

# **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

## **SHARDA MOTOR INDUSTRIES LIMITED**

### **I. BACKGROUND**

- 1.1 Section 177 of the Companies Act, 2013 ('Act, 2013') requires every listed company to establish a vigil mechanism for the directors and employees to report genuine concerns. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.
- 1.2 Regulation 22 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulations, 2015') mandates all listed companies to formulate a vigil mechanism for directors and employees to report genuine concerns to the management.
- 1.3 Sharda Motor Industries Limited (herein after referred to as "the Company"), over the period of more than 3 decades, always emphasized on maintaining high integrity and ethical standards. Accordingly, the employees of the Company are expected to carry out their professional conducts with the same level of integrity and ethical standards. The Company believes in maintaining transparency and fairness to promote ethics and best corporate governance practices.
- 1.4 The Company has adopted a "Code of Conduct for Board Members and Senior Management Personnel" ("the Code") pursuant to Regulation 17 (5) (a) of Listing Regulations, 2015, which lays down the principles and standards that should govern the actions of the Board members and Senior Management Personnel. The Company also has a separate Code of Conduct for all its employees. Any actual or potential violation of these Codes, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. Accordingly, in order to provide ease and sense of security to employees of the Company while reporting such violations and to express their concerns, a need for friendly, secured and approachable system is felt by the Company.
- 1.5 Under these circumstances, the Company being a Listed Company has adopted the Whistle Blower Policy/ Vigil Mechanism in its meeting held on 22<sup>nd</sup> May'2014. However, in order to implement the mechanism effectively, the Company proposes to revise and amend its existing policy in place of the existing policy in its meeting held on 5<sup>th</sup> Feb'2016.

### **II. INTERPRETATIONS**

- 2.1 "Alleged Wrongful Conduct" shall mean violation of law, misuse or abuse of authority, fraud or suspected fraud, any deliberate concealment of such abuse of fraud, infringement of Company's rules, misappropriation of funds, , substantial and specific danger to public health and safety or or violation of the Company's Code.

- 2.2 “Audit Committee” means a Committee constituted by the Board of Directors of the Company under Section 177 of Act, 2013 read with Regulation 18 of the Listing Regulations, 2015.
- 2.3 “Board” means the Board of Directors of the Company.
- 2.4 “Codes” means Codes of Conduct for Directors, Senior Management Personnel and Employees of the Sharda Motor Industries Limited.
- 2.5 “Company” means Sharda Motor Industries Limited.
- 2.6 “Director” means the directors, including those who have been in the capacity of directors during the past 3 years, of the Company.
- 2.7 “Department Head” means a person who is entrusted with the overall management of any department within the Company by whatever name called.
- 2.8 “Employee” means all the employees, including those who have been associated with the Company in the past 3 years, of the Company including directors, Key managerial Personnel and Senior Management Personnel.
- 2.9 “Nodal Officer” / “Vigilance & Ethics Officer” means an officer of the Company nominated by the Audit Committee/ Whistle Blower Committee of the Company to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee / Whistle Blower Committee for its disposal and informing the whistle blower the result thereof. The Company Secretary of the Company shall be the Vigilance and Ethics Officer.
- 2.10 “Protected Disclosure” means a factual concern that is neither speculative nor in the nature of an interpretation/conclusion and containing specific information that enables proper assessment of the nature and extent of the concern, raised by Director(s) or an employee or group of employees of the Company, through a written or verbal communication in the prescribed manner and in good faith disclosing/demonstrating information about an activity covered under the definition of Alleged Wrongful Conduct with respect to the Company.
- 2.11 “Senior Management” means employee of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the CEO/MD/WTD, including functional heads and also include Chief Financial Officer and Company Secretary.
- 2.12 “Stakeholders” shall mean the Directors, employees, customers, vendors, traders, workers (including job-workers) and any other person, not being a shareholder, who has an interest attached to the Company’s business and its functioning.
- 2.13 “Subject” means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.
- 2.14 “Whistle Blower” means Director(s) or an employee or group of employees or any Stakeholder of the Company who make a Protected Disclosure under this Policy

### **III. OBJECTIVES**

- 3.1 The Policy aims to ensure that concerns are properly raised, appropriately investigated and addressed by attempting to:
- a. Define the events that trigger a Protected Disclosure;
  - b. Define the process of lodging a Protected Disclosure;
  - c. Define the various committees/teams and their roles in implementing this Policy;
  - d. Outline the process of investigation and review;
  - e. Outline measures to protect Whistle Blower against reprisal or retaliatory action within the Company.

