

**ELECTROSTEEL CASTINGS  
LIMITED**

Vigil Mechanism Policy covers malpractices and events which have taken place / suspected to have taken place, misappropriation of monies, manipulations, negligence causing danger to public health and safety, misuse or abuse of authority, fraud or suspected fraud, leak/suspected leak of UPSI, violation of Company rules, and other matters or activity by which the Company's interest is affected and formally reported by whistle blowers.

## **Vigil Mechanism/ Whistle Blower Policy**

Effective Date: 01.04.2019

Approval Date: 27.03.2019

Version No.: 3.0

Approved By: Board of Directors

This document is confidential in nature and supersedes any Vigil Mechanism/Whistle Blower Policy existing in the Company and should be read in conjunction with the most recent policies and procedures documented.

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<b>Governing Guidelines:</b> The Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015		

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### **1. OUTLINE**

*To rule out any embezzlement of funds of the Company or any other prejudicial act, which involves interest of stakeholders' and most importantly public interest is the utmost reason for setting up a vigil mechanism.*

### **2. PRECURSOR**

- A. Section 177(9) of the Companies Act, 2013, read with relevant rules, inter alia, requires every listed company to establish a vigil mechanism for the directors and employees to report genuine concerns or grievances and provide for adequate safeguards against victimisation of persons who use such mechanism and also make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Towards this end, the Company has adopted the Code of Conduct ("the Code") which lays down the principles and standards that should govern the actions of the Company and its employees. Any actual or potential violation

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of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the Code cannot be undercut.

- B. Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') inter alia, provides for a mandatory requirement for all listed companies to formulate a vigil mechanism for directors and employees to report genuine concerns. The vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. Further in terms of Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, a listed company shall have a Whistle-blower Policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information (UPSI).

In view of the above, this Vigil Mechanism / Whistle Blower Policy ("the Policy") has been formulated by the Company.

### **3. OBJECTIVES & AIMS OF THE POLICY**

- A. Every Company or organisation is serious about its adherence to the Code of Conduct and to achieve at par with the highest standards of ethical, moral and legal conduct of business operations and henceforth encourage its employees to bring ethical and legal violations they are aware of to an internal authority without fear of punishment or unfair treatment so that action can be taken immediately to resolve the problem. A Vigil/Whistle Blower Mechanism provides a channel to the Directors and employees to report to the management concerns about unethical behavior, actual or suspected fraud and/or any instances of leak/suspected leak of UPSI and / or violation of the Code of Conduct or Policy.
- B. The mechanism also provides for adequate safeguards against victimization of employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.
- C. Thus minimisation of organisation's exposure to the damage that can occur when employees circumvent internal mechanisms is the main objective which neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising any malicious allegations against people in authority and / or colleagues in general.

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D. This Policy aims to:

- create awareness amongst employees to report instances of actual/suspected leak of UPSI.
- encourage you to feel confident in raising concerns and to question and act upon concerns about malpractice.
- provide avenues for you to raise concerns and receive feedback on any action taken.
- ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied.
- re-assure you that you will be protected from reprisals or other action if you have a reasonable belief that you have made any disclosure in good faith.

#### 4. **SCOPE OF THE POLICY**

- A. This Policy covers malpractices and events which have taken place / suspected to have taken place, misappropriation of monies, manipulations, negligence causing danger to public health and safety, misuse or abuse of authority, fraud or suspected fraud, any instances of leak of UPSI, violation of Company rules, and other matters or activity by which the Company's interest is affected and formally reported by whistle blowers concerning its Stakeholders.
- B. Whistle Blowers do not have a right to participate in any investigative activities other than as requested by the Company Secretary or the Chairman of the Audit Committee or the Investigators.
- C. Whistle Blowers should not act on their own in conducting any investigative activities.
- D. Whistle Blowers 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.
- E. The Whistle Blower's role is that of a reporting party with reliable information.
- F. Protected Disclosure will be appropriately dealt with by the Company Secretary or the Chairman of the Audit Committee, as the case may be.
- G. Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

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## 5. THE GUIDING PRINCIPLES

- A. To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:
- i. ensure complete confidentiality;
  - ii. take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
  - iii. treat victimization as a serious matter including initiating disciplinary action on such person(s);
  - iv. ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
  - v. provide an opportunity of being heard to the persons involved especially to the Subject;
  - vi. not attempt to conceal evidence of the Protected Disclosure.

## 6. DEFINITIONS

- a. **“Alleged wrongful conduct”** shall include any violation of law, infringement of Company’s rules and codes, leak/suspected leak of unpublished price sensitive information relating to the Company and/or its securities, 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 of the Listing Regulations and the 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 Electrosteel Castings Limited.
- e. **“Company”** means Electrosteel Castings Limited and all its offices.
- f. **“Employee”** means all the present employees and Whole-time Directors of the Company (whether working in India or abroad).
- g. **“Protected Disclosure”** means a concern raised 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.

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- h. **“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.
- i. **“Unpublished Price Sensitive Information” or “UPSI”** shall have the same meaning as defined under the SEBI (Prohibition of Insider Trading Regulations), 2015, as may be amended from time to time, and the Codes formulated by the Company thereunder, from time to time.
- j. **“Whistle Blower”** means a person making a Protected Disclosure under this Policy and also referred in this Policy as a Complainant.

