

# **WHISTLE BLOWER POLICY**

**[Version 1.2]  
July 28, 2017**

**SHCIL**

## 1. Background

Stock Holding Corporation of India Limited (SHCIL) believes in conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, SHCIL has adopted Code of Conduct which is applicable to its directors and employees. Any violation of the code, however insignificant or perceived as such would be a matter of serious concern for SHCIL. The role of employees in pointing out violations of the code cannot be undermined.

The newly enacted Companies Act, 2013 (Section 177) and Companies (Meetings of Board and its Powers) Rules, 2014 provides for establishment of a vigil mechanism for its directors and employees to report genuine concerns in such manner as may be prescribed in the following class of companies.

- a. Listed company
- b. Companies which accept deposit from the public
- c. Companies which have borrowed money from banks or public financial institutions in excess of Rs.50 crore.

The Act also provides that the vigil mechanism shall be disclosed by the Company on its website and in the Board Report. The listing agreement (clause 49) provides for similar provisions. As on date, SHCIL is not a listed entity nor has it accepted deposits from public or borrowed money from banks and public financial institutions in excess of Rs.50 crore. Nevertheless, SHCIL has always endeavored to comply with Corporate Governance norms. Whistle Blower policy / Vigil Mechanism is a step in that direction.

Accordingly, this Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and Directors of SHCIL to approach the Designated Authority / Chairman of the Audit Committee of SHCIL.

## 2. Preamble / Preface

SHCIL has devised a Whistle Blower Policy for Directors and employees to report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of its code of conduct. The mechanism shall provide for adequate safeguards against victimization of Director(s)/employee(s) who avail of the mechanism and also provide for direct access in exceptional cases to the Chairman of the Audit Committee at his email id [mallyaparakash130@gmail.com](mailto:mallyaparakash130@gmail.com). However, this policy is an internal document of SHCIL and has been framed for the purpose defined above.

### 3. Definitions

The definitions of some of the key terms used in this policy are given below :

- a) “Audit Committee” means the Audit Committee of the Board constituted by the Board of Directors of SHCIL.
- b) “Director” means Directors in the employment of SHCIL
- c) “Competent Authority” means MD & CEO of SHCIL and will include any person(s) to whom he may delegate any of his powers as the Competent Authority under this policy from time to time. In case of conflict of interest, Competent Authority means Chairman of the Audit Committee.
- d) “Designated Authority” means Chief Vigilance Officer (CVO) of SHCIL. In the absence of CVO, Designated Authority will mean the Grievance Redressal Committee of SHCIL.
- e) “Whistle Blower” means an employee or Director making a Protected Disclosure under this policy.
- f) “Protected Disclosure” means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity concerning SHCIL or its subsidiaries.
- 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.

Terms that have not been defined here specifically shall have the same meaning assigned to them in this Policy. In case of doubt on any term used in this Policy, interpretation of Competent Authority will be final and binding.

### 4. Objective

The policy aims at quickly spotting aberrations and dealing with them at the earliest to prevent any pecuniary or esteem loss to SHCIL. Under the policy the employees making “Protected Disclosure” in good faith shall be assured of confidentiality and protection as Whistle Blower against any retaliatory action intended to humiliate, harass them in any form.

## 5. Applicability

The Whistle Blower Policy shall apply only to Director(s) and all employees of SHCIL.

## 6. Eligibility

The Director(s) and employees of the SHCIL are eligible to make “Protected Disclosures” under the Policy. The Protected Disclosure may be in relation to matters concerning SHCIL and its subsidiary companies which may relate to concerns about unethical behaviour, actual or suspected fraud or violation of the company’s code of conduct or ethics policy, willful attempt to exceed delegated authority by virtue of which either demonstrable loss may be caused to SHCIL or its subsidiary companies or demonstrable wrongful gain may accrue to the person against whom protected disclosure is being made.

## 7. Scope and Coverage

The policy is designed in such a way that it shall help / protect the person making protected disclosure to the management of SHCIL or in exceptional cases to the Chairman of the Audit Committee against any instance of wrongdoing and malpractices within SHCIL and its subsidiary companies. However, the disclosures should be made in a reasonable time frame. The few instances when the protected disclosure may be made are:

- a) Criminal offence (e.g., fraud, corruption or theft) committed / likely to be committed.
- b) Failure to comply with legal / regulatory obligations
- c) Violation of Code of Conduct framed by SHCIL
- d) Destruction of official records / information / evidences with mala fide intention.
- e) Incidence of sexual harassment of a member of staff, clients and service providers of SHCIL
- f) Breach of SHCIL Staff Regulations
- g) Embezzlement causing pecuniary loss to SHCIL
- h) Submission of fake bills.
- i) Discrimination against a member of staff, client or service provider on the grounds of sex, caste, religion or disability.

- j) An act which leads to unethical business practices.
- k) An act which does not conform to approved standard of social and professional behaviour.

