



VIGIL POLICY AND WHISTLE BLOWER MECHANISM

VIGIL POLICY AND WHISTLE BLOWER MECHANISM

Preamble

Shivalik Engineering Industries Limited (“Company”) believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity, and ethical behaviour. Any action by the concerned stakeholder of the Company which undermines the ethical fabric would be a matter of serious concern for the Company. The Company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct or violation of law in force.

The Company has adopted a code of conduct for Directors and senior management personnel, which lays down the principles and standards that should govern the actions of the Company, its Directors, and its employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company.

Sections 177 (9) and 177(10) of the Companies Act, 2013, as amended (“**Companies Act**”) read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended and regulation 4(2)(d)(iv) and regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”) require the Company to establish a vigil mechanism by way of Whistle Blower Policy (“**Policy**”), for all the employees and Directors to report instances of unethical practices, illegal activities and/or actual or suspected fraud or violation of the Company’s code of conduct or ethics policy. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate cases.

Definitions:

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

- a) “**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;
- b) “**Audit Committee**” means the Audit Committee of the Board;
- c) “**Board**” means the Board of Directors of the Company;
- d) “**Chairman**” or “**Ombudsman**” means the Chairman of the Audit Committee;
- e) “**Chief Executive Officer**” means the Managing Director of the Company;
- f) “**Code**” means the Code of Conduct adopted by the Company;
- g) “**Company**” means Shivalik Engineering Industries Limited;
- h) “**Directors**” means Directors on Board of the Company;

- i) “**Disciplinary Action**” means any action that can be taken on the completion of/during the investigation proceedings including, but not limiting to a warning, imposition of fine, suspension from official duties, or any such action as is deemed to be fit considering the gravity of the matter;
- j) “**Employee**” means every employee (including permanent) of the Company (whether working in India or abroad), including the Directors in the employment of the Company;
- k) “**Good Faith**”: An employee shall be deemed to be communicating in good faith if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge on a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false, or frivolous;
- l) “**Investigators**” mean those persons authorised, appointed, consulted or approached by the Company and/ Chairman of the Audit Committee and includes the statutory or internal auditors of the Company and the police;
- m)-
- n) “**Protected Disclosure**” means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity, illegal, inappropriate, and harmful activities to the Company. It should be factual and be capable of being substantiated with evidence and not speculative and be specific to enable proper assessment and redressal;
- o) “**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;
- p) “**Whistle Blower**” shall mean a person (including an artificial person) who makes a Protected Disclosure under this Policy. He / she are neither an investigator nor a finder of facts, nor does he/ she determine the appropriate corrective or remedial action that may be warranted; and
- q) “**Whistle Blower Protection Committee**” or “**Committee**” shall be the committee constituted by Ombudsman for investigation, inquiry, and redressal.

Objective

The purpose of this Policy is to provide a framework to promote a culture of responsible and secure whistle blowing, wherein the stakeholders can raise/report any suspected or actual instances of unethical behaviour, actual or suspected fraud or violation of Company’s code of conduct and ethics policy.

This Policy has been constituted pursuant to the stated provisions of the Companies Act and provides for direct access to the Chairman of the Audit Committee in

exceptional cases and ensures that the Whistle Blower is provided with adequate safeguards against victimization.

This Policy neither releases the employees (both permanent and contract) from their confidential obligations in their course of work nor serves as a route to raise allegations with malicious or baseless intentions.

Scope

This Policy is an extension of the Code of Conduct. The Whistle Blower'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.

Whistle Blowers 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 Ombudsman or the Committee or the Investigators.

Protected Disclosure will be appropriately dealt with by the Ombudsman, or the Committee.

This Policy covers actual or suspected malpractice, illegal activities and instances as indicated under the illustrative list below and allows the Whistle Blower to report the same to the Ombudsman:

- a) Breach of Company's Code of Conduct;
- b) Breach of contract;
- c) Breach of Company Policy or improper practice of the Company's policies or procedures, failure to implement or comply with any approved Company Policy;
- d) Negligence causing substantial and specific danger to public health and safety;
- e) Manipulation of Company's data/records;
- f) Breach of terms and conditions of employment and service rules;
- g) Breach of business integrity and ethics;
- h) Deviation from company policy/process, manipulation of data/records;
- i) Deliberate violation of law/regulation, unlawful in the region (or) state;
- j) Financial irregularities, which may lead to incorrect reporting/loss to customers, and including fraud or suspected fraud or deficiencies in internal control and check or deliberate error in preparations of financial statements or misrepresentation of financial reports;
- k) Violation of confidential and IPR obligations;
- l) Misuse of Company's assets/funds (for example forged bills, personal use of Company assets etc.);
- m) Abuse of authority;
- n) Any undue favour to customer(s) for personal gains (For example forging of documents, deliberately hiding important facts etc.);
- o) Criminal offence;
- p) Any other unethical, biased, favoured imprudent event;
- q) Any unlawful act, whether criminal/civil;
- r) Pilferage of confidential/proprietary information;
- s) Wastage/misappropriation of Company's funds/assets;
- t) Demanding and/or accepting gratification;

