



# **SCAN STEELS LIMITED**

## **WHISTLE BLOWER POLICY / VIGIL MECHANISM POLICY**

## **SCAN STEEL LIMITED**

### **WHISTLE BLOWER POLICY**

#### **I. Preamble**

**As per the requirement of** Section 177(9) of the Companies Act, 2013 and Regulation 22 read with Regulation 4(2)(d)(iv) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) requires every Listed Company and such class or classes of Companies, as may be prescribed to establish a vigil mechanism / whistle blower Policy for the Directors and employees to report genuine concerns in such manner as may be prescribed. The Company has adopted a Code of Conduct for Directors and Senior Management Executives (“the Code”), which lays down the principles and standards that should govern the actions of the Company 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. Such a vigil mechanism / whistle blower Policy 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.

Regulation 22 read with Regulation 4(2)(d)(iv) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides for a requirement for all Listed Companies to establish a mechanism called ‘Vigil mechanism’ / ‘whistle blower Policy’ for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company’s Code of Conduct.

Regulation 9A (6) of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015 (“Insider Trading Regulations”) requires that every listed company establishes a Whistle Blower Policy for the purposes of reporting instances of leak of unpublished price sensitive information.

In order to inculcate accountability and transparency in its business conduct, the Company has been constantly reviewing its existing systems and procedures. As a part of this exercise, it has been decided to introduce a Whistle Blower Policy/Vigil Mechanism Policy. This Policy will enable all employees and other stakeholders to raise their concerns internally in a responsible and effective manner if and when they discover information which they believe shows serious malpractice. Any deviation from the key policies - significant or not, will be a cause of serious concern to the Company and should be reported to the authorized officials immediately. This Vigil Mechanism Policy / Whistle Blower Policy aims to provide a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy, or leak of unpublished price sensitive information pertaining to the company. And also provide a method to properly addressing genuine concerns that individuals within the Company might have and also offers appropriate protection to the whistle blowers from victimization, harassment or disciplinary proceedings.

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.

## II. Short Title, Applicability and Commencement

1. This policy will be called as “Scan Steels Limited Vigil Mechanism Policy” /” Whistle Blower Policy”
2. This policy applies to all the employees of the Company (including outsourced, temporary and contractual personnel), ex-employees, stakeholders of the Company, including K-Agents and vendors (hereinafter referred to as „Whistle Blower”).
3. This policy shall come into force w. e. f. December 1, 2015. (amended as per Regulation 9A (6) of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015 (“Insider Trading Regulations” w.e.f. 1<sup>st</sup> April, 2019)

## III. Definitions

The definitions of some of the key terms used in this Policy are given below. Capitalized terms not defined herein shall have the meaning assigned to them under the Code.

“**Associate**” means all business associates of the Company including all suppliers, vendors, consultants, auditors, service providers, Lessors / Owners of commercial / residential properties, manpower supply agencies, etc., with whom the Company has been dealing with or proposed to enter into any transactions.

“**Audit Committee**” means the Audit Committee of the Board of Directors of the Company constituted in accordance with Section 177 of the Companies Act, 2013 and Rules framed there under read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

“**Code**” means the Code of Conduct of Scan Steels Limited.

“**Company**” means Scan Steels Limited.

“**Disciplinary Action**” means any action that can be taken on the completion of/ during the investigation proceedings, including but not limited to, a warning, recovery of financial losses incurred by the Company, suspension/ dismissal from the services of the Company or any such action as deemed fit considering the gravity of the matter.

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**“Employee”** means every employee (including ex-employee) of the Company (whether working in India or abroad), including the Directors in whole time employment of the Company and temporary/contractual employees.

**“Investigators”** mean those persons authorized, appointed, consulted or approached by the Chairman of the Whistle Blowers' Grievance Redressal Committee, Departmental Heads and includes the Auditors of the Company, Police and other Investigating Agency(ies) appointed in terms of this Policy.

**“Initial Communication”** means a written communication of any form of letter/e-mail that discloses or demonstrates information that may evidence unethical or improper activity.

**“Subject”** means a person against or in relation to whom an Initial Communication has been made or evidence gathered during the course of an investigation.

**“Vigil Mechanism Committee” (VMC)** means a Committee constituted by the Company referred to in Clause IV below comprising of a Chairman and such other Members, as may be nominated and reconstituted from time to time by the Board.

**“Whistle Blower”** means an Employee (including ex-employee / contractual employee)/ Associate making an Initial Communication under this Policy.

**“Alleged wrongful conduct”** shall mean violation of law, Infringement of Company's rules, misappropriation of monies, actual or suspected fraud, leak of unpublished price sensitive information as defined under the Insider Trading Regulations, substantial and specific danger to public health and safety or abuse of authority”.