#### **IV. SCOPE OF THE POLICY**

- 4.1 This policy applies to all the Stakeholders of the Company excluding the shareholders of the Company who have a mechanism to report their concerns to the Company through Investor Grievance mechanism as laid down under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 4.2 The policy applies to Alleged Wrongful Act that affect the stakeholders including, but not limited to:
- a. Any unlawful act whether civil or criminal;
  - b. Non compliance with the Company's internal or external by-laws and regulations;
  - c. Corruption, including bribery and money laundering;
  - d. Fraudulent practices, such as theft, tampering with the books and records of the Company, damaging the property/ asset of the Company;
  - e. Breach of business practices and the Code;
  - f. Dissemination of confidential information Communication and/ or misuse of unpublished price sensitive information of the Company
  - g. Using of Company's information and records for personal benefits
  - h. Misuse or abuse of authority
  - i. Any other unethical practices and events which have taken place / suspected to have taken place, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies and other matters or activity on account of which the interest of the Company is affected.
- 4.3 This Vigil Mechanism neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.

#### **V. CONSTITUTION OF THE WHISTLE BLOWER COMMITTEE**

- 5.1 The Whistle Blower Committee shall comprise of the members as mentioned below.
- a. Chief Financial Officer;
  - b. CPO – HR (Head of the Department);

- c. Company Secretary;
- d. Presiding Officer of Prevention of Sexual Harassment Policy.

- 5.2 The decision of nomination and appointment of members of the said committee shall be at the discretion of the Audit Committee and would not be by way of any nomination/voting procedure. The Audit Committee can at its discretion change the structure of the committee or the committee members as it deems fit at any given point of time. In the event of any suspected disclosure against any of the committee member, the alleged committee member shall be replaced with appointment of a new committee member by the chairperson of the committee. In the event of any suspected disclosure against the chairperson of the committee, the same shall be addressed to the chairman of Audit Committee of the Company at their email – [smil@shardamotor.com](mailto:smil@shardamotor.com)

## **VI. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES**

- 6.1 All Protected Disclosures should be reported in writing or verbal mode of communication prescribed under this policy, by the Whistle Blower as soon as possible after the Whistle Blower becomes aware of the same.
- 6.2 The Protected Disclosure should be submitted along with the evidence in a closed and secured envelope.
- 6.3 Alternatively, the same can also be sent through email with the subject “Protected disclosure under the Whistle Blower policy” at [smil@shardamotor.com](mailto:smil@shardamotor.com) and can also be intimated through Landline no. 011 - 47334100. If the Protected Disclosure is not super scribed and closed as mentioned above, it will not be possible for the Audit Committee to protect the Whistle Blower and the Protected Disclosure will be dealt with as if a normal disclosure.
- 6.4 Verbal disclosures submitted shall be recorded by the Vigilance & Ethics Officer in the prescribed format by the Whistle Blower Committee and as may be altered from time to time.
- 6.5 The Protected Disclosure raised should include the following:
- a. Nature of Alleged Wrongful Conduct
  - b. Name of the person, if any, against whom the complaint is lodged;
  - c. Branch / Location where the concern observed;
  - d. Detailed description of the event;
  - e. Supporting evidence, if any.
- 6.6 The Vigilance and Ethics Officer shall assure that in case any further clarification is required he will get in touch with the Whistle Blower.
- 6.7 Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance and Ethics Officer. However, recording of receipt of such anonymous disclosures shall be done in similar manner as a

normal disclosure under this policy.

