

**TAMIL NADU TRANSPORT DEVELOPMENT FINANCE CORPORATION LIMITED,
CHENNAI - 600 002.**

VIGIL MECHANISM

1. Introduction:

Good governance is an integral part of the existence of a company. It inspires and strengthens public confidence by ensuring the company's commitment to higher goals, customer satisfaction and profits. This objective is achieved by adopting transparent procedures and practices, having in place effective machinery to address the concerns of all stakeholders, keeping shareholders informed about developments in the company and ensuring effective control over the affairs of the company.

Tamil Nadu Transport Development Finance Corporation Limited (TNTDFCL) is committed to the highest possible standards of openness, probity, and accountability. In line with that commitment it is expected from the directors and employees associated with the Company, to come forward and voice genuine concerns and to provide adequate safeguard against victimisation of employees and directors who avail of the mechanism.

Keeping this in mind and to facilitate this process, the Company has formulated a Vigil Mechanism Framework to enable directors and employees to report genuine concerns. The Vigil Mechanism Framework is a structured process, which encourages and facilitates directors and employees to report without fear, through an appropriate forum, any wrongdoings or any unethical or improper practice which may adversely impact the image, credibility and/or the financials of the company.

The objective is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal accounting controls, or fraudulent reporting of financial information and anti-social conduct.

In other words, if directors and/or employees observe any wrongdoing that may adversely affect the company's image or financials they should assist in rectifying it by reporting it to the management for appropriate action.

Section 177 (9) of the Companies Act, 2013 read with 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.

2. Definitions

The definitions of some of the key terms used in this Policy are given below:

- a. **“Associates”** means and includes vendors, suppliers and others with whom the Company has any financial or commercial dealings.
- b. **“Audit Committee”** means the Audit Committee of Directors constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.
- c. **“Employee”** means every employee of the Company (whether permanent, deputation or contractual), including the directors in the employment of the Company.
- d. **“Company”** means the Tamil Nadu Transport Development Finance Corporation Limited.
- e. **“Director”** means every Director of the Company, past or present.
- f. **“Vigilance Officer”** is a person nominated/appointed to receive protected disclosures from Whistle Blower/s under this Policy
- g. **“Investigators”** mean those persons authorised, appointed, consulted or approached by the Vigilance Officer/Chairman of the Audit Committee and includes the auditors of the Company and the police.
- h. **“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 to be 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.
- i. **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- j. **“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.

- k. **“Whistleblower”** is a director or an employee, who finds that another director or employee or an outsider is engaged in a conduct which may inappropriately affect the image, credibility or financials of the Company and who may, without expecting any reward in return, report the matter to the management as per the guidelines given below. Such a person is known as a ‘Vigilant Person/Whistleblower’ (hereinafter referred as ‘Whistleblower’) and the matter so reported by any employee or director of the company shall be considered to be under **‘VIGILANCE’**.

3. Eligibility

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

4. Disqualifications

- a. While it will be ensured that genuine Whistleblowers are accorded complete protection from any kind of unfair treatment, any abuse of this protection will warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistleblower knowing it to be false or bogus or with a mala fide intention.
- c. Whistleblowers, who make three or more Protected Disclosures, which have been subsequently found to be mala fide, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistleblowers, the Company/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

5. Role & Responsibility of the Vigilance Officer

Roles:

The Vigilance Officer shall be responsible for receiving protected disclosures from Whistle Blower/s and shall ensure appropriate action, and if necessary, place such protected disclosure before the Audit Committee for its disposal and inform the Whistle Blower/s the result thereof.

Responsibilities:

- a. Receiving and acknowledging complaints.
- b. Sorting/ Screening/ Short listing Investigation through appropriate delegation/ agencies/appointing investigators.
- c. Recommend course of action based on investigation to the Board.
- d. Prevention and redressal of whistleblower harassment.
- e. The decision on the course of action on the whistleblower's complaint as taken by the Vigilance Officer shall be final.