#### IV. Constitution of “Vigil Mechanism Committee”(VMC)

A Vigil Mechanism Committee (VMC) shall be constituted comprising of a Chairman, who shall be the Chairman of the Audit Committee of the Board and four other Members as may be nominated by the Board from time to time. The VMC shall meet at least once in a year and submit their report to the Audit Committee. The VMC shall also meet as and when required for matters referred to the Committee.

The Company Secretary shall act as the Secretary to the VMC and shall be a permanent invitee to the meetings of VMC. The Secretary shall be responsible to record the proceedings of the meetings and decisions taken thereat. The Chairman of the Committee shall have the power to invite any other person to the VMC Meeting, if considered necessary.

#### V. Role and Responsibility of the “Vigil Mechanism Committee”

The role and responsibility of Vigil Mechanism Committee (VMC) shall be as under:

- a. To conduct the enquiry in fair and unbiased manner;
- b. To ensure that complete fact finding exercise has been undertaken;
- c. To appoint investigating officer(s) / agencies (internal or external), if required;

- d. To maintain strict confidentiality;
- e. To decide on the outcome of the investigation;
- f. To recommend an appropriate course of action against the accused, if found guilty;
- g. To recommend an appropriate course of action against the complainant including his/her mastermind and other associates, for false complaints/claims.
- h. To review the Vigil Mechanism Policy / whistle blower Policy of the Company and suggest modifications, if any.
- i. To report to the Audit Committee of the Board about the number of complaints received, investigated, redressed and un-resolved in a financial year.
- j. To report cases regarding leak of unpublished price sensitive information.

VMC may also delegate its powers to a sub-committee comprising of as many members (not below the rank of a Vice President) as it may deem necessary to carry out initial investigations. Such sub-committee shall submit its report to the Chairman of VMC.

### **VI. Role and Responsibility of the “Whistle Blower”**

The Whistle Blower's role is that of a reporting party with reliable information. The Whistle Blower shall co-operate with the Chairman / Members of the Vigil Mechanism Committee and extend all necessary support including production of documentary evidences to investigate the allegations/ complaints. S/he is neither required to act as investigator nor permitted to determine the appropriate or remedial action on behalf of the Company.

### **VII. Coverage of the Policy**

This policy encourages all the Whistle Blowers to report any kind of misuse of company's properties, mismanagement or wrongful conduct prevailing/executed in the company, which the Whistle Blower in good faith, believes, evidences any of the following:

- a. Breach of the Code of Conduct and Business Ethics.
- 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.
- f. Mismanagement, gross wastage or misappropriation of company funds/assets.
- g. Manipulation of Company data/records.
- h. Misappropriating cash/company assets; 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. Sexual Harassment related complaints.
- n. Activities related to unpublished price sensitive information or leak of unpublished price sensitive information.

### **VIII. Disqualifications**

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

Whistle Blowers who lodge three complaints, which have been subsequently found to be *mala fide*, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from lodging further complaints under this Policy. In respect of such Whistle Blowers, the Company/VMC would reserve its right to take/recommend appropriate disciplinary action.

### **IX. Procedure of Lodging Complaints**

The Whistle Blower shall lodge his/her initial complaint to the Head of Legal Department of the Company and the complaint must be either in the form of a written letter (in closed envelope) or by e-mail. The Whistle Blower must indicate his/her name, contact details and relationship with the Company in the complaint. Relevant supporting documents/ evidences and a brief background must form an integral part of the written complaint.

The name and contact details of the complainant shall not be disclosed by the Head of Legal Department to anyone except the Chairman /Members of the Vigil Mechanism Committee. No unnamed complaint shall be entertained. If the complaint relates to a specific fact/incident, the complainant must lodge the complaint within 30 days from the date s/he became aware of such fact/incident.

The Whistle Blower shall exercise caution before lodging a complaint to ensure that s/he is not doing so under influence of any person and/or any past incidence.

The Whistle Blower shall be entitled to withdraw his/her complaint within 10 days from the date of lodgment with appropriate explanations in writing to the satisfactions of the Head of Legal Department or the Vigil Mechanism Committee, as the case may be.

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In case the complaint is against any Director of the Company or against any Member of the Vigil Mechanism Committee, the Whistle Blower shall lodge his/her complaint directly to the Chairman of the Vigil Mechanism Committee at the following address:

The Chairman  
Vigil Mechanism Committee  
Scan Steels Limited  
104-105, E-Square, Subhash Road,  
opp.-Havemor Ice-cream vile Parle-(E)  
Pin Code - 400 057.

