

Vigil Mechanism/Whistle Blower Policy

1. Background

IFCI, being the first financial institution in India, has in place a formal set up of dealing with complaints received from various sources, viz., Central Vigilance Commission (CVC), Central Bureau of Investigation (CBI), Ministry of Finance, Individual Employee and other sources. Vigilance Department in IFCI deals with the above issues in an effective manner. However, Section 177 (9) and (10) of the Companies Act, 2013 provides for establishment of a vigil mechanism in every listed company for its directors and employees to report genuine concerns in such manner as may be prescribed.

More so, as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed company shall establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud, leakage of unpublished price sensitive information or suspected leakage of unpublished price sensitive information or violation of the Code of Business Conduct and Ethics for IFCI's Board of Directors and Employees. The mechanism should provide for adequate safeguards against victimization of individuals who utilize such mechanism to report any concerns.

The Government of India has vide an amendment to the Resolution No. 89 dated 21st April, 2004 commonly known as the Public Interest Disclosure and Protection of Informers (PIDPI) has also authorized CVOs of Govt. Institutions as Designated Authority for handling of the complaints under PIDPI against any employee of the concerned Govt. Institution. The Govt. of India has also passed the Whistle Blowers Protection Act, 2011 on 9th May, 2014.

IFCI, as a Govt. Company is required to establish a vigil mechanism and as such frame a whistle blower policy for its director(s), employee(s), or any other person including any non-governmental organisation to report acts of corruption and misuse of office and accordingly, this Whistle Blower Policy has been formulated.

2. Objective

The Policy aims to establish a mechanism to receive complaints relating to disclosure on any allegation of corruption or wilful misuse of power or wilful misuse of discretion by virtue of which demonstrable loss is caused to IFCI or demonstrable wrongful gain accrues to the public servant or to any third party,

to report concerns about unethical behaviour, actual or suspected fraud, leakage of unpublished price sensitive information or suspected leakage of unpublished price sensitive information or violation of the Code of Business Conduct and Ethics for IFCI's Board of Directors and Employees, against any employee/public servant and to inquire or cause an inquiry into such disclosure and to provide adequate safeguards against victimisation of the person making such complaint subject to the disclosure or complaint being made in good faith and in reasonable time.

3. Who Can Make Disclosure

Under the Whistle Blower Policy, any Director on the Board of IFCI and in employment of IFCI Ltd., employees of IFCI or any other person including non-governmental organizations can make a disclosure under PIDPI.

4. Protection to Whistle Blower

Under Whistle Blower Policy, IFCI shall ensure that the person who has made a protected disclosure under the Policy or rendered assistance in inquiry under the policy, is not victimised by initiation of any proceedings or otherwise merely on the raising alarm over an act of corruption, misuse of power or discretion, to report concerns about unethical behaviour, actual or suspected fraud, leakage of unpublished price sensitive information or suspected leakage of unpublished price sensitive information or violation of the Code of Business Conduct and Ethics for IFCI's Board of Directors and Employees in IFCI. The identity of the Whistle Blower will not be revealed unless the complainant himself has made the details of the complaint either public or disclosed his identity to any other office or authority.

If the employee raising alarm as whistle blower is aggrieved by any action on the ground that he is being victimized due to the fact that he had filed a complaint or disclosure, he may file an application before the CEO & MD or Chairman of Audit Committee, as the case may be, for seeking redress in the matter, who shall take such action as deemed fit. Despite this if the Chief Vigilance Officer of IFCI is of the opinion that either the complainant or the witnesses need protection, he shall take up the matter with the Central Vigilance Commission.

If the complaint is found to be vexatious or misleading, the Competent Authority may initiate proceedings against the complainant.

5. Reporting Leakage of Unpublished Price Sensitive Information or Suspected Leakage of Unpublished Price Sensitive Information

Any person becoming aware of any leakage of Unpublished Price Sensitive Information or any suspected leakage of Unpublished Price Sensitive Information can report of event, as per the procedure prescribed in this Policy.

The Vigilance Department shall intimate the Board of Directors about the receipt of such information, inquiry initiated against the suspected person and results of such enquiry.

6. Procedure for Disclosure

IFCI will have the responsibility of keeping the identity of the directors, employee, person or non-governmental organization making disclosure as secret. Hence, the person making any protected disclosure should comply with the following aspects:

- (i) The complaint should be in a closed/secured envelope.
- (ii) The envelope should be addressed to Chief Vigilance Officer, IFCI Limited, IFCI Tower, 61-Nehru Place, New Delhi-110019, and should be super-scribed "Complaint under Public Interest Disclosure". If the envelope is not super scribed and closed, it may not be possible to protect the identity of person making disclosure under this Policy and the complaint will be dealt with as per the normal complaint policy of the organisation. The complainant should give his/her name and address in the beginning or end of complaint or in an attached letter.
- (iii) Anonymous/pseudonymous complaints shall not be entertained.
- (iv) The text of the complaint should be carefully drafted so as not give any details or clue to his/her identity. However, the details of the complaint should be specific and verifiable.
- (v) In order to protect identity of the person, IFCI will not issue any acknowledgement and the whistle-blowers are advised not to enter into any further correspondence with IFCI in their own interest. IFCI assures that, subject to the facts of the case being verifiable, it will take necessary

action, as provided in the Policy. If any clarification is required, IFCI will get in touch with the complainant.

7. Procedure For Handling whistle Blower Complaints

All the envelopes super-scribed with "*Complaint under The Public Interest Disclosure*" will be opened in the presence of Designated Authority. The identity of the complainant will be confirmed by writing a letter to him/her or by any other means after which the identity of the complainant will be removed from the body of the complaint and the dummy complaint will be given to Designated Authority. The original complaint will be kept safely under lock and key and cannot be accessed without permission of Designated Authority. Designated Authority will take no action on complaints related to administrative matters and other related issues unless these are of serious nature. In other cases Designated Authority will decide whether the matter requires to be looked into further and report is to be called from any quarters which should be submitted within 2 weeks. On receipt of the report Designated Authority will submit it along with his recommendations to CVC for further direction. Subsequent to the receipt of CVC directions to undertake any disciplinary action on the complaint, Designated Authority will follow up and confirm compliance of further action by Disciplinary Authority and inform the CVC of delay, if any. Designated Authority will also ensure that no punitive action is taken against the complainant for being the whistle blower if his identity becomes known for any reason. If the complainant reports his life is in danger and seeks protection, Designated Authority will examine the same and send his recommendation to CVC for the purpose of providing security cover to the whistle blowers.

8. Amendment of Vigil/Whistle Blower Policy

IFCI reserves the right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

9. Responsibility for implementation

The Audit Committee of Directors of IFCI shall have the responsibility for overseeing the Vigil Mechanism in IFCI.

10. Publicity on Website.

This Whistle Blower Policy shall be placed on website and circulated through intranet for awareness among employees of IFCI.

The Public and employees are also advised to visit CVC's website <http://www.cvc.nic.in> for Government of India's Resolution on PIDPI, its amendments and guidelines issued by the commission.