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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of Decision: 24th February, 2026

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W.P.(C) 7051/2020 & CM APPL. 62526/2024

MANOJ KUMAR GROVER

.....Petitioner

Through: Mr. Tishampati Sen, Ms. Riddhi Sancheti, Mr. Mukul Kulhari, Mr. Anurag Anand, Advs.

versus

UNION OF INDIA THROUGH MINISTRY OF CORPORATE AFFAIRS & ORS.

.....Respondents

Through: Mr. Rajesh Gogna, CGSC for R1

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AND

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W.P.(C) 11048/2024

SITAMRAJU SREE RAMAKRISHNA

.....Petitioner

Through: Mr. Tishampati Sen, Ms. Riddhi Sancheti, Mr. Mukul Kulhari, Mr. Anurag Anand, Advs.

versus

UNION OF INDIA & ORS.

.....Respondents

Through: Mr. Dhaval Mehrotra and Ms. Aditi Desai, Advs. for SEBI
Mr. Amit Acharya, GP.
Mr. Pravin Bahadur, Mr. S. Anjani Kumar, Advs. for R3.

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE MADHU JAIN

Prathiba M. Singh, J. (Oral)

1. This hearing has been done through hybrid mode.
2. These are two writ petitions filed by the Petitioners raising challenge to



certain provisions of Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014, as also Securities Exchange Board of India (Listing Obligations And Disclosure Requirement) Regulations, 2015.

3. In particular, in *W.P.(C) 7051/2020*, challenge has been raised to Sections 177(9) & 177(10) of the Companies Act, 2013 and Rules 7(1) & 7(4) of the Companies (Meetings of Board and its Powers) Rules, 2014.

4. In *W.P.(C) 11048/2024*, striking down of Section 177(10) of the Companies Act, 2013, Rule 7(4) of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 (1) of the Securities Exchange Board of India (Listing Obligations And Disclosure Requirement) Regulation, 2015 is sought.

BACKGROUND OF W.P.(C) 7051/2020:

5. The background giving rise to *W.P.(C) 7051/2020* is that the Petitioner– Sh. Manoj Kumar Grover, who is an ex-employee of HP India Sales Private Ltd. was appointed as an employee in the said company on 2nd January, 2004, as a Regional Channel Manager, Commercial (B2B) Business. He was thereafter promoted as Zonal Manager, Sales, in November, 2014.

6. According to the Petitioner– Sh. Manoj Kumar Grover, he was coerced and forced by his seniors into being involved in unethical practices and he is stated to have brought the same to the notice of the higher management, including the Managing Director. It is the Petitioner's case that the said complaint led to various retaliatory measures against him, which led him to him then approaching the Global HP Ethics Office and the Chief Human Resource Officer of HP Inc., in the United States.

7. Correspondence ensued between the Petitioner and HP Global officials and according to the Petitioner, he was completely cooperative throughout the



process.

8. However, one of the officials against whom allegations were raised by the Petitioner is stated to have been given an honourable exit in March, 2019, and thereafter the enquiry was closed. This closure was, however, not acceptable to the Petitioner. It is his case that he was coerced to hand over his digital devices to the Company and then the Petitioner was, in effect, suspended.

9. Finally, on 12th June, 2020, a termination letter notice was issued to the Petitioner and the Petitioner has availed of his legal remedies in respect of his alleged unlawful termination.

10. The present petition, however, relates to a challenge mounted by the Petitioner in respect of Section 177(9) & 177(10) of the Companies Act, 2013 and Rule 7(1) & 7(4) of the Companies (Meetings of Board and its Powers) Rules, 2014.

BACKGROUND OF W.P.(C) 11084/2024:

11. The background giving rise to ***W.P.(C) 11084/2024*** is that the Petitioner– Sh. Sitamraju Sree Ramakrishna, who is an ex-employee of GlaxoSmithKline Consumer Healthcare Ltd. was appointed as an employee in the said company on 4th March, 2014, as a Manager Process with initial posting in Rajahmundry Plant, Sonipat, Haryana.

12. According to the Petitioner, in 2016, he had communicated through various emails, concerns relating to environmental norm violations by the company.

13. It is the Petitioner's case that in September, 2016, he received an email from the Deputy Manager (Environment Health and Safety Department), asking for support related to the safety issues raised by him.



