



**VIGIL MECHANISM &**  
**WHISTLE BLOWER**  
**POLICY**

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**ELECTROTHERM (INDIA) LIMITED**  
**VIGIL MECHANISM AND WHISTLE BLOWER POLICY**



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## VIGIL MECHANISM AND WHISTLE BLOWER POLICY



### 1. PREAMBLE:

Section 177 of Companies Act, 2013, Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004, Circular no. CIR/CFD/POLICY CELL/2/2014 on April 17, 2014, issued by Securities and Exchange Board of India (SEBI) and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Clause 49 of the Listing Agreement provides for the formulation of internal policy and establishment of vigil mechanism, which extends to any level of the employment and by virtue of which any personnel who observes an unethical behavior, actual or suspected fraud or violation shall be able to approach the Audit Committee without necessarily informing their supervisors. This above policy is known as Whistle Blower Policy.

### 2. COMMITMENT TO FORMULATE & IMPLEMENT THE POLICY:

The Company, consistent with the principle of providing a workplace conducive to open discussions of business practices, is fully committed to complying with all applicable laws that protect employees against unlawful discrimination or retaliation as result of their disclosure or reporting of questionable or illegal acts by the managerial personnel.

Accordingly, the Audit Committee of the Company has established a set of procedures for all its employees, officers and managerial personnel to submit (whether openly, confidentially or anonymously) their concerns about questionable accounting or auditing matters and violations of legal or regulatory requirements and for the Audit Committee to receive and respond to such concerns. This written policy describes such concerns that are raised by employees, stockholders or other interested parties.

### 3. APPLICABILITY OF THE POLICY:

This policy is a vigil mechanism applicable to all employees, officers and managerial personnel of the organisation who disclose alleged wrongful conduct, as defined in this policy, and, who as a result of the disclosure, are subject to any adverse personnel action.

### 4. POLICY:

No adverse personnel action may be taken against an employee in retaliation to his disclosure in good faith of any unethical and improper practice or wrongful conduct, which information the employee in good faith believes evidences:

- Violation of any law
- Breach of any internal control or company policy relating to financial malpractice or fraud
- Failure to comply with a legal obligation
- Criminal activity
- Miscarriage of justice
- Improper conduct or unethical behaviour



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- Violation of the Company's Code of Business Conduct & Ethics
- Mismanagement
- Gross waste or misappropriation of funds
- Substantial and specific danger to public health and safety
- Abuse of authority, collectively referred to herein as "alleged wrongful conduct"
- Attempts to conceal any of the above

This is not intended to be a complete list and any matter raised and any matter raised under this policy will be considered seriously.

No manager, director, department head, or any other employee with authority to make or materially influence significant personnel decisions shall take or recommend an adverse personnel action against an employee in knowing retaliation for disclosing alleged wrongful conduct to an Audit Committee.

### 5. **DEFINITIONS:**

1. **Abuse of authority:** Any act, conduct or decision which is outside the scope of the alleged violator's position, scope of duties, or level of authority as authorized by the designee. The actions or failure to take actions which are within the alleged violator's authority may constitute abuse of authority if the violator's motive or purpose is to harass, intimidate, or treat the employee unreasonably or capriciously under the applicable facts and circumstances.
2. **Adverse personnel action:** Any act, conduct or decision relating to employees or any failure to take appropriate action by a manager or higher level authority which affects an employee negatively and includes the following acts relating to Company's personnel system:
  - a. Termination of employment
  - b. Demotion
  - c. Suspension
  - d. Written reprimand
  - e. Retaliatory investigation
  - f. Decision not to promote
  - g. Receipt of an unwarranted performance rating
  - h. Withholding of appropriate salary adjustments
  - i. Imposition of involuntary transfer or reassignment;
  - j. Elimination of the employee's position, absent a reduction in force, reorganization, or a decrease in or lack of sufficient funding, monies, or workload;
  - k. Denial of awards, grants, leaves, benefits, or training for which the employee would normally be eligible.
    - l. Other significant change in job responsibilities or working conditions which are inconsistent with the employee's position, salary or grade.
3. **Alleged wrongful conduct:** Violation of law, infringement of Company's code of conduct or ethic policy, mismanagement, misappropriation of monies, gross waste, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.



