

KALYANPUR CEMENTS LIMITED

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IMPLEMENTATION OF WHISTLEBLOWER POLICY

The Companies Act 2013 (Act) has introduced several provisions relating to the Corporate Governance. Section 177 of the Act is one of such provisions dealing with Corporate Governance and the same provides for establishing a Vigil Mechanism as under:

Text of Sub-Section 9 of Section 177 of the Act

“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”.

Text of Sub-Section 10 of Section 177 of the Act

“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”.

The Companies (Meetings of Board and its Power) Rules 2014 framed, in pursuance of Section 177 of the Act provide as under:

Text of Rule 7 of the Companies (Meeting of Board and its Power) Rules 2014

Establishment of vigil mechanism

- (1) Every listed company and the companies belonging to the following class or classes shall establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances -
 - (a) the Companies which accept deposits from the public;
 - (b) the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees.
- (2) The companies which are required to constitute an audit committee shall oversee the vigil mechanism through the committee and if any of the members of the committee have a

conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.

- (3) In case of other companies, the Board of directors shall nominate a director to play the role of audit committee for the purpose of vigil mechanism to whom other directors and employees may report their concerns.
- (4) The vigil mechanism shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee or the director nominated to play the role of Audit Committee, as the case may be, in exceptional cases.
- (5) In case of repeated frivolous complaints being filed by a director or an employee, the audit committee or the director nominated to play the role of audit committee may take suitable action against the concerned director or employee including reprimand.

In conformity with above provisions on the Corporate Governance as enshrined in the Act, SEBI has also amended Clause 49 of the Listing Agreement. As stipulated by SEBI, the amended Clause 49 of the Listing Agreement comprising various new provisions including those on Whistleblower has come into force with effect from 1st October, 2014. The Whistleblower provision earlier was a non mandatory clause and with effect from 1.10.14, this has been made mandatory and accordingly every listed company is now required to frame and have in place a “Whistleblower Policy”. The relevant extract of Clause 49 is reproduced below:

Text of Sub-Clause ‘F’ of Clause 49 of the Listing Agreement

“Whistle Blower Policy

1. 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.
2. This mechanism should also provide for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.
3. The details of establishment of such mechanism shall be disclosed by the company on its website and in the Board’s report.”

The following therefore will be the Whistleblower Policy of the Company:

A. Preamble

Since Kalyanpur Cements Limited is a listed company, it is required to frame a Whistle Blower policy and implement the same. Accordingly, the following policy is being framed.

B. This policy will be known as Kalyanpur Cements Ltd. (KCL) Whistle Blower Policy. This policy will come into force with immediate effect.

C. Definitions: Unless otherwise specifically provided, the following terms will have the meaning as given hereunder:

- (i) “Code” - “Code” means the Code of Conduct approved by the Board of Directors in their meeting held on 25th May, 2006 or any subsequent amendment thereto or the Code approved by the Board denovo in supersession of the earlier Code.
- (ii) Whistleblower – Whistleblower means an employee or director of the company who reports genuine concerns or makes a “Protected Disclosure” under this policy.
- (iii) Protected Disclosure – Means a communication made in good faith disclosing or providing information in respect of any unethical or improper activity.
- (iv) Audit committee – “Audit Committee” means the committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Companies Act 2013 read with Clause 49 (III) of the Listing Agreement.
- (v) Employee – Employee means any employee of the company and a director in the employment of the company.
- (vi) Chairman – “Chairman” means the Chairman of the Audit Committee.
- (vii) Policy Means – Whistleblower Policy

D. Spirit behind the Policy and its Scope

D.1 The company which is engaged in the business of manufacturing and marketing cement has already implemented, in Letter and Spirit, the Code on Corporate Governance as provided in clause 49 incorporated in the Listing Agreement consequent upon the report of the Kumarmangalam Birla Committee on Corporate Governance. It is the objective of the company to ensure that adequate principles and standards governing the business of the company are laid down and the same are followed by its employees and associates. The company strongly feels that violations of such laid down principles and standards need to be brought to the notice of the Audit Committee and accordingly, it is considered appropriate to frame and implement an adequate policy where under the employees/directors could report to the Audit Committee the incidence of violation of the principles and standards. The policy will be constituted in accordance with Rule 7 of the Companies (meetings of Board and its Power) Rules 2014 which provides for establishment of Vigil Mechanism by every listed company. The text of the provisions of Rule 7 of the above Rules has been provided hereinbefore.

