

Salem Erode Investments Ltd

CIN No. L31200WB1931PLC007116

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Whistle Blower Policy of Salem Erode Investments Limited as approved by the Board of Directors vide. meeting held on 27th day of August, 2021.

(This policy is in supersession of previous policy and consistence with provisions of the Companies Act, 2013).

I. Background

Salem Erode Investments Limited (hereinafter referred to as “the Company”) is an emerging financial service providing Company established and emerged in 16.05.1931 with a registration under the Companies Act, 1913 and expanded its operation into Non-Banking Financial Sector in 1998 with the approval of Reserve Bank of India. Presently, the Company is planning to expand its operations to different parts of the Country in the coming Financial Years.

As the Company falls under the purview of the provisions of Section 177 (9) of the Companies Act, 2013 (hereinafter referred to as “Act”) and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and amendments made thereunder, the constitution and maintenance of ***Vigil Mechanism (Whistle Blower Mechanism)*** under the surveillance of the Audit Committee (hereinafter referred to as “Audit Committee” or “Committee”) is mandatory. Being the Act mandates certain transactions to be monitored by the Vigil Mechanism, continuance of the same in a transparent manner is necessary. To review and oversee the concerns or grievances reported by the Directors and Employees of the Company, the Board of Directors vide. meeting held on Friday, the 27th day of August, 2021 revised the Whistle Blower Policy of the Company. Further to review unethical behaviours and addressing the grievances reported by the Directors, Employees, Security holders, Customers etc. of the Company the Board of Directors of the Company on the recommendation of Audit Committee, has approved a revised Whistle Blower Policy, being part of Vigil Mechanism vide. meeting held as on Friday, the 27th day of August, 2021.

The Vigil Mechanism is established with the aim of enhancing confidence in the integrity of an organisation's processes and procedures relating to internal & external controls. Review of the functioning of the whistle blower mechanism is one of the major duties entrusted with the Audit Committee.

II. Purpose

The Policy would lay down the guiding principles for reporting, review, investigation, decision making and monitoring of unethical behaviours, irregularities, governance weaknesses, financial reporting issues and addressing the grievances reported by the Directors, Employees, Securityholders, Customers etc. of the Company.

III. Applicability

The policy shall be applicable to Directors, Employees of the Company, Employees of Subsidiary or Group Companies, Security holders, other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other location, contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company, customers of the Company and any other person having an association with the Company (hereinafter collectively referred to as "Whistle Blower"). The policy shall effective from 27.08.2021 to next meeting in which Policy is revised.

IV. Whistle Blower Activities (Protected Disclosures)

1) Inclusions

The policy intends to cover following information (hereinafter referred to as "Protected Disclosures"):

- a) Bribery or corruption.
- b) Frauds.
- c) Misuse or abuse of official position.
- d) Manipulation of data or documents.
- e) Any other act which affects the interest of the Company adversely and has the potential to cause financial or reputational loss to the Company.
- f) Negligence causing substantial and specific danger to public health and safety.
- g) Leaking confidential or proprietary information.
- h) Violation of any law or regulations.

- i) Wastage or misappropriation of Company funds or assets.
- j) Activities violating policies including Code of Ethics and Conduct.
- k) Breach of contract.
- l) Financial irregularities, including fraud or suspected fraud or deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or misrepresentation of financial reports.
- m) Any unlawful act whether Criminal/ Civil.
- n) Harassment or Discrimination & Workplace Violence.
- o) Retaliation.
- p) Breach of IT Security and data privacy.
- q) Social Media Misuse.
- r) Insider Trading
- s) Anti-competitive behaviour.
- t) Money laundering.
- u) Conflict of interest.

2) Exclusions

The disclosures related to following information shall be outside the purview of this policy.

- a) Decisions taken by the Board of Directors & Committees of the Company and such other policy decisions of the Company.
- b) Complaints that are illegible, trivial, frivolous or bogus with mala fide intentions.
- c) Matters which are pending before a court of Law, National Human Rights Commission, Tribunal or any other judiciary or sub judiciary body.

- d) Any matter that is very old from the date on which the act constituting violation, is alleged to have been committed.
- e) Issues related to service matters or personal grievances such as increment, promotion, appraisal etc. shall be referred to Human Resource department.
- f) Any customer/product related grievance shall be referred to Customer Grievance Department.
- g) Sexual harassment complaints and related grievances shall be referred to Sexual Harassment Committee or Human Resource Department.

