

SPICE ISLANDS APPARELS LIMITED

WHISTLEBLOWER POLICY AND VIGIL MECHANISM

(Adopted on August 14, 2014 and revised on April 10, 2019)

SPICE ISLANDS APPARELS LIMITED – WHISTLEBLOWER POLICY

1. Preface

- a. Management of SPICE ISLANDS APPARELS LIMITED (the Company) believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Towards this end, the Company has adopted the SPICE ISLANDS APPARELS LIMITED Code of Conduct (“the Code”) as prevalent from time to time, which lays down the principles and standards that should govern the actions of the Company, its stakeholders and its 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. The role of the employees, directors, and stakeholders in pointing out such violations of the Code cannot be undermined. There is a provision under the Code requiring employees as well as stakeholders to report violations, which states:

“Raising Concerns

We encourage our employees and other stakeholders to raise concerns or make disclosures when they become aware of any actual or potential violation of our Code, policies or law. We also encourage reporting of any event (actual or potential) of misconduct that is not reflective of our values and principles. Avenues available for raising concerns or queries or reporting cases could include:

- immediate line manager or the Human Resources department of our Company
- any other reporting channel set out in our Company’s ‘Whistleblower’ policy. We do not tolerate any form of retaliation against anyone reporting legitimate concerns. Anyone involved in targeting such a person will be subject to disciplinary action.

If you suspect that you or someone you know has been subjected to retaliation for raising a concern or for reporting a case, we encourage you to promptly contact your line manager, the Human Resources department, the CEO & MD.”

- b. Section 177(9) of the Companies Act, 2013 (the Act) mandates the following classes of companies to constitute a vigil mechanism –
- Every listed company.
 - Every other company which accepts deposits from the public.
 - Every company which has borrowed money from banks and public financial institutions in excess of ₹ 50 crore.
- c. Further, Regulation 4(2)(d)(iv) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), inter alia, provides for the listed entity to devise an effective whistleblower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

- d. Accordingly, this Whistleblower Policy (“the Policy”) has been formulated with a view to provide a mechanism for directors, employees as well as other stakeholders of the Company to approach the Chairperson of the Audit Committee of the Company to report violations of the Code.
- e. The Audit Committee shall review the functioning of the Whistleblower mechanism, at least once in a financial year.
- f. The Whistleblower Policy will be displayed on the website of the Company.

2. Definitions

The definitions of some of the key terms used in this Policy are given below. Capitalised terms not defined herein shall have the meaning assigned to them under the Code.

- a. “Audit Committee” means the Audit Committee of Directors constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and read with Regulation 18 of Listing Regulations.
- b. “Employee” means every employee of the Company including contractual employees and the directors in the employment of the Company.
- c. “Code” means the Spice Islands Apparels Limited Code of Conduct.
- d. “Director” means every Director of the Company, past or present.
- e. “Investigators” means those persons authorised, appointed, consulted or approached by the Chairperson of the Audit Committee and the police for investigation of any protected disclosure made under this policy.

- f. “Protected Disclosure” means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- g. “Stakeholders” means and includes value-chain partners like sales representatives, contractors, consultants, intermediaries like distributors and agents, and lenders, business associates, trainee and others with whom the Company has any financial or commercial dealings.
- h. “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.
- i. “Whistleblower” means an employee or director or any stakeholder making a Protected Disclosure under this Policy.

3. Scope

- a. This Policy is an extension of the Spice Islands Apparels Limited 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.
- b. The employees of the Company can also report instances of leak of Unpublished Price Sensitive Information (UPSI) under the mechanism provided in the Policy.
- c. Routine / administrative matters like malfunctioning printers, unavailability of stationery, errors in salary processing, etc. should not be reported through the channels set out in this policy.
- d. Whistleblowers 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 Chairperson of the Audit Committee or the investigators.

- e. Protected Disclosure will be appropriately dealt with by the Audit Committee, as the case may be.

4. Eligibility

All employees, directors and 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 only.

