

SWASTIKA CASTAL LTD

Vigil Mechanism/Whistle Blower Policy

Background Note

The shares of the Company are listed in the Bombay Stock Exchange-SME Segment. The Listing Agreement between listed companies and the Stock Exchanges (Clause 49 (II)(F)) inter alia provides a mandatory requirement for all listed companies to establish a mechanism called “Whistle Blower Policy” for employees to report to the management concerns about unethical behavior, actual or suspected fraud, or violation of the company’s code of conduct or ethics policy. This mechanism is also required to provide for adequate safeguards against victimization of employees who avail of the mechanism and for direct access to the Chairman of the Audit Committee.

Section 177(a) of the Companies Act, 2013 also requires every listed company to constitute a Vigil Mechanism.

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Works / Factory

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VIGIL MECHANISM/WHISTLE BLOWER POLICY

1. Preamble:

The Company believes in conducting its business in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity, and ethical behavior. As such, the Company endeavors to work against corruption in all its forms, including the demand and acceptance of illegal gratification and abuse of official position with a view to obtaining pecuniary advantage for self or any other person.

The Company has framed and adopted Conduct, Discipline, and Appeal rules, Service Rules, and Standing Orders which govern the conduct of Management employees and workmen.

Any actual or potential violation of the Company's rules, regulations, and policy governing the conduct of business is a matter of serious concern for the Company. The Company is, therefore, committed to developing a culture where it is safe for employees to raise concerns about instances, if any, where such rules, regulations, and policy are not being followed, or any fraud has been committed, or business has been conducted in an unethical manner.

Clause 49 (II)(F) of the Listing Agreement between listed companies and the Stock Exchanges provides that all listed companies establish a vigil 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. This mechanism is also required to provide for adequate safeguards against victimization of directors and employees who avail of the mechanism and for direct access to the Chairman of the Audit Committee.

Section 177(a) of the Companies Act, 2013 also mandates every listed company to constitute a Vigil Mechanism.

The objective of the Whistle Blower Policy is to build and strengthen a culture of transparency and trust in the organization and to provide employees with a framework/procedure for responsible and secure reporting of improper activity/serious irregularities within the Company.

The policy does not absolve employees from their duty of confidentiality in the course of their work. It is also not a route for taking up personal grievances.

2. Definitions:

1. **The Company** means Swastika Castal Ltd.
2. **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, read with Clause 49(b) of the Listing Agreement with the Stock Exchanges.
3. **Competent Authority** means the Managing Director & Whole-Time Directors of the Company and will include any person(s) to whom they may delegate any of their powers as the Competent Authority under this policy from time to time.
4. **Employee** means every employee whose name appears on the rolls of the Company (whether working in India or abroad), including the functional Directors of the Company.

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5. **Improper Activity** means any activity by an employee of the Company that is undertaken in performance of his or her official duty, whether or not that act is within the scope of his or her employment, and that is in violation of any law or the rules of conduct applicable to the employee, including but not limited to abuse of authority, breach of contract, manipulation of Company data, pilferage of confidential/proprietary information, criminal offense, corruption, bribery, theft, conversion or misuse of the Company's property, fraudulent claims, or willful omission to perform the duty, or that is economically wasteful or involving gross misconduct, incompetence or gross inefficiency, and any other unethical biased, favored, or imprudent act. Activities which have no nexus to the working of the Company and are purely of a personal nature are specifically excluded from the definition of Improper Activity.
6. **Investigators** means those persons authorized, appointed, consulted, or approached by the Managing Director & Whole-Time Directors/Competent Authority in connection with conducting investigation into a protected disclosure and includes the Auditors of the Company.
7. **Protected Disclosure** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or "Improper Activity."
8. **Service Rules** means the Conduct, Discipline, and Appeal rules and the applicable Standing Orders, as the case may be.
9. **Subject** means an employee against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
10. **Whistle Blower** means an Employee making a Protected Disclosure under this policy.

3. Eligibility:

All employees of the Company are eligible to make "Protected Disclosures".

4. Guiding Principles:

1. Protected disclosures are acted upon in a time-bound manner.
2. Complete confidentiality of the Whistle Blower is maintained.
3. The Whistle Blower and/or the person(s) processing the Protected Disclosure are not subjected to victimization.
4. Evidence of the Protected Disclosure is not concealed, and appropriate action, including disciplinary action, is taken in case of attempts to conceal or destroy evidence.
5. The subject of the Protected Disclosure (i.e., person against or in relation to whom a protected disclosure has been made) is provided an opportunity of being heard.

5. Whistle Blower – Role & Disqualification:

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A) Role:

1. The Whistle Blower's role is that of a reporting party with reliable information.
2. The Whistle Blower is not required or expected to conduct any investigations on his own.
3. The Whistle Blower does not have any right to participate in investigations.
4. Protected Disclosure will be appropriately dealt with by the Competent Authority.
5. The Whistle Blower shall have a right to be informed of the disposition of his disclosure except for overriding legal or other reasons on his written request.