V. Whistle Blower Officer

In case of any grievances or information connected with any of the Protected Disclosures, any Whistle Blower may make a disclosure with the following official of the Company:

Compliance Officer
Salem Erode Investments Limited
V. K. K. Building, Main Road,
Irinjalakuda, Thrissur, Kerala – 680121
Ph: 85890 20457, E mail: whistleblower@salemerode.com

VI. Role and Responsibilities of the Audit Committee

- 1) Supervising the development and implementation of this policy, including the work of the Whistle Blower Officer and Investigation Team.
- 2) Receive reports from the Whistle Blower Officer concerning the investigation and resolution of Protected Disclosures made pursuant to the Policy on a quarterly basis as per the guidelines given by the Audit Committee of the Company.
- 3) Responsibility for co-ordinating the investigation of any serious Protected Disclosures concerning the alleged violation of laws or regulations those apply to the Company.
- 4) Periodically review the policy to consider whether amendments are necessary, and, if so, revise the Whistle Blower Policy and recommend the same to the Board for approval on Annual Basis.

- 5) Sign and submit copies of the reports of the investigations and such other supporting documents with any judicial, quasi-judicial, regulatory, other government department or anyone concerned or interested in the matter signed by the Chairman of the Audit Committee, whenever and wherever required.
- 6) Review and submit Annual Report for the approval of Board of Directors of the Company.

VII. *Role and Responsibilities of Whistle Blower Officer*

- 1) Comply with and support implementation of this policy and any resultant standards, guidelines and procedures.
- 2) Maintain a duly updated Whistle Blower Register.
- 3) All documents shall be preserved for a period as specified in the applicable regulations and as per Board approved Record Maintenance and Document Retention Policy.
- 4) Review and submit Quarterly and Annual Report including the number of complaints, key complaints and action taken summary for the approval of Audit Committee of the Company.

VIII. *Powers of Audit Committee*

- 1) The Committee may call for the comments of the Whistle Blower Officer, Whistle Blower and Investigation Team about disclosures, including the observations.
- 2) The Committee may call for a meeting with the Management, the Internal Auditors and the Statutory Auditors to review and discuss about disclosures, if the same is adversely affecting the Company's internal controls and the integrity of the Company's audited Financial Statements.
- 3) The Committee may call for periodical reports from the Whistle Blower Officer about Protected Disclosures made by the Whistle Blowers.
- 4) The Committee shall have authority to investigate into any matter in relation to the Protected Disclosures or referred to it by the Board and for this purpose and have full access to information contained in the records of the Company.

- 5) The Audit Committee may require the hearing of Whistle Blower Officer, Whistle Blower, Investigation Team, Key Managerial Personnel or any Employees of the Company, when it considers the disclosures and may seek information from such persons as deem fit.

IX. Scope

1) Reporting

a) Mode of reporting

Whistle Blower can report on any of Protected Disclosures as soon as possible but not later than 30 calendar days after becoming aware or suspect of such Protected Disclosures by any of the following modes.

- i. Letter in writing, duly addressed to the Whistle Blower Officer in sealed envelope specifically super scribed as “Disclosure under Whistle Blower Policy”.
- ii. Send to the designated E- mail Id: whistleblower@salemerode.com
- iii. Disclosure can also be made to Whistle Blower Officer over Telephone. The Whistle Blower would however, be required to disclose his/her identity and furnish sufficient information for verifying his/her identity by the Whistle Blower Officer. Additional information, as deemed necessary, will be sought by the Whistle Blower Officer receiving the call.

b) Guidelines of reporting

- i. It is strongly advised that the Whistle Blower discloses his/ her identity in a covering letter for ensuring timely resolution of the issue and also for ensuring that adequate protection is granted under the relevant provisions of this policy. Where anonymity is insisted, the informer may state so. In case the identity of the Whistle Blower cannot be ascertained, the complaint will be treated as anonymous/ pseudonymous. Only if the anonymous/ pseudonymous complaint contains verifiable and specific information about Protected Disclosures, then that case will be put up for further action.
- ii. The disclosure whether by letter/email/telephone should provide specific and verifiable information only.

- iii. The Disclosures made should bring out a clear understanding of the issue being raised.
- iv. The Disclosures made should not be merely speculative in nature but should be true and based on actual facts.
- v. The Disclosure made should not be in the nature of a conjecture and should contain as much specific information as possible to allow for proper conduct of the inquiry/ investigation.
- vi. The disclosure made must be bona fide and disclosures with malafide intent will be rejected.
- vii. The Whistle Blower having made a disclosure shall not prevaricate there from under pressure or otherwise and such acts shall be construed as infidelity.