5. Disqualifications

- a. While it will be ensured that genuine Whistleblowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistleblower knowing it to be false or bogus or with a mala fide intention.
- c. Whistleblowers, who have been found to be making multiple Protected Disclosures which are malafide, 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 Whistleblowers, the Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

6. Procedure for making Protected Disclosures

Following procedure are available for making Protected Disclosures:

A Whistleblower can also approach HR/Chairman of the Audit Committee or his/her reporting manager to make a Protected Disclosure.

7. Guidance to reporting:

- a. All Protected Disclosures should preferably be addressed to the HR or his/her reporting manager for investigation.
- b. In case a Whistleblower is not satisfied with the action taken on the protected disclosure submitted, then he/she may write to the Chairperson of the Audit Committee with details of his/her Protected Disclosure and reason for dissatisfaction. The Chairperson of the Audit Committee will take appropriate steps after consultation with the other members of the Audit Committee. The decision of the Audit Committee shall be final for such cases.
- c. In case of reporting to Chairperson of the Audit Committee, Protected Disclosures should preferably be made in writing to facilitate clear understanding of the issues raised. It may either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistleblower. It should be forwarded under a covering letter which shall bear the identity of the Whistleblower. The Chairperson of the Audit Committee as the case may shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation. The Whistleblower may disclose his/her identity in the covering letter forwarding such Protected Disclosure. While anonymous disclosures will also be entertained, it may not be possible to have further communication with the Whistleblowers.
- d. If a Protected Disclosure is received by any executive of the Company other than Chairperson of the Audit Committee, the same should be forwarded to the Chairperson of the Audit Committee for further action. Appropriate care must be taken to keep the identity of the Whistleblower and the content of Protected Disclosure confidential.
- e. Protected Disclosures should be factual and not speculative or in the nature of a conclusion and should contain as specific information as possible (names of individuals, names of entities, date of incident, place of incident, document reference numbers like invoice number,

PO number, etc.) to allow for proper assessment of the nature and extent of the concern.

8. Investigation

- a. All Protected Disclosures reported under this Policy will be thoroughly investigated by Chairperson of the Audit Committee of the Company under the authorization of the Audit Committee. If any member of the Audit Committee has a conflict of interest in any given case, then he/she will be recused, and the other members of the Audit Committee will deal with the matter on hand.
- b. The Chairperson of the Audit Committee may at his/her discretion, consider involving any Investigators for the purpose of investigation. Certain procedures may be carried out by external experts, if required.
- c. The decision to conduct an investigation taken by the Chairperson of the 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 Whistleblower that an improper or unethical act was committed.
- d. The identity of a Subject 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 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 Chairperson of the Audit Committee or any of the Investigators during 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 members of the Audit Committee and the Whistleblower.

- 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 informed of the investigation and 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 as maintainable unless there is reasonable evidence in support of the allegation.
- j. Subjects have a right to be informed of the outcome of the investigation, if allegations are not sustained.
- k. Depending on the prevailing circumstances, availability of data and other factors relevant to the Protected Disclosure made, attempt will be made to complete the investigation within 52 working days of the receipt of concern (45 working days for completion of investigation and 7 working days for completion of consequential action).
- l. The Whistleblower, Subject, Investigators, Witnesses and everyone involved in the investigation process shall maintain complete confidentiality of the case, during and after the completion of the same.

9. Protection

- a. No unfair treatment will be meted out to a Whistleblower by virtue of him/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 Whistleblowers. Complete protection will, therefore, be given to Whistleblowers 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 Whistleblower'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 Whistleblower may experience as a result of making the Protected Disclosure. Thus, if the Whistleblower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistleblower to receive advice about the procedure, etc.

- b. A Whistleblower may report any violation of the above clause to the Chairperson of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.
- c. The identity of the Whistleblower shall be kept confidential to the extent possible and permitted under law. Whistleblowers are cautioned that their identity may become known for reasons outside the control of the Chairperson of the Audit Committee (e.g. during investigations carried out by Investigators).
- d. Any other Employee or Director assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

10. Investigators

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.
- b. 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 have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.

c. Investigations will be launched only after a preliminary review which establishes that:

- the alleged act constitutes an improper or unethical activity or conduct, and
- 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.

