

**NATIONAL HIGH POWER TEST LABORATORY PRIVATE LIMITED**

(A Joint Venture of NTPC, NHPC, POWERGRID, DVC &amp; CPRI)

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[www.nhptl.com](http://www.nhptl.com), e-mail: [ceo@nhptl.com](mailto:ceo@nhptl.com), CIN: U73100DL2009PTC190541**NHPTL Vigil Mechanism (Whistle Blower) and Fraud Prevention Policy****1. Preface**

The Company is a joint venture of NTPC Limited, NHPC Limited, Power Grid Corporation of India Limited, Damodar Valley Corporation and Central Power Research Institute. Being joint venture of Public Sector Undertaking, it is our responsibility to conduct its business in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical manner.

Any actual or potential violation of the Company's rules & regulations enforced for the time being and modified from time to time to meet the present requirement, is a matter of serious concern for the Company. The Company is therefore committed to develop a culture where it is safe for employees to raise concerns about instances if any, where any fraud is suspected and business has been conducted in an unethical manner. Further, there are various provisions under Companies Act, 2013 which requires Company to develop a mechanism to prevent and detect any fraud and corrupt practices.

**A. Provisions Related to Vigil Mechanism and Fraud Prevention Policy**

Section 177(9) of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 mandates that every company which has borrowed money from banks and public financial institution in excess of ₹ 50 Crore or such classes of companies shall establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.

As per Section 177(10) of the Act and Rule 7 (3) of the Companies (Meeting of Board and its Power) Rules 2014, the Vigil Mechanism shall provide an adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of Audit Committee or the Companies who are not required to constitute Audit Committee, shall nominate a director to play the role of audit committee for the purpose of vigil mechanism to whom other directors and employees may report their concern.

The statutory auditors of the Company are required to comment on the Fraud Prevention Policy of the Company in their report to the Comptroller and Auditor General of India (C&AG) on the annual accounts of the Company. Further, according to Section 134 (5) (e) of the Act, it is Board of Director's responsibility to establish a mechanism and procedures for preventing and detecting fraud and other irregularities.



## 2. Policy

In compliance of the above requirements, the Vigil Mechanism (Whistle Blower) and Fraud Prevention Policy (VM & FPP) of National High Power Test Laboratory (NHPTL) has been framed and same is as under:

## 3. Objectives

The objective of this Policy is to build and strengthen a culture of transparency and trust in the organization and to provide employees with a framework/procedure to bring ethical and legal violations or improper activities they are aware of, to an internal authority, so that action can be taken to resolve the problem. The Mechanism also provides for adequate safeguards against victimisation of Directors and Employees who uses such mechanism and also provides for direct access to the Director who is authorised to play the role of Audit Committee (DPRAC) for the purpose of vigil mechanism (As Audit Committee is not applicable on the Company) / Authority acting as Audit Committee/ or Vigilance Officer in exceptional circumstances. Further a platform is given to the outsider as well as representative of vendors, suppliers, contractors service providers or any outside agency doing any type of business in NHPTL to disclose the facts that giving indications of suspecting or committed fraud in the Company.

Hence, to deal with the disclosures made by an employee/ complaint made by an outsider to the organisation regarding improper activities or acts of Fraud, a single policy in the name of "Vigil Mechanism (Whistle Blower) and Fraud Prevention Policy" has been framed.

This policy does not absolve employees from their duty of confidentiality in the course of their work. It is also not a route for taking up personal grievances.

## 4. Definitions

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

- i) "Company" means National High Power Test Laboratory Private Limited.
- ii) "Chief Executive Officer" means a person appointed as Chief Executive Officer of the Company time to time.
- iii) "Director Play the Role of Audit Committee for the purpose of Vigil Mechanism" (DPRAC) means Director authorised by the Board of Director of the Company to play the role of Audit Committee for the purpose of Vigil Mechanism.
- iv) "Nodal Officer" means officer(s) identified for receiving protected disclosure under vigil mechanism or complaints relating to fraud/ improper activity.
- v) "Assistant Nodal Officer" means the person who shall assist the Nodal Officer for maintaining or keeping the records and other ancillary activity relating to receiving or disposing of the protective disclosures or complaints relating to fraud.
- vi) "Empowered Committee" (EC) shall comprise of three (3) Member Committee i.e. Head (HR) termed as Member Secretary, Head (Finance), and Head (Technical). However, it must be ensured that EC should not comprise of members against whom or any employee of his department against whom disclosure/complaint is made. The Composition of Empowered

committee whenever required to change due to above reason then it shall be approved by the Chief Executive Officer of the Company or DPRAC as the case may be.

