

**BHARAT DYNAMICS LIMITED
KANCHANBAGH-HYDERABAD**

WHISTLE BLOWER POLICY

1. Preface:

- (i) Department of Public Enterprises (DPE) issued 'Guidelines on Corporate Governance for Public Sector Enterprises' which, inter alia, provide for the requirement of establishing a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behaviour, actual or suspected fraud, or violation of the Company's general guidelines on conduct or ethics Policy.
- (ii) The Whistle Blower Policy has been formulated with a view to provide adequate safeguards against victimization of employees who avail of the mechanism and also provide a means for employees of the Company to approach Audit Committee of the Company.
- (iii) All employees of the Company are eligible to make Protected disclosures which are in relation to matters concerning the Company.

2. Applicability:

This Policy applies to all permanent employees of the Company.

3. Definitions:

- (i) **'Audit Committee'** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section-292A of the Companies Act, 1956 read with DPE guidelines in this regard.
- (ii) **'Adverse Personnel Action'** means, an employment – related act or decision or a failure to take appropriate action by managerial personnel which may affect the employee's employment including, but not limited to, compensation, promotion, job location, job profile, immunities, leaves & training rights or other privileges.
- (iii) **'Alleged Wrongful Conduct'** shall mean violation of law, infringement of Company's code of conduct or ethics policies, mismanagement, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.
- (iv) **'Company'** means BHARAT DYNAMICS LIMITED.
- (v) **'Employee'** means every employee of the Company including the Directors in the permanent employment of the Company.
- (vi) **'Good Faith'** – An employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication in writing of Unethical & Improper Practices or any other Alleged Wrongful Conduct.

Good faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knows or reasonably should have known that the communication about the Unethical & Improper Practices or Alleged Wrongful Conduct is malicious, false or frivolous.

- (vii) **‘Investigators’** means those persons authorized, appointed, consulted or approached by the concerned authority/Audit Committee and includes the auditors of the Company.
- (viii) **‘Protected Disclosure’** means any communication made in writing in good faith that discloses or demonstrates information that may evidence unethical or improper activity or alleged wrongful conduct.
- (ix) **‘Subject’** means a person against, or in relation to whom, a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- (x) **‘Unethical & Improper Practices’** shall mean :
 - (a) An act which does not conform to approved standards of social and professional behaviour;
 - (b) An act which leads to unethical business practices;
 - (c) Improper refers to unethical conduct;
 - (d) Breach of etiquette or morally offensive behaviour, etc.
- (XI) **‘Whistle Blower’** means an employee making a Protected Disclosure in writing under this Policy to the concerned authority/ Audit Committee. His/her role is that of a reporting party with reliable information. He/she is not required or expected to act as a fact finder or investigator..

4. Protection:

- (i) No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.
- (ii) BDL, as a Policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. 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/her duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower 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.
- (iii) The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. However, their identity may become known for reasons beyond the control of the concerned authority/Audit

Committee. : (e.g. while disclosing evidence or during investigation by the investigators)..

- (iv) Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

5. Disqualifications:

- (i) While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- (ii) Protection under the Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a mala fide intention.
- (iii) Whistle Blowers, who make three or more Protected Disclosures, which have been subsequently found to be mala fide, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistle Blowers, the concerned authority/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.
- (iv) This Policy does not protect an employee from an adverse action which occurs independent of his/her disclosure of unethical and improper practice or alleged wrongful conduct, any other disciplinary action, etc., unrelated to a disclosure made pursuant to this Policy.

6. Procedure:

- (i) All Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower.
- (ii) The Protected Disclosure should be forwarded under a covering letter, which shall bear the identity of the Whistle Blower.
- (iii) Protected Disclosure should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- (iv) The Whistle Blower must disclose his/her identity in the covering letter forwarding such Protected Disclosure. Anonymous disclosures will not be entertained by the concerned authority/Audit Committee.
- (v) The Whistle Blower can meet the Chairman of the Audit Committee in exceptional cases. For this purpose, he/she can contact the Secretary of the Audit Committee/Company Secretary for arranging such meeting, who will arrange depending upon the seriousness/necessity of the matter.