11. Decision

If an investigation leads the Chairperson of the Audit Committee to conclude that an improper or unethical act has been committed, the Chairperson of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Chairperson of the Audit Committee deems fit, considering the guidelines of the Company. It is clarified that any disciplinary action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall be in accordance with the Policy of the Company.

12. Reporting

- a. The Audit Committee shall on a regular basis review about all Protected Disclosures received since the last report together with the results of investigations, if any.
- b. The details of the establishment of vigil mechanism, Whistleblower policy and affirmation that no personnel has been denied access to the Audit Committee will be stated in the section on Corporate Governance of the Annual Report of the Company.

13. Retention of documents

- a. All Protected Disclosures received along with the results of investigation relating thereto shall be retained by the Company for a minimum period of seven years.

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 directors, employees and stakeholders unless the same is notified to the directors and employees in writing and displayed on the website in case of stakeholders.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

(Effective from April 01, 2019)

1. Objective

1.1 Spice Islands Apparels Limited (hereafter referred to as “**the Company**”) is committed to comply with various applicable laws, satisfying the Company’s Code of Conduct and Ethics, and particularly to assure that the business is conducted with integrity and that the Company’s financial information is accurate. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. If potential violation(s) of the Company’s policies or applicable laws are not recognized and addressed promptly, both the Company and the persons working for or with the Company can face Governmental investigation, prosecution, fines, and other penalties that can be a

costly affair and which may adversely impact the reputation of the Company.

1.2 Consequentially, and to promote the highest ethical standards, the Company is committed to maintain an ethical workplace that facilitates the reporting of potential violations of the Company's policies and the applicable laws. To maintain these standards, the Company encourages its employees who have concern(s) about any actual or potential violation of the legal & regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. any claim of theft or fraud, and any claim of retaliation for providing information to or otherwise assisting the Audit Committee, to come forward and express his/her concern(s) without fear of punishment or unfair treatment.

1.3 This Policy aims to provide an avenue for employee(s) to raise their concerns that could have grave impact on the operations, performance, value and the reputation of the Company and it also empowers the Audit Committee of the Board of Directors to investigate the concerns raised by the employees.

1.4 This Policy should not be used in place of the Company Grievance procedure or be a route for raising malicious or unfounded allegations against colleagues.

2. Definitions

- i. "Alleged Wrongful Conduct"** means violation of applicable laws or of Company's code of Conduct or ethic policies, mismanagement of money, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority or any illegal act(s).
- ii. "Audit Committee" or "Committee"** means, the Committee of the Board of Directors of the Company constituted under Section 177 of

the Companies Act, 2013 and the Rules made thereunder which shall include any modification or amendment thereof.

- iii. “Compliance Officer”** means the Company Secretary of the Company who may be designated as Compliance Officer under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.
- iv. “Disciplinary Action”** means, any action that can be taken on the completion of / during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- v. “Employee(s)”** means employee(s) of the Company, its subsidiary companies and associate companies (whether working in India or abroad)
- vi. “Fact Finder”** shall mean, the person(s) or outside entity agency appointed by the Chairman of the Audit Committee to investigate a Protected Disclosure;
- vii. “Good Faith”** means a director or an employee(s) 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(s) does/ do not have personal knowledge of 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.
- viii. “Protected Disclosure”** means, a concern(s) raised by a written communication made in Good Faith that discloses or demonstrates information that may evidence Improper Practice. Protected Disclosures should be factual and not speculative in nature.

- ix. “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 under this Policy.
- x. “Managerial Personnel / Managers”** shall include all employees at the level of Manager and above, who have the authority to make or influence significant employment decisions.
- xi. “Policy or “This Policy” means, the “Whistleblower Policy.”**
- xii. “Unethical and Improper Practices”** include –
- a. Criminal Offence (e.g. fraud, corruption, or theft) committed/ likely to be committed;
 - b. Failure to comply with law / legal/ regulatory obligations;
 - c. Breach of client promise by the Company;
 - d. Miscarriage of justice occurred/ likely to occur;
 - e. Company funds used in an unauthorised manner;
 - f. Sexual or physical abuse / harassment of a member of staff, service recipient or service provider;
 - g. Discrimination against a member of staff, service recipient or service provider on grounds of sex, caste, religion or disability;
 - h. Actions which endanger the health or safety of employees or the public;
 - i. Any other form of improper action or misconduct;
 - j. Information relating to any of the above deliberately concealed or attempts being made to conceal the same;
 - k. An act which does not conform to „approve standard“ of social and professional behavior;
 - l. An act which leads to unethical business practices;
 - m. Breach of etiquette or morally offensive behavior;
 - n. Misrepresentation of financial information, that may lead to incorrect financial reporting;
 - o. Practices not in line with applicable Company’s policy;
 - p. Financial irregularities of any nature;

