



Vigil Mechanism

Cum

Whistle Blower Policy

Of

Monnet Ispat & Energy Limited

(effective from 01st December, 2015)

MONNET

Steel | Power | Mining



PREFACE

In an endeavor to safeguard the interests of the Company, the Company has formulated various Policies. It adopted two separate Codes of Conduct, i.e. for its Directors and for its Senior Management Personnel. The Company also established Code for Prevention of Insider Trading and Code for Corporate Disclosure Practices. In compliance of the provisions of the Companies Act, 2013 ('Act') and revised Clause 49 of the Listing Agreement, the Company has amended these codes wherever required and has aligned these with Act and Listing Agreement and has also formulated various other policies as mandated in the Act and/or Listing Agreement. These lay down the principles and standards that should govern the actions of the Company, its Directors and its Employees. Any actual or potential violation of these would be deemed a matter of concern, without looking at its materiality or insignificance. To achieve this purpose, this Vigil Mechanism is expected to play vital role that will enable any person to report any violation without fear.

The Vigil Mechanism cum Whistle Blower Policy is in addition to the Codes and Policies that are and will remain in effect.

The Companies Act, 2013 contains Section 177 that requires listed companies and such class of companies, as may be prescribed, to establish a vigil mechanism for the directors and employees to report genuine concerns.

Sub section (9) & (10) of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement that will become applicable to all listed companies w.e.f. October 1, 2014, contain similar provisions with regard to :

- i) establishment of vigil mechanism for directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- ii) providing adequate safeguards against victimization of persons who use such mechanism;
- iii) making provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases; and
- iv) the details of establishment of such mechanism to be disclosed by the company on its website, if any, and in the Board's report.

Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 prescribes as follows:

- (1) Every listed company and the companies belonging to the following class or classes shall establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances-
 - (a) the Companies which accept deposits from the public;
 - (b) the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees.
- (2) The companies which are required to constitute an audit committee shall oversee the vigil mechanism through the committee and if any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.

- (3) In case of other companies, the Board of directors 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 concerns.
- (4) The vigil mechanism shall provide for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee or the director nominated to play the role of Audit Committee, as the case may be, in exceptional cases.
- (5) In case of repeated frivolous complaints being filed by a director or an employee, the audit committee or the director nominated to play the role of audit committee may take suitable action against the concerned director or employee including reprimand.

DEFINITIONS

- a. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.
- b. **“Codes”** mean two separate Codes of Conduct viz. one for Directors and other for Senior Management and Employees.
- c. **“Director”** means a Director appointed to the Board of the Company.
- d. **“Employee”** means every Employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.
- e. **“Investigators”** mean those persons authorised, appointed, consulted or approached by the Chairperson of the Audit Committee / Chairman of the Company including the Auditors of the Company and the Police.
- f. **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company’s Codes or Policies or any improper activity.
- g. **“Subject”** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- h. **“Whistle Blower”** means a Director / Employee making a Protected Disclosure under this Policy.

SCOPE

- a. The Policy is an extension of the Code of Conduct for Directors & Senior Management Personnel and covers disclosure of any unethical and improper or malpractices and events which have taken place/ suspected to take place involving:
 1. Breach of the Company’s Code of Conduct
 2. Breach of Business Integrity and Ethics
 3. Breach of terms and conditions of employment and rules thereof
 4. Intentional Financial irregularities, including fraud, or suspected fraud
 5. Deliberate violation of laws/regulations
 6. Gross or Willful Negligence causing substantial and specific danger to health, safety and environment



7. Manipulation of company data/records
 8. Pilferation of confidential/propriety information
 9. Gross Wastage/misappropriation of Company funds/assets.
- b. The Whistleblower's role is that of a reporting party with reliable information. They 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.
- c. Whistleblowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Chairman of the Audit Committee or the Investigators.
- d. Protected Disclosure will be appropriately dealt with by the Chairman of the Audit Committee or Investigator, as the case may be.

ELIGIBILITY

All Employees and directors of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company or any other Monnet Group Company.

DISQUALIFICATIONS

- a. While it will be ensured that genuine Whistleblowers 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 Whistleblower knowing it to be false or bogus or with a mala fide intention.
- c. Whistleblowers, who make three or more Protected Disclosures, which have been subsequently found to be mala fide, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistleblowers, the Company/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

PROCEDURE

- a. All Protected Disclosures concerning financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation.
- b. In respect of all other Protected Disclosures, those concerning the employees at the levels of Vice Presidents and above should be addressed to the Chairman of the Audit Committee of the Company and those concerning other employees should be addressed to the Chairman of the Company.
- c. The contact details of the Chairman of the Audit Committee of the Board of the Company are as under:

Shri Amulya Charan
Chairman – Audit Committee of Directors
B 102, Precious Gem,



Off North Main Road,
Koregaon Park,
Pune-411001

- d. 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 for further appropriate action. Appropriate care must be taken to keep the identity of the Whistleblower confidential.
- e. Protected Disclosures should preferably 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, Hindi or in the regional language of the place of employment of the Whistleblower.
- f. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistleblower. The Chairman of the Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- g. 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 and the urgency of a preliminary investigative procedure.
- h. The Whistleblower must disclose his/her identity in the covering letter forwarding such Protected Disclosure. Anonymous disclosures will not be entertained as it would not be possible to interview the Whistleblowers.

INVESTIGATION

- a. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Chairman of the Audit Committee of the Company who will investigate / oversee the investigations under the authorization of the Audit Committee. If any member of the Audit Committee has a conflict of interest in any given case, then he/she should recuse himself/herself and the other members of the Audit Committee should deal with the matter on hand. In case where a company is not required to constitute an Audit Committee, then the Board of directors 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 concerns.
- b. The Chairman of the Audit Committee may at its discretion, consider involving any Investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the 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 Whistleblower that an improper or unethical act was committed.
- d. The identity of a Subject 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 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 Investigators and/or members of the Audit Committee and/or the Whistleblower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings.
- 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.

PROTECTION

- a. No unfair treatment will be meted out to a Whistleblower 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 Whistleblowers. Complete protection will, therefore, be given to Whistleblowers 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 Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistleblower may experience as a result of making the Protected Disclosure. Thus, if the Whistleblower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistleblower to receive advice about the procedure, etc.
- b. A Whistleblower 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.
- c. The identity of the Whistleblower shall be kept confidential to the extent possible and permitted under law. Whistleblowers are cautioned that their identity may become known for reasons outside the control of the Chairman of the Audit Committee (e.g. during investigations carried out by Investigators).
- d. Any other Employee or Director assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

INVESTIGATORS

For internal use only



- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the 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 behaviour, and observance of legal and professional standards.
- c. Investigations will be launched only after a preliminary review which establishes that:
 - i. the alleged act constitutes an improper or unethical activity or conduct, and
 - ii. either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

DECISION

If an investigation leads the Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Chairman of the Audit Committee deems fit. It is clarified that any disciplinary or corrective action initiated against the Subject as

REPORTING

A report with number of complaints received under this Policy and their outcome shall be placed before the Audit Committee on a regular basis.

RETENTION OF THE DOCUMENTS

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of seven years.

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 would be binding on the Directors/ Employees unless the same is notified to the Director s/Employees.