14. However, it is further stated that after he had raised such concerns, he was routinely subjected to vindictive and retaliatory behaviour by the management and was also met with poor feedback related to his work, despite his contributions that did not warrant such feedback.

15. The Petitioner, in August, 2018, wrote an email to his Line Manager, detailing all of his contributions to the AVG project and listed the harassment he had faced since becoming a whistle blower, and thus requested a transfer as well. He also contacted the General Manager - Human Resources, highlighting the treatment that was being meted out to him.

16. Thus, on 10th August, 2018, the Petitioner was transferred from Rajahmundry Plant Site to Gurugram Head Office.

17. Due to the continuation of the alleged harassment and retaliatory behaviour despite a transfer, the Petitioner wrote to the Global Compliance Head of his company, however, the same was to no avail.

18. Finally, on 16th January, 2024, a termination letter notice was issued to the Petitioner and the Petitioner has availed of his legal remedies in respect of his alleged unlawful termination.

19. The present petition, however, relates to challenge raised by the Petitioner in respect of Section 177(10) of the Companies Act, 2013, Rule 7(4) of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 (1) of the Securities Exchange Board of India (Listing Obligations And Disclosure Requirement) Regulation, 2015.

20. According to Id. Counsel for the Petitioners, the provisions under challenge in both these petitions are inadequate in setting up a proper vigil mechanism and do not provide for any safeguards to be taken by companies to ensure that their employees are not victimised by the company itself.



21. The second challenge raised by the Petitioners in these cases is that the vigil mechanism provided in the provisions under challenge is mandated only for public listed companies and not for unlisted companies.

22. According to Id. Counsel for SEBI, it is stated that all listed companies have to set up a vigil mechanism, and the same is governed by Regulation 22 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

23. Thus, as per SEBI, every listed company and such other class of clustered companies, as may be prescribed under 177 (1) of the Companies Act, 2013 have to constitute an Audit Committee and the Audit Committee has to have three Directors with the independent Directors forming a majority. Thus, it is the case of SEBI that this Audit Committee by itself acts as a safety mechanism.

24. It is further submitted on behalf of SEBI that the said Regulation 22 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Section 177 (9) & 177 (10) of the Companies Act, 2013, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 is an inbuilt vigil mechanism which has already been codified.

25. Insofar as the Union of India is concerned, their counter affidavit is on record in **W.P.(C) 7051/2020**. It is the UOI's stand that the Companies (Meetings of Board and its Powers) Rules, 2014 require establishment of a vigil mechanism. The relevant portion of the counter affidavit is set out below:

“2. The Answering Respondent is confident that based upon the submissions hereinafter, this Hon'ble Court would be apprised with the correct facts of the issue at hand and would further be pleased to dismiss the



Petition of the Petitioner in limine, being without any merits.

3. That it is most respectfully submitted that each and every averment made and contentions raised in the present writ petition are denied, except the averment which are matter made which are matter of record, in view of preliminary submissions. Any omission on the part of Respondent No. 1 to deal with any particular contention or averment of the Petitioners should not be construed as an admission / acceptance thereof by Respondent No. 1.

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6. Section 177(9) states that "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".

Section 177(10) "the vigil mechanism under sub-section (9) shall provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases". Rule 7 of The Companies (Meetings of Board and its Powers) Rules, 2014 deals with 'Establishment of vigil mechanism'; It states; (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 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 victimisation 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"

26. On this, the submission on behalf of the Petitioners is that the existing mechanism under Section 177 of the Companies Act, 2013 only requires listed public companies to establish an Audit Committee and a vigil mechanism. This, however, does not extend to other categories of companies.

27. In addition to this, the court also notices that in the counter affidavit filed by the Registrar of Companies in **W.P.(C) 7051/2020**, it is stated as under:

*"10. That Section 177(9) of the Companies Act, 2013 provides for establishment of a vigil mechanism for director and employees in respect of listed company and for a class of companies, which may be described. **Under rule 7 of the Companies (Meetings of Board and***



its Powers) Rules, 2014 apart from listed companies, the companies which accepts deposits from the public, or companies which have borrowed money from Banks and Public Finance Institutions in excess of Rs. 50 crores are also required to establish a vigil mechanism. In case a Company is required to constitute an Audit Committee (in which majority of directors are required to be independent Directors), the vigil mechanism will be overseen by such committee. In other cases, one director nominated by the Board will play the role of the Audit Committee. In view of the larger public interest involved in the functioning of such companies, the vigil mechanism has been extended to such companies, at present.

