

# WHISTLE BLOWER POLICY



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**THE NATIONAL SMALL INDUSTRIES CORPORATION LTD.  
NSIC BHAVAN, OKHLA INDUSTRIAL ESTATE,  
NEW DELHI-110020, INDIA**

**<http://www.nsic.co.in>**

## **1. PREAMBLE**

The Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by Department of Public Enterprises (DPE) makes it mandatory for CPSEs to establish a vigil mechanism or whistle blower policy and gives direction for disclosures of the information and role of Audit Committee and Company pertaining to vigil mechanism or whistle blower policy.

This policy is formulated to define and establish the framework for reporting instances of unethical and improper practices or any other wrongful conduct in the company and to provide necessary safeguards for protection of employees or directors from victimization and to prohibit managerial personnel from taking any adverse personnel action against those employees.

## **2. OBJECTIVE**

The company seeks to maintain the highest ethical and business standards in the course of conduct of its business. The Company is committed to develop culture where it is safe for all employees to raise concerns about any unethical and improper activities or any other wrongful conduct of the company.

To attain the objectives in line with the vision, mission and values of the Company and to comply with statutory provisions, NSIC in addition to the mechanisms already available, has formulated this 'Whistle Blower Policy'.

The policy neither releases 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.

However, this policy does not protect an employee from an adverse action which occurs independent of his / her disclosure of unethical and improper practice or alleged wrongful conduct, poor job performance, any other disciplinary action, etc. unrelated to a disclosure made pursuant to this policy.

For the sake of absolute clarity, it is specified that the Whistle Blower Policy does not tantamount, in any manner, to dilution of the Vigilance mechanism in NSIC. Any Protected Disclosure made by an employee under this policy, if perceived to have a vigilance angle, shall be referred to the Chief Vigilance Officer, NSIC. The Policy is not to be used to resolve/address individual or group grievances and also not used to settle personal scores and harass others.

### 3. DEFINITIONS

- 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 and rules made thereunder.
- 3.2 **Board** means the Board of Directors of NSIC.
- 3.3 **Company** means "The National Small Industries Corporation Limited" (NSIC).
- 3.4 **Complainant or Whistle Blower** means a Director or Employee of the Company and / or its subsidiary company who have made the complaint/ Protected Disclosure under this Policy.
- 3.5 **Complaint** means an expression of an improper activity made by the Complainant in writing in conformity with this Policy.
- 3.6 **Competent Authority** means 'Chairman-cum-Managing Director' of the Company. In case of conflict of interest, Competent Authority would mean Chairman of the Audit Committee.
- 3.7 **Compliance Officer** means an Officer of the Company nominated for the purpose of receiving all complaints under this policy and ensuring appropriate action. The CMD shall have the authority to appoint and change the Compliance Officer from time to time.
- 3.8 **CMD** means the Chairman & Managing Director of NSIC.

3.9 **Disciplinary Action** means any action that can be taken on the completion of the investigation proceedings as per NSIC (CDA) Rules as is deemed fit considering the gravity of the matter.

3.10 **Employee** means as defined in the NSIC - Conduct, Discipline & Appeal (CDA) Rules.

NSIC has adopted "The Code of Business Conduct & Ethics for Board Members and Senior Management". Employees of NSIC are also governed by NSIC Conduct, Discipline & Appeal (CDA) Rules.

3.11 **Good Faith:** an employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct.

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

3.12 **Improper Activity** means unethical behavior, actual or suspected fraud or infringement of company's rules / conduct or ethics policies applicable to the employee of NSIC.

3.13 **Investigators** means those persons authorized, appointed, consulted from time to time by the Competent Authority, in connection with conducting investigation into the Protected Disclosure.

3.14 **Motivated Complaint** a complaint shall be deemed to be 'motivated' if it is found to be deliberately false or motivated by revenge, enmity or mischief or such other considerations.

3.15 **Protected Disclosure** means a bona-fide communication of any improper activity made by whistle blower through a written communication and made in good faith. The contents of the protected disclosure 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.

3.16 **Policy** means this Whistle Blower Policy of NSIC.

3.17 **Subject** means a person or in relation to whom the Protected Disclosure has been made under this policy.

3.18 **Victimization** means any act by which the complainant/ whistle blower is victimized for making a complaint in good faith.

Words and expressions used in this Policy and not defined herein shall have the meanings respectively assigned to them in respective Acts, Rules and Regulations. In the absence of specific explanation to the provisions set out in this Policy or ambiguity on the interpretation of the terms used but not defined, CMD will be the Competent Authority to interpret the policy or any provision thereof.

