

**L&T METRO RAIL (HYDERABAD)
LIMITED™**



VIGIL MECHANISM POLICY



L&T METRO RAIL (HYDERABAD) LIMITED

HYDERABAD METRO RAIL ADMINISTRATIVE
BUILDING, UPPAL MAIN ROAD, NAGOLE,
HYDERABAD – 500 039

Vigil Mechanism

16th February, 2015

L&T METRO RAIL (HYDERABAD) LIMITED

VIGIL MECHANISM POLICY

Good governance is an integral part and parcel of the existence of a company in today's era of stakeholder engagement. Transparent procedures need to be adopted so as to ensure timely redressal of **concerns of the directors and the employees**.

A company's internal control and operating procedures are intended to detect and prevent improper activities. However achieving complete safety against irregularities may not be possible. L&T Metro Rail (Hyderabad) Limited (the Company) proposes to provide the Directors and Employees with a sense of ownership and interest alongside smooth functioning and growth.

Thus the Company intends to formulate and establish a Vigil Mechanism Framework for providing adequate safeguards to the Employees and Directors from victimization or reprisals.

The objective of the said policy is to establish a redressal forum which can process all complaints concerning questionable practices and through which the Directors and Employees can raise actual or suspected violations.

In line with our vision and values, which we cherish in our organization and as a part of good Corporate Governance, framing Vigil Mechanism would be a step in the right direction. The Management wishes to release herewith, Vigil Mechanism Framework. This Framework is meant to encourage Employees to report to the concerned person for rectification, if they find or observe anything wrong and or having an adverse effect on the Company's Financials /Image. The details of the policy - Inclusions, Exclusions and procedure are enumerated herein.

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1.0 INTRODUCTION

1.1 Vigil Mechanism

Good governance is an integral part of the existence of the Company. It inspires and strengthens investors' confidence by ensuring the Company's commitment to higher goals and profits. This objective is achieved by adopting transparent procedures and practices, having in place effective machinery to address the concerns of all stakeholders, keeping shareholders informed about developments in the Company and ensuring effective control over the affairs of the Company.

The Company is committed to the highest possible standards of openness, probity, and accountability. In line with that commitment we expect directors and employees that we deal with, to come forward and voice genuine concerns.

Keeping this in mind and to facilitate this process, the Company has formulated a Vigil Mechanism Framework to enable Directors and Employees to report genuine concerns.

The Vigil Mechanism Framework is a structured process, which encourages and facilitates directors and employees to report without fear, wrongdoings or any unethical or improper practice which may adversely impact the image, credibility and/or the financials of the company, through an appropriate forum. The objective is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal accounting controls, or fraudulent reporting of financial information and anti- social conducts.

In other words, if Directors and Employees observe any wrongdoing that may adversely affect the Company's image or financials they should assist in rectifying it by reporting it to the management for appropriate action.

1.2 Vigilant Person/Whistleblower/Tipster

A '**Vigilant Person/Whistleblower/Tipster**' is a Director or an Employee, who finds that another director or employee or an outsider is engaged in a conduct which may inappropriately affect the image, credibility or financials of the Company and who may, without expecting any reward in return report the matter to the management as per the guidelines given below. Such a person is known as a 'Vigilant Person / Whistleblower / Tipster' and the matter so reported by any Employee or Director of the company shall be considered to be under '**VIGILANCE**'.

1.3 Date of Implementation

This Vigil Mechanism comes into force from 16th February, 2015.

2.0 SCOPE

2.1 Applies to Whom?

This Vigil Mechanism Framework is applicable to all Directors, Employees of L&T Metro Rail (Hyderabad) Limited (the Company).