- q. Breach of Information Security Policy of the company
- r. Breach of any Staff Policies.

xiii. “Whistle-blower/ Complainant” means an individual who discloses in good faith any unethical & improper practices or alleged wrongful conduct.

3. Scope

3.1 The Policy is applicable to all the employees, consultants (part time, full time and temporary employees) of the Company and its subsidiary companies and its associate companies under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, whether in India or out of India and any such persons as mentioned above are required to report to the Company any suspected violation of any law that applies to the Company and its subsidiary companies and its associate companies and any suspected violation of the Company’s Code / Rules of Conduct.

4. Safeguards:

4.1 The Company shall ensure that no adverse action being taken or recommended against the Whistle blower / Complainant in retaliation to his disclosure of any unethical and improper practices or alleged wrongful conduct. This Policy protects such director(s) and employee(s) from unfair termination, harassment and unfair prejudicial employment practices. Any abuse of this protection will warrant disciplinary action.

5. Disqualification:

5.1 While it will be ensured that genuine Whistle blower are accorded complete protection from any kind of unfair treatment as herein set out, this Policy does not protect director(s)/ employee(s) from disciplinary action arising out of deliberate false or bogus allegations made with malafide intentions.

5.2 Whistle blower that makes three or more Protected Disclosures, which have been subsequently found to be malafide, frivolous, baseless, malicious or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under the Policy. In respect of such Whistleblower, the Company/ Audit Committee would reserve its right to take / recommend appropriate disciplinary action.

5.3 However, this Policy does not protect the Whistle blower from an adverse action which occurs independent of his disclosure of unethical and improper practice or alleged wrongful conduct, poor job performance, any other disciplinary action, etc. unrelated to a disclosure made pursuant to this Policy.

6. Guiding Principles

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

- a) Ensure that the Whistle blower and/or the person processing the Protected Disclosure are not victimized for doing so. But, this does not extend to immunity for involvement in the matters that are the subject of the allegations and investigation.
- b) Treat victimization as a serious matter, including initiating disciplinary action on such person/(s).
- c) Ensure confidentiality.
- d) Not attempt to conceal evidence of the Protected Disclosure.
- e) Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made.
- f) Provide an opportunity of being heard to the persons involved especially to the Subject.
- g) This Policy may not be used as a defence by an employee against whom an adverse action has been taken independent of any disclosure

of intimation by him and for legitimate reasons or cause under Company rules and policies.

7. Anonymous Disclosures

7.1 An anonymous complaint, that is, any complaint or concern raised without any of the following information, viz. name, address and contact details of the complainant/ person raising the concern, shall not be considered a valid Protected Disclosure, except where the Audit Committee treats it as a special case and decides to take it up under this Whistle-blower Policy.

7.2 The Audit Committee shall record the reasons why it is treating such a complaint or concern as a special case.

7.3 The Audit Committee may decide to treat a complaint or concern as a special case based on the following:

- a) How serious and material the issue raised is;
- b) How credible the concern appears;
- c) How feasible it appears to corroborate the facts with attributable sources;
- d) Does the concern appear to have been in good faith;
- e) Does the concern appear factual and not speculative in nature.

7.4 A record of anonymous complaints received shall be maintained giving details of how they were received and dealt with.

