

# **Vigil Mechanism / Whistleblower Policy**

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**Version 1.0**

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## 1 Preamble

1.1 Section 177 of the Companies Act, 2013 (“the Act”) read with Rule 7 of The Companies (Meetings of Board and its Power) Rules, 2014 inter alia states that every:

- (a) Listed Company;
- (b) The Companies which accept deposits from the public;
- (c) The Companies which have borrowed money from banks and financial institutions in excess of Rs. 50,00,00,000/- (Rupees Fifty crores only);

Shall establish a vigil mechanism for the Directors and employees to report genuine concerns or grievances.

1.2 The vigil mechanism provides a channel especially to the employees of the Company to report to management, concerns about unethical behavior, actual or suspected fraud or violation of this policy. Such a mechanism is intended to provide for adequate security against victimization of Directors and employees who may use such a mechanism and make provision for direct access to top-level management of the Company.

1.3 Under these circumstances, **M/s. Hindustan Pencils Private Limited (CIN: U36991MH1955PTC009500)**, a Company registered under Companies Act, 1956, having its registered office at 510, Himalaya House, 79 Palton Road, Opp JJ Flyover, Fort, Mumbai- 400001, Maharashtra, India, being a **Private Limited Company**, proposes to establish a Vigil Mechanism and to formulate a policy for the same due to borrowing criteria.

1.4 Being a private Limited Company, the Company is not required to constitute Audit Committee; however, the Board of directors shall nominate a director to play the role of the audit committee for the purpose of vigil mechanism to whom other directors and employees may report their concerns.

## 2 Objectives

2.1 Hindustan Pencils Private Limited believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. 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.

2.2 The purpose of this Policy is to provide a mechanism for directors and employees for reporting genuine concerns or grievance.

2.3 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 Terms and References

Some of the key terms and reference used in this Policy shall have the following meanings:

3.1 **“Board”** means the Board of Directors of the Company.

3.2 **“Chairman”** shall mean Chairman of the Company.

3.3 **“Hindustan Pencils Group”** comprising M/s. Hindustan Pencils Private Limited and all its subsidiaries, associate and sister concern companies/firms/any other entities.

3.4 **“Designated Director/ Vigilance Officer”** means designated director nominated by the Board for the purpose of addressing protected disclosures as received from whistleblowers, maintaining records thereof, disposal and informing the whistleblower the result thereof under Vigil Mechanism Policy.

3.5 **“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 a fine, suspension from official duties or any such action as is deemed to be fit, considering the gravity of the matter.

3.6 **“Employee”** means any employees of the Company including contractual employees, workers and the directors of the Company (Whether working in India or abroad).

3.7 **“Investigators”** mean those selected employees or third parties assigned, authorized, appointed, consulted or approached by the Board from time to time and includes the auditors of the Company and the police for the purpose of addressing the complaints / protected disclosures made under Vigil Mechanism.

3.8 **“Policy”** means the Vigil Mechanism/Whistleblower Policy of the company.

3.9 **“Protected Disclosure”** means any bonafide communication of any improper activity in relation to the matters concerning the Company, raised by a Director/Employee of the Company and/or any other related Group Companies of Hindustan Pencils or a group of such persons through a written communication and made in good faith. 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.

3.10 **“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.

3.11 **“Whistleblower”** is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

## 4 Scope and Exclusions

4.1 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 whistleblowers concerning its employees (hereinafter referred to as “reportable matter”). Following are certain events which are illustrated below:

- (a) Breach of the Code of Conduct;
- (b) Violation of any law or regulations, policies including but not limited to corruption, bribery, theft, fraud, coercion and willful omission;
- (c) Criminal Offence having repercussions on the Company or its reputation;
- (d) Rebating of Commission / benefit or conflict of interest;
- (e) Procurement frauds. - Mismanagement, gross wastage or misappropriation of Company’s funds / assets;
- (f) Manipulation of Company data / records;

- (g) Misappropriating cash / Company assets;
- (h) leaking confidential or proprietary information;
- (i) Unofficial use of Company's property / human assets;
- (j) Activities violating Company policies;
- (k) A substantial and specific danger to public health and safety;
- (l) An abuse of authority or fraud;
- (m) Leak or suspected leak of any financial or confidential/ Sensitive Information of the Company;
- (n) Sharing of undesirable content relating to the Company on any Social Media Platform.

However, complaints concerning personal grievances such as professional development, issues of employee compensation, sexual harassment are specifically excluded from this policy.

4.2 This Policy applies to all Employees and Directors of the Company, regardless of their location, are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company or any other related Group Companies of Hindustan Pencils.

## **5 Disqualification**

5.1 While it will be ensured that genuine Whistleblowers are accorded complete protection from any kind of unfair treatment as herein set out, however, any abuse of this protection will warrant appropriate disciplinary action.

5.2 The Designated Director/Vigilance Officer would reserve its right to take/recommend appropriate disciplinary action against Whistleblowers, which have been subsequently found to be mala fide, frivolous, baseless, malicious, or reported otherwise than in good faith.

## **6 Procedure for making Protected Disclosure**

### **6.1 Responsibility to Report**

Protected Disclosures are to be made whenever an Employee becomes aware of a Reportable Matter. The Protected Disclosure should be made promptly upon the

Employee becoming aware of the Reportable Matter. Protected Disclosure should be made pursuant to the reporting mechanism described in Section 6.2 below.

The role of a Whistleblower is limited to making a Protected Disclosure. A Whistleblower should not engage in investigations concerning a Reportable Matter that is the subject of a Protected Disclosure. Neither should a Whistleblower become involved in determining the appropriate corrective action that might follow from the submission of a Protected Disclosure.