B) Disqualifications:

1. Genuine Whistle Blowers will be accorded protection from any kind of unfair treatment/victimization. However, any abuse of this protection will warrant disciplinary action against him.
2. Whistle Blowers who make any Protected Disclosures, which have been subsequently found to be motivated, malafide, malicious, frivolous, baseless, or reported otherwise than in good faith, will be liable for disciplinary action as per the applicable Service Rules.
3. Whistle Blowers who make three Protected Disclosures, which have been subsequently found to be malafide, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this policy.

6. Procedures – Essentials and Handling of Protected Disclosure:

1. The Protected Disclosure/Complaint should be attached to a letter bearing the identity of the Whistle Blower/complainant (i.e., his/her Name, Employee Number, and Location), and should be submitted in a closed/secured/sealed envelope addressed to the Competent Authority, which should be superscribed "Protected Disclosure". (If the envelope is not superscribed and closed/sealed/secured, it will not be possible to provide protection to the Whistle Blower as specified under this policy).
2. If the Whistle Blower believes that there is a conflict of interest between the Competent Authority and the Whistle Blower, he may send his protected disclosure directly to the Chairman of the Audit Committee of the Company c/o the Company Secretary.
3. Anonymous or pseudonymous protected disclosures shall not be entertained.
4. Protected Disclosures should either be typed or written in legible handwriting in English, Hindi, or the regional language of the place of employment of the Whistle Blower and should provide a clear understanding of the Improper Activity involved or the issue/concern raised.
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 and should keep in investigation.

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- Investigations into any improper activity that is the subject matter of an inquiry or order under the Public Servants Inquiries Act, 1850 or under the Commissions of Inquiry Act, 1952 will not come under the purview of this policy.

7. Investigation and Role of Investigators:

Upon receipt of Protected Disclosure, the Competent Authority shall detach the covering letter and verify/confirm the authenticity of the Whistle Blower. On receipt of confirmation, the protected disclosure may be forwarded to the investigators for investigation.

A) Investigation:

- Investigations will be launched only after a preliminary review by the Competent Authority which establishes that:
 - i) The alleged act constituted an improper or unethical activity or conduct, and
 - ii) The allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information but it is felt that the concerned matter deserves investigation.
- If the Competent Authority determines that an investigation is not warranted, reason(s) for such determination shall be recorded in writing.
- If the Competent Authority is prima facie satisfied that the Protected Disclosure warrants investigation of the alleged improper activity, Competent Authority will direct appropriate investigating machinery of the Company to investigate the matter.
- The decision to conduct an investigation taken by the Competent Authority is by itself not to be construed as an accusation and is to be treated as a neutral fact-finding process.
- 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.
- Subjects will normally be informed of the allegations at the outset of a formal investigation and will be given opportunities for providing their inputs during the investigation.
- Subjects shall have a duty to cooperate with the Competent Authority or any of the Investigators during the investigation to the extent that such cooperation will not compromise self-incrimination protections available under the applicable laws.
- 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.

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9. Unless there are compelling reasons not to be 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.
10. Subjects have a right to be informed of the outcome of the investigation.
11. The investigation shall be completed normally within 45 days of the date of receipt of the protected disclosure or such extended period as the Competent Authority may permit for reasons to be recorded.

B) Role of Investigators:

1. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority from the Audit Committee/Competent Authority when acting within the course and scope of their investigation.
2. All Investigators shall perform their role in an independent and unbiased manner. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of professional standards.

8. Protection:

1. The identity of the Whistle Blower shall be kept confidential.
2. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.
3. Complete protection will be given to Whistle Blowers against any unfair practices 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 Disclosures.
4. If the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, arrangements will be made for the Whistle Blower to receive advice about the procedure. Expenses incurred by the Whistle Blower in connection with the above, towards travel etc. will be reimbursed as per normal entitlements.
5. A Whistle Blower may report any violation of the above clause to the Competent Authority, who shall investigate into the same and take corrective actions as may be required.
6. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

9. Action:

1. If the Competent Authority is of the opinion that the investigation discloses the existence of improper activity which is an offense punishable in law, the Competent Authority may direct the concerned authority to take disciplinary action under the provisions of applicable Service Rules and/or initiate action under applicable statutory provisions.

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2. If the Competent Authority is of the opinion that the investigation discloses the existence of improper activity which warrants disciplinary action against the subject employee(s), the Competent Authority shall report the matter to the concerned Disciplinary Authority for appropriate disciplinary action.
3. If the Competent Authority is satisfied that the protected disclosure is false, motivated, or vexatious, the Competent Authority may report the matter to the concerned Disciplinary Authority for appropriate disciplinary action against the Whistle Blower.
4. The Competent Authority shall take such other remedial action as deemed fit to remedy the improper activity mentioned in the protected disclosure or to prevent the re-occurrence of such improper activity.
5. If the Competent Authority is of the opinion that the investigation discloses that no further action on the protected disclosure is warranted, he shall so record in writing.

10. Reporting and Review:

The Competent Authority shall submit a quarterly report of the protected disclosures received, the investigation conducted, and the action taken report to the Audit Committee of the Board of Directors of the Company annually. The Audit Committee shall have the power to review any action or decision taken by the Competent Authority.

11. Retention of Documents:

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

12. Amendments:

This policy can be modified or repealed at any time by the Board of Directors of the Company.

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