8. Protection to Whistleblower:

8.1 A) If a Whistleblower / Complainant raises any concern under this Policy, he/she will not be at risk of suffering any form of reprisal or retaliation. Retaliation includes discrimination, reprisal, harassment or vengeance in any manner, risk of losing her/ his job or suffer loss in any other manner like transfer, demotion, refusal of promotion, or

the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his/ her duties/ functions including making further Protected Disclosure, as a result of reporting under this Policy. The protection is available provided that:

- i. the communication/ disclosure is made in Good Faith;
- ii. the Whistleblower reasonably believes that information, and any allegations contained in it, are substantially true; and
- iii. the Whistleblower is not acting for any personal gain,

B) Anyone who abuses the procedure (for example by maliciously raising a concern knowing it to be untrue) will be subject to disciplinary action, as will anyone who victimizes a colleague by raising a concern through this procedure. If considered appropriate or necessary, suitable legal actions may also be taken against such individuals.

C) However, no action will be taken against anyone who makes an allegation in Good Faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation.

8.2 The Company will not tolerate the harassment or victimization of anyone raising a genuine concern. As a matter of general deterrence, the Company may publicly inform employees of the penalty imposed and discipline of any person for misconduct arising from retaliation. Any investigation into allegations of potential misconduct will not influence or be influenced by any disciplinary or redundancy procedures already taking place concerning an employee reporting a matter under this Policy.

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

9. Duties & Responsibilities

A. WHISTLEBLOWER

- i. Bring to attention of the Company any Improper Practice the Whistleblower becomes aware of. Although the Whistleblower

- is/ are not required to provide proof, the Whistleblower must have sufficient cause for concern,
- ii. Follow the procedures prescribed in this Policy for making a Protected Disclosure,
 - iii. Co-operate with the investigating authorities,
 - iv. Maintain confidentiality of the subject matter of the disclosure and the identity of the persons involved in the alleged Improper Practice. It may forewarn the subject and important evidence is likely to be destroyed,

B. CHAIRMAN OF AUDIT COMMITTEE AND AUDIT COMMITTEE/ FACT FINDER

- i. Conduct the enquiry in a fair, unbiased manner,
- ii. Ensure complete Fact-Finding,
- iii. Maintain confidentiality,
- iv. Decide on the outcome of the investigation, whether an Improper Practice has been committed and if so by whom,
- v. Recommend an appropriate course of action - suggest disciplinary action, including dismissal, and preventive measures,
- vi. Minute Committee deliberations and document the final report.

C. COMPLIANCE OFFICER

The Compliance Officer shall facilitate all assistance to the Audit Committee and its chairman to conduct the investigation against any complaint under this Policy, will assist the Chairman of the Audit Committee in holding any enquiry and in finalisation of the Fact Finder and in reporting to the Board of Directors of the Company for the reports under this Policy.

10. Procedure for Reporting & Dealing with Disclosures

10.1 How should a Protected Disclosure be made and to whom?

A Protected Disclosure and other communication should be made in writing by email addressed to the Chairman of the Audit Committee and the Compliance Officer in the following email-ids:

Chairman of the Audit Committee – [.]

Compliance Officer – [.]

10.2 Is there any specific format for submitting the Protected Disclosure?

While there is no specific format for submitting a Protected Disclosure, the following details MUST be mentioned:

- i. Name, address and contact details of the Whistleblower. (Except in special cases referred to in Clause 7)
- ii. Brief description of the Improper Practice, giving the names of those alleged to have committed or about to commit an Improper Practice. Specific details such as time and place of occurrence are also important.
- iii. In case of letters, the Protected Disclosure should be sealed in an envelope marked "Whistleblower" and addressed to the Chairman of Audit Committee.
- iv. In case of e-mail, the Protected Disclosure should be marked "Confidential" and the subject line should contain "Whistleblower" and addressed to the Chairman of Audit Committee.

