



**STEEL AUTHORITY OF INDIA LIMITED**

# **VIGIL MECHANISM, 2015**



## **VIGIL MECHANISM IN SAIL, 2015**

### **1. Introduction**

The Companies Act, 2013 and the recent changes in the Listing Agreement with Stock Exchange(s) (Listing Agreement) have put greater emphasis on transparency in the internal governance by the corporates. Considering the growing number of reported incidents related to alleged corrupt practices in corporate sector in India, the establishment of Whistle Blower Mechanism by the listed companies, which was earlier not a mandatory requirement, has now been made compulsory by SEBI. In addition, the Companies Act, 2013 has mandated establishment of a Vigil Mechanism for directors and employees to report genuine concerns and any misdoings within their company. The Mechanism is also to provide for necessary safeguards to protect whistle blowers from victimization.

### **2. Applicable Statutory and Regulatory Provisions**

2.1 Various Statutory and Regulatory Provisions regarding establishment of the Vigil Mechanism by Government Companies are contained in the Companies Act, 2013, the Listing Agreement and the Guidelines issued by the Department of Public Enterprises as summarized below.

(a) Sections 177(9) and 177 (10) of the Companies Act, 2013 provides as follows:

(9) Every listed company or such class or classes of companies, as may be prescribed, shall establish a Vigil Mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.

(10) The Vigil Mechanism under sub-section(9) shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to



the chairperson of the Audit Committee in appropriate or exceptional cases:

Provided that the details of establishment of such mechanism shall be disclosed by the company on its website, if any, and in the Board's report.

(b) Further, Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 also provides for the manner in which the Vigil Mechanism shall be established.

(c) SEBI has also amended Clause 49 of the Listing Agreement w.e.f. 1<sup>st</sup> October, 2014 and the amended Clause 49(F) of the Listing Agreement relating to Whistle Blower policy provides as under:

- (i) The company shall 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.
- (ii) This mechanism should also provide for adequate safeguards against victimization of directors(s)/employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases.
- (iii) The details of establishment of such mechanism shall be disclosed by the company on its website and in the Board's report.

(c) The Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises vide O.M. dated 14.05.2010, inter-alia, provide for establishment of a mechanism for employees to report to the management, concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's general



guidelines on conduct or ethics. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

### **3. Short Title and Commencement**

This mechanism may be called the Vigil Mechanism of Steel Authority of India Limited, 2015. It would come into force w.e.f. 3<sup>rd</sup> July, 2015.

### **4. Definitions and Interpretations:**

(a) **‘Audit Committee’** means the Audit Committee constituted as per the applicable provisions of the Companies Act, 2013 and the Listing Agreement.

(b) **‘Company’** means Steel Authority of India Limited (SAIL).

(c) **‘Complaint’** means a complaint made under this Mechanism which provides information regarding unethical behavior, actual or suspected fraud or violation of the Company’s Code of Conduct or provisions prescribed in the Company’s Conduct, Discipline and Appeal Rules, 1977.

(d) **‘Complainant’** means an employee and includes a Director who has made a complaint under this Mechanism.

(e) **‘Designated Authority’** means the Chairman & Managing Director of the Company, or any Functional Director of the Company nominated by the Chairman & Managing Director to act as Designated Authority from time to time, in consultation with the Chairman, Audit Committee.



(f) **‘Employee’** means an Employee as defined in Steel Authority of India Limited Conduct, Discipline and Appeal Rules, 1977, from time to time.

(g) **‘Fraud’** includes any act, omission, concealment of any fact or abuse of position committed by any employee or committed with his connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of the Company or its employees.

(h) **‘Investigator’** means any person appointed or authorised by the Designated Authority / Chairperson, Audit Committee in connection with conducting investigation into a Complaint. Provided, whenever the Designated Authority /Chairperson, Audit Committee receives a Complaint specifically having vigilance angle he may forward such Complaints to the Chief Vigilance Officer (CVO) of SAIL.