- u) Obtaining a valuable thing without or inadequate consideration from a person with whom the Company may have official dealings; and
- v) Obtainment of pecuniary benefits for self or any other person by corrupt or illegal means or abusing of position and other matters or activity on account of which the interest of the Company is affected.

The Policy should not be used for raising malicious or unfounded allegations against colleagues or superiors. The above should be supported by proper evidence and reliable information. Care should be taken not to indulge in baseless allegation and should not be used in place of the Company's grievance procedures.

If a complaint, after an investigation proves to be frivolous, malicious, or made with an ulterior intent, the Audit Committee shall take appropriate disciplinary against the concerned Whistle Blower.

Any Employee and/or Director, knowingly hiding information in any form regarding any unethical practice/activities/behaviour in one's work place will also constitute unethical practice on the Employee's part.

Eligibility

All the stakeholders 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 to any other related Company in the group or the concerned employees or stakeholders.

Guiding Principles

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- Ensure that the Whistle-blower and/or the person processing the Protected Disclosure is not victimized for doing so.
- Treat victimization as a serious matter, including initiating disciplinary action, if required, on such person/(s).
- Ensure complete confidentiality.
- Not attempt to conceal evidence of the Protected Disclosure.
- Take disciplinary action if anyone destroys or conceals evidence of the Protected Disclosure made/to be made.
- Provide an opportunity of being heard to the persons involved especially to the Subject.
- Disclosure in writing to be sent/ handed over in a sealed cover to the Managing Director & Chief Executive Officer/ Chairman of the Audit Committee.

Anonymous allegation

Whistleblowers must put their names to allegations as follow-up questions and investigation may not be possible unless the source of the information is identified. Disclosures expressed anonymously will ordinarily NOT be investigated.

Role of Whistleblower

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.

Whistle Blowers 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 Moral Inspector or the Chairman of the Audit Committee or the Investigators.

Disqualification

While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will 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 mala fide intention.

Whistle Blowers, who are found to be making frivolous, baseless, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy.

Procedure

A Whistle Blower can raise a concern with the Chairman of the Audit Committee by sending an email.

The email ID of Chairman of the Audit Committee/ Ombudsman: ombudsman@shivalikengineering.com.

In the event the Chairman of the Audit Committee has a conflict of interest in relation to a Protected Disclosure received by him, the Chairman of the Audit Committee shall recuse himself from the matter and forward such Protected Disclosure to other members of the Audit Committee. The Audit Committee shall then nominate another member of the Audit Committee to exercise the role of the Chairman as set out in this Policy in relation to such Protected Disclosure.

If a Protected Disclosure is received by any executive of the Company, the same should be forwarded to the Ombudsman for further appropriate action.

Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised and should be sent by e-mail to the Chairman of the Audit Committee.

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.

A Whistle Blower must disclose his/her identity, which shall be protected under this policy.

A Whistle Blower may or may not receive acknowledgement while raising concern.

Ombudsman

The Ombudsman shall be responsible to manage the Whistle Blower complaints of all the stakeholders and to redress any other compliance or internal issues and shall be primarily responsible, including but not limited to the following:

- a) Ensure that the policy is being implemented.
- b) Ascertain prima facie the credibility of the charge.
- c) If initial enquiry indicates further investigation is not required, close the issue after documenting the enquiry.
- d) Where further investigation is indicated carry this through (or) by appointing a Committee if necessary.
- e) Ensure that necessary safeguards are provided to the complainant.
- f) Providing necessary feedback to the whistle blower on the progress of the investigation.
- g) Submit a report to the Board of Directors on quarterly basis or such other period as may be determined by the Board.

Whistle Blower Protection Committee

The Ombudsman may constitute a Whistle Blower Protection Committee for the purpose of independent evaluation and to assist in conducting investigation, inquiry and suggesting remedial actions. The members of the Committee will be decided by the Ombudsman.

Responsibilities of Investigators

- 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 behavior, 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.

