



# PALAKKAD SMALL HYDRO COMPANY LIMITED

(A Company Promoted by District Panchayat, Palakkad)

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## VIGIL MECHANISM AND WHISTLE BLOWER POLICY

### Introduction

This Vigil Mechanism & Whistle Blower Policy has been formulated with a view to provide a mechanism for employees of the Company to raise concerns of suspected frauds, any violations of legal/regulatory requirements or code of conduct/policy of the Company, incorrect or misrepresentation of any financial statements and reports, etc. The purpose of this Policy is to encourage the employees and directors who have concerns about suspected misconduct to come forward and express these concerns without fear or punishment or unfair treatment. The policy aims to provide an avenue for employees and directors to raise concerns and reassure them that they will be protected from victimization for whistle blowing in good faith.

### Scope of the policy

The 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 money and other matters or activity on account of which the interest of the company is affected and formally reported by whistle blowers concerning its employees.

### Definitions

- a) “Protected Disclosure” means a written communication of a concern made in good faith, which discloses or demonstrates information that may evidence an unethical or improper activity under the title “scope of the policy” with respect to the Company. It should be factual and not speculative and should contain as much specific

information as possible to allow for proper assessment of the nature and extent of the concern.

- b) “Employee” means every employee of the Company (whether working in India or abroad), including the directors in the employment of the Company.
- c) “Subject” means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.
- d) “Vigilance Officer” is a person nominated/appointed to receive protected disclosures from Whistle Blower/s, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower/s the result thereof.
- e) “Whistle Blower” is a Director or employee who makes a Protected Disclosure under this Policy.

#### **Vigilance officer**

For the purpose of the act and this policy, Vigilance Officer shall be the chairman of the Audit Committee of the Company. Any complaint against the Chairman of Audit Committee shall be addressed to the Managing Director of the Company.

#### **Receipt and Disposal of Protected Disclosures**

- All Protected Disclosures should be reported in writing by the Whistle Blower/s as soon as possible after the Whistle Blower/s becomes aware of the same and should either be typed or written in a legible handwriting. Protected Disclosures from the employees should be addressed to the Vigilance Officer.
- The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as “Protected disclosure under the Vigil Mechanism Policy”. Alternatively, the same can also be sent through email. If the complaint is not super scribed and closed as mentioned above, it will not be possible for the Vigilance Officer of the Company to protect the Whistle Blower/s and the protected disclosure will be dealt with as if a normal disclosure.

- In order to protect identity of the Whistle Blower/s, the Vigilance Officer of the Company shall not issue any acknowledgement to the Whistle blower/s and they are suggested neither to write their name/address on the envelope nor enter into any further correspondence with the Vigilance Officer of the Company.
- The Vigilance Officer of the Company shall assure that in case any further clarification is required he will get in touch with the Whistle Blower/s. The Protected Disclosure should be forwarded under a covering letter signed by the Whistle Blower/s. The Vigilance Officer of the Company shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.
- On receipt of the protected disclosure the Vigilance Officer / Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the Whistle Blower/s whether he was the person who made the protected disclosure or not.

#### **Investigation of the Complaint**

- All Protected Disclosures reported under this Policy will be thoroughly investigated by the Vigilance Officer who will investigate / oversee the investigations under the authorization of the Chairman of Audit Committee.
- Unless there are compelling reasons not to do so, Whistle Blower/s will be given reasonable opportunity for hearing their side during the investigation. No allegation of wrongdoing against the Whistle Blower/s shall be considered as maintainable unless there is good evidence in support of the allegation.
- The Whistle Blower/s shall have a duty to cooperate with the Vigilance Officer / Chairman of the Audit Committee, during investigation to the extent that such cooperation sought does not merely require them to admit guilt.
- Subjects shall have right to access any document / information for their legitimate need to clarify / defend themselves in the investigation proceedings.

- Subjects shall 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.
- The Whistle Blower/s / Subject/s have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subjects shall be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- The Vigilance Officer shall normally complete the investigation within 90 days of the receipt of protected disclosure.

### **Decision and Reporting**

If an investigation leads to a conclusion that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the Board of Directors of the Company to take such disciplinary or corrective actions as it may deem fit. 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 with number of complaints received under the Policy and their outcome shall be placed by the Vigilance Officer before the Chairman of the Audit committee.

### **Nature of Disclosure and protection there from**

While the Management is determined to give appropriate protection to the genuine Whistle Blower/s, the employees, at the same time are advised to refrain from using this facility for furthering their own personal interest with a malafide intention or to make protected disclosure which are subsequently found to be frivolous, baseless, malicious or reported otherwise than in good faith. In that event, the employees will make themselves liable for appropriate disciplinary action as per the decision of the audit committee. No unfair treatment will be meted out to a Whistle Blower/s by virtue of his/her having reported a Protected Disclosure under this policy. Adequate safeguards

against victimisation of Whistle Blower/s shall be provided. The Company will take steps to minimize difficulties, which the Whistle Blower/s may experience as a result of making the Protected Disclosure. The identity of the Whistle Blower/s shall be kept confidential to the extent possible and permitted under law. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower/s.

### **Confidentiality**

The Whistle Blower/s, Vigilance Officer, Members of Audit Committee, the Subject and everybody involved in the process shall, maintain confidentiality of all matters under this Policy, discuss only to the extent or with those persons as required under this policy for completing the process of investigations and keep the papers in safe custody.

### **Disqualifications**

While it will be ensured that genuine Whistle Blower/s 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/s knowing it to be false or bogus or with a mala fide intention. Whistle Blower/s, who make any Protected Disclosures, which have been subsequently found to be mala fide, frivolous or malicious, shall be liable to be prosecuted.

### **Communication**

Directors and Employees shall be informed of the Policy by publishing 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 period of 5 (five) years or such other period as specified by any other law in force, whichever is more.

**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 Directors and employees unless the same is not communicated in the manner described as above.