#### 8. Protection to Whistle Blower

Under Whistle Blower Policy, SHCIL shall ensure that any director or employee who has made a protected disclosure under the Policy or rendered assistance in inquiry under the policy, is not victimised by initiation of any proceedings or otherwise merely on raising alarm over any wrongdoing in SHCIL. Such Whistle Blower need not fear the risk of losing his/her job, transfer, demotion, refusal of promotion, disciplinary action, retaliation, alienation from peers, any type of obstruction in his functioning at his workplace. His right derived from the position being held by him in SHCIL shall be protected at any cost. Any other employee assisting in the inquiry / investigation shall also be protected to the same extent as the Whistle Blower. However, this protection will be available to him/her subject to the following:

- (i) That the disclosure has been made in good faith and is genuine.
- (ii) That the person making disclosure has made a personal declaration that he/she reasonably believes the information to be substantially true.
- (iii) That the complaint is not motivated or vexatious.
- (iv) That the complaint is not made for personal gains.
- (v) That the complaint has been made in the role of Whistle Blower and not just as a complainant.

This assurance will not be extended to the employee who has made a disclosure mala fide and knowingly that it was incorrect or false or misleading. In such case, he shall be liable to Disciplinary Action(s) to be decided by the Competent Authority or Committee constituted under this Policy.

If the employee raising alarm as Whistle Blower is aggrieved by any action on the ground that he is being victimized due to the fact that he had filed a complaint or disclosure, he may file an application before the MD & CEO or Chairman of Audit Committee, as the case may be, for seeking redressal in the matter, who shall take such action as deemed fit.

#### 9. Procedure for Disclosure

Designated Authority, which accepts such disclosures, will have the responsibility of keeping the identity of the employee making disclosure as secret. Hence, the person making any protected disclosure will have to comply with the following conditions:

- (i) The protected disclosure should be sent to email id : [whistle.blower@stockholding.com](mailto:whistle.blower@stockholding.com) or in a closed/secured envelope.
- (ii) The envelope should be addressed to “Chief Vigilance Officer”, SHCIL, 301, Centre Point, Dr. B. Ambedkar Road, Parel, Mumbai 400012, and should be super scribed “Complaint under Protected Disclosure Scheme of SHCIL”. If the envelope is not super scribed and closed, it may not be possible for the Designated Authority of SHCIL to protect the identity of employee making disclosure under this Policy. The Whistle Blower should give his/her name and address in the beginning or end of complaint or in an attached letter. However, the Whistle Blower should not write his name and address on the envelope itself.
- (iii) Anonymous/pseudonymous complaints shall not be entertained.
- (iv) If the Whistle Blower believes that there is a conflict of interest between the Designated Authority and the Whistle Blower, he/she may send his/her protected disclosure to the MD & CEO and in case conflict of interest with MD & CEO, the disclosure may be sent to Chairman of the Audit Committee of SHCIL.
- (v) With a view to protect his/her identity, the Designated Authority in SHCIL will not issue any acknowledgement and the Whistle-Blowers are advised not to enter into any further correspondence with the Designated Authority in their own interest. In case, SHCIL needs the assistance of Whistle Blower in investigation into the complaint, he/she will be required to cooperate in that matter.

#### 10. Procedure for Inquiry/Investigation

- (i) All complaints will be recorded and acted upon promptly.
- (ii) Where complaint has no basis or substance at all, then based on the recommendations of the Designated Authority it will be dismissed at this stage by the Competent Authority and decision will be documented. Where the Competent Authority is prima facie satisfied that the complaint carries a vigilance angle and warrants investigation, the complaint will be investigated by the Designated Authority.
- (iii) Once the decision to enquire/investigation is taken, the Designated Authority will ensure that the complaints are inquired/investigated and action taken to its logical conclusion within a reasonable time

which would normally be completed within 45 days of the receipt of protected disclosure.

#### 11. Decision

If the inquiry / investigation leads the Designated Authority / Chairman of the Audit Committee to conclude that an improper or an unethical act has been committed the Designated Authority / Chairman of the Audit Committee shall recommend to the Competent Authority to take such disciplinary or corrective action as the Disciplinary Authority / 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 the inquiry / investigation pursuant to this policy shall adhere to the applicable SHCIL service manual / code of conduct.

#### 12. Reporting

The Designated Authority shall submit a report to the Chairman of the Audit Committee on a quarterly basis about all protected disclosures referred to him or her since the last report together with the results of investigations, if any.

#### 13. Maintenance of record

- (i) The Designated Authority will personally open all the emails/envelops pertaining to the matters under the policy.
- (ii) He will ensure that a register is maintained for recording complaints marking the number of the complaint and date of its receipt.
- (iii) The Designated Authority will bring the complaint to the notice of MD & CEO or the Chairman of Audit Committee, as the case may be, immediately on its receipt.
- (iv) All protected disclosures in writing or documents along with the results of investigation relating thereto shall be retained by the Disciplinary Authority for a minimum period of 7 years.

#### 14. Responsibility for implementation

The Audit Committee of Directors of SHCIL shall have the responsibility for overseeing the Whistle Blower / Vigil Mechanism in SHCIL.