

AUSOM ENTERPRISE LIMITED

CIN: L67190GJ1984PLC006746

Regd. Office: 11-B, New Ahmedabad Industrial Estate, Village - Moraiya, Sarkhej Bavla Road, Moraiya - 382 213. Dist. Ahmedabad

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VIGIL MECHANISM POLICY/ WHISTLE BLOWER POLICY**1. APPLICABILITY**

The Policy applies to all Directors and Employees of the Company.

2. POLICY

Section 177 of the Companies Act, 2013 read with the Rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof, requires,

- (a) every listed company;
- (b) the Companies which accept deposits from the public;
- (c) the Companies which have borrowed money from banks and public financial institutions in excess of rupees fifty crores;

to establish a vigil mechanism for the Directors and Employees to report genuine concerns in such manner as may be prescribed.

This policy was formulated in line with the requirement of Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October, 2004 issued by Securities and Exchange Board of India (SEBI) read with Clause 49 (Corporate Governance) of the then Listing Agreement with Stock Exchanges and pursuant to Section 177 of the Companies Act, 2013, to provide opportunities to Directors and employees to access in good faith, to the management concern (in exceptional cases to chairman of the Audit Committee) in case they observe unethical or improper practices (not necessarily a violation of law) in the Company and to secure those employees from unfair termination and unfair prejudicial employment practices. The Board had approved and adopted this Policy on 26th July, 2014.

Further, Securities and Exchange Board of India (SEBI) had issued Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 {"SEBI (LODR) Regulations, 2015} which was made effective from 1st December, 2015, including any statutory modification(s) or re-enactment (s) thereof wherein Regulation 22 of SEBI (LODR) Regulations, 2015 provided for mandatory requirement for all listed companies to establish a mechanism called "Whistle Blower Policy / Vigil Mechanism" for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct and to report genuine concerns, and to freely communicate their concerns

about illegal or unethical practices. The Vigil Mechanism shall provide for adequate safeguards against victimization of Director(s) or Employee(s) or any other person who avail the mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

Further the SEBI had introduced the SEBI (Prohibition of Insider Trading) Regulations, 2015 which was further amended through notification dated 31st December, 2018 as SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, to be effective from 1st April, 2019 (collectively known as “Insider Trading Regulations”), which requires every listed company to have a whistle-blower policy and to make Employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.

Further in order to effect the amendments as notified in the above Insider Trading Regulations, the Board of Directors of the Company approved and adopted the revised “Vigil Mechanism / Whistle Blower Policy” on 12th August, 2021.

The purpose of Whistle Blower Policy is to allow the Directors and employees to raise concerns about unacceptable improper practices and/or any unethical practices and/or other genuine concerns being followed in the organization, without the employees being necessarily required to inform their superiors and also to create awareness amongst employees to report instances of leak of unpublished price sensitive information under Insider Trading Regulations.

This Policy is intended to check that whenever any unacceptable/improper practice and/or any unethical practice and/or any instances of leak of unpublished price sensitive information (under Insider Trading Regulations) and/ or any other genuine concern is reported by a Director or an employee, proper action is taken to check such practice/wrong doing and the concerned Director or employee is protected / safeguarded against any adverse action and/or any discrimination and/or victimization for such reporting.

All the Directors and Employees shall be protected / safeguarded from any adverse action for reporting any unacceptable/ improper practice and/or any unethical practice or frauds or violation of any law, rule or regulation and/or any other genuine concern, so long as the Director or employee :-

1. Reports in good faith his/her belief that there is waste of the Company’s funds;
2. Reports in good faith the violation or suspected violation of a law, rule or regulation;
3. Participates in or gives information in an investigation, hearing, court proceeding, legislative or other inquiry, or other administrative review;
4. Objects or refuses to carry out a directive that the Director or Employee believes in good faith may violate a law, rule or regulation.



3. SCOPE OF POLICY

This Policy covers malpractices and events which have place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, instances of leakage of unpublished price sensitive information or suspected leakage of unpublished price sensitive information, violation of the Company's 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 whistle blowers concerning its employees.