## 6.2 Reporting Mechanism

The Company has designated “**Mr. Harendra Sanghvi**” as Vigilance Officer to process and investigate Protected Disclosures. All Protected Disclosures are to be made to such Designated Officer/Vigilance Officer as follows:

- by **email** to ‘**whistleblower@hindustanpencils.com**’; or
- by **letter** addressed to Vigilance Officer, marked “Private and Confidential”, and delivered to:

Mr. Harendra Sanghvi,  
The Vigilance Officer of the Company,  
Hindustan Pencils Private Limited,  
510, Himalaya House, 79, Palton Rd,  
Mumbai – 400 001.

- (a) 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.
- (b) To enable the proper investigation of any Reportable Matter, a Protected Disclosure should include as much information as possible concerning the Reportable Matter. To the extent possible, the following information should be provided:
  - (i) the date of occurrence and nature of the Reportable Matter (for example, if the Reportable Matter concerns an alleged violation of any other policy of the Company, please refer to the provision of that policy that is alleged to have been violated);

- (ii) the names of the Employees to whom the Reportable Matter relates (for example, please provide the name of the business unit that is alleged to have violated the policy);
  - (iii) the relevant factual background concerning the Reportable Matter (for example, if the Reportable Matter concerns a violation of the policy, please include information about the circumstances and timing of the violation); and
  - (iv) the basis for the Protected Disclosure (for example, where knowledge of the alleged violation is based upon documents in the Whistleblower's possession or control, please provide a copy of the pertinent documents).
- (c) To enable further investigation of Reportable Matters, Whistleblowers are strongly encouraged to provide their name and contact details whenever they make a Protected Disclosure under this Policy. If a Whistleblower does not provide his or her name and contact details when making a Protected Disclosure, the Company's ability to investigate the subject-matter of the Protected Disclosure may be limited by its inability to contact the Whistleblower to obtain further information.
- (d) All Protected Disclosures are taken seriously and will be promptly investigated by the Company in accordance with the Guidance on Responding to Protected Disclosures.

### **6.3 Investigation**

- (a) All Protected Disclosures reported under this Policy will be thoroughly investigated by the Designated Director/Vigilance Officer of the Company. If such Designated Director/Vigilance Officer has a conflict of interest in any given case, then he/she should recuse himself/herself and Managing Director of the Company should deal with the matter on hand.
- (b) The Designated Director/Vigilance Officer may at their discretion, consider involving any Investigators for the purpose of investigation.
- (c) The decision to conduct an investigation taken by the Designated Director/Vigilance Officer 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 Designated Director/Vigilance Officer 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 Designated Director/Vigilance Officer 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.

#### **6.4 Investigators**

- (a) Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the

Designated Director/Vigilance Officer 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.

## **6.5 Decision**

If an investigation leads the Designated Director/Vigilance Officer to conclude that an improper or unethical act has been committed, the Management shall recommend appropriate disciplinary or corrective action to the Designated Director/Vigilance Officer for his consideration and approval. 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.

## **7 Secrecy / Confidentiality**

The complainant, Vigilance Officer and everybody involved in the process shall:

- (a) Maintain complete confidentiality/secrecy of all matters under this Policy;
- (b) Not discuss the matter in any informal/social gatherings/ meetings;
- (c) Discuss only to the extent or with those persons as required under this policy for completing the process of investigations;
- (d) Not keep the papers unattended anywhere at any time;
- (e) Keep the electronic mails/files under password;

If anyone is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit.

## **8 Protection of Whistleblower(s)**

8.1 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 Whistleblower. Complete protection will, therefore, be given to Whistleblower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, any kind of harassment, biased behaviour or the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his 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.

8.2 The identity of the Whistleblower 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 Designated Director is authorized to initiate appropriate action as per regulations against the person or agency making such disclosure. His/her identity, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement agencies, in which case members of the organization are subject to subpoena.

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

8.4 Any complaint not made in good faith as assessed as such by the Designated Director 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.

## **9 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 8 years or such other period as specified by any other law in force, whichever is more.

## **10 Administration, Review and Amendment of the policy**

10.1 The Board shall be responsible for the administration, interpretation, application and review of this policy.

10.2 The Board of Directors of the Company shall have the authority to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever and communicating the same to the Employees of the Company.

10.3 The designated Director/Vigilance Officer shall submit to the Board at the end of the financial year about all Protected Disclosures referred to him since the last report together with the results of investigations, if any.

## **11 Dissemination**

This Policy cannot be effective unless it is appropriately communicated within the Company through publishing it on the notice board of the company at all places, including by way of putting it on the intranet of the Company, if any, making it as a part of employee handbooks, etc. A copy of this Policy shall be provided to every Employee on requisition. The establishment of the vigil mechanism shall also be disclosed on the Company's website and in the Report of the Company's board of directors.

## **12 Limitation**

In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Act and/or applicable laws in this regard shall automatically apply to this Policy.

## 13 Acknowledgment and Acceptance of the Code

### Annexure – A

#### HPPL Vigil Mechanism / Whistleblower Policy

I acknowledge that I have received the Hindustan Pencils Group Company Vigil Mechanism / Whistleblower Policy.

I have read and understood the Vigil Mechanism / Whistleblower Policy and I acknowledge that as an employee of HPPL, I am required to comply with the guidelines described therein and failure to do so may subject me to action as per my employment terms and conditions and relevant company policies.

If I have a concern about a violation or a potential violation of the HPPL Vigil Mechanism / Whistleblower Policy, I understand that there are channels available to me in the company to report such concerns. By making use of these channels, when necessary, I will play my role in maintaining the high ethical standards.

Post my separation from the Company, I will continue to adhere to and uphold any and all particular clauses that may continue to be applicable under the Code of Conduct.

Signature: .....

Name: .....

Designation: .....

Department: .....

Date: .....

Place: .....