6. Procedure

- a. All Protected Disclosures should be addressed to the Vigilance Officer under this policy, for investigation and should be submitted in a closed and secured envelope and should be super scribed as "**Protected disclosure under the Vigil Mechanism Policy**".
- b. In respect of Protected Disclosures concerning the Vigilance Officer, the same should be addressed to the Chairman of the Audit Committee of the Company.
- c. The Correspondence address of the Vigilance Officer and Chairman of the Audit Committee of the Company is as under:

**The Joint Managing Director (Vigilance Officer),
TN Transport Development Finance Corporation Ltd.
No:2, Wallahjah Rd,
Mount Road, Anna Salai, Triplicane,
Chennai-600 002.**

**Chairman- Audit Committee
TN Transport Development Finance Corporation Ltd.
No:2, Wallahjah Rd,
Mount Road, Anna Salai, Triplicane,
Chennai-600 002.**

- d. In order to protect identity of the Whistle Blower/s, the Vigilance Officer/ Chairman of the Audit Committee of the Company will not issue any acknowledgement to the Whistle blower/s and they are advised neither to write their name/address on the envelope nor enter into any further correspondence. The Vigilance Officer / of the Audit Committee of the Company shall assure that in case any further clarification is required he/she will get in touch with the Whistle Blower/s. In any case, the Company shall not entertain anonymous/ pseudonymous disclosures.

- e. If a protected disclosure is received by any executive of the Company other than the Vigilance Officer or the Chairman of Audit Committee, the same should be forwarded to the Company's Vigilance Officer or the Chairman of the Audit Committee for further appropriate action. Appropriate care must be taken to keep the identity of the Whistleblower confidential.
- f. 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 Tamil or English.
- g. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistleblower. The Vigilance Officer/ 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 and the urgency of a preliminary investigative procedure.
- i. The Whistleblower must disclose his/her identity in the covering letter forwarding such Protected Disclosure. Anonymous disclosures will not be entertained as it would not be possible to interview the Whistleblowers.

7. Investigation

- a. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Vigilance Officer/ Chairman of the Audit Committee of the Company who will investigate/ oversee the investigations. If any member of the Audit Committee has a conflict of interest in any given case, then he/she should recuse himself/herself and the other members of the Audit Committee should deal with the matter on hand.
- b. The Vigilance Officer/ Chairman of the Audit Committee may at his/her discretion, consider involving any Investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Vigilance Officer/ Chairman of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process as the outcome of the investigation may or may not support the conclusion of the Whistleblower that an improper or unethical act was committed.
- d. The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

- a. 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.
- e. Subjects shall have a duty to co-operate with the Vigilance Officer/ 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.
- f. Subjects have a right to consult with a person or persons of their choice, other than the Vigilance Officer/ Investigators and/or members of the Audit Committee and/or the Whistleblower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.
- g. 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, coached, threatened or intimidated by the Subjects.
- h. 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.
- i. Subjects have a right to be informed of the outcome of the investigation.

8. Protection

- a. No unfair treatment will be meted out to a Whistleblower 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 Whistleblowers. Complete protection will, therefore, be given to Whistleblowers 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 Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure.
- b. The Company will take steps to minimize difficulties, which the Whistleblower may experience as a result of making the Protected Disclosure. Thus, if the Whistleblower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistleblower to receive advice about the procedure, etc.

- c. A Whistleblower 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.
- d. The identity of the Whistleblower shall be kept confidential to the extent possible and permitted under law. Whistleblowers are cautioned that their identity may become known for reasons outside the control of the Vigilance Officer/ Chairman of the Audit Committee (e.g. during investigations carried out by Investigators).
- e. Any other Employee or Director assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

9. Investigators

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Vigilance Officer/ 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 behaviour, and observance of legal and professional standards.
- c. Investigations will be nominated/appointed only after a preliminary review which establishes that:
 - i. the alleged act constitutes an improper or unethical activity or conduct, and
 - ii. either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

10. Decision

If an investigation leads the Vigilance Officer/ Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Vigilance Officer/ Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Vigilance Officer/ Chairman of the Audit Committee deems 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, if any under the Service Rules of TDFC.

11. Reporting

A Report shall be submitted to the Audit Committee about all the Protected Disclosures, if any, received by the Vigilance Officer.

12. Retention of documents

All Protected Disclosures in writing shall be documented along with the results of investigation relating thereto and shall be retained by the Company for a minimum period of seven years or such other period as specified by any other law for the time being in force, whichever is more.

13. 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 and directors unless the same is notified to the employees and directors by replacing the Policy with amended one on website of the Company.

(V. Venkatarajan)
Joint Managing Director