4. DEFINITIONS

a. Alleged misconduct

"Alleged misconduct" shall, inter alia, include violation of law, infringement of Company's Rules, misappropriation of monies, actual or suspected fraud, instances of leakage of unpublished price sensitive information or suspected leakage of unpublished price sensitive information, substantial and specific danger to public health and safety or abuse of authority.

b. Annual Report

"Annual Report" includes all report which are required to be placed before the members of the Company annually, i.e. Balance Sheet, Profit and Loss Account, Directors' Report, Auditors' Report and every other document which is required to be annexed or attached or forming part thereof.

c. Audit Committee

"Audit Committee" means Committee constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

d. Board Report

"Board Report" has the same meaning as defined under Section 134 of the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof.

e. Company

"Company" means Au Som Enterprise Limited.

f. Employee

Employee(s) of the Company including the Directors in the employment of the Company.



g. Good Faith

An Employee communicates in “good faith” if there is a reasonable basis for the communication of the existence of waste or of a violation or has observed about unethical or improper practices. “Good Faith” is lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical or improper practices is malicious, false or frivolous.

h. Internal Circulars

“Internal Circular” is a communication made on behalf of the Company by an authorized person which is addressed to the employees of the Company through any mode including but not restricted to email, fax, phone, notice board, inter office memo, etc.

i. Listing Regulations

“Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

j. Policy

“Policy” means Vigil Mechanism / Whistle Blower Policy.

k. Insider Trading Code

“Insider Trading Code” means ‘Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons’ read with ‘Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information including the Policy made thereunder’, as adopted by the Company.

l. Insider Trading Regulations

“Insider Trading Regulations” means SEBI (Prohibition of Insider Trading) Regulations, 2015 read with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, including any statutory modification(s) or re-enactment(s) thereof.

m. Right of Access or Right of Approach

The Right to an employee to give a written report to the Audit Committee for the alleged misconduct or unethical or improper practice, which an employee has observed or found in the Company.

n. Supervisor

Supervisor means the seniors of the employee to whom he is supposed to report in his official work.

o. Unfair Termination and Unfair Prejudicial Employment Practices

“Unfair termination” and “Unfair prejudicial employment practices” means to threaten, or otherwise discriminate or retaliate against an employee in any manner that effects the employee’s employment, including compensation, job location, rights, immunities, promotions or privileges.

p. Unpublished Price Sensitive Information (UPSI)

“UPSI” means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily include but not restricted to, information relating to the following:

- (i) financial results (quarterly, half-yearly and annual);
- (ii) dividends (both interim and final);
- (iii) change in capital structure;
- (iv) mergers, de-mergers, amalgamation, takeover, restructuring, acquisitions, buy-back of securities, reduction of capital, delisting of securities, disposals of the whole or substantial part of the undertaking and expansion of business and such other transactions;
- (v) changes in key managerial personnel; and
- (vi) such other information, as the Compliance Officer in consultation with concerned departmental head, is of the opinion that the information is in the nature of UPSI.

q. Unethical or Improper Practices

Unethical

Unethical act is the act not conforming to approved standards of social or professional behavior which leads to “unethical business practices” or an action not adhering to ethical, moral and honourable principles.

Improper

Improper refers to unethical conduct, breach of etiquette or morally offensive behaviours.

r. Violation – An infraction or a breach which is not necessarily a violation of law, of Company’s policies, Memorandum and Articles of Association, Code of Conduct designed to protect the interest of employees without jeopardizing interest and growth of Company.

s. Waste – Employer’s conduct or omission, which results in substantial abuse, misuse destruction, or loss of Company funds, property or manpower belonging to the Company.

t. Vigil Mechanism/Whistle Blower – An Employee who reveals wrong doings about any Unethical or Improper practices carried on by the Company and communicates in Good Faith to the Audit Committee in writing.

5. GUIDELINES

(i) Internal Policy

The Policy is an internal policy on access to the management concern (in exceptional cases to Audit Committee, which comprises of qualified and Independent Directors).

(ii) Prohibition

The Policy prohibits the Company from taking any action, which may lead to unfair termination or unfair prejudicial employment practices (i.e. threaten, demote, relocate etc.) against its employees for Whistle Blowing in Good Faith.

However, this Policy does not protect an employee from an adverse action which occurs before a violation or waste report is communicated or from misconduct, poor job performance, or subjection to a reduction in workforce unrelated to a communication made pursuant to the Whistle Blower Policy.

A. Reporting Authority

Management Concerns or Audit Committee shall be the reporting authority under this Policy.

B. Supervisor's Duties & Responsibilities:

- Familiarize themselves with this Policy.
- Making aware the employees/other concerned persons under him/her of their protections and obligations under the "Whistle Blower Policy" of the Company.
- Forward Whistle Blower report to the Audit Committee immediately on receipt of the same from his subordinate, as and when the case arise.