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4. **Audit Committee:** A Committee of Board of Directors comprising of all Non-Executive Directors, constituted in accordance of section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement executed with the Stock Exchange.
5. **Company:** Company means “Electrotherm (India) Limited”
6. **Compliance Officer:** Compliance Officer shall mean the officer as appointed / defined by the Company as a Compliance Officer from time to time and in default thereof, the Company Secretary in whole-time employment, for the time being.
7. **Conflict of interest:** When an employee is in a position to influence any Company activity or decision which would lead to any matter or form of personal gain for himself/herself or for his/her family member, or when he/she has a personal vested interest in such activity or decision.
8. **Discloser:** An employee who reports alleged wrongful conduct to an Audit Committee.
9. **Disclosure:** Oral or written report by an employee to an Audit Committee of alleged wrongful conduct on a matter of public concern.
10. **Disclosure investigation:** Review and determination made by the appropriate Company officer and/or designees of a disclosure.
11. **Good faith:** An employee shall be deemed to communicate in a ‘good faith’ if there is a reasonable basis for communication of unethical & improper practice or any other alleged wrongful conduct.  
  
Good faith shall be deemed lacking when the employees does not have personal knowledge of factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical & improper practices or alleged wrongful conduct is malicious, false or frivolous.
12. **Gross waste or misappropriation of public funds:** Any act, conduct or decision which is outside the scope of the alleged violator's spending or budgetary authority, or even when the action or decision is within budgetary authority, the action would be considered by a reasonable person to be grossly excessive, wasteful, or an improper use of public funds.
13. **Knowing retaliation:** An adverse personnel action taken by a manager or other authority against an employee because of a prior disclosure of alleged wrongful conduct.
14. **Managerial Personnel:** Managerial Personnel shall include Director, President, Vice-President, Manager, Departmental Head, Supervisor, or other employees who has authority to make or materially influence significant personnel decision.



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15. **Mismanagement:** Action or decision which exceeds the scope of the alleged violator's responsibilities, or even if the action is within responsibilities, the action would be considered by a reasonable person to be grossly excessive or unfair.
16. **Personnel action:** An employment-related action or decision which affects an employee positively or negatively.
17. **Unethical & Improper Practice:** Unethical & improper practices means:
  - i. Any act, which does not conform to approved standard of social and professional behavior;
  - ii. Any act which leads to unethical business practices;
  - iii. Breach of etiquette or moral offensive behaviour, etc.
18. **Violation of law:** A violation of local, state, or federal law or regulation that is applicable to the Company or its employees.
19. **Whistle Blower Policy:** A mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
20. **Whistleblower complainant ("complainant"):** A current or former employee who disclosed alleged wrongful conduct to an Audit Committee and who subsequently is subject to an adverse personnel action as a result of making the prior disclosure.
21. **Whistleblower complaint:** A complaint filed by a complainant with a Company officer alleging that an adverse personnel action was taken in retaliation for a prior disclosure of alleged wrongful conduct to an Audit Committee.
22. **Whistleblower complaint review:** A review by a Company officer or committee of a whistleblower complaint, resulting in a written decision which the Company officer provides to the complainant.
23. **Whistleblower external hearing:** A hearing conducted by an external hearing officer selected by the complainant and company to conduct a hearing if the complainant is dissatisfied with the decision of the company officer following a whistleblower complaint review.

**6. INTERPRETATION:**

Terms that have been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or in any SEBI Regulation (s) as amended from time to time.

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### **7. GUIDELINES:**

#### **1. Internal Policy & Protection under policy:**

This policy is an internal policy on access to Audit Committee, which comprises of qualified Non-Executive Directors.

This policy prohibits the Company to take any adverse personnel action against its employees for disclosing in good faith any unethical and improper practices or alleged wrongful conduct to the Audit Committee. Any employee against whom any adverse personnel action has been taken due to disclosure of information under this policy may approach the Audit Committee or in exceptional cases to the Board of Directors for appropriate relief.

#### **2. False Allegation:**

An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct to the Audit Committee shall be subject to disciplinary action, up to and including termination of employment, in accordance with Company rules, policies and procedure.

#### **3. Legitimate Employment Action**

This policy may not be used as a defense by an employee against whom an adverse personnel action has been taken for legitimate reasons or cause under Company rules and policies. It shall not be a violation of this policy to take adverse personnel action against an employee whose conduct or performance warrants that action separate and apart from that employee making a disclosure.

### **8. CONFIDENTIALITY**

Whistle-blower protections are provided in two important areas – confidentiality and against retaliation. In so far as possible, the confidentiality of the Whistle-blower will be maintained. However, identity may be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defense.