2) Review and Investigation

a) Manner of review and investigation

- i. The complaints received under Whistle Blower Mechanism will be opened by the Whistle Blower Officer only. Access to Whistle Blower email ID may be extended to members of the Whistle Blower Investigation Team, if required. The direct access will be provided to the Chairman of the Audit Committee in appropriate or exceptional cases. Upon the receipt of the complaint, the Whistle Blower Officer will enter the particulars of the complaint in a Complaint Register and allot a complaint number on the all pages of the complaint. The complaint Register will remain in the custody of the Whistle Blower Officer only.
- ii. The Whistle Blower Officer shall ensure the following:
 - The disclosure made, prima facia constitutes an activity falls under Protected Disclosures, as defined under this policy.
 - The disclosure made is supported by adequate information to support an investigation or may reasonably be believed to have substance.
- iii. On being satisfied on the disclosure, Whistle Blower Officer within 7 days of receipt of complaint, with approval of the Managing Director or Whole Time Director, arrange for investigation, into

the matter and ensure that the investigation is conducted in a fair manner, without any bias.

- iv. In case of a complaint/grievance against the Directors, the investigation of the matter can be arranged with the approval of the Chairman of the Audit Committee.
- v. The case may be referred to any internal investigating team or external investigation agency for the purpose of investigation. Necessary care has to be ensured that:
 - Protected Disclosures are shared with investigating team/agency strictly on need to know basis only.
 - Identity of the Whistle Blower is not disclosed/shared.
- vi. Investigators shall have timely and unrestricted access to any information/records required for investigation, fact-finding and analysis. Technical and other resources may be drawn as and when necessary to augment the investigation.
- vii. A time frame of maximum 30 days will be permitted to complete the investigation / inquiry. In case the same cannot be completed within stipulated period, interim report should be submitted by the Investigation Team giving inter alia, the tentative date of completion.
- viii. The Whistle Blower Officer shall prepare a written report of the findings and outcomes of investigation and submit with the Chairman of the Audit Committee of the Company within 7 days of closure of investigation.

b) Guidelines for investigations

- i. Any inquiry/ investigation conducted against any Protected Disclosures shall not be construed by itself as an act of accusation and shall be carried out as a neutral fact finding process, without presumption of any guilt.
- ii. The inquiry/ investigation shall be conducted in a fair manner and provide and equitable opportunity for hearing to the affected party.
- iii. The Investigation Team shall have right to call for and examine any information / document of the Company, examine other persons as

witnesses or otherwise as may be deemed necessary for the purpose of conducting inquiry/ investigation under this policy.

- iv. All alleged parties shall be duly informed about the disclosures of unethical practice(s) made against them at the commencement of the formal inquiry/ investigation process and shall have reasonable opportunities for providing explanations during the course of the inquiry/ investigation process.
- v. Whistle Blower or alleged parties shall not directly/ indirectly interfere with or detract the investigation process.
- vi. Whistle Blower or alleged parties shall not destroy or tamper with any evidence and shall have a duty to co-operate with the inquiry/ investigation process or with any of the Investigators appointed, till the time the inquiry/ investigation process is completed. Anything contrary will be construed as an affirmation of guilt, besides constituting misconduct.
- vii. During the course of the inquiry/investigation process, all Whistle Blower or alleged parties shall have a right to consult any person(s) of their choice, other than the Investigators and engage any other employee to represent them in any inquiry/ investigation proceedings.
- viii. Both the Whistle Blower and alleged parties shall have a right to be informed about the results of the investigation process and shall be so informed in writing by the Company after the completion of the inquiry/ investigation process.
- ix. Both the Whistle Blower and alleged parties shall be given an opportunity to respond to findings of the inquiry/ investigation as contained in an investigation report. No allegation of wrong doing against any alleged party shall be considered as tenable, unless the allegations are duly supported by valid evidence including circumstantial evidence in support of the allegation.

3) Decision

- i. The Audit Committee shall, based on the findings in the written report submitted by the Whistle Blower Officer after conducting further investigation as it may deem fit, make a final decision in the matter not later than 45 days from the date of receipt of the written report.

- ii. If an investigation leads the Audit Committee to conclude that an act falls under Protected Disclosures has been committed, the Management shall recommend appropriate disciplinary or corrective action to the Audit Committee for consideration and approval. It is clarified that any disciplinary or corrective action initiated against the alleged person 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. No action shall be initiated, if the allegation proves to be unfounded. Disciplinary action (up to and including dismissal) against the Whistle Blower may be made, if claim is found to be malicious or otherwise in bad faith.
- iii. The action taken against Director or employee or any person as stated in the above paragraph will be in addition to any other action or prosecution which may be initiated under any statute or law in force.
- iv. Action taken update shall be provided by Whistle Blower Officer to the Compliance Department for records.
- v. A formal closure letter shall be sent to both Whistle Blower and alleged party informing decision of Audit Committee.
- vi. If the charges framed on the accused are found to be false after investigation, the Whistle Blower Officer shall appreciate the same by demonstrating high level of employee's dignity.
- vii. For significant disclosures, Management at their sole discretion may offer 'Rewards to the Whistle Blower' in the form of monetary awards and/ or Career path advancement, based on skills and capability.