C. Rights of Complainants

- ❖ When reporting is done in good faith for any alleged misconduct or violation or unethical or improper practices as defined in this Policy, communication shall be done in writing along with all necessary evidences. The reporting may relate to the following:
 - Waste of Company's funds, property, or manpower; or
 - A deliberate violation of any accounting principles, policies, and regulations, reporting of fraudulent financial information to the shareholders, the government or the financial markets or any conduct that results in violation of law, legal duties, code of conduct or code of ethics designed to protect the interest of employees of the Company. However, this should not be merely technical or minimal in nature; or
 - Actual or suspected leakage of UPSI or violation of the Insider Trading Code adopted by the Company.

- ❖ The Employee shall be free to submit violation report to supervisor, if deem fit or otherwise can directly approach to the Chairperson of Audit Committee without informing to the supervisor, in exceptional cases.
- ❖ The employee may lodge the violation report directly to the current Chairperson of the Audit Committee at the following address or any other address which may be notified from time to time. The complaints may be lodged through email which shall be protected by password and can only be accessible by the member of the management concerns or Audit Committee or any person authorized by the Committee.

To,
The Chairperson
Audit Committee,
AuSom Enterprise Limited
11-B, New Ahmedabad Industrial Estate,
Village - Moraiya, Sarkhej Bavla Road,
Moraiya - 382 213. Dist. Ahmedabad

- ❖ The employee may lodge the violation report against the supervisor directly to the current Chairman & Managing Director and Whole-Time Director of the Company and violation report against the Chairman & Managing Director and Whole-Time Director of the Company should be addressed to the Chairperson of the Audit Committee.
- ❖ The contact details of the Chairman, Managing Director & CEO of the Company and Chairperson of the Audit Committee are as under:

Name and Address of Chairman:

Mr. Zaverilal Mandalia
AuSom Enterprise Limited
11-B, New Ahmedabad Industrial Estate,
Village - Moraiya, Sarkhej Bavla Road,
Moraiya - 382 213. Dist. Ahmedabad
Email ID – zaveri@zaveriandco.com/ausom.ael@gmail.com

Name and Address of Managing Director:

Mr. Kishor Mandalia
AuSom Enterprise Limited
11-B, New Ahmedabad Industrial Estate,
Village - Moraiya, Sarkhej Bavla Road,
Moraiya - 382 213. Dist. Ahmedabad
Email ID – kishor@zaveriandco.in/ausom.ael@gmail.com



Name and Address of Chairperson of Audit Committee*;
Mr. Hitesh Adeshara
AuSom Enterprise Limited
11-B, New Ahmedabad Industrial Estate,
Village - Moraiya, Sarkhej Bavla Road,
Moraiya - 382 213. Dist. Ahmedabad
Email ID – hitesh.zaveri@hotmail.com/ausom.ael@gmail.com

(*) The Name of the Chairperson of the Audit Committee mentioned in the Policy shall undergo change based on change in the composition of the Audit Committee

D. **Audit Committee's Responsibilities**

- Maintenance of Register of complaints – Audit Committee shall maintain a register for registration of Whistle Blower's Report. Each complaint shall bear unique number. The Audit Committee may ask significant evidence while registering the complaints.
- Determination of nature of complaints – Audit Committee shall determine the nature of complaints keeping in view the requirement of various applicable SEBI circulars and the applicable provisions of the Companies Act, 2013 and determining appropriate course of action.

The complaints may be determined in four broad categories:

- (a) Reporting on unethical or improper practices;
- (b) Actual or suspected leakage of UPSI or violation of the Insider Trading Code adopted by the Company;
- (c) Violation of the Code of Conduct;
- (d) Any wrongful action taken by the management against the employee who has approached to Audit Committee under point (A) above.

Audit Committee shall appropriately and expeditiously investigate all whistle blower reports received internally, investigating the merits of the assertion and determining of necessary course of action.

Further, the Chairperson of the Audit Committee and/or the Audit Committee, as the case may be, shall have the authority to call for any information/documents and such examination of any employee etc. for determining the correctness of the complaints.

However, the investigation process and determining the necessary steps to take effective remedial action commensurate with the nature of the offense relating to the 'Actual or suspected leakage of UPSI or violation of the Insider



Trading Code adopted by the Company' as mentioned in (b) above shall be conducted in accordance with process mentioned under the 'Policy and Procedure for inquiry in case of leak of Unpublished Price Sensitive Information' and 'Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by Designated Person(s)' adopted by the Company.

