

SAINIK FINANCE & INDUSTRIES LIMITED

VIGIL MECHANISM POLICY

[Pursuant to Section 177(9) & (10) of the Companies Act, 2013]

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1. PREFACE

- 1.1. Section 177(9) & (10) of the Companies Act, 2013 requires (i) every listed company, (ii) the Companies which accept deposits from the public and (iii) the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees, to establish a vigil mechanism for the directors and Employees to report genuine concerns, unethical behaviors, actual or suspected fraud or violation of the Company's code of conduct. Such a vigil mechanism shall provide for adequate safeguards against victimization 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.
- 1.2. Under these circumstances, Sainik Finance & Industries Limited ("the Company"), which is a listed company, proposes to establish a Vigil Mechanism and to formulate a Policy for the same.

2. POLICY OBJECTIVES

- 2.1. 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. A Vigil 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 Policy (ies). 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 Audit Committee in exceptional cases.
- 2.2. 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 against people in authority and / or colleagues in general.

3. SCOPE OF THE POLICY

- 3.1. This Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, 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 and formally reported by the Complainants concerning its Employees.

The Policy is intended to encourage and enable Employees to raise any serious concerns within the Company prior to seeking resolution outside the Company

4. **DEFINITIONS**

- 4.1. **“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”.
- 4.2. **“Audit Committee”** means a Committee constituted by the Board of Directors of the Company in accordance with the provision of section 177 of the Companies Act, 2013.
- 4.3. **“Board”** means the Board of Directors of the Company.
- 4.4. **“Company”** means Sainik Finance & Industries Limited and all its offices.
- 4.5. **“Employee”** means all the present employees and whole time Directors of the Company.
- 4.6. **“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.
- 4.7. **“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.
- 4.8. **“Vigilance and Ethics Officer”** means an officer appointed to receive protected disclosures from the Complainants, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Complainant the result thereof.
- 4.9. **“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.

5. **ELIGIBILITY**

All Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

6. **RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES.**

- 6.1. All Protected Disclosures should be reported in writing by the Complainant as soon as possible after the Complainant becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible hand writing in English.

6.2. The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as **“Protected Disclosure under the Vigil Mechanism Policy”**.

Alternatively, the same can also be sent through email with the subject **“Protected Disclosure under the Vigil Mechanism Policy”**.

6.3. Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance and Ethics Officer.

6.4. The Protected Disclosure should be forwarded under a covering letter signed by the Complainant, which shall bear the identity of the Complainant. The Vigilance and Ethics Officer shall detach the covering letter bearing the identity of the Complainant and process only the Protected Disclosure.

6.5. 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.

6.6. All Protected Disclosures should be addressed to the Vigilance and Ethics Officer of the Company. The contact details of the Vigilance and Ethics Officer is as under:-

Name and Address –

Jagdish Chandra
Chief Financial Officer
Sainik Finance & Industries Limited
129, Transport Centre, Rohtak Road,
Punjbai Bagh, New Delhi -110035

6.7. Protected Disclosure against the Vigilance and Ethics Officer should be addressed to the Chairman of the Audit Committee.

6.8. On receipt of the protected disclosure the Vigilance and Ethics Officer / Chairman/ Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure. Vigilance and Ethics Officer shall also carry out initial investigation either himself or by involving any other Employee of the Company, before referring the matter to the Audit Committee of the Company for further appropriate investigation and needful action. The record will include:

- a) Brief facts;
- b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- c) Whether the same Protected Disclosure was raised previously on the same subject;

- d) Details of actions taken by Vigilance and Ethics Officer / Chairman/ Chairman of Audit Committee for processing the complaint.
 - e) Findings of the Audit Committee
 - f) The recommendations of the Audit Committee/ other action(s).
- 6.9 The Audit Committee, if deems fit, may call for further information or particulars from the Complainant.

7. **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 Employee of the Company for the purpose of investigation.
- 7.2. The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact finding process.
- 7.3. 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.
- 7.4. Subject(s) shall have a duty to co-operate with the Audit Committee or any of the officials appointed by it in this regard.
- 7.5. 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.
- 7.6. Subject(s) have a responsibility not to interfere with 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).
- 7.7. 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. No allegation of wrongdoing against a Subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
- 7.8. Subject(s) have a right to be informed of the outcome of the investigations. 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.
- 7.9. 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.

8. DECISION AND REPORTING

- 8.1. If an investigation leads the Vigilance and Ethics Officer / Chairman of the Company / Chairman of the Audit Committee, as the case may be to conclude that an improper or unethical act has been committed, the Vigilance and Ethics Officer / Chairman of the Company / Chairman of the Audit Committee, as the case may be shall recommend such disciplinary or corrective action as they may deem fit to the Board. 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. In case the Subject is the Chairman of the Company, then 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.
- 8.4. If the report of investigation is not to the satisfaction of the Complainant, the Complainant can make appeal directly to the Chairman of Audit Committee of the Company.
- 8.5. The Complainant who makes false allegations 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 in accordance with the rules, procedures and policies of the Company.

9. SECRECY / CONFIDENTIALITY

- 9.1. The Complainant, Vigilance and Ethics Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:
 - 9.1.1. Maintain confidentiality of all matters under this Policy
 - 9.1.2. Discuss only to the extent or with those persons as required under this Policy for completing the process of investigations.
 - 9.1.3. Not keep the papers unattended anywhere at any time
 - 9.1.4. Keep the electronic mails / files under password.

10. PROTECTION

- 10.1. No unfair treatment will be meted out to the Complainant 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 the Complainant. Complete protection will, therefore, be given to the Complainants 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 Complainant's right to continue to perform his duties /functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Complainant may experience as a result of making the Protected Disclosure. Thus if the Complainant is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Complainant to receive advice about the procedure, etc.
- 10.2. The Complainant 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 Board.
- 10.3. The identity of the Complainant 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 authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure.
- 10.4. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Complainant.
- 10.5. 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.

11. **ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE**

- 11.1. The Complainant 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.

12. **COMMUNICATION**

12.1. The Vigil Mechanism Policy cannot be effective unless it is properly communicated to Employees. The Employees shall be informed through by publishing in notice board and the website of the Company.

13. RETENTION OF DOCUMENTS

13.1. 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 7(seven) years or such other period as specified by any other law in force, whichever is more.

14. ADMINISTRATION AND REVIEW OF THE POLICY

14.1. The Chairman of the Company shall be responsible for the administration, interpretation, application and review of this Policy.

15. AMENDMENT

15.1. The Company reserves its right to amend or modify this Policy in whole or in part, at anytime 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.