Investigation Process

- a) All Protected Disclosures reported under this Policy will be thoroughly investigated as per the policy laid down by the Ombudsman or the Whistle Blower Protection Committee constituted by the Ombudsman, if any.

- b) The decision to conduct an investigation taken by the Ombudsman or the Committee is by itself not an accusation and is to be treated as a neutral fact-finding process.
- c) 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 Ombudsman, Committee and any authorised official of the Company authorised by the Ombudsman or the 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 Ombudsman / 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 reasonable costs.
- 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.
- k) The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.
- l) The Audit Committee, if required, may call for further information or particulars from the Whistle Blower, for the purpose of investigation.

Protection

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, victimization, 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 minimize 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.

Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

Decision and reporting

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

A quarterly report on such findings shall be placed before the Audit Committee and the Board.

In case the Subject is the Chairman/ Chief Executive Officer 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.

If the report of the investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating entity.

A complainant who makes false allegations of unethical and 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.

Accountabilities - Whistleblowers

- Bring to early attention of the Company any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern. Delay in reporting may lead to loss of evidence and financial loss for the Company;
- Avoid anonymity when raising a concern;
- Follow the procedures prescribed in this policy for making a Disclosure;
- Co-operate with investigating authorities, maintaining full confidentiality;
- The intent of the policy is to bring genuine and serious issues to the fore and it is not intended for petty disclosures;
- A whistle-blower has the right to protection from retaliation; and
- Maintain confidentiality of the subject matter of the Disclosure and the identity of the persons involved in the alleged malpractice/violation. It may forewarn the Subject in case any important evidence is likely to be destroyed.

In exceptional cases, where the whistleblower is not satisfied with the outcome of

the investigation carried out by the Vigilance Officer, he/she can make a direct appeal to the Chief Executive Officer of the Company.

Accountabilities – Vigilance Officers and Investigators

- Conduct the enquiry in a fair, unbiased manner;
- Ensure complete fact-finding;
- Maintain strict confidentiality;
- Decide on the outcome of the investigation;
- Recommend an appropriate course of action - suggested disciplinary action, including dismissal, and preventive measures; and
- Minute Investigators' deliberations and document the final report.

Rights of a Subject

- Subjects have a right to be heard and the Whistle Officer must give adequate time and opportunity for the subject to communicate his/her say on the matter.
- Subjects have the right to be informed of the outcome of the investigation and shall be so informed in writing by the Company after the completion of the inquiry/ investigation process.
- Subjects have a right to consult with a person or persons of their choice, other than the Investigators 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.

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 authorized to prescribe suitable directions in this regard.

Communication

A whistle Blower policy cannot be effective unless it is properly communicated to employees. Therefore, this policy shall be put up on the notice board at the Company premises and published on the website of the company.

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 minimum period of eight years or any other period, specified by any other law for the time being in force.

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 will be binding on the Employees unless the same is notified to the Employees in writing.

The Board of Directors of the Company, subject to the recommendation of the Audit Committee, if any, shall have the right to amend the Policy.

Notification

The new employees shall be informed about the Policy by the human resources department at the time of induction or orientation program.

Secrecy/Confidentiality:

The Whistle Blower and all the stakeholders involved in the process shall:

- a) Maintain complete confidentiality/ secrecy of the matter.
- b) Not to discuss the matter in any informal/social gatherings/ meetings.
- c) Discuss only to the extent or with the persons required for the purpose of completing the process and investigations.
- d) Not to keep the papers unattended anywhere at any time.
- e) Keep the electronic mails/files under password.
- f) If anyone is found not complying with the above, he/she shall be held liable for such disciplinary action as is considered fit.

All reports and records associated with Protected Disclosures are considered confidential information and access will be restricted to the Whistle-blower and Vigilance Officer. Protected Disclosures and any resulting investigations, reports, or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at the time.

Administration and review of the Policy

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

Reports

A quarterly status report on the total number of complaints received during the period, with summary of the findings of the Vigilance Officer and the corrective actions taken will be sent to the Chief Executive Officer of the Company.

Disclosure in the Annual Report

The details of establishment of Vigil Mechanism/Whistle Blower Policy shall be disclosed by the Company in its Annual Report in the Board's report.

Annual Affirmation

The Company shall annually affirm that it has not denied access by any Directors or Employee to the Audit Committee and that it has provided protection to Whistle Blower from adverse personnel action. The affirmation shall form part of corporate governance report as attached to the Annual Report of the Company.

Disclaimer: The Company reserves the right to alter, amend or withdraw this Policy either in part or in full based on management's discretion.