### **9. PROCEDURE:**

- Any employee who observe, any unethical & improper practices or alleged wrongful conduct shall make a disclosure to the Audit Committee as soon as possible but not later than 60 consecutive calendar days after becoming aware of the same.
- If the employee is unwilling or unable to put an oral disclosure in writing, he may approach Compliance Officer directly or through his superior or any other employee. The Compliance Officer shall prepare a written summary of the employee's disclosure and provide a copy to the employee.

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- Audit Committee shall appropriately and expeditiously investigate all whistle blower reports received. In this regard, Audit Committee, if the circumstances so suggest, may appoint senior officer or a committee of managerial personnel to investigate into matter.
- Audit Committee shall have right to outline detailed procedure for an investigation.
- Where an Audit Committee has designated a senior officer or committee of managerial personnel for investigation, they shall mandatorily adhere to procedure outlined by Audit Committee for investigation.
- The Audit Committee or officer or Committee of managerial personnel, as the case may be, shall have right to call for any information/document and examination of any employee of the Company or other person(s), as they may deem appropriate for the purpose of conducting investigation under this policy.
- A report shall be prepared after completion of investigation and the Audit Committee shall consider the same.
- After considering the report, the Audit Committee shall determine the cause of action and may order for remedies which may inter-alia include:
  - ❖ Order for injunction to restrain continuous violation of this policy.
  - ❖ Reinstatement of the employee to the same position or to an equivalent position.
  - ❖ Order for compensation for lost wages, remuneration or any other benefits, etc.
- A complainant who is dissatisfied with the decision of the company officer on the whistleblower complaint may file a request for a whistleblower hearing and proceed under the procedures as may be prescribed by the Audit Committee.

### 10. **RETENTION OF RECORDS:**

The Audit Committee shall retain, for a period of seven years, all records relating to:

- any accounting allegation or legal allegation or report of a retaliatory act, and
- the investigation of any such report.

### 11. **MODIFICATION / REVISION IN THE POLICY:**

The Audit Committee of the company can modify / revise this policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with laws and regulations and/or accommodation organizational changes within the company. Any modification or revision will be communicated appropriately.

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**12. NOTIFICATION:**

All the departmental heads are required to notify and communicate the existence and content of this policy to the employees of their department. Every departmental head shall inform to the Compliance officer that this policy was notified to each employees of his department. The new employees shall be informed about the policy by the HR department and statement in this regard should periodically submit to the Compliance Officer.

This policy as amended from time to time shall be made available with the Compliance Officer of the Company.

**13. ANNUAL AFFIRMATION:**

The Company shall annually affirm that it has not denied any personnel from accessing to Audit Committee and that it has provided protection to whistle blower from adverse personnel action.

The affirmation shall form the part of Corporate Governance Report as attached to the Annual Report of the Company.

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**14. ACKNOWLEDGEMENT AND AGREEMENT REGARDING THE WHISTLEBLOWER POLICY:**

**ACKNOWLEDGEMENT FORM**

**For The Financial Year Ended On 31<sup>st</sup> March, \_\_\_\_\_**

This is to acknowledgement that I have received a copy of the company's Whistleblower Policy. I understand that, as Public Company, the integrity of the financial information of the Company is paramount. I further understand that the Company is committed to work environment free of discrimination, retaliation or harassment for employees who have raised concerns regarding questionable accounting, internal accounting controls, or auditing matters, or reporting of fraudulent financial information, or of serious misconduct and that the company specifically prohibits discrimination, retaliation or harassment whenever an employee makes a good faith report regarding such concerns. Accordingly, I specifically agree that to the extent I have concerns that I reasonably believe to be related to questionable accounting controls, auditing matters, or reporting of fraudulent financial information, or of serious misconduct, or which is otherwise in violation of the company's policies, I will immediately report such conduct in accordance with the Company's Whistleblower Policy.

I understand and agree that to the extent I do not use the procedures outlined in the Whistleblower Policy, the company and its officers and directors shall have the right to presume and rely on the fact that I have no knowledge or concern of any such information or conduct.

I have received and read the Company's Whistleblower policy. I understand the provisions and contents contained in the Policy and also understand that there may be amendments to the contents of this Policy or additional policies of the Company or other applicable laws to advance the object of this Policy.

I, the undersigned, do solemnly agree to comply with the provisions of the Policy.

If I have any questions regarding the nature, applicability and scope of this Policy, I know I can consult the Compliance Officer of the Company, knowing that my questions or reports or complaints will be maintained in confidence.

I further agree to sign annually the acknowledgement form provided at the end of this Policy, and return the same to the Compliance Officer of the Company.

\_\_\_\_\_  
**Name of Employee**

-----  
**Date**

\_\_\_\_\_  
**Signature of Employee**