



PRECISION ELECTRONICS LIMITED

VIGIL MECHANISM POLICY/ WHISTLE BLOWER POLICY

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| <u>Approver</u> | <u>Board of Directors</u> Revised Policy approved at the board meeting held on August 6, 2025 |
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1. Preamble

Precision Electronics Limited ("Company") believes in the conduct of its affairs fairly and transparently by adopting the highest standards of professionalism, honesty, integrity, and ethical behaviour. Any action by the Company's concerned stakeholders that undermines the ethical fabric would be a matter of serious concern to the Company. The Company is committed to developing a culture where all employees feel safe raising concerns about any poor or unacceptable practices, as well as any incidents of misconduct or law violations.

The Company has adopted a code of conduct for Directors and senior management personnel, which outlines the principles and standards that should govern the actions of the Company, its Directors, and employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company.

Sections 177 (9) and 177(10) of the Companies Act, 2013, as amended ("**Companies Act**") read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended and regulation 4(2)(d)(iv) and regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") require the Company to establish a vigil mechanism by way of Whistle Blower Policy ("**Policy**"), for all the employees and Directors to report instances of unethical practices, illegal activities and/or actual or suspected fraud or violation of the Company's code of conduct. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such a mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate cases.

2. Definitions:

The definitions of some of the key terms used in this Policy are given below:

- a) "**Alleged wrongful conduct**" shall mean violation of law, infringement of Company's rules, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety, or abuse of authority;
- b) "**Audit Committee**" means the Audit Committee of the Board;
- c) "**Board**" means the Board of Directors of the Company;
- d) "**Company**" means Precision Electronics Limited;
- e) "**Chairperson**" means the Chairperson of the Audit Committee;
- f) "**Chief Executive Officer**" means the Managing Director of the Company;
- g) "**Code**" means the Code of Conduct adopted by the Company;
- h) "**Directors**" means Directors on the Board of the Company;
- i) "**Disciplinary Action**" means any action that can be taken on the

completion of/during the investigation proceedings, including, but not limited to, a warning, imposition of a fine, suspension from official duties, or any such action as is deemed to be fit considering the gravity of the matter;

- j) **“Employee”** means every employee (including permanent) of the Company (whether working in India or abroad), including the Directors in the employment of the Company;
- k) **“Good Faith”**: An employee shall be deemed to be communicating in good faith if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge on a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false, or frivolous;
- l) **“Investigators”** mean those persons authorised, appointed, consulted or approached by the Company and/or the Chairperson of the Audit Committee, and include the statutory or internal auditors of the Company and the police;
- m) **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity, illegal, inappropriate, and harmful activities to the Company. It should be factual and be capable of being substantiated with evidence, and not speculative, and be specific to enable proper assessment and redressal;
- n) **“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;
- o) **“Whistle Blower”** shall mean a person (including an artificial person) who makes a Protected Disclosure under this Policy. He/she is neither an investigator nor a finder of facts, nor does he/ she determine the appropriate corrective or remedial action that may be warranted; and
- p) **“Whistle Blower Protection Committee”** or **“Committee”** shall be the committee constituted by the Audit Committee for investigation, inquiry, and redressal.

3. Objective

The purpose of this Policy is to provide a framework to promote a culture of responsible and secure whistle-blowing, wherein the stakeholders can raise/report any suspected or actual instances of unethical behaviour, actual or suspected fraud or violation of the Company’s code of conduct.

This Policy has been constituted pursuant to the stated provisions of the

Companies Act & Listing Regulations and provides access to the Chairperson of the Audit Committee in exceptional cases and ensures that the Whistle Blower is provided with adequate safeguards against victimization.

This Policy neither releases the employees (both permanent and contract) from their confidential obligations in their course of work nor serves as a route to raise allegations with malicious or baseless intentions.

4. Scope

This Policy is an extension of the Code of Conduct. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Committee or the Investigators.

Protected Disclosure will be appropriately dealt with by the Committee.

This Policy covers actual or suspected malpractice, illegal activities, and instances as indicated under the illustrative list below, and allows the Whistle Blower to report the same:

- a) Breach of the Company's Code of Conduct;
- b) Breach of Company Policy or improper practice of the Company's policies or procedures, failure to implement or comply with any approved Company Policy;
- c) Manipulation of the Company's data/records;
- d) Breach of business integrity and ethics;
- e) Deliberate violation of law/regulation, unlawful in the region (or) state;
- f) Financial irregularities, which may lead to incorrect reporting/loss to customers, including fraud or suspected fraud or deficiencies in internal control and check, or deliberate error in preparations of financial statements or misrepresentation of financial reports;
- g) Violation of confidential and Intellectual Property Rights obligations;
- h) Criminal offence;
- i) Misappropriation of the Company's funds/assets;
- j) Demanding and/or accepting gratification;
- k) Obtainment of pecuniary benefits for self or any other person by corrupt or illegal means or abuse of position and other matters or activity on

account of which the interest of the Company is affected.

The Policy should not be used for raising malicious or unfounded allegations against colleagues or superiors. The above should be supported by proper evidence and reliable information. Care should be taken not to indulge in baseless allegations and should not be used in place of the Company's grievance procedures.

If a complaint, after an investigation proves to be frivolous, malicious, or made with an ulterior intent, the Audit Committee shall take appropriate disciplinary action against the concerned Whistle Blower.

Any Employee and/or Director, knowingly hiding information in any form regarding any unethical practice/activities/behaviour in one's workplace, will also constitute unethical practice on the Employee's part.

5. Eligibility

All the stakeholders of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company or to any other related Company in the group, or the concerned employees or stakeholders.

