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## SHERVANI INDUSTRIAL SYNDICATE LIMITED

### VIGIL MECHANISM /WHISTLE BLOWER POLICY OF SHERVANI INDUSTRIAL SYNDICATE LIMITED

Section 177 of the Companies Act, 2013 requires every Listed Company to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed. The Company had adopted a Code of Conduct for Directors and Senior Management Executives ("the Code"), which lays down the principles and standards that should govern their actions. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, is a matter of serious concern for the Company and should be brought to the attention of the concerned. A vigil mechanism shall provide for adequate safeguards against victimization of persons who can also use such mechanism for reporting genuine concerns including above. It also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

Clause 49 of the Listing Agreement between Listed companies and the Stock Exchanges, inter alia, provides for a requirement for all listed companies to establish a mechanism called 'Whistle Blower Policy' for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct.

Under these circumstances, the Company, being a Listed Company proposes to establish a Whistle Blower Policy/ Vigil Mechanism and to formulate a policy for the same.

#### DEFINITIONS

- a. **"Alleged wrongful conduct"** shall mean violation of law, infringement of Company's rules, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority".
- b. **"Audit Committee"** means a Committee constituted by the Board of Directors of the Company in accordance guidelines of Listing Agreement and Companies Act, 2013.
- c. **"Board"** means the Board of Directors of the Company.
- d. **"Code"** means Code of Conduct for Directors and Senior Management Executives adopted by Shervani Industrial Syndicate Limited.
- e. **"Employee"** means all the present employees and whole time Directors of the Company.
- f. **"Protected Disclosure"** means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity under the title "SCOPE OF THE POLICY" with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.



- g. **"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.
- h. **"Vigilance and Ethics Officer"** means an officer appointed to receive Protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.
- i. **"Whistle Blower"** is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

#### **POLICY OBJECTIVES**

1. The Company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct.
2. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.
3. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Board/Managing Director/ Chairman of the Audit Committee in exceptional cases.
4. This 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 about a personal situation.

#### **THE GUIDING PRINCIPLES**

1. To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:
2. Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
3. Treat victimization as a serious matter including initiating disciplinary action on such person/(s);
4. Ensure complete confidentiality.
5. Not attempt to conceal evidence of the Protected Disclosure;
6. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made; Provide an opportunity of being heard to the persons involved especially to the Subject;

#### **SCOPE**

1. The Policy covers malpractices and events which have taken place/ suspected to take place involving:



Abuse of authority

Breach of contract

Negligence causing substantial and specific danger to public health and safety

Manipulation of company data/records

Financial irregularities, including fraud, or suspected fraud, Criminal offence

Pilferation of confidential/propriety information

Deliberate violation of law/regulation

Wastage/misappropriation of company funds/assets

Breach of employee Code of Conduct or Rules

2. The Policy is a channel to reinforce a robust implementation of the Company's Code. Through this Policy, the Company seeks to provide a procedure for all the employees of the Company to disclose any unethical and improper practice taking place in the Company for appropriate action and reporting.

3. **DISQUALIFICATIONS**

- a) While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, 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 Whistle Blower knowing it to be false or bogus or with a mala fide intention.
4. All Protected Disclosures shall be addressed to the Chairman of the Audit Committee of the Board for investigation.
  5. The contact details of the Chairman of the Audit Committee is as under:  
  
Mr. Mohammad Aslam Sayeed                      Chairman Audit Committee  
Shervani Industrial Syndicate Limited  
Shervani Nagar, Sulem Sarai  
Allahabad-211011 (U. P.)
  6. If a protected disclosure is received by any executive of the Company other than Chairman of Audit Committee, the same should be forwarded to the Chairman of the Audit Committee within 7 days of receipt of the same for further appropriate action at the address as mentioned above.
  7. Appropriate care will be taken to keep the identity of the Whistle Blower confidential.
  8. Protected Disclosures should 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 English or Hindi.



- 9 The Protected Disclosure should be forwarded under a covering letter alongwith disclosure of identities of the Whistle Blower. The 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.
- 10 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.
11. The Policy covers malpractices and events which have taken place/ suspected to take place involving but not limited to :
  - a) Abuse of authority
  - b) Breach of contract
  - c) Negligence causing substantial and specific danger to public health and safety
  - d) Manipulation of company data/records
  - e) Financial irregularities, including fraud, or suspected fraud
  - f) Criminal offence
  - g) Pilferation of confidential/propriety information
  - h) Deliberate violation of law
  - i) Theft, pilferage, wastage/misappropriation of company funds/assets
  - j) Breach of employee Code of Conduct
  - k) Any other unethical, favoritism, nepotism event

#### INVESTIGATION

1. All Protected Disclosures reported under this Policy will be thoroughly investigated Chairman of the Audit Committee of the Board and they will oversee the investigations under the authorization of the Audit Committee.
2. The Chairman of the Audit Committee may at his discretion, consider involving any Investigators for the purpose of investigation.
3. The decision to conduct an investigation suo moto by the Chairman of the Audit Committee is by itself not an accusation and is to be treated as a fact-finding process without the presumption of guilt. A written report on the findings would be made. The outcome of the investigation may or may not support the information provided by the Whistle Blower, that an improper or unethical act was committed.
4. The identity of accused and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation.



5. Accused will normally be informed of the allegations at the outset of a formal investigation and will be given an opportunity to provide any relevant input(s) during the investigation.
6. Accused shall have a duty co-operate with the Chairman of the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise any self incrimination protections available under the applicable laws.
7. Accused shall have a right to consult with a person or persons of their choice, other than the Investigators and/ or members of the Audit Committee and/ or the Whistle Blower. Accused shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.
8. Accused shall have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witness/(s) shall not be influenced, coaxed, threatened or intimidated by the accused.
9. Unless there are compelling reasons not to do so, accused will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against an accused shall be considered as maintainable unless there is good evidence in support of the allegation.
10. Accused shall have a right to be informed of the outcome of the investigation. If allegations are not sustained, the accused should be consulted as to whether public disclosure of the investigation results is warranted.
11. The investigation shall be completed within forty – forty five (45) days.

#### **CONFIDENTIALITY & PROTECTION**

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.
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.
3. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the complainant 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 complainant being disclosed, the



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.

4. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
5. Provided however that the complainant before making a complaint 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 complainant 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.

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

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.

#### **COMMUNICATION**

A whistle Blower policy 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.

#### **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 7 (seven) years or such other period as specified by any other law in force, whichever is more.

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

The Board of Directors shall be responsible for the administration, interpretation, application and review of this policy. The Board also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee.

#### **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 them in writing.