10.3 What will happen after the Protected Disclosure is submitted?

- i. The Chairman of Audit Committee shall acknowledge receipt of the Protected Disclosure as soon as practical (preferably within 07 days of receipt of a Protected Disclosure), where the Whistleblower has provided his/her contact details.
- ii. The Chairman of the Audit Committee either himself or along with the Compliance Officer or by appointing a Fact Finder with the assistance of the Compliance Officer will proceed to determine whether the allegations (assuming them to be true only for the purpose of this determination) made in the Protected Disclosure constitute an Improper Practice by discussing with the other members of the Audit Committee. If the Chairman of Audit Committee determines that the allegations do not constitute an Improper Practice, he/ she will record this finding with reasons and communicate the same to the Whistleblower.
- iii. An employee or a director who knowingly makes false allegations shall be subject to disciplinary action, up to and including termination of employment, removal from the office of directorship in accordance with Company rules, policies and procedures.

- iv. If any of the members of the Committee have a conflict of interest in a given case, they will recuse themselves and the others on the Committee would deal with the matter on hand.
- v. If the Chairman of Audit Committee determines that the allegations constitute an Improper Practice, he/she will proceed to investigate the Protected Disclosure with the assistance of the Audit Committee, which may take the help from the Compliance Officer, Internal Auditor and a representative of the Division/ Department where the breach has occurred, as he/she deems necessary. If the alleged Improper Practice is required by law to be dealt with under any other mechanism, the Chairman of Audit Committee shall refer the Protected Disclosure to the appropriate authority under such mandated mechanism and seek a report on the findings from such authority.
- vi. The Subject will be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation. Subject may be informed of the outcome of the inquiry/ investigation process.
- vii. The investigation may involve study of documents and interviews with various individuals. Any person required to provide documents, access to systems and other information by the Chairman of Audit Committee or Audit Committee for the purpose of such investigation shall do so. Individuals with whom the Chairman of Audit Committee or Audit Committee requests an interview for the purposes of such investigation shall make themselves available for such interview at reasonable times and shall provide the necessary co-operation for such purpose.
- viii. If the Improper Practice constitutes a criminal offence, the Audit Committee will bring it to the notice of the Managing Director and take appropriate action.
- ix. The Audit Committee shall conduct such investigations in a timely manner and shall submit a written report containing the findings and recommendations to the Board of Directors as soon as practically possible and in any case, not later than 30 days from the date of receipt of the Protected Disclosure or such other additional time as may be required based on the circumstances of the case.

10.4 What should a Whistleblower do if he/ she face any retaliatory action or threats of retaliatory action as a result of making a Protected Disclosure?

If a Whistleblower faces any retaliatory action or threats of retaliatory action as a result of making a Protected Disclosure, he/she should inform the Chairman of Audit Committee in writing immediately. The Chairman of the Audit Committee will treat reports of such actions or threats as a separate Protected Disclosure and investigate the same accordingly and may also recommend appropriate steps to protect the Whistleblower from exposure to such retaliatory action and ensure implementation of such steps for the Whistle blower's protection.

- 10.5** Anonymous emails without specifics shall not be entertained.
- 10.6** The Fact Finder must comprise of Managerial personnel at least two grades higher than the employee/s against whom the complaint has been raised and not have any reporting relationship, either primary or secondary, with the latter.
- 10.7** Under circumstances after or during investigation, if the Whistleblower has reasons to believe that he/she has been subject to any form of discrimination, retaliation or harassment for having reported the alleged wrongful conduct, the whistle blower must immediately bring it to the notice of the Chairman of the Audit Committee and/ or the Compliance Officer.
- 10.8** Harassment, victimization of the Whistleblower or the adoption of any other unfair employment practice towards the Whistleblower will not be tolerated and could constitute sufficient grounds for dismissal of the concerned employee.

11. Investigation

- 11.1 All protected disclosures received by the Chairman of the Audit Committee will be promptly and thoroughly investigated. All information disclosed during the course the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable laws.
- 11.2 The decision of the Chairman of the Audit Committee to conduct an investigation, by itself, is not an accusation and is to be treated as a neutral fact-finding process. Also, the outcome of such investigative action need not conclusively support the Whistle blower's complaint than a wrongful act was actually committed. The employee/s against whom the complaint has been made shall be informed of the allegations and provided opportunities to present facts and other information to defend his/ her/ their case, subject to legal constraints.

