

STAR PAPER MILLS LTD.-VIGIL/WHISTLE-BLOWING MECHANISM

A. Introduction

Pursuant to Section 177 of newly enacted Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 which requires establishment of Vigil Mechanism for directors and employees to report genuine concerns in the prescribed manner and in view of non-mandatory requirement under Clause 49 of Listing Agreement to establish a 'Whistle Blower' policy for employees to report their concerns to the management, the Company intends to frame a Vigil/Whistle-blowing mechanism as under:

B. Establishment of Vigil Mechanism/'Whistle Blower' Policy

The company hereby establishes a vigil/whistle blowing mechanism name as 'STAR-Vigil Mechanism/Whistle-Blowing mechanism' (hereinafter called as 'SPML-VM')

a) Objective: Objectives for establishing 'SPML-VM' are as under:

- 1) To encourage employees to bring fraudulent behaviour and instances of violations of law/internal procedures of which they become aware to the vigil officer so that action can be taken immediately to resolve the problem.
- 2) To minimize the organization's exposure to the damage that can occur when employees circumvent internal systems.

b) The following may be the whistle blower(s) for reporting to the concerned authority.

1. Internal- A whistle blower may be within the organization who discloses any illegal practice to the employer. He/She may be:

- i) Director; or
- ii) Any other employee of the company.

2. External- A whistle blower may be outside the organization who discloses any illegal practice to the employer. He/She may be:

- i) Customer; or
- ii) Supplier; or
- iii) An employee of contractor(s) engaged by the company.

c) Process of Reporting & Redressal- A whistle blower shall report genuine concerns or grievances about any illegal practice, actual and suspected fraud or violation any internal procedure having material impact to the designated Vigil Officer to be nominated from time to time.

The designated Vigil Officer shall compile a detailed report on quarterly basis for the complaints received and action taken thereon. The same shall be submitted to the Audit Committee in every quarterly meeting.

The Audit Committee in each of its meeting should expedite to resolve the pending items and in case any members of the committee have a conflict of interest in a given case, they should rescue themselves and other members should deal with the matters on hand.

The name and identity of reporting employee(s)/ director(s) shall be kept secret by the audit committee and vigil officer to avoid any victimization/threat. If there is any instance of victimization/threat of victimization, the concerned whistle-blower would have direct access to the Chairman of the Audit Committee.

However nothing contained herein-above shall grant immunity to a whistle-blower in case of his own misconduct/ non-performance and such action shall not be deemed as victimization.

In case any frivolous complaint is filed by any person, the audit committee may take strict action against such person as deemed appropriate.

The Audit Committee shall apprise the Board of Directors of status report of the complaint(s) received and resolved under the vigil mechanism.

d) Communication of the Mechanism-After establishment of 'SPML-VM', the same shall be appropriately communicated within the organization and shall be hosted on website of the company for information of all concerned.