2.2 Acts of Wrongdoings as illustrated below may include but not necessarily be limited to:

- Forgery or alteration of documents
- Unauthorized alteration or manipulation of computer files
- Fraudulent financial reporting
- Pursuit of a benefit or advantage in violation of the company's interest
- Misappropriation/misuse of Company's resources, like funds, supplies, or other assets
- Authorizing/receiving compensation for goods not received/services not performed
- Authorizing or receiving compensation for hours not worked
- Improper use of authority
- Release of Proprietary Information
- Kickbacks
- Theft of Cash/Assets
- Theft of Goods/Services
- Unauthorized Discounts/approvals/sanctions
- Falsification/Destruction of Company Records
- Fraudulent Insurance Claims
- Work Place Harassment
- Sexual Harassment

2.3 Matters pertaining to the following may be excluded from the purview of Vigil Mechanism Framework.

- Personal Grievances
- Dissatisfaction with appraisals and rewards
- Complaints relating to Service conditions
- Company Policies
- Suggestions for improving operational efficiencies

3.0 VIGIL MECHANISM COMMITTEE

3.1 Constitution

The Committee comprising of Chief Financial Officer, Company Secretary & Head Legal and Head –Human Resources will be formed.

3.2 Responsibilities of Vigil Mechanism Committee

- Receiving and acknowledging complaints
- Sorting / Screening / Short listing
- Interim communication to Managing Director
- Investigation through appropriate delegation / agencies
- Recommend course of action based on investigation to management
- Prevention and redressal of Vigilant Person/Whistleblower/Tipster harassment
- Any other related responsibility as decided by the management
- The decision taken by the Vigil Mechanism Committee on the whistleblower's Complaint shall be final.

3.3 Meetings and Records

The Vigil Mechanism Committee will maintain its records such as Agenda, Minutes of the Meeting, Complaint Reports, and Action initiated etc.

4.0 PROCEDURE

4.1 How to report:

A perceived wrongdoing or an act for whistle blowing may be reported by a **Vigilant Person/Whistleblower/Tipster** in oral or written form.

- In the case of oral complaints, the Vigilant Person/Whistleblower/Tipster may approach Vigil Mechanism Committee who should get the oral Complaint converted into a written one. The Committee will meet, discuss and resolve the Complaint. The Vigil Mechanism Committee after considering the report and its gravity may settle the grievance if it is not so material and if it deals with petty issues. However if the grievance is material then it should be investigated by the Vigil Mechanism Committee. After investigation the Complaint with Investigation Report should be forwarded to the Company's Audit committee through the Managing Director and Chief Executive. The Audit Committee will decide on the

matters to be forwarded to the ultimate holding company Larsen & Toubro's Audit Committee / Apex Committee, Whistle Blower Investigation Committee.

- The **Vigilant Person/Whistleblower/Tipster** can also have an access to the Chairperson of the Audit Committee in appropriate or exceptional cases. The Chairperson will acknowledge and review the Complaint in a manner as may be deemed necessary, and forward the report to Vigil Mechanism Committee.
- Anonymous letters will not be considered.

5.0 PROTECTION OF VIGILANT PERSON/WHISTLEBLOWER/TIPSTER

5.1 Freedom to Report

The Directors or Employees should feel free to report matters of wrongdoing to the Vigil Mechanism Committee without fear of any repercussion on themselves. The Management assures to maintain anonymity of the Vigilant Person/Whistle blower/Tipster at all times. The Management also affirms that the whistleblower/person exercising vigilance shall be protected from unfair termination and any other unfair prejudicial employment practices, which the Vigilant Person/Whistle blower/Tipster may face from any quarters within the Company due to the act of whistle blowing/exercising vigilance.

5.2 Assurance of Protection

If at any time, Vigilant Person/Whistle blower/Tipster perceives or apprehends that he is being unfairly victimized or harassed due to his/her act of whistle blowing/exercising vigilance, he/she shall have the right to approach the Vigil Mechanism Committee who will review the Vigilant Person/Whistle blower/Tipsters Complaint and take appropriate action, as applicable, to ensure that the Vigilant Person/Whistle blower/Tipster is not subjected to any unfair or prejudicial employment practices on account of his/her alleged victimization.

HIERARCHICAL STRUCTURE OF VIGIL MECHANISM