11. That in view of the recommendations of the Standing Committee on Finance, Section 177(10) of the Companies Act, 2013 clearly provides that the vigil mechanism should provide for safeguards against victimization of the complainants and also direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. In terms of the recommendations of the Standing Committee on Finance, the contours of the vigil mechanism is required is not subject to external regulation, but the details of the establishment of such mechanism is required to be published on company's website, as well as in the Board's report."

28. Thus, as per UOI, apart from listed companies, the setting up of vigil mechanism is also extended to further categories of companies including those which have borrowed from banks and financial institutions in excess of Rs.50 crores.

29. The Court has heard the Id. Counsels for all parties.

30. The question whether vigil mechanisms need to be established in companies has been statutorily legislated in Section 177 of the Companies Act, 2013, read with Rule 7 of the Companies (Meetings of Board and its



Powers) Rules, 2014.

31. Sections 177 (1), 177 (9) & 177 (10) of the Companies Act, 2013 are set out below:

“(1) The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed, shall constitute an Audit Committee.

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(9) 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.

(10) The vigil mechanism under sub-section (9) shall provide for adequate safeguards against victimisation 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.”

32. Further Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 reads as under:

*“7. **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 victimisation 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.”

33. A perusal of the above provision would show that all listed companies have to mandatorily constitute Audit Committees. Apart from listed companies, this mandate can be extended to other classes of companies as well. The Government can, from time to time, prescribe the kind of companies that need to have a vigil mechanism. Under Rule 7, apart from listed companies, those companies which accept deposits from the public or even companies which have borrowed monies from banks/public financial institutions of more than Rs. 50 crore rupees have to establish vigil mechanisms.

34. Under Section 177 of the Companies Act, 2013 an Audit Committee has to be set up with a minimum of three Directors with the Independent Directors forming a majority and such Audit Committee would have to be



established in all listed companies and any other class of companies, as may be prescribed.

35. The grievance of the Petitioners herein is that there should be a mandate for extending such vigil mechanisms for even unlisted companies. The class of companies to which the said mechanisms are applicable, has been expanded to beyond listed companies, under Rule 7.

36. A perusal of Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, read with Section 177 of the Companies Act, 2013, leaves no manner of doubt that wherever vigil mechanisms have to be established, there has to be access provided to the Chairperson of the Audit Committee, and there have to be independent Directors who are in a majority.

37. The question that thus arises is whether the Court can direct extension of this establishment of the vigil mechanism to any further class of companies, beyond what is prescribed in Section 177 of the Companies Act, 2013 read with the Rules.

38. In our opinion, the clear answer to this question would be a NO, inasmuch as the extension of such a vigil mechanism to any other classes of companies is not an issue that is to be adjudicated but a policy decision followed by legislative measures which have to be taken after adequate stakeholder consultation. Such a decision would also be required to be taken after bearing in mind, the nature and the extent of complaints which may be received against a particular class of companies. Moreover, a legislative exercise cannot be undertaken by way of a judicial order in the manner as is being sought. The question whether the time has come to extend such mechanisms to private limited companies or any other categories of firms or companies would also be a policy decision.



39. No Mandamus or direction can be issued by the Court directing the Government to extend vigil mechanisms to other categories of companies, than those already prescribed. At best, the Court can only direct the Government to hold a stakeholder consultation in this regard and take a decision as to whether the vigil mechanism is to be extended to other classes of companies or not.

40. In conclusion, this Court is of the view that it is for Government to decide from time to time as to for which categories of companies or other legal entities, the vigil mechanism is to be mandatorily established and such a decision would be taken by the Government after adequate stakeholder consultation from time to time as a matter of its policy.

41. The Court is, accordingly, of the opinion that these two writ petitions deserved to be disposed of with directions to the Ministry of Corporate Affairs, Government of India, to undertake a stakeholder consultation in this regard, and thereafter take a decision, within a reasonable period, as to whether establishment of vigil mechanism needs to be extended to any other companies beyond what is already prescribed.

42. The present petitions are disposed of in these terms. No other orders are called for. Pending applications, if any, are also disposed of.

**PRATHIBA M. SINGH
JUDGE**

**MADHU JAIN
JUDGE**

FEBRUARY 24, 2026/ys/ss