#### **4. SCOPE OF THE POLICY**

The Policy covers malpractices and events which have taken place/ suspected to take place involving:

- a. Manipulation of Company Records;
- b. Disclosure of confidential / proprietary information to unauthorized Personnel/agency/organization (bodies);
- c. Misuse of Company's assets and resources, position, power or authority for personal gain;
- d. Activity violating any laid down Company Policy including the Code of Conduct;
- e. Financial irregularities including fraud or suspected fraud;
- f. Corruption and bribery;
- g. Any other activities whether unethical or improper in nature and detrimental to the interests of the Company;

h. An act which does not conform to approved standard of social and professional behavior;

i. Breach of etiquette or morally offensive behavior etc.

The Policy should not be used in place of the NSIC's grievance procedures including but not limited to compensation, increment, promotion, job location, job profile, immunities, leaves and training or other privileges or be a route for raising malicious or unfounded allegation against colleagues/seniors.

## **5. GUIDELINES**

The policy shall also provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

This Policy encourages all the Whistle Blowers to report any kind of misuse of Company's properties, mismanagement or misconduct prevailing / executed in the Company or any kind of violation of laws, rules and regulations, which the Whistle Blower in good faith, believes, evidences and report the same as explained in the policy.

This Policy would also ensure Protection in the following manner:

### **5.1 Protection & Confidentiality**

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

- b. The identity of Whistle Blower shall be kept confidential.
- c. Any other Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.

**5.2** This policy is an internal policy on disclosure made by employee as per coverage of the Policy. The policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- a. Ensure that the Whistle Blower and / or the person processing the Protected Disclosure is not victimized for doing so;
- b. Treat victimization as serious matter including initiating disciplinary action on persons victimizing the whistler blower and / or the person(s) processing the protected disclosure;
- c. Ensure complete confidentiality;
- d. Not attempt to conceal evidence of the Protected Disclosure;
- e. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made / to be made;
- f. Provide an opportunity to being heard to the person involved especially to the Subject;

### **5.3 Disclosure & Maintenance of Confidentiality**

An employee who observes or notices any unethical & improper practices or alleged wrongful conduct in the Company may report the same as per procedure explained in the policy.

The Whistle Blower must address the following issues while reporting any disclosures under this Policy:

- a. The Disclosures made should bring out a clear understanding of the issue being raised;

- b. The Disclosures made should not be merely speculative in nature but should be based on actual facts;
- c. The Disclosure made should not be in the nature of the conclusion and should contain as much specific information as possible to allow for proper conduct of the enquiry / investigation.
- d. The Whistle Blower shall also declare that he/ she has not made any complaint on the same subject matter to any outside Authority/ Agency or under any other available mechanism provided by the Company.

The Whistle Blower, the Subject, the Compliance Officer, the Investigator and everyone involved in the process shall:

- a) Maintain complete confidentiality / secrecy of the matter,
- b) Not discuss the matter in any informal / social gatherings / Meeting, etc.
- c) Discuss only to the extent or with the persons required for the purpose of completing the process and investigations.
- d) Not keep the papers unattended anywhere at any time.

If anyone is found not complying with above, he / she shall be held liable for such disciplinary action as is considered fit.

## **6. MALICIOUS WHISTLE BLOWING**

In the event that a complaint made in good faith is subsequently found to be untrue, no action would be initiated against the Complainant. However, if the Competent Authority is satisfied that the complaint is frivolous, false, motivated or vexatious, and particularly if repeated frivolous complaints are being reported otherwise than in good faith, the Audit Committee would reserve its right to recommend / pronounce appropriate disciplinary action as per CDA Rules.



Further, this policy may not be used as a defense by the complainant 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.

## **7. ESSENTIALS FOR REPORTING & ACTIONING DISCLOSURE(S)**

- 7.1 The Protected Disclosure /Complaint shall have a separate sheet containing the proper identity of the Whistle blower / complainant i.e. Name, Employee ID, designation, address and place of working. The envelope of the complaint should be addressed to the Competent Authority and should be superscribed "**Protected Disclosure under the Whistle Blower Policy**" and must be properly closed & sealed. (If the envelope is not superscribed & sealed, it will not be possible to protect whistle blower and will be dealt with as a normal disclosure). The complaint should be written in a manner so as not to reveal the identity of the complainant.
- 7.2 Complaint should be sent via post only. Complaint received through open condition or by email, fax or any other electronic medium will not be entertained.
- 7.3 There should not be any entry made by Central Receipt Section, NSIC in the record with regard to the envelop(s) superscribed by "**Protected Disclosure under the Whistle Blower Policy**" and the same envelop shall be immediately handed over to Compliance Officer only without breach of any confidentiality. Necessary instructions in this regard shall be issued to Central Receipt Section.
- 7.4 If the Whistle Blower believes that there is a conflict of interest between the Competent Authority and the whistle blower, he may send his protected disclosure directly to the Audit Committee, c/o the Company Secretary, NSIC.
- 7.5 Anonymous or pseudonymous Protected Disclosure shall not be entertained.