- 6.8 The Protected Disclosure should be forwarded under a covering letter signed by the Whistle Blower. The Vigilance and Ethics Officer / Chairman of the Audit Committee/ CEO Chairman as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.
- 6.9 All Protected Disclosures should be addressed to the Vigilance and Ethics Officer of the Company or to the Chairman of the Audit Committee or to the CEO or Chairman of the Company in exceptional cases.
- 6.10 Protected Disclosure against the Vigilance and Ethics Officer should be addressed to the Chairman of the Company and the Protected Disclosure against the Chairman/ CEO of the Company should be addressed to the Chairman of the Audit Committee.
- 6.11 The contact details of the Vigilance and Ethics Officer, Chairman, CEO of the Company and the Chairman of the Audit Committee are as under:

Name	Designation	Address	Contact Number
Nitin Vishnoi	Company Secretary	D-188, Okhla Industrial Area, New Delhi-110020	011 - 47334100
Kishan Nagin Parikh	Chairman on the Board	D-188, Okhla Industrial Area, New Delhi-110020	011 - 47334100
Ashim Relan	CEO	D-188, Okhla Industrial Area, New Delhi-110020	011 - 47334100
Kishan Nagin Parikh	Chairman of the Audit Committee	D-188, Okhla Industrial Area, New Delhi-110020	011 - 47334100

- 6.12 On receipt of the Protected Disclosure the Vigilance and Ethics Officer / Chairman/ CEO of the Company/ Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the Whistle Blower whether he was the person who made the Protected Disclosure or not. He shall also carry out initial investigation either himself or by involving any other Officer of the Company or an outside agency before referring the matter to the Audit Committee of the Company for further appropriate investigation and needful action.

The record will include:

- Brief facts;
- Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- Whether the same Protected Disclosure was raised previously on the same subject;
- Whether the Whistle blower has raised any other genuine Protected Disclosure in the past, and if so, the outcome thereof;
- Details of actions taken by Vigilance and Ethics Officer / Chairman/ CEO for processing the complaint.
- Findings of the Audit Committee
- The recommendations of the Audit Committee/ other action(s).

- 6.13 The Audit Committee, if deems fit, may call for further information or particulars from the Whistle Blower.

## **VII. INVESTIGATION**

- 7.1 All protected disclosures under this Policy will be recorded and thoroughly investigated. The Audit Committee may investigate and may at its discretion consider involving any other Officer of the Company and/ or an outside agency for the purpose of investigation.
- 7.2 In case the Subject is the Chairman/CEO of the Company, the Chairman of the Audit Committee after examining the Protected Disclosure shall forward the Protected Disclosure to other members of the Audit Committee if deemed fit. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure.
- 7.3 The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact finding process.
- 7.4 Within 7 days of receipt of Protected Disclosure, the Whistle Blower shall be responded and more information or clarification be sought from him. While doing so, Vigilance and Ethics Officer shall ensure that his identity remains unraveled. Vigilance and Ethics Officer may check with the Whistle Blower if he is willing to disclose his identity to make the communication process smooth, direct, more meaningful and less time consuming. Depending on the Whistle Blower willingness to disclose his identity, the Audit Committee members or the officials authorised to conduct investigation shall meet him.
- 7.5 Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- 7.6 Subject(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard.
- 7.7 Subject(s) have a right to consult with a person or persons of their choice, other than the Vigilance and Ethics Officer / Investigators and/or members of the Audit Committee and/or the Whistle Blower.
- 7.8 Subject(s) have a responsibility not to interfere in the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the Subject(s).
- 7.9 Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in the investigation report.
- 7.10 No allegation of wrong doing against a Subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation. Required confidentiality shall be maintained such that the reputation of the Subject(s) is not impacted merely based upon the allegation and in the course of investigation.
- 7.11 Subject(s) have a right to be informed of the outcome of the investigations. If allegations are not sustained, the Subject(s) should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.

- 7.12 The investigation shall be completed normally within 90 days of the receipt of the Protected Disclosure and is extendable by such period as the Audit Committee deems fit.

## **VIII. DECISION AND REPORTING**

- 8.1 If an investigation leads the Vigilance and Ethics Officer / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Vigilance and Ethics Officer / Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem 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.
- 8.2 The Vigilance and Ethics Officer shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.
- 8.3 If the report of investigation is not to the satisfaction of the Whistle Blower, the Whistle Blower has the right to report the event to the Whistle Blower Committee or Audit Committee, as the case may be and if still aggrieved, may take up the concern to appropriate legal or investigating agency.
- 8.4 A Whistle Blower who makes false allegations which are misleading, malafide or backed with negative motives, ill-behavior of unethical & improper practices or about alleged wrongful conduct of the subject to the Vigilance and Ethics Officer or the Audit Committee shall be subject to appropriate disciplinary action as decided by Audit Committee.
- 8.5 The decision of the Audit Committee shall be final and binding, if opted by the Whistle Blower to file the concern to them for investigation.