(i) **‘Screening Committee’** means a Committee constituted under this Mechanism comprising of Head of Internal Audit and Executive Directors/General Manager (s) of two other Corporate Departments as may be nominated by the Designated Authority. The Screening Committee will not include the Executive Director/ General Manager of the Department to which the Complainant belongs. However, in case the Complaint is against a Director of the Company, the constitution of Screening Committee shall be decided appropriately by the Chairman, Audit Committee on a case to case basis.

(j) **‘Unethical behaviour’** includes the illustrations below:

- (i) Abuse of authority.
- (ii) Action aimed at taking advantage by impersonating another person without his knowledge or consent.
- (iii) Financial irregularities.



- (iv) Disclosure of confidential / proprietary information to unauthorized persons.
- (v) Wastage / misappropriation of Company's funds/assets.
- (vi) Non-conformance to reasonable standard of social or professional behavior.
- (vii) Any other biased, favoured or imprudent action.

(k) **'Victimisation'** means punishment or discrimination against the Complainant selectively or unfairly.

(l) In this Mechanism, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

## **5. Eligibility**

All Directors on Board of SAIL and all Employees of SAIL are eligible to make a Complaint under this Mechanism.

## **6. Protection of Complainant**

- (i) The identity of the Complainant shall not be revealed.
- (ii) The Complainant shall not be subjected to victimization due to the fact that he had filed a Complaint under this Mechanism.
- (iii) If the Complainant is required to submit evidence in legal or any other proceedings under this Mechanism, arrangements towards his travel, etc. will be made, or expenses incurred by him in this connection will be reimbursed, as per his entitlement as per Rules of the Company.



- (iv) Protection under this Mechanism would not mean protection against disciplinary action arising out of any false, motivated or vexatious Complaint.
- (v) Any other employee assisting in the investigation or furnishing evidence with regard to a Complaint shall also be protected.

## **7. Procedure for filing a Complaint**

- (a) The name, address, contact number(s), etc. of the Designated Authority and the Chairperson, Audit Committee will be notified from time to time at SAIL Intranet and the Company's website.
- (b) If the Chairperson, Audit Committee is not in position due to any reason, then the other Independent Directors of the Audit Committee will nominate one of themselves to discharge the functions of the Chairperson, Audit Committee, under this Mechanism.
- (c) In exceptional cases, such as conflict of interest between the Designated Authority and the subject matter of the Complaint, the Complainant may send the Complaint directly to the Chairperson, Audit Committee. In such an eventuality the Chairperson, Audit Committee may take over the role of Designated Authority.
- (d) The Complaint should be sent in a closed envelope or through e-mail to the official mail id of the Designated Authority or the Chairperson, Audit Committee, as the case may be.
- (e) The envelope should be addressed by name to the Designated Authority/ Chairperson, Audit Committee and should be super scribed with 'Complaint under Vigil Mechanism'. If the envelope is not properly closed or not



duly super scribed, the Complaint may not be entertained because it will not be possible to conceal the identity of the Complainant in these circumstances.

- (f) The Complaint should preferably be written in Hindi or English. The complaint should either be typed or handwritten in legible writing with an understanding of the issue(s) raised. The Complaint should contain sufficient information in order to enable a preliminary review / proper assessment. The Complaint should also contain reasons as to why it merits attention under this Mechanism. The details of the Complaint should be verifiable. The body of the Complaint should be drafted in a way so as not to give any details or clue about the identity of the Complainant.
- (g) The Complaint should invariably contain the signature of the Complainant and his name, address, contact number(s) and e-mail address either in the beginning or at the end of the Complaint or in the forwarding letter so that the identity and address may be concealed, while processing further.
- (h) The Complainant may not enter into any correspondence with the Designated Authority / Chairperson, Audit Committee in his own interest. If any further information / clarification is required, the Complainant will be contacted directly.
- (i) Anonymous or pseudonymous Complaints shall not be entertained.