- **Essential Factors** – While determining the alleged assertion, the following factors may be considered:
 - accuracy of the information furnished;
 - nature and quality of evidence;
 - existence of relevant laws and rules;
 - whether the action appears to be isolated or systematic;
 - history of previous assertions regarding the same subject or subject matter;
 - avenues available for addressing the matter;
 - seriousness or significance of the asserted action; and
 - cost and benefit of potential investigation.

- **Objectivity and Independence** – To be objective, thorough and independent of influence in conducting inquiries and/or review of relevant documents associated with whistle blower reports.

- **Maintenance of Confidentiality** – Maintain confidentiality of the whistle blowers and witnesses who provide information, as appropriate.

- **Clarity in proceedings** – Document investigation activities and conclusions in a clear and understandable fashion.

- **Referral to Committee or Officials** – Make referrals to appropriate committee or officials on discovery of reasonable cause to believe that Company's Policy, regulation etc. have been violated, and follow up until appropriate corrective action has been taken.

- **Time Frame for Redressal of Complaints** – Audit Committee shall complete all the formalities and shall resolve the matter within 6 months from the date of filing of the complaints. Any extension in respect thereof shall be in writing alongwith necessary justification

- **Reporting to Board of Directors of the Company** – Audit Committee shall submit a report to the Board at its Meeting to be held immediately after the completion of inquiry for any complaint done by whistle blower(s).

E. Action Prohibited by the Whistle Blower Policy

The Company shall not-

- E.1 threaten, discriminate or retaliate against an employee in any manner that affects the employee's employment (i.e. compensation, job location, rights, immunities, promotions, or privileges) when an employee engages in an activity protected by the Policy.

This does not preclude a supervisor from taking appropriate action against an employee for misconduct, poor job performance, or a reduction in the workforce within the Policy of the Company.

- E.2 take adverse action against an employee who participates or gives information in an investigation, or hearing or in any form of inquiry initiated by the Audit Committee.

F. Course of Action Available to the Employees

- F.1 An employee who alleges adverse action (whistle blower) under the Policy may approach to the Audit Committee or Board of Directors for appropriate relief within 6 months, if any action is taken against the employee in violation of the Clause E of the policy.

F.1.1 The Employee has the burden of proof in establishing that he or she has suffered an adverse action for an activity protected under the Policy.

F.1.2 The management of the Company shall have an affirmative defense if it can establish by a preponderance of the evidence that the adverse action taken against the employee was due to employee misconduct, poor job performance, or a reduction of workforce unrelated to a communication made pursuant to the Policy.

- F.2 **Remedies** – The Audit Committee or Board of Directors rendering judgment under the Policy may order any or all of the following remedies-

F.2.1 order an injunction to restrain continued violation of the provisions of the P;

F.2.2 reinstate the employee to the same position or to an equivalent position;

F.2.3 reinstate full fringe benefits and retirement service credit;

F.2.4 order compensation for lost wages, benefits, and any other remuneration.

G. Employee Notification

All employees shall be notified of the existence and contents of the this Policy through the respective department heads and every department head shall submit a certificate duly signed by him to the Secretarial Department that Policy was notified to each employees belonging to his department. In case of new employees will be informed by the Personnel department and statement in this regard shall be submitted to the Secretarial Department.

The Secretarial Department will furnish a certificate, based on the certificate received from the respective department of the Company regarding the notification of the Policy, before the Board of Directors and the Board shall take on record of the same.

The intimation in this regard be forwarded to the Stock Exchanges where the securities of the Company are listed.

H. Policy shall be Available at the Web Site of the Company

The “Whistle Blower Policy” as adopted by the Board and amended from time to time shall be made available at the web site of the Company.

I. Annual Affirmation on the Compliance of Policy

The Company shall annually affirm that it has not denied any personnel access to the Audit Committee of the Company and/or Chairperson of the Audit Committee (in respect of matters involving alleged misconduct) and that it has provided protection to “whistle blowers” from unfair termination and other unfair prejudicial employment practices.

J. Disclosure in Corporate Governance Report

The affirmation as referred in point I above shall form part of the Board Report on Corporate Governance that is required to be prepared and submitted together with the Annual Report.

K. The Board of Directors shall alter, amend or modify the clauses of the above

This Policy may be further amended from time to time by the Board of Directors, as the Board may fit necessary and as and when required. Further, any subsequent amendment/modification in the various SEBI Regulations and/or Companies Act, 2013 read with Rules made thereunder and/or any other laws in this regard shall automatically apply to this Policy.
