy.

16. 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 unless the same is notified to the Employees.

17. REVIEW OF FUNCTIONING BY AUDIT COMMITTEE

The Audit Committee of the Company shall be responsible to review periodically the efficient and effective functioning of the vigil mechanism.

18. RETENTION OF DOCUMENTS

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of seven years.