

VIGIL MECHANISM AND WHISTLEBLOWER POLICY OF

DEREWALA INDUSTRIES LIMITED

1. Preface

Under Section 177(9) of the Companies Act, 2013, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, every listed company or a company which accept deposits from the public or companies which have borrowed money from banks and public financial institutions in excess of fifty crores rupees, shall establish a vigil mechanism for its directors and employees to report genuine concerns or grievances.

Your Company always believes in conducting its affairs fairly and transparently by adopting the highest standards of professionalism, honesty, integrity, and ethical behavior. In continuance of this and line with provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of Companies (Meeting of Board & its Powers) Rules, 2014, your Company has formulated a Vigil Mechanism and Whistle Blower Policy and the same was approved by the Board of Directors at its meeting held on **27th March 2021** for the employees (including on payroll and contractual) and Directors and KMP of the Company to report to the management about any instances of unethical behavior, actual or suspected fraud or violation of the Company's General Guidelines or code of conduct, improper activities or alleged wrongful conduct.

2. Policy Objectives

2.1. A Vigil mechanism called Whistle Blower Policy provides a channel for the employees and Directors to report to management their concerns about unethical behavior, actual or suspected fraud, or violation of the Codes of Conduct or policy of the Company. The said mechanism provides for adequate safeguards against victimization of employees to avail of the mechanism, and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

2.2. This mechanism neither releases employees from their duty of confidentiality in the course of their work nor can it be used to raise malicious or unfounded allegations against people in authority and/or colleagues in general.

3. Scope of Mechanism:

Derewala Industries Ltd.

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This mechanism is formulated to provide an opportunity and an avenue to the employees to raise their concerns and access with Audit Committee about any instances of unethical behavior, actual or suspected fraud or violation of the Company's general guidelines or code of conduct or malpractices which have taken place/ suspected to take place and to further provide necessary safeguards for protection of Whistle Blower/employees from reprisals or victimization for whistle blowing/vigilance in good faith. The role of employees in pointing out violations of the guidelines is of vital importance.

4. Definitions

4.1 **"Alleged Wrongful Conduct"** means violation of law, infringement of the Company's Code of Conduct or ethics, policies, mismanagement, misappropriation of monies, corrupt practices, actual or suspected fraud, substantial and specific danger to public health and safety, or abuse of authority.

4.2 **"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 & rules framed thereunder.

4.3 **"Company"** means Derewala Industries Limited and all its Branches/Zones, if any.

4.4 **"Employee"** means every employee, including contractual employees of the company and all its Directors.

4.5 **"Nodal Officer"** means an officer of the Company nominated by the company to receive protected disclosures from whistleblowers, maintaining records thereof, placing the same before the Audit Committee for its disposal, and informing the whistleblower of the result thereof.

4.6 **"Investigator"** means those persons authorized, appointed, consulted, or approached by the chairman of the Audit Committee and includes the auditors of the Company and the Police;

4.7. **"Protected Disclosure"** means a concern raised by an employee or group of employees of the Company, through a written communication, and made in good faith, which discloses or demonstrates information about an unethical or improper activity concerning the Company. However, the Protected Disclosures 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.

4.8 **"Subject"** means a person against or about whom a Protected Disclosure has been made or evidence gathered during an investigation;

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4.9 “**Whistle Blower**” means an employee or group of employees of the Company who discloses in good faith any unethical and improper practices or alleged wrongful conduct to the Nodal Officer and, in exceptional cases, to the Audit Committee in writing. The Whistle Blower’s role is as a reporting party; he/she is not an investigator. Although the Whistleblower is not expected to prove the truth of an allegation, he needs to demonstrate to the Audit Committee that there are sufficient grounds for concern.

5. Coverage of Policy

The policy encourages all the whistleblowers to voice all their genuine concerns, which shall include, but not be limited to, the following:

- Abuse of authority
- Breach of trust
- Breach of confidentiality.
- Any unlawful act, whether criminal (e.g., theft) or a breach of the civil law (e.g., slander or libel)
- Manipulation of Company data/records
- Breach of any Policy or Manual, or Code adopted by the Company.
- Financial irregularities, including fraud or suspected fraud
- Deliberate violation of law/regulation
- Misappropriation of Company assets/funds;
- Accepting money or any such benefits or privileges from the customers or patrons, e.g., retailers, bankers, stockiest, distributors & freight forwarders.
- Any other unethical or improper conduct.

6. Receipt and Disposal of Protected Disclosures

6.1. Protected Disclosures should be reported in writing by the Whistle Blower as soon as possible after he/she becomes aware of the same to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English or Hindi in the prescribed form i.e. **PROTECTED DISCLOSURE FORM** attached to this policy.

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6.2. The Protected Disclosure should be submitted in a closed and secured envelope and should be superscribed as “PROTECTED DISCLOSURE UNDER THE WHISTLEBLOWER POLICY”. If the complaint is not superscribed & closed as mentioned above, the protected disclosure will be dealt with as if a normal disclosure. To protect the identity of the complainant, the Vigilance Officer will not issue any acknowledgement to the complainant, and they are not advised to write their name/address on the envelope or enter into any further correspondence with the Vigilance Officer. Vigilance Officer shall ensure that in case any further clarification is required, she will get in touch with the complainant.

6.3 Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance Officer.