(vi) All Protected Disclosures should be addressed to the concerned authority. The Protected Disclosures concerning the employees at the level of CMD & Functional Directors should be addressed to the Chairman of the Audit Committee. The Protected Disclosures concerning others should be addressed to Head (P&A). The contact details of the concerned authority/Audit Committee are as under:

1. Chairman of the Audit Committee,
Bharat Dynamics Limited,
Kanchanbagh
Hyderabad.-500-058.
2. Head (P&A)
Bharat Dynamics Limited,
Kanchanbagh,
Hyderabad – 500 058.

7. Investigation:

- (i) All Protected Disclosures received will be recorded and looked into.
- (ii) All Protected Disclosures reported under this Policy will be thoroughly investigated by the concerned authority as may be required, depending on the disclosure reported, including vigilance department.
- (iii) Investigations will be launched only after a preliminary review which establishes that:
 - (a) the alleged act constitutes an improper or unethical activity or conduct, and
 - (b) either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.
- (iv) The concerned authority/Audit Committee may, at its discretion, consider involving any investigators for the purpose of investigation.
- (v) The decision to conduct an investigation taken by the concerned authority/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 Whistle Blower that an improper or unethical act was committed.
- (vi) The identity of an alleged person/employee will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- (vii) Alleged person/employee will normally be informed of the allegations at the outset of a formal investigation and will have an opportunity for providing his/her inputs during the investigation.

- (viii) Alleged person/employee shall be duty bound to co-operate with the concerned authority/Audit Committee or any of the investigators during investigation to the extent that such co-operation sought does not merely require him/her to admit guilt.
- (ix) Alleged person/employee has 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.
- (x) Unless there are compelling reasons not to do so, alleged person/employee will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrong doing against an alleged person/employee shall be considered as maintainable unless there is adequate evidence in support of the allegation.
- (xi) Alleged person/employee has a right to be informed of the outcome of the investigation.
- (xii) The investigation shall be completed normally within 90 days of the receipt of the protected disclosure.
- (xiii) A report shall be prepared after completion of investigation and the concerned authority/Audit Committee shall consider the same.
- (xiv) No 'Disclosure' which is more than 3 years old from the date of noticing the said unethical behaviour, suspected fraud, violation etc., will be taken up, in order to prevent any person from raising issues with an ulterior motive.

8. Investigators:

- (i) Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the concerned authority/ Audit Committee when acting within the course and scope of their investigation.
- (ii) Technical and other resources may be drawn upon as necessary to augment the investigation. All investigators shall be independent and unbiased both in fact and as perceived. Investigators must ensure fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.
- (iii) The concerned authority/Audit Committee or Officers or Committee of managerial personnel, as the case may be, shall have the right to call for any information/document and examination of any employee of the Company or other person(s), as they may deem appropriate for the purpose of conducting an investigation under this Policy.

9. Reporting & Decision:

- (i) Concerned authority shall report to the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

- (ii) If a Protected Disclosure/investigation leads the Audit Committee to conclude that an improper or unethical act has been committed, the Audit Committee shall direct the Management of the Company to take such disciplinary or corrective action as the Audit Committee deems fit. Such disciplinary or corrective action initiated against the employee shall adhere to the certified Standing Orders, CDA Rules of the Company.

10. Annual Affirmation:

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

The affirmation shall form part of the Corporate Governance report as attached to the Annual Report of the Company.

11. Retention of Records /Documents:

All documents relating to such Protected Disclosure made through the procedures outlined above shall be retained for at least five years from the date of the 'Protected Disclosure', after which the information may be destroyed unless the information may be relevant to any pending or potential litigation, inquiry or investigation, in which case the information will be retained for the duration of that litigation, inquiry or investigation and thereafter as necessary.

12. Amendment:

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.