- 11.3 The Chairman of the Audit Committee will make a detailed written record of the Protected Disclosure which will include the following –
- a. Facts of the matter
 - b. Whether the same Protected Disclosure was raised previously by anyone and if so, the outcome thereof.
 - c. Whether the financial / otherwise loss which has been incurred / would have been incurred by the Company.
 - d. Findings of the investigation carried out by the Fact Finder/ Chairman of the Audit Committee
 - e. Recommendations of the Chairman of the Audit Committee.
- 11.4 All directors, employees and managers have a duty to cooperate in the proceedings of the investigation of a complaint. If the employees fail to cooperate or deliberately provide false information during an investigation, they will be subject to disciplinary action, including termination of services from the Company.
- 11.5 Everyone working for or with the Company has a responsibility to cooperate in the investigation of reports of violations. Company will have access to all property in the investigation i.e. Company Laptop, Mobile Phone (Company provided / Personal). Failure to cooperate in an investigation, or deliberately providing false information during an investigation, may result in taking disciplinary action, which can also include termination from the employment.

12. Documentation & Retention

- 12.1 The Fact Finder/ Chairman of the Audit Committee shall have a 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 investigation.
- 12.2 A report shall be prepared after completion of investigation and the Chairman of the Audit Committee shall document the same. All discussions of the proceedings would also be documented and the final report shall be prepared subsequently. The decision of Chairman of the Audit Committee shall be final and binding. If and when the Chairman of the Audit Committee is satisfied that the alleged unethical & wrongful conduct existed or is in existence, then the Chairman of the Audit Committee may-
- a. Recommend to the concerned authority to reprimand, take disciplinary action, and impose penalty / punishment when

any alleged unethical & improper practice or wrongful conduct of any employee is proved.

- b.** Recommend termination or suspension of any contract or arrangement or transaction vitiated by such unethical and improper practice or wrongful conduct.
- c.** All documents related to reporting, investigation and enforcement pursuant to this Policy shall be kept in accordance with the Company's record retention policy and applicable law.

13. Secrecy/Confidentiality

13.1 All involved in the process of investigation i.e. the Whistleblower, Subject, the Compliance Officer, the Audit Committee, or Chairman of the Audit Committee shall-

- a. Maintain complete confidentiality / secrecy in the matter;
- b. Not discuss the matter in any informal / social gatherings / meetings;
- c. Discuss only to the extent or with the persons required for the purpose of completing the process and investigations;
- d. Not keep the papers unattended anywhere at any time;
- e. Keep the electronic mails/files under password.

13.2 In the event if Management realises that if anyone is not complying with the above he/ she shall be held liable for such disciplinary action as is deemed fit by the Management.

14. Company's Power

14.1 The Board of Directors of the Company may subject to applicable laws and at the recommendation of the Audit Committee is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Audit Committee in line with the broad intent of the Policy and in consultation with the Board of Directors. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

SPICE ISLANDS APPARELS LIMITED

VIGIL MECHANISM POLICY

1. PREFACE

- 1.1. Section 177 (9) & (10) of the Companies Act, 2013 states that :-
- a) 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.
 - b) The vigil mechanism 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.
 - c) 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.
- 1.2. Clause 49 (IIF) of Listing agreement between listed companies and the Stock Exchanges, inter alia, provides that:-
- a) The company shall establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy
 - b) This mechanism should also provide for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.
 - c) The details of establishment of such mechanism shall be disclosed by the company on its website and in the Board's report.
- 1.3. Under these circumstances, Spice Islands Apparels Limited being a Listed Company proposes to establish a Vigil Mechanism and to formulate a policy for the same.

2. POLICY OBJECTIVES

- 2.1 The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil mechanism provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees to avail of the mechanism and provide for direct access to the Chairman/ CEO/ Chairman of the Audit Committee in exceptional cases.
- 2.2 This neither releases employees from their duty of confidentiality in the course of their work nor from raising malicious or unfounded allegations against people in authority and / or colleagues in general.