6. Guiding Principles

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- Ensure that the Whistle-blower and/or the person processing the Protected Disclosure is not victimized for doing so.
- Treat victimization as a serious matter, including initiating disciplinary action, if required, on such person/(s).
- Ensure complete confidentiality.
- Do not attempt to conceal evidence of the Protected Disclosure.
- Take disciplinary action if anyone destroys or conceals evidence of the Protected Disclosure made/to be made.
- Provide an opportunity to be heard to the persons involved, especially to the Subject.

7. Anonymous allegation

Whistleblowers must put their names to allegations, as follow-up questions and investigation may not be possible unless the source of the information is identified. Disclosures expressed anonymously will be considered at the discretion of the Audit Committee.

8. Disqualification

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.

Protection under this 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.

Whistle Blowers, who are found to be making frivolous, baseless, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy.

9. Procedure

- a. All Protected Disclosures should be addressed to the Whistle Blower Protection Committee or to the Chairperson of the Audit Committee of the Company for investigation.
- b. Protected Disclosures should be reported in writing to ensure a clear understanding of the issues raised and should be sent by e-mail or through a physical letter.

To

The Whistle Blower Protection Committee

D-10, Sector-3, Noida – 201 301,

Uttar Pradesh, India

E-mail: whistleblower@pel-india.in

To

The Chairperson – Audit Committee of the Board

(Precision Electronics Limited, D-10, Sector,

Noida – 201 301, Uttar Pradesh, India

E-mail: audit.chairperson@pel-india.in

- c. In case the Whistleblower approaches the Chairperson of the Audit Committee, then the Chairperson of the Audit Committee will refer the matter to the Whistle Blower Protection Committee.
- d. In the event the Chairperson of the Audit Committee has a conflict of interest in relation to a Protected Disclosure received by him, the Chairperson of the Audit Committee shall recuse himself from the matter and forward such Protected Disclosure to other members of the Audit Committee. The Audit Committee shall then nominate another member of the Audit Committee to exercise the role of the Chairperson as set out in this Policy in relation to such Protected Disclosure.
- e. If a Protected Disclosure is received by any executive of the Company, the same should be forwarded to the Chairperson of the Audit Committee for further appropriate action.
- f. Protected Disclosures 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.

- g. A Whistle Blower must disclose his/her identity, which shall be protected under this policy and may or may not receive acknowledgement while raising a concern.
- h. All complaints received are to be recorded and looked into “prima-facie” through a preliminary investigation by the Whistle Blower Protection Committee. If preliminary inquiry indicates that the complaint has no merit/basis, or it is not a matter to be pursued under this policy, it may be dismissed by an order in writing.
- i. The Whistle Blower Protection Committee may, at its discretion, consider involving any Investigators for the purpose of investigation, during preliminary enquiry.

Further, the Whistle Blower Protection Committee shall submit its report to the Chairperson of the Audit Committee after investigation.

10. Whistle Blower Protection Committee

The Whistle Blower Protection Committee shall be responsible for managing the Whistle Blower complaints of all the stakeholders and for redressing any other compliance or internal issues.

11. Investigation Process

- a) If required, the Protected Disclosures reported under this Policy will be thoroughly investigated.
- b) The decision to conduct an investigation taken by the Committee is by itself not an accusation and is to be treated as a neutral fact-finding process.
- c) The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d) The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible, given the legitimate needs of law and the investigation.
- e) Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f) Subjects shall have a duty to co-operate with the Committee and any authorised official of the Company authorised by the Committee or any of the Investigators during the investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- g) Subjects have a right to consult with a person or persons of their choice, other than the Committee and/or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the

investigation proceedings. However, if the allegations against the Subject are not sustainable, then the Company may see reason to reimburse such reasonable costs.

- h) Subjects have 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.
- i) Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered maintainable unless there is good evidence in support of the allegation.
- j) Subjects have a right to be informed of the outcome of the investigation.
- k) The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.
- l) The Audit Committee or Whistle Blower Protection Committee, if required, may call for further information or particulars from the Whistle Blower, for the purpose of investigation.

12. Protection

No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, 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 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.

Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

13. Decision and reporting

If an investigation leads to the conclusion that an improper or unethical act has been committed, the Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Committee may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

A quarterly report on such findings shall be placed before the Audit Committee and the Board.

In case the Subject is the Chief Executive Officer of the Company, the Chairperson of the Audit Committee, after examining the Protected Disclosure, shall forward the Protected Disclosure to other members of the Audit Committee, if deemed fit. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure.

If the report of the investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating entity.

A complainant who makes false allegations of unethical and improper practices or about alleged wrongful conduct shall be subject to appropriate disciplinary action in accordance with the rules, procedures, and policies of the Company.

14. Rights of a Subject

- Subjects have a right to be heard and the Whistle Officer must give adequate time and opportunity for the subject to communicate his/her say on the matter.
- Subjects have the right to be informed of the outcome of the investigation and shall be so informed in writing by the Company after the completion of the inquiry/ investigation process.
- Subjects have a right to consult with a person or persons of their choice, other than the Investigators and/or the Whistle Blower.
- Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings. However, if the allegations against the subject are not sustainable, then the Company may see reason to reimburse such costs.

15. Communication

The Policy shall be communicated by the Human Resources Department to all the employees of the Company and other persons dealing with the Company, through circular/display on the Notice Board/display on the internet of the Company.

16. Retention of documents

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of eight years or any other period specified by any other law for the time being in force.

17. 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.

The Board of Directors of the Company, subject to the recommendation of the Audit Committee, if any, shall have the right to amend the Policy.

18. Disclosure in the Annual Report

The details of the establishment of Vigil Mechanism/Whistle Blower Policy shall be disclosed by the Company in its Annual Report in the Board's report.

Disclaimer: The Company reserves the right to alter, amend, or withdraw this Policy either in part or in full based on management's discretion.