## **8. Action on the Complaints**

- (a) The Designated Authority will ascertain from the Complainant whether he has indeed made the Complaint. Thereafter, the Designated Authority shall send the Complaint to the Screening Committee after concealing the identity of the Complainant.
- (b) On receipt of the Complaint, the Screening Committee will make preliminary inquiry to ascertain whether there is any factual basis to investigate the Complaint in consultation with the CVO of the Company, wherever considered appropriate.
- (c) If the Screening Committee, as a result of the inquiry or otherwise, is of the opinion that the Complaint is to be further investigated, it will recommend accordingly to Designated Authority / Chairperson, Audit Committee. The Screening Committee shall make the recommendations within a period of one month from the date of receipt of the Complaint.
- (d) On receipt of the recommendations of the Screening Committee, the Designated Authority or the Chairperson, Audit Committee, as the case may be, shall decide whether to forward the Complaint to the Investigator/ CVO for further investigation or close the Complaint or the Complaint is to be investigated otherwise depending on the nature of the Complaint.
- (e) In connection with the Complaint, if the Investigator requires, for the purpose of any investigation, assistance of any employee who in his opinion shall be able to furnish information or documents relevant to the investigation or otherwise assist in the investigation, he may seek such assistance.



- (f) Investigator shall submit his specific recommendations to the Designated Authority within three months from the date of forwarding of the Complaint to him. In case of complaints which have been forwarded to CVO by the Designated Authority/ Chairperson, Audit Committee, action shall be taken as per laid down CVC guidelines for handling of such complaints as per which CVO reports to CVC as far as vigilance functioning in SAIL is concerned. CVO shall forward his advice in the case to the concerned Disciplinary Authority for further necessary action and a copy of the same shall be forwarded to the Designated Authority/ Chairperson, Audit Committee for information.
- (g) If the Investigator, as a result of investigation, is of the opinion that the complaint 'stands' or the complaint is found to be false, motivated or vexatious, he may send the report / outcome of the investigation to the Designated Authority or the Chairperson, Audit Committee, as the case may be.
- (h) If it is found that there are no sufficient grounds for proceeding further on the Complaint, Investigator may recommend closure of the case and filing of the Complaint.
- (i) On receipt of the report / outcome of the Complaint from the Investigator, the Designated Authority or the Chairperson, Audit Committee, as the case may be, shall submit the matter to the Audit Committee for its directions with regard to further action as deemed fit and proper by the Audit Committee.
- (j) The authority, to whom the Audit Committee gives direction for taking action on the Complaint, will submit the Action Taken Report to the Designated Authority, within the time specified.



- (k) The Designated Authority will submit monthly updates to the Chairperson, Audit Committee about the status of the Complaints.
- (l) The final action taken on the Complaint shall be conveyed to the Complainant by the Designated Authority as directed by the Chairperson, Audit Committee within six months of the receipt of the Complaint. However, if no final decision has been taken within this period, then an interim intimation on the status of the Complaint will be sent to the Complainant.

## **9. Grievance regarding disposal of Complaints**

If the Complainant feels aggrieved with the final action taken on his complaint or if he feels that protection to which he is entitled to has not been provided, then he may make a representation of his grievance in writing to the Chairperson, Audit Committee, who will take such action as may be deemed fit to redress the grievance.

## **10. Periodic Reporting**

The Designated Authority shall submit a Quarterly report of the Complaints received and the action taken thereon to the Audit Committee.

## **11. Amendment**

This Mechanism may be amended at any time with the approval of the Board of Directors of the Company, on the recommendations of the Audit Committee of the Company.

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## **Designated Authority and Chairperson, Audit Committee**

In terms of the clause 7(a) of the Vigil Mechanism, 2015, the details of Designated Authority and Chairperson, Audit Committee are as under:

### **Designated Authority:**

Name: **Shri Atul Srivastava, Director (Personnel).**

Address: Steel Authority of India Limited, Ispat Bhawan, Lodi Road, New Delhi.

Phone No. : **011-24367259, 24368097**

Email: [da.vm@sailex.com](mailto:da.vm@sailex.com)

### **Chairperson, Audit Committee:**

Name: **CA K.S. Chauhan, Independent Director**

Address: **C/o Kartar Singh Chauhan,  
Chartered Accountants  
70-71, Scindia House (first Floor)  
Connaught Place,  
New Delhi-110001**

Email: [chairman.ac@sailex.com](mailto:chairman.ac@sailex.com)

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