## 7. ELIGIBILITY

Various stakeholders i.e., employees of the Company or of other agencies deployed for the Company’s activities, whether working from any of the Company’s offices or any other location, customers, contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company or any other associated person are eligible to make Protected Disclosures under the Policy.

## 8. DISQUALIFICATIONS

- Though it will be ensured that genuine Whistle Blowers are provided with complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will surely warrant disciplinary action.
- 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 malafide intention.
- Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be malafide, frivolous or malicious shall be liable to be prosecuted under the Company’s Code of Conduct.

## 9. PROCEDURE OF RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES

- A. All Protected Disclosures should be reported in writing or should either be typed or written in a legible handwriting in English by the complainant as soon as possible after the Whistle Blower becomes aware of the same and should be submitted in a closed and secured envelope and should be superscribed as “Protected disclosure under the WBP”. The same can also be sent through email with the subject “Protected disclosure under the WBP”.

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- B. If it is found that the complaint is not superscribed and closed as mentioned above, it will not be possible for the Audit Committee to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure. In order to protect identity of the complainant, the Company Secretary will not issue any acknowledgement to the complainants and they are advised neither to write their name/address on the envelope nor enter into any further correspondence with the Company Secretary. The Company Secretary shall assure that in case any further clarification is required he will get in touch with the complainant.
- C. The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The Company Secretary/ 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.
- D. All the suspected violations shall be reported to (i) Complainant immediate supervisor; (ii) the Chief Compliance Officer; or (iii) anonymously, by sending an e-mail to: [companysecretary@electrosteel.com](mailto:companysecretary@electrosteel.com) or by sending an anonymous letter to the Company Secretary at:
- The Company Secretary  
Electrosteel Castings Limited  
19 Camac Street, G. K. Tower,  
Kolkata 700 017
- E. All Protected Disclosures should be addressed to the Company Secretary of the Company or to the Chairman of the Audit Committee/ CEO/ Chairman in exceptional cases.
- F. Protected Disclosure against the Company Secretary 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.
- G. On receipt of the protected disclosure the Company Secretary / Chairman/ CEO / Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the complainant 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:
- i. Brief facts;
  - ii. Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;

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- iii. Whether the same Protected Disclosure was raised previously on the same subject;
- iv. Details of actions taken by the Company Secretary / Chairman/ CEO for processing the complaint;
- v. Findings of the Audit Committee;
- vi. The recommendations of the Audit Committee/ other action(s).

H. The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

## **10. INVESTIGATION**

- a) All Protected Disclosures reported under this Policy will be thoroughly investigated by the Company Secretary / Chairman of the Audit Committee of the Company who will investigate / oversee the investigations under the authorisation of the Audit Committee.
- b) The Company Secretary / Chairman of the Audit Committee may at his discretion, consider involving any Investigators for the purpose of investigation.
- c) The decision to conduct an investigation taken by the Company Secretary / Chairman of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d) The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e) 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.
- f) Subjects shall have a duty to co-operate with the Company Secretary/ 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.
- g) Subjects have a right to consult with a person or persons of their choice, other than the Company Secretary / Investigators and/or members of the Audit Committee and/or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings. However, if the allegations against the subject are not sustainable, then the Company may see reason to reimburse such costs.



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- h) 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.
- i) 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.
- j) Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- k) The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

## 11. **PROTECTION**

A. 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, victimisation 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 minimise 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.

B. 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.

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- C. 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 Audit Committee is authorised 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 organisation are subject to subpoena.
- D. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
- E. 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.

## **12. INVESTIGATORS**

- A. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Company Secretary/ 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 behavior, and observance of legal and professional standards.
- C. Investigations will be launched only after a preliminary review by the Chairman of the Audit Committee or the Company Secretary, as the case may be, which establishes that:
- the alleged act constitutes an improper or unethical activity or conduct, and
  - the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is

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felt that the concerned matter is worthy of management review. Provided that such investigation should not be undertaken as an investigation of an improper or unethical activity or conduct.

### **13. DECISION**

If an investigation leads the Company Secretary / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Company Secretary / Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Company Secretary/ Chairman of the Audit Committee 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.

### **14. REPORTING**

- a. The Company Secretary 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.
- b. 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.
- c. If the report of investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency.
- d. A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the Subject to the Company Secretary or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.
- e. A report with number of complaints received, if any, under the Policy and their outcome shall be placed before the Audit Committee and the Board.

### **15. SECRECY / CONFIDENTIALITY**

The complainant, Company Secretary, Members of Audit Committee, the Subject and everybody involved in the process shall:

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- i. maintain confidentiality of all matters under this Policy.
- ii. discuss only to the extent or with those persons as required under this Policy for completing the process of investigations.
- iii. not to keep the papers unattended anywhere at any time.
- iv. keep the electronic mails / files under password.

## **16. 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 authorised to prescribe suitable directions in this regard.

## **17. COMMUNICATION**

A Whistle Blower Policy cannot be effective unless it is properly communicated to employees. Employees shall be informed about the Policy by publishing the Policy on the website of the Company.

## **18. 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.

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

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

## **20. AMENDMENT**

The Company reserves its full rights to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

## **21. ANNUAL AFFIRMATION**

The Company shall annually affirm that no personnel has been denied access to the Audit Committee and the same shall be disclosed in the Corporate Governance Report forming part of the Annual Report of the Company.