7.6 Protected Disclosure should either be typed or written in legible hand 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. The Disclosure made should not be in the nature of the conclusion and should contain as much specific information with documentary evidences as possible to allow for proper conduct of the enquiry / investigation.

7.7 The contact details of the Competent Authority for addressing and sending the Protected Disclosure is as follows:

The Chairman cum Managing Director,  
The National Small Industries Corporation Ltd  
NSIC Bhawan  
Okhla Industrial Estate  
New Delhi 110020

7.8 The contact details for addressing a protected disclosure to the Chairman of Audit Committee are as follows:

Audit Committee - Chairman,  
C/o Company Secretary  
The National Small Industries Corporation Ltd  
NSIC Bhawan  
Okhla Industrial Estate  
New Delhi 110020

Complainant or Whistle Blower will have direct access to the Chairman of the Audit committee in appropriate or exceptional cases where he or she is of the opinion that complaint cannot be made to the CMD subject to providing a valid justification.

7.9 In order to protect the identity of the Complainant, the Company will not issue any acknowledgement of the Complaint received.

7.10 Whistle blower should refrain from sending reminder or seeking further development / action taken regarding disclosure made by him so as to protect his/her identity.

**7.11 Procedure for Handling Whistle Blower Complaints**

- a. Whistle Blower can make Protected Disclosure (PD) to “Competent Authority”, as soon as possible after becoming aware of the same. Such information / documents should have been sought/obtained under the provisions of RTI Act or any such reliable sources by the Complainant himself.
- b. The complaint will be reviewed by the Competent Authority to assess whether Complaint warrants an investigation. In the event, where the complaint has no basis or matter is not to be pursued under this Policy, it may be dismissed at this stage by the competent authority and the decision documented.
- c. The Competent Authority shall mark the envelope containing the Protected Disclosure to a Compliance Officer, which shall maintain a record thereof and shall submit the same to the Investigators as appointed by Competent Authority.
- d. However, where the Competent Authority is prima facie satisfied that the Complaint carries a vigilance angle and warrants investigation of the alleged improper activity, Competent Authority shall refer the Complaint to the Chief Vigilance Officer (CVO) of the Company for investigation and further action as per the guidelines of Central Vigilance Commission.
- e. Where initial enquiries indicate that further investigation is necessary, this will be carried through either by the “Investigator(s)” or CVO for this purpose. The investigation would be conducted in a fair manner, as a neutral fact finding process and without presumption of guilt. A written report of the finding would be made. Name of the Whistle Blower shall not be disclosed to the Investigator.

- f. Subject(s) will normally be informed of the allegations at the commencement of a formal investigation and will be given opportunities for providing their inputs during the investigation.
- g. Subject(s) shall have a duty to co-operate with the Investigator(s) during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- h. Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subject(s).
- i. Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
- j. The Investigator(s) shall:
- i) Make a detailed written record of the Protected Disclosure. The record will include:
- Facts of the matter;
  - Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
  - Whether any Protected Disclosure was raised previously against the same subject;
  - The financial / otherwise loss which has been incurred by the Company;
  - Findings of Investigator(s);
  - The recommendation of the Investigator(s) on disciplinary/ other action/(s).

ii) The Investigator shall finalize and submit the report to the Competent Authority within 90 days of being nominated / appointed. The period of 90 days could be extended by the Competent Authority where Investigating Officer requests for the extension mentioning the proper justification.

k. On submission of report the competent authority shall:

- In case the protected Disclosure is proved, accept the findings of the Investigator(s) and recommend to Audit Committee initiation of disciplinary action as may be deemed fit and take preventive measures to avoid re- occurrence of the matter;

or

- In case the Protected Disclosure is not proved, extinguish the matter;

l. The Audit Committee shall examine the findings of the Investigator and take necessary action out of the following:

- To reprimand, take disciplinary action, and impose penalty / punishment, order recovery when any alleged unethical & improper practice or wrongful conduct of any employee is proved.
- To terminate or suspend any contract or arrangement or transaction vitiated by such unethical & improper practice or wrongful conduct.
- To take remedial action with regard to the revision of the policies and procedures to prevent the re-occurrence of such improper activity.

m. The Audit Committee shall also have powers to seek opinion from any expert. The recommendations of the Audit Committee will be placed before the Board to decide the matter as it deems fit.

n. In exceptional cases, where the "Whistle Blower" is not satisfied with outcome of the investigation and decision, he / she can make a direct appeal to the Board of Directors.

- o. All Disclosures made by the Whistle Blower or documents obtained during the course of inquiry / investigation along with the results of the investigation relating thereto, shall be retained by the Company for a maximum period of seven years.

## **8. NOTIFICATION**

The Whistle Blower Policy of the Company will be uploaded on the website of the company.

## **9. AMENDMENTS**

This policy can be amended, modified at any time by the Board of Directors of the Company. The CMD shall be responsible for the administration, interpretation and application of this policy.

## **10. ANNUAL AFFIRMATION**

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

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

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