On receipt of initial complaint, the Chairman of Vigil Mechanism Committee or the Head of Legal Department of the Company shall acknowledge receipt thereof within 48 hours and proceed to carry out initial investigation in consultation with the Members of the Vigil Mechanism Committee.

### X. PROCEDURE FOR REDRESSAL OF GRIEVANCES

- a) On receipt of a valid complaint from a Whistle Blower, the Head of Legal Department of the Company and/ or the Vigil Mechanism Committee may perform all such acts as may deem fit and appropriate to safeguard the interests of the Company, including but not limited to, the following functions:
  - i. obtain legal opinion or expert's view in relation to initial communication;
  - ii. appoint external agency to assist in investigation;
  - iii. seek assistance of the Statutory Auditors and Internal Auditors;
  - iv. request any officer(s) of the Company to provide adequate financial or other resources for carrying out investigation;
  - v. seek explanation and give reasonable opportunity to the accused to respond;
  - vi. reviewing material findings contained in investigation report;
  - vii. Recommend appropriate penal action against the accused or against the complainant for lodging false complaint, as the case may be.
- b) The Head of Legal Department of the Company and/or any Member of Vigil Mechanism Committee cannot act arbitrarily and arrive at a conclusion to take penal action against the accused or against the complainant for lodging a false complaint, as the case may be, unless prior approval of the Vigil Mechanism Committee is obtained.
- c) During the period of investigation or even after completion of the investigation/ identity of the Whistle Blower and the accused should be kept confidential and disclosed only to the extent necessary given the legitimate needs of law & the investigation Process.

- d) The accused will normally be informed of the allegations against him/her at the outset of a formal investigation and he/she shall be given requisite opportunities to defend his/her case during the investigation process.
- e) It will be the duty of the accused to co-operate with the investigator and not to interfere or obstruct with the investigation process. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the accused. If found indulging in any such actions, the accused shall be liable for disciplinary action. Under no circumstances, the accused should compel the investigator to disclose the identity of the Whistle Blower.
- f). A report shall be prepared after completion of investigation by the Head of Legal Department of the Company / Chairman of the Vigil Mechanism Committee, which shall be submitted to the Vigil Mechanism Committee. Upon receipt of the Report, the Committee shall forward the same along with its recommendations to the Managing Director of the Company for Disciplinary Action. The decision of the Managing Director based on the recommendations of the Vigil Mechanism Committee shall be final and binding. In case, the Managing Director is the accused and found guilty, the Vigil Mechanism Committee shall forward such Report to the Chairman of the Board of Directors for taking appropriate action.
- g). In case of leak of unpublished price sensitive information, the procedure to be followed for investigation thereof will be as per the policy and procedure for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information, as provided in the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives of the Company.

### **XI. Suggestive Penal Provision**

The Company may take the following punitive actions against the accused, where the Committee finds him/her guilty:

- a. Counseling & issue of a Warning letter;
- b. Withholding of promotion / increments;
- c. Bar from participating in bonus review cycle;
- d. Termination from employment;
- e. Cancellation of Orders placed as per Purchase/Work Order;
- f. Recovery of monetary loss suffered by the Company;  
Legal Suit.

### **XII. Reporting Recommendation to the Audit Committee of the Board**

The Vigil Mechanism Committee shall submit a report to the Audit Committee of the Board of Directors informing the status of Initial Communications received from the Whistle Blowers, Grievance Resolved and action taken, Grievances under investigation and Number of false complaints lodged by Whistle Blowers, during each of the Financial Year. It will be



the discretion of the Chairman of the Vigil Mechanism Committee to identify the incidences which will be reported to the Audit Committee under this Policy.

**XIII. Protection Against Victimization**

No adverse action shall be taken against an employee/associate or business associate in “knowing retaliation” who makes any good-faith disclosure of suspect or wrongful conduct prevailing in the Company, to the Head of Legal Department of the Company or the Vigil Mechanism Committee.

**XIV. Preservation of Documents and Records**

All Initial Communications, documented along with the results of Investigation relating thereto, shall be retained by the Company Secretary for a minimum period of 5 (five) years or as mentioned in applicable law, if any.

**XV. Power to amend the Policy**

This Policy may be amended from time to time by the Board based on the recommendations of the Vigil Mechanism Committee or the Audit Committee of the Board. The Policy was last amended on 15.06.2021.

**XVI. Notification**

All departmental heads are required to notify and communicate the existence and contents of this Policy to all the Employees. The new Employees shall be informed about the Policy by the Human Resources Department.

This Policy as amended from time to time shall be made available at the website of the Company.

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