6.4 The Protected Disclosure should be forwarded under a cover letter signed by the complainant. Vigilance Officer /Audit Committee, as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

6.5. On receipt of the protected disclosure, the Vigilance Officer shall make a record of the Protected Disclosure and also ascertain from the complainant whether he/she was the person who made the protected disclosure or not. He shall also carry out an initial investigation either by himself or involving any other officer of the Company or an outside agency before referring the matter to the Audit Committee for further appropriate investigation and necessary action.

The record will include: a) Brief facts including the background, history and reason for concern, together with names, date, places and as much information possible; b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof; c) Whether the same Protected Disclosure was raised previously on the same subject; d) Details of actions taken by Vigilance Officer for processing the complaint; e) The recommendations of the Vigilance Officer.

6.6. All Protected Disclosures should be addressed to the Nodal Officer of the Company. The contact details of the Nodal Officer are as under:-

**Address of Nodal Officer — Ms. Geetanjali Singh, AGM, Human Resource Department
Derewala Industries Limited, E-73, EPIP, Sitapura Industrial Area, Jaipur, 302022.**

6.7. Protected Disclosure against the Nodal Officer should be addressed to the Chairman of the Audit Committee. The contact details of the Chairman of the Audit Committee are as under:

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Name and Address of Chairman of Audit Committee— **Mr. Rohit Agarwal, Chairman of the Audit Committee, Derewala Industries Limited, E-73, EPIP, Sitapura Industrial Area, Jaipur, 302022.**

6.8. The Protected Disclosure made by the Whistle Blower must be genuine with adequate supporting data/proof. If it is established that the allegation was made with mala fide intentions or was frivolous, or was not genuine, the Whistle Blower shall be subject to Disciplinary Action.

7. Investigation:

7.1 All Protected Disclosures reported under this Policy will be thoroughly investigated by the Nodal Officer/Chairman of the Audit Committee of the Company, who will investigate/oversee the investigations under the authorization of the Audit Committee.

7.2 The Nodal Officer/Chairman of the Audit Committee may, at his discretion, consider involving any Investigators for investigation.

7.3 The decision to conduct an investigation taken by the Nodal Officer/ Chairman of the Audit Committee 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.

7.4 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.

7.5 Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities to provide their input during the investigation.

7.6 Subjects shall have a duty to co-operate with the Nodal Officer/Chairman of the Audit Committee or any of the Investigators during the investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

7.7 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.

7.8 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 maintainable unless there is good evidence in support of the allegation.

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7.9 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.

7.10 The investigation may be completed normally within 45 days of the receipt of the Protected Disclosure and is extendable by such period as the Audit Committee deems fit.

8. Secrecy / Confidentiality

8.1. The Whistle Blower, Nodal officer, Members of Audit committee, the Subject, and everybody involved in the process shall:

8.1.1. Maintain confidentiality of all matters under this Policy.

8.1.2. Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.

8.1.3. Do not keep the papers unattended anywhere at any time.

8.1.4. Keep the electronic mail/files under a password.

9. Protection:

9.1 No unfair treatment will be meted out to a Whistle Blower by 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 against Whistleblowers. 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 that the Whistleblower 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.

9.2 A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate the same and recommend suitable action to the management.

9.3 The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law.

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

10. Decision and Reporting

10.1 If an investigation leads the Vigilance Officer / Audit Committee to conclude that an improper or unethical act has been committed, the Vigilance Officer / Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as it 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 under this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

10.2 The Vigilance Officer shall submit a report to the Audit Committee regularly about all Protected Disclosures referred to him/her since the last report, together with the results of investigations, if any.

10.3 In case the Subject is the Managing Director/Whole-time Director/Director/CFO/CS/any other KMP of the Company, the Audit Committee, after examining the Protected Disclosure, shall appropriately and expeditiously investigate the Protected Disclosure.

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

10.5 A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the subject to the Vigilance Officer shall be subject to appropriate disciplinary action by the rules, procedures, and policies of the Company.

11. Access to the Chairman of the Audit Committee

11.1. The Whistle Blower shall have the right to access the 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.

12. Notification

12.1 All departmental heads are required to notify & communicate the existence and contents of this policy to the employees of their department. Every departmental head shall submit a certificate duly signed by him to the HR Department/Company Secretary stating that this policy has been notified to all employees of his department. The new employees shall be informed about the policy by the Personnel department, and a statement in this regard should be periodically submitted to the Company Secretary. The details of the establishment of this mechanism, as amended from time to time, shall be disclosed by the company on its website, if any, and in the Board's report.

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13. Retention of Documents

13.1. All Protected disclosures documented along with the results of the Investigation relating thereto shall be retained by the Company for 5 (five) years or such other period as specified by any other law in force, whichever is longer.

14. Annual Affirmation

14.1 The Company shall annually affirm that it has not denied any personnel access to the Audit Committee and that it has provided protection to whistleblowers from adverse personnel action.

15. Amendment

15.1 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.

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PROTECTED DISCLOSURE FORM

Date:

To

Nodal Officer/Chairman of Audit Committee,

Derewala Industries Limited

Name of Whistleblower

Designation & Department

Employee Card No.

Communication address with contact details

Subject that is reported

Brief details of Protected Disclosure

(Attached additional sheet, if required.)

Evidence (enclosed, if any)

Other Information (if any)

Signature

Derewala Industries Ltd.

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