

VIGIL MECHANISM / WHISTLE BLOWER POLICY



VISHAL FABRICS LIMITED

CIN: L17110GJ1985PLC008206

Regd. Office: Ranipur Narol Road, Ahmedabad – 382405

Ph: 079-25353977/78/79/80, Fax: 079-25353981

Website: www.vishalfabricsltd.com;

Email: cs.vfl@chiripalgroup.com

1. PREFACE

Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed. Such a vigil mechanism shall provide adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

Under these circumstances, Vishal Fabrics Limited, being a Listed Company proposes to establish a Whistle Blower Policy / Vigil Mechanism and to formulate a policy for the same.

2. POLICY OBJECTIVES

A Whistle Blower (Vigil) mechanism provides a channel to the employees and directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.

3. SCOPE OF THE POLICY

This Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

4. DEFINITIONS

"**Company**" means the Vishal Fabrics Limited.

"**Board**" means the Board of Directors of the Company.

"**Code**" means Code of Conduct for Directors and Senior Management Executives adopted by Vishal Fabrics Limited.

"**Audit Committee**" means a Committee constituted by the Board of Directors of the Company in accordance guidelines of Listing Agreement and Companies Act, 2013.

"**Employee**" means all the present employees and Directors of the Company (Whether working in India or abroad).

"**Subject**" means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

"Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.

"Whistle Blower" is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

"Investigators" means persons authorized, appointed, consulted or approached by the Audit Committee and the police.

5. ELIGIBILITY

All Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

6. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES.

All Protected Disclosures should be addressed to Mr. Arakhita Khandual, Non - Executive Independent Director of the Company and Chairman of the Audit Committee of the Board of Directors of the Company. The contact details of the Chairman of the Audit Committee is as under:

Mr. Arakhita Prahlad Khandual

B-102, Panchdhara Plaza,
Satellite Road,
Ahmedabad - 380015

The Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised. The Protected Disclosures can also be reported verbally, either personally or over telephone to the Chairman of the Audit Committee, which should be followed by a written communication. The written communication 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. It is suggested that the Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. The Chairman of the Audit Committee shall detach the covering letter and discuss the Protected Disclosure with Members of the Audit Committee to decide further action in the matter. If the Whistle Blower does not wish to reveal identity he/she may feel free to do so without revealing identity. However the disclosure has to be complete and supported by facts and figures to enable proper scrutiny and investigation. 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 enable proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.

7. INVESTIGATION

All protected disclosures under this policy will be recorded and thoroughly investigated. The Audit Committee may investigate and may at its discretion consider involving any other Officer of the Company and / or an outside agency for the purpose of investigation. The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact finding process.

Subjects will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation. Subject shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard to the extent that such co-operation will not compromise self incrimination protection

available under the applicable law. Subjects have a right to consult with a person or persons of their choice, other than the Investigators and /or members of the Audit Committee and / or the Whistle Blower.

Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subjects. Unless there are compelling reasons not to do so, subjects will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation. Subjects have a right to be informed of the outcome of the investigations. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.

The investigation shall be completed normally within 60 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.

8. DECISION

If an investigation leads the Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as it 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.

9. REPORTING

The Investigator(s) shall submit a 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.

10. 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.

The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the complainant will not be revealed unless he himself has made either his details public or disclosed his identity to any other office or authority. In the event of the identity of the complainant being disclosed, the Audit Committee is authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure. The identity of the

Whistle Blower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement agencies, in which case members of the organization are subject to subpoena where recipient of document has to appear in court as witness. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

Provided however that the complainant before making a complaint has reasonable belief that an issue exists and he has acted in good faith. Any complaint not made in good faith as assessed as such by the Audit Committee shall be viewed seriously and the complainant shall be subject to disciplinary action as per the Rules / certified standing orders of the Company. This policy does not protect an employee from an adverse action taken independent of his disclosure of unethical and improper practice etc. unrelated to a disclosure made pursuant to this policy.

11. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

12. 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 period of 7 (seven) years.

13. ADMINISTRATION AND REVIEW OF THE POLICY

The Managing Director shall be responsible for the administration, interpretation, application and review of this policy. The Managing Director also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee.

14. 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 and Directors unless the same is notified to them in writing