- vii) "Employee" means every employee whose name appears on rolls of the company including the Directors of the Company.
- viii) "Improper activities" means any activity by an employee of the Company that is undertaken in performance of his or her official duty, whether or not that act is within the scope of his or her employment, and that is in violation of any law or the rules of conduct applicable to the employees, including but not limited to abuse of authority, breach of contract, manipulation of company data, pilferage of confidential/ proprietary information, criminal offence, corruption, bribery, theft, conversion or misuse of the Company's property, fraudulent claim, fraud or wilful omission to perform the duty, or that is economically wasteful or involving gross misconduct, incompetence or gross inefficiency and any other unethical, biased, favoured or imprudent act.

*Activities which have no nexus to the working of the Company and are purely of personal nature are specifically excluded from the definition of improper activity.*

- ix) "Fraud" in relation to the affairs of a Company or body corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the Company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss.
- x) "Wrongful gain" means the gain by unlawful means of property to which the person gaining is not legally entitled.
- xi) "Wrongful loss" means the loss by unlawful means of property to which the person losing is legally entitled.
- xii) "Investigators" means the Empowered Committee (EC) or Chief Vigilance Officer (CVO), as the case may be, of the Company and those persons, authorized, appointed, consulted or approached by EC or the CVO of the Company in connection with conducting investigation into a protected disclosure and complaint relating to fraud and includes the Auditors of the Company.
- xiii) "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence unethical or "Improper Activity".
- xiv) "Person(s) reporting fraud" includes any employee (full time, Part time, or employees appointed on adhoc/ temporary/ contract basis), representative of vendors, suppliers, contractors, consultants, service providers or funding agencies, any other agency(ies) doing any type of business with the Company.
- xv) "Electronic mail or electronic mail message" means a message or information created or transmitted or received on any Computer, computer system, computer resource or

communication device including attachment in text, image, audio, video and any other electronic record which may be transmitted with message.

- xvi) "Service Rules" in the present context means Conduct, Discipline and Appeal rules of the Company and the applicable Standing Orders as applicable/ adopted by the Company.
- xvii) "Subject" means an employee against or in relation to whom Protected Disclosure or complaint relating to fraud has been made or evidence gathered during the course of an investigation.
- xviii) "Whistle Blower" means an Employee making a Protected Disclosure under this policy.
- xix) "Corruption" is the abuse or misuse of entrusted power for private gain.
- xx) "Chief Vigilance Officer" means Chief Vigilance Officer of the Company.

## 5. Actions Constituting Fraud

While fraudulent activities could have a very wide range of coverage, the following are some of the act(s) which constitute fraud:

- (i) Forgery or alteration of any document or account belonging to the Company,
- (ii) Forgery or alteration of cheque, bank draft or any other financial instruments etc.,
- (iii) Misappropriation of funds, securities, supplies or other assets by fraudulent means etc.,
- (iv) Falsifying records such as pay rolls, removing of documents from files and/ or replacing it by a fraudulent note etc.,
- (v) Wilful suppression of facts/ deception in matters of appointment, placement, submission of reports, tender committee recommendations etc. as a result of which wrongful gain(s) is made to one and wrongful loss(s) is caused to the others,
- (vi) Utilizing company funds for personal purposes,
- (vii) Authorizing or receiving payments for goods not supplied or service not rendered,
- (viii) Destruction, disposition, removal of records or any other assets of the Company with an ulterior motive to manipulate and misrepresent the facts so as to create suspicion/suppression/ cheating as result of which objective assessment/ decision would not be arrived at,
- (ix) Accepting bribes/gifts etc. from outsiders,
- (x) Any other act that falls under the gamut of fraudulent activity or as may be specified by CVC.