D.2 Under the Policy, the employees and directors of the company may approach the Chairman of the Audit Committee of the company, if he/she, in good faith believes, about any wrong doing, unethical practice, or any activity against the principles and standards laid down for conduct of the business of the company.

- D.3 The Whistleblower will have a right to report any irregularity with reliable information. He would only provide information about such activity and would not act as an investigator or decide the corrective or remedial action in the matter.
- D.4 The Whistleblower may be asked by the chairman audit committee to make oral submission before him after submission of necessary papers making a “Protected Disclosure” about any wrong doing, unethical activity etc.

E. Protection

- E.1 The Whistleblower Identity – As far as possible, the identity of the Whistleblower will be kept confidential as permitted under the law.
- E.2 The Whistleblower, as a consequence of making a “Protected Disclosure” about any wrong doing pursuant to this policy, will not be discriminated and meted out any unfair treatment or harassment in the matters pertaining to his employment.
- E.3 Consequent upon the receipt of any complaint/information/protected disclosure by the chairman, he will investigate into the same and recommend suitable action in the matter. Any employee who provides necessary assistance in the investigation shall also get similar protection as the Whistleblower himself.

F. Disciplinary Action

- F.1 The genuine Whistleblower will be provided adequate protection from any unfair treatment but abuse of this policy by any employee may invite Disciplinary Action.
- F.2 While this policy provides for protection to the genuine Whistleblowers, there will not be any protection from Disciplinary Action in the event of false or frivolous complaints/disclosures made with malafide intention.
- F.3 The Disciplinary Action would be taken as per the Service Rules of the Company, in force, from time to time.

G. Procedure of Investigation

- G.1 The chairman will be the competent authority to decide the course of investigation. He may conduct the investigation either himself or take help from company’s officer/outside experts. He will ensure that the investigation is conducted in an independent or unbiased manner for a fair, objective and thorough professional outcome.

- G.2 The identity of the person against whom the investigation is conducted will be kept confidential within the ambit of law. Such person will, however, be informed of the allegations and provided the opportunities for placing his view points and position.
- G.3 Such person shall fully cooperate with the investigator or the chairman in course of investigation and will have a right to be represented by a counsel at his/her cost. He will not interfere with the investigation or try to influence the same by tempering the evidences or taking any such action as would undermine the importance of investigation and derail its process.
- G.4 Such person will be communicated the material findings contained in the investigation report and will also be provided an opportunity to respond to such material findings. Finally, the outcome of investigation will also be informed to such person.
- G.5 The Investigation should normally be completed within 30 days after receipt of complaint/protected disclosure.

H. Decision

- H.1 If the Chairman, based on his own investigation or the report submitted by the investigator comes to a conclusion that an improper or unethical act has been committed, he will recommend to the management of the company for taking action against the person as he deems fit and proper under the circumstances of the case. He will also inform the outcome of the investigation and the action recommended by him to the company.
- H.2 The Chairman, on regular basis, shall inform the committee about such complaints on unethical acts/protected disclosure made to him from time to time.
- H.3 The Chairman shall ensure to evolve a mechanism to retain the records / documents relating to such investigation for a period of five years.

I. Amendment to the Policy

The Board of Directors shall have a right to modify or alter this policy at any time, on the basis of the experience of working with the policy and if necessitated to do so in the interest of the company. Such changes in the policy shall be brought to the notice of employees/directors also.