## **IX. SECRECY / CONFIDENTIALITY**

- 9.1 The Whistle Blower, Vigilance and Ethics Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:
- Maintain confidentiality of all matters under this Policy.
  - Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
  - Not keep the papers unattended anywhere at any time.
  - Keep the electronic mails / files under password.
  - Information with respect to the allegation and investigation shall not be disclosed unless the same is proved.

## **X. GUIDANCE FOR WHISTLE BLOWER**

- 10.1 Role of Whistle Blower shall be limited to report Alleged Wrongful Conduct in accordance with this Policy with reliable information.
- 10.2 Whistle Blower are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

- 10.3 Whistle Blowers should not act on their own in conducting any investigative activities nor do they have right to participate in any investigative activities other than as requested by the Vigilance and Ethics Officer or the Chairman of the Audit Committee.

## **XI. PROTECTION**

- 11.1 No unfair treatment will be meted out to a Whistle Blower 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 Whistle Blowers. Complete protection will, therefore, 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. The company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.
- 11.2 A Whistle Blower 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.
- 11.3 The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the Whistle Blower will not be revealed unless he himself has made either his details public or disclosed his identity to any other office or authority. In the event of the identity of the Whistle Blower being disclosed, the Audit Committee is authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure. The identity of the Whistle Blower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement agencies, in which case members of the organization are subject to subpoena.
- 11.4 Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
- 11.5 Provided however that the Whistle Blower before making a Protected Disclosure has reasonable belief that an issue exists and he has acted in good faith. Any complaint not made in good faith as assessed as such by the Audit Committee shall be viewed seriously and the Whistle Blower shall be subject to disciplinary action as per the Rules / certified standing orders of the Company. This policy does not protect an employee from an adverse action taken independent of his disclosure of unethical and improper practice etc. unrelated to a disclosure made pursuant to this policy.

## **XII. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE**

- 12.1 The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

### **XIII. COMMUNICATION**

- 13.1 A whistle Blower mechanism cannot be effective unless it is properly communicated to stakeholders. The mechanism shall be communicated to stakeholders in the manner as may be suitable to the Company. Also, such policy shall be published on the website of the Company.

### **XIV. RETENTION OF DOCUMENTS**

- 14.1 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 8 (eight) years or such other period as specified by any other law in force, whichever is more. However if the matter of Investigation relating thereto is subjudice or pending before any Court, tribunal or forum then any such Protected Disclosures or document relating thereto may be preserved for a period longer than specified above.

### **XV. ADMINISTRATION AND REVIEW OF THE POLICY**

- 15.1 The Audit Committee shall be responsible for the administration, interpretation, application and review of this policy. Audit Committee also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Board.
- 15.2 A quarterly status report on the total number of complaints received, if any during the period with summary of the findings of Vigilance & Ethics Officer or the Chairman of Audit the Committee and corrective steps taken should be sent to the Audit Committee of the Company.

### **XVI. AMENDMENT**

- 16.1 The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever, in accordance with the provisions of the law, as may be applicable from time to time.
- 16.2 In the event of any subsequent modification, amendment, alteration or change in the provisions of law, this policy shall stand amended to such amended, modified, altered provision of law and the entire policy shall not be regarded as unlawful or void.
- 16.3 The amended Policy shall be posted on the website of the Company.

**PROTECTED  
DISCLOSURE**

To,

\_\_\_\_\_

\_\_\_\_\_

Name of the Complainant: \_\_\_\_\_

Address of the Complainant: \_\_\_\_\_

\_\_\_\_\_

Contact No.: \_\_\_\_\_ Email: \_\_\_\_\_

Subject of Complaint: \_\_\_\_\_

Name of the person involved in the fraud: \_\_\_\_\_

Unit/location where incident is observed: \_\_\_\_\_

Brief description of the fraud: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

List of supported evidences: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature

Position/Designation