(The above list of Action constituted fraud is only illustrative and not exhaustive)

## 6. Eligibility

All employees of the Company are eligible to make "Protected Disclosure" in relation to improper activity. Person reporting fraud and employees of the Company are eligible to make complaints relating to fraud under this policy.

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## 7. Guiding Principles

- i) Protected disclosures are acted upon in a time bound manner. All disclosures/ report of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer.
- ii) Complete confidentiality of the Whistle Blower is maintained.
- iii) The Whistle Blower and/or the person(s) processing the Protected Disclosures are not subjected to victimization.
- iv) Evidence of the Protected Disclosure is not concealed and appropriate action including disciplinary action, if any, is taken in case of attempts to conceal or destroy evidence.
- v) Subject of the Protected Disclosure i.e. person against or in relation to whom a protected disclosure has been made, is provided an opportunity of being heard.
- vi) Anonymous or pseudonymous protected disclosures shall not be entertained.

## 8. Whistle Blower/ Person Reporting Fraud – Roles & Disqualification

### A) Roles

- i) The Whistle Blower's / Person reporting fraud's role is that any protected disclosure or complaint relating to fraud should be made to the identified "Nodal Officer" or in the cases where disclosure or reporting of fraud relates to Nodal Officer himself, he may send his protected disclosure/ report on fraud or suspected fraud directly to the "Director Play the Role of Audit Committee for the purpose of Vigil Mechanism".
- ii) The protected disclosure or reporting of fraud should be in writing so as to ensure a clear understanding of the issues raised and should be either typed or written in legible writing in English, Hindi or regional language. The protected disclosure or reporting of fraud can also be made by electronic mail or electronic mail message.
- iii) The protected disclosure or the reporting of fraud should be forwarded with covering letter which shall bear the identity of the whistle blower/ person reporting fraud.
- iv) The protected disclosure/ reporting of fraud should be factual and not speculative and should provide a clear understanding of the Improper Activity involved or issues/ concerns raised and should contain as much specific information as possible to allow proper investigation.
- v) The Whistle Blower/ person reporting fraud is not required or expected to conduct any investigations on his own neither s/ he have right to participate in investigation.
- vi) Protected Disclosure will be appropriately dealt with as per the procedure mentioned in the policy.
- vii) The Whistle Blower shall have a right to be informed of the disposal of his disclosure on his written request except for overriding legal or other reasons.

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## **B) Disqualifications:**

- i) Genuine Whistle Blower/ person reporting fraud will be accorded protection from any kind of unfair treatment or victimization. However, any abuse of this protection will warrant disciplinary action against him or her if they are employee of the Company.
- ii) Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be motivated or mala-fide or malicious or frivolous, baseless or reported otherwise than in good faith, will be liable for disciplinary action.
- iii) Whistle Blowers or Person reporting fraud, who make three Protected Disclosures or complaints relating to fraud, as the case may be, which have been subsequently found to be mala-fide, malicious, frivolous, and baseless or reported otherwise than in good faith, will be disqualified from further Protected Disclosure / reporting of fraud under this Policy.
- iv) In case any Whistle Blower or Person reporting of fraud resiles from disclosure/ complaint, the management shall still reserve the right to proceed with the matter under this Policy.

## **9. Procedures**

- i) The nodal officer shall be identified for Delhi and Bina office with the approval of the Board of Directors of the Company. The officer chosen should be known for his/ her integrity, independence and fairness.
- ii) All Protected Disclosures / fraudulent activity should be reported in writing by the Whistle Blower/ Person reporting fraud by giving full particular of Whistle Blower/ person reporting fraudulent activity and should be submitted in a closed/ secured/ sealed envelope with a covering letter which shall bear the identity of the whistle blower/ person reporting fraud addressed to the Nodal Officer which should be super-scribed "Protected Disclosure/ reporting of fraud "or sent through e-mail with the subject as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same and should either be typed or written in legible hand writing in Hindi or English. (If the Protected Disclosure is not super-scribed and closed as mentioned above, it will not be possible to provide protection to the Whistle Blower under this policy). On the reasonable ground and in the interest of the Company, DPRAC shall be empowered to relax the aforementioned time period (30 days).
- iii) If the Whistle Blower/ person reporting fraud believes that there is conflict of interest between the Nodal Officer and the Whistle Blower/ Person reporting fraud or the disclosure/ report of fraud relates to Nodal Officer itself, he may send his protected disclosure/ report on fraud or suspected fraud directly to the "Director Play the Role of Audit Committee for the purpose of Vigil Mechanism" (DPRAC).
- iv) Assistant Nodal Officer will assist the "Nodal Officer" or the DPRAC, as the case may be, during the course of handling, maintaining and keeping the record of the disclosures or reporting of fraud.



- v) On receipt of Protected Disclosure/ compliant of fraud, the Nodal Officer or DPRAC as the case may be, shall detach the covering letter and forward it to Assistant Nodal Officer for verifying/ confirming the authenticity of the Whistle Blower/ person reporting fraud. During the course of confirming authenticity or preliminary examine, it should be checked that a letter should bear the identity of Whistle Blower/ person reporting fraud i.e. Name, Employee no., Location, or Address to ensure that the same is factual or not baseless and should contain as much specific information as possible to allow the Investigators to take appropriate investigation on it.
- vi) The Nodal Officer or DPRAC, as the case may be, shall ensure that all relevant records documents and other evidence is being immediately taken into custody and being protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official under his influence.
- vii) The Nodal Officer(s) or DPRAC, as the case may be, on finding the disclosure/ complaint to be proper, shall forward the details of the improper activities or fraud or anticipated/ suspected fraud to the Empowered Committee (EC). In case, the disclosure/ report of fraud found to be improper, then Nodal Officer or DPRAC shall reject the complaint after consultation with EC.
- vii) In order to protect the identity of the Whistle Blower/ Person reporting fraud, Nodal Officer will not issue any acknowledgment and the Whistle Blowers are advised not to enter into any further correspondence.
- viii) EC will apply due diligence on complaint/ disclosure received from Nodal Officer or DPRAC as the case may be and conclude if it is of administrative or of disciplinary nature; whether it requires further investigation or decide appropriate course of action including closure of the complaint. The decision taken by the EC on compliant/ disclosure along with its justification shall be put up to the CEO of the Company or DPRAC as the case may be for approval. In case where gravity of the situation warrants involvement of Vigilance Department, EC (where complaint belong to Nodal Officer) shall directly put up such cases for approval of DPRAC for recommending the involvement of CVO for further investigation and for other case, EC through CEO placed the matter for approval of DPRAC for recommending the involvement of CVO for further investigation. On approval by DPRAC, Chief Vigilance Officer (CVO) shall start investigation and the outcome of the investigation shall be submitted by CVO to the DPRAC. While approving the decision of involvement of CVO, DPRAC may at its discretion, discuss the matter with the Board of Directors of the Company.

**Note : The Investigation procedure is enumerated with the help of flow chart for clear understanding the procedure enclosed with this Policy at Annexure-I.**

## **10. Investigations and Roles of Investigators**

### **A) Investigation**

- i) Investigation will be launched by EC or CVO, as the case may be, only after preliminary review by the Nodal Officer or Assistant Nodal Officer or DPRAC as the case may be, which establishes that;

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- a) The alleged act constitutes an improper or unethical activity or conduct or fraud, and
- b) The allegation is supported by information specific enough to be investigated or in case where the allegation is not supported by specific information but it is felt that the concerned matter deserves investigation.

If the Nodal Officer after consulting with EC determines that an investigation is not warranted, reason(s) for such determination shall be recorded in writing.

- ii) The decision to conduct an investigation taken by Nodal Officer is by itself not to be construed as an accusation and it is to be treated as a neutral fact finding process.
- iii) EC or CVO, as the case may be, either themselves/himself or its authorised team of Investigator start the investigation of the protected disclosure or complain of fraudulent activity.
- iv) The identity of a Subject/the Whistle Blower/ person reporting fraud will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- v) Subjects will normally be informed of the allegations at the outset of a formal investigation and will be given opportunities for providing their inputs during the investigation.
- vi) Subjects shall have a duty to co-operate with the investigators (EC&CVO) during investigation to the extent that such co-operation will not compromise self-incrimination protection available under the applicable laws.
- vii) Subjects have responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed, tempered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- viii) 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.
- ix) Subjects have a right to be informed of the outcome of the investigation.
- x) The investigation shall be completed normally within 60 days of the date of receipt of the protected disclosures or such extended period as the DPRAC may permit for reasons to be recorded.

**B) Role of Investigators:**

- i) Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority from DPRAC when acting within the course and scope of their investigation.
- ii) Investigators shall perform their role in an independent and unbiased manner. Investigators shall have a duty of fairness, objectivity, thoroughness, ethical behaviour and observance of professional standards.
- iii) Investigators will apply due diligence on complaint / disclosure received from the Nodal Officer or from DPRAC as the case may be.

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## **11. Protection:**

- i) The identity of the Whistle Blower/ or person reporting fraud shall be kept confidential.
- ii) No unfair treatment will be meted out to a Whistle Blower / or person reporting fraud by virtue of his/her having reported a Protected Disclosure under this Policy.
- iii) Complete protection, will 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.
- iv) If the Whistle Blower/ or person reporting fraud is required to give evidence in criminal or disciplinary proceedings, arrangements will be made for the Whistle Blower/ or person reporting fraud to receive advice about the procedure. Expenses incurred by the Whistle Blower / or person reporting fraud in connection with the above, towards travel etc. will be reimbursed as per normal entitlements.
- v) A Whistle Blower/ or person reporting fraud may report any violation of the above clause to the DPRAC who shall investigate into the same and take corrective action as may be required.
- vi) Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistler Blower/ or person reporting fraud.
- vii) Whistle Blower shall have direct access to the DPRAC against victimisation.
- viii) If any person or Whistle Blower is being victimized or likely to be victimized on the ground that he had filed a complaint is subjected or disclosure or rendered assistant in inquiry under this policy, he may file an application to DPRAC seeking redress in the matter and such authority shall take such action, as deem fit and may give suitable directions to protect the person or whistle blower being victimized or avoid his victimization.

## **12. Action:**

- i) The outcome of investigation done by Empowered Committee or CVO, as the case may be, whether investigation discloses the existence of improper activity/ fraud and conclude whether it is of administrative or of disciplinary nature, or Investigation discloses that no further action on the protected disclosure/ complaint is warranted, such decision along with its justification shall be put up to CEO or the DPRAC (as the case may be) for their approval. In case Investigation done by CVO, then outcome of the investigation as mentioned above shall be put up to DPRAC for approval.
- ii) EC or CVO, as the case may be, shall recommend such action (including remedial action, if any) as deemed fit to remedy the improper activity mentioned in the protected disclosure or to prevent the re-occurrence of such improper activity.

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- iii) If the EC or CVO, as the case may be, is satisfied that the protected disclosure is false, motivated or vexatious, the EC or CVO, as the case may be, may report the matter to DPRAC for appropriate action.

**13. Reporting and Review:**

- i) The Nodal Officer shall submit a quarterly report of the protected disclosures received and of the investigation conducted, and the action taken report shall be submitted to the Board of Directors of the Company.
- ii) The Board of Directors of the Company shall have power to review any action or decision taken by the EC and CVO.

**14. 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 period of five years.

**15. Administration & Review of the Policy:**

The Chief Executive Officer shall be responsible for the administration, interpretation, application and review of the policy. Further, he shall be empowered to bring about necessary changes to the policy, if required, at any stage with the concurrence of the Committee of Directors for Vigil Mechanism.

**16. Communication :**

Vigil Mechanism (Whistle Blower) and Fraud Prevention Policy of the Company cannot be effective unless it is properly communicated to employees. Employees shall be informed through by publishing in notice board and the website of the Company.

**17. NHPTL Vigil Mechanism (Whistle Blower) and Fraud Prevention Policy:**

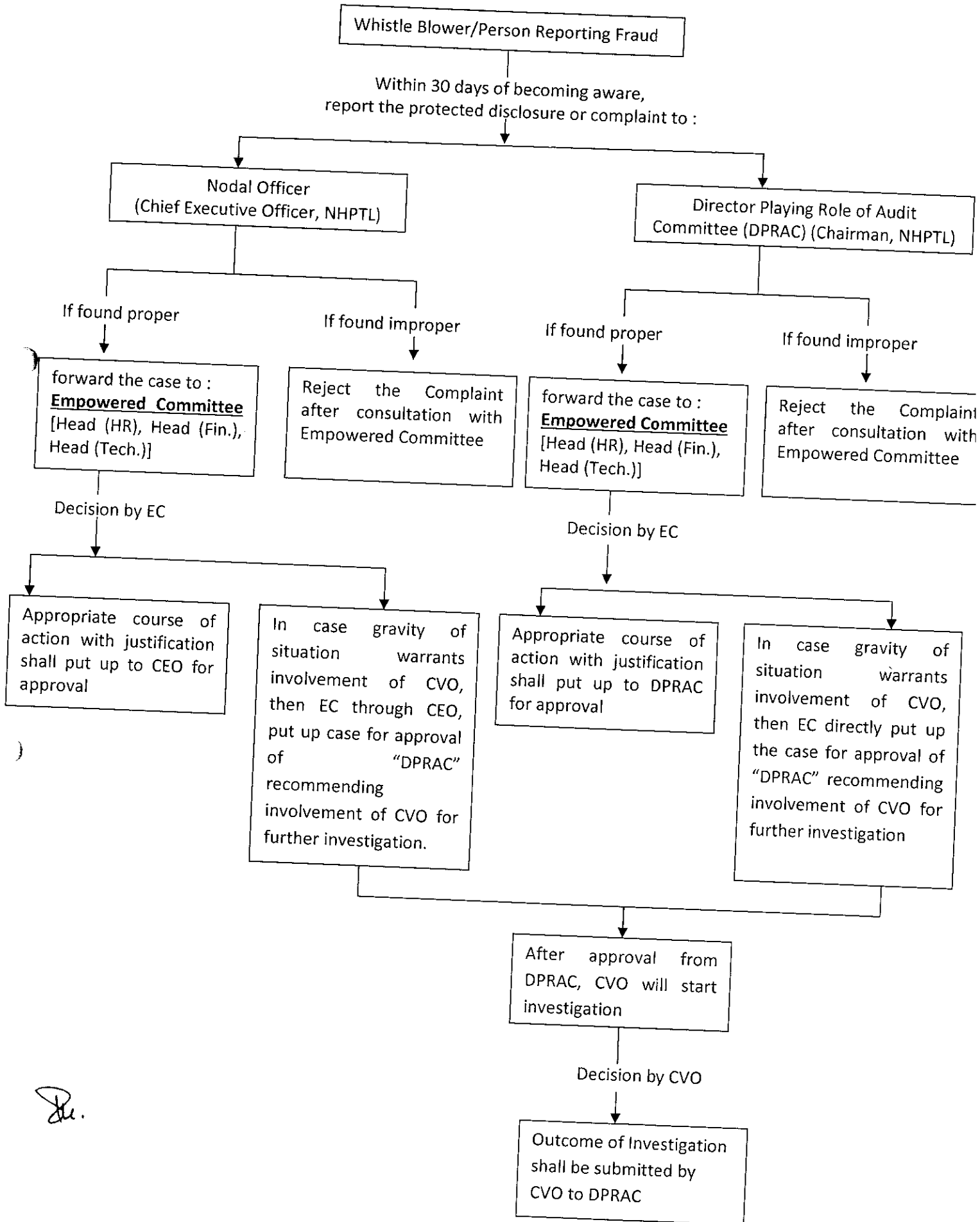
NHPTL Vigil Mechanism (Whistle Blower) and Fraud Prevention Policy supersedes the Vigil Mechanism (Whistle Blower Mechanism) of National High Power Test Laboratory Pvt. Ltd.

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Authority involved in dealing with Protected Disclosure/ Complaint

Annexure-I



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