X. Appeal

In case the Whistle Blower or the person accused is not satisfied with the decision of the Audit Committee, Whistle Blower has the option to appeal within 7 days of the order, to the Board of Directors of the Company. Based on the appeal, the Board of Directors will decide whether to reinvestigate / relook at the quantum of punishment. The Board of Directors shall close the case within 21 days of receiving the appeal.

XI. Retention of Documents

All Disclosures made by the Whistle Blower or documents obtained during the course of inquiry/ investigation, along with the results of investigation relating thereto, shall be retained by the Company for a minimum period of 7 years under the custody of the Whistle Blower Officer.

XII. Protection to Whistle Blower

The following shall be ensured to protect the Whistle Blower:

- a) The identity of the Whistle Blower, subject and any other Employee assisting the inquiry/ investigation, shall be kept confidential at all times, except during the course of any legal proceedings, where a disclosure/ statement is required to be filed. Where disclosure is made on the basis of anonymity, the Company shall rely only on the evidence gathered during the investigation process. In order to enable the Company to maintain the confidentiality/identity of the Whistle Blower, the Whistle Blower should use his/her best endeavors to make the complaint to the Whistle Blower Officer and/or the Audit Committee only.
- b) The Company, as a policy, strongly condemns any kind of discrimination, harassment or any other unfair employment practice being adopted against the Whistle Blower for disclosures made under this policy. No unfair treatment shall be meted out towards the Whistle Blower by virtue of his/her having reported a Disclosure under this policy and the Company shall ensure that complete protection will be given to Whistle Blower against any service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, any type of harassment etc.
- c) The Whistle Blower, the alleged parties and everyone involved in the process shall:
 - i. Maintain complete confidentiality/ secrecy of the matter.
 - ii. Do not discuss the matter in any informal/ social gatherings/ meetings/social media.
 - iii. Discuss only to the extent or with the persons required for the purpose of completing the process and investigations.
 - iv. Do not keep the papers unattended anywhere at any time.

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

- d) The Whistle Blower who makes three or more complaints and all of which are subsequently found to be mala-fide shall be disqualified to report further. The Whistle Blower who rejects or fails to co-operate with the investigation process will be subject to disciplinary action. If an employee knowingly makes false disclosures under this policy, such employee shall be subject to disciplinary action on the terms deemed fit by the Management. Whistle Blowers, who make any disclosures, which have been subsequently found to be mala fide or frivolous or malicious shall be liable to be prosecuted and appropriate disciplinary action will be taken against them under service rules/ bipartite settlements only when it is established that the complaint has been made with the intention of malice.
- e) 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 Audit Committee or the Investigators.
- f) All reports and records associated with disclosures are considered confidential information and access will be restricted to the Audit Committee, Whistle Blower Officer and members of Whistle Blower Investigation Team. Information may be shared with others, strictly on need to know basis only.
- g) To protect the interest of the Whistle Blower for any adverse reporting in Annual Appraisal/ Performance report, he/ she may be given an option to request for a review of his/her Annual Report by the Audit Committee within 3 months of the end of relevant year.
- h) If any person is aggrieved by any action on the ground that he/she is being victimized due to the fact that he had filed a complaint or disclosure, he/ she may file an application before the Audit Committee.
- i) The Whistle Blower may also report any violation of the above clause to the Audit Committee, who may direct an investigation into the same and recommend suitable action to the management.

XIII. Conflict of Interest

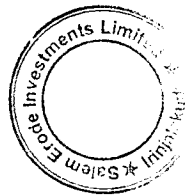
Where a Protected Disclosure concerns any member of the Investigation team or the Audit Committee, that member of the Investigation team or the

Audit Committee shall be prevented from acting in relation to that Protected Disclosure. In case of doubt, the Chairman of the Board of Directors shall be responsible for determining whether a member of the Investigation team or the Audit Committee must recuse himself or herself from acting in relation to a Protected Disclosure

XIV. Amendment

The Whistle Blower Policy will be guided by terms of reference as decided by the Audit Committee and Board of Directors of Company from time to time and subject to the requirements under the Companies Act, 2013 or such other acts, rules, regulations or guidelines. This policy can be modified at any time by the Board of Directors of the Company.

By order of Board,
For **Salem Erode Investments Limited**




K.G. Anilkumar
Managing Director
(DIN: 00766739)