3. SCOPE OF THE POLICY

- 3.1. The Policy covers without limitations the followings:-
- a) Breach of contract or Breach of employee Code of Conduct or Rules;
 - b) Criminal offence;
 - c) Malpractices or Manipulation of company data/records;
 - d) Financial irregularities, including fraud, or suspected fraud;
 - e) Pilferation of confidential/propriety information;
 - f) Misappropriation of company funds/assets;
 - g) Deliberate violation of law/regulation;
 - h) Negligence causing danger to public health and safety;
 - i) Any other unethical, biased, favoured, imprudent event on account of which the interest of the Company is affected.
- 3.2. The Policy does not cover the followings:-

- a) Frivolous and bogus complaints;
- b) Business and financial decisions taken by the Company that do not involve wrong doing or illegality;
- c) Any matter already addressed pursuant to disciplinary or other procedures of the Company;
- d) Career or employment related;
- e) Other personal grievances;

3.3. 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 Ombudsperson or the Chairman of the Audit Committee or the Investigators.

4. DEFINITION

The definitions of some key terms used in this policy are given below. Capitalized terms not defined herein shall have the meaning assigned to them under the Code.

- a) **Audit Committee** means a Committee constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act, 1956 read with section 177 of The Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.
- b) **Board** means the Board of Directors of the Company.
- c) **Company** means **SPICE ISLANDS APPARELS LIMITED**
- d) **Code** means Company's Code of Conduct.
- e) **Disciplinary Action** means any action that can be taken on the completion of/ during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- f) **Employee** means all the employees and Directors of the Company (Whether working in India or abroad).

- g) **Investigators** means those persons authorized, appointed, consulted or approached by the Ombudsperson / Chairman of the Audit Committee and includes the auditors of the Company and the police.
- h) **Ombudsperson** will be a Non-Executive Director or any Key Managerial Person (KMP) of the company for the purpose of receiving all complaints under this Policy and ensuring appropriate action.
- i) **Protected Disclosure** means any communication made in good faith by an employee or group of employees of the Company that discloses or demonstrates information that may evidence unethical or improper activity “as mentioned in 3.1 above” with respect to the Company.
- j) **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.
- k) **Whistle Blower** is an employee or group of employees who make a Protected Disclosure under this Policy.

5. ELIGIBILITY

All Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company. However, Anonymous disclosure shall not be entertained.

6. DISQUALIFICATIONS

- a) 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.
- b) 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.
- c) Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blowers who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy.

7. PROCEDURE AND DISPOSAL OF PROTECTED DISCLOSURES

- 7.1. All Protected Disclosures should be reported in writing (through a letter or email) within 30 days from the date Whistle Blower becomes

aware of the same and should either be typed or written in a legible handwriting in English.

- 7.2. The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as “Protected disclosure under the Vigil Mechanism policy”. Alternatively, the same can also be sent through email with the subject “Protected disclosure under the Vigil Mechanism policy”. The Ombudsperson or Chairman of the Audit Committee will not issue any acknowledgement to the complainants and in case any further clarification is required, he will get in touch with the complainants.
- 7.3. All Protected Disclosures (other than mentioned in 7.4 below) should be addressed to the Ombudsperson for investigation.
- 7.4. In respect of Protected Disclosures against the Ombudsperson and employees at the levels of Vice Presidents and above should be addressed to the Chairman of the Audit Committee of the Company.
- 7.5. The contact details of the Ombudsperson and Chairman of the Audit Committee are as under:-

Sr. no	Ombudsperson Chairman of the Audit Committee	Chairman of the Audit
1	Mr. Neeraj Desai	Mr. Neeraj Desai
2	Unit No. 3043-3048, 3rd Floor, Bhandup Industrial Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078	Unit No. 3043-3048, 3rd Floor, Bhandup Industrial Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078
3	Tel.: 61992900 Email: sales@spiceislandsindia.com	Tel.: 61992900 Email: sales@spiceislandsindia.com
4	WEBSITE : www.spiceislandsapparellimited.in	WEBSITE : www.spiceislandsapparellimited.in

7.6. On receipt of the protected disclosure the Ombudsperson / Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. He shall also carry out initial investigation himself and, if deems fit, he can refer the matter to the Investigators for further appropriate investigation and needful action. The record will include: -

- a) Brief facts;

- b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
 - c) Whether the same Protected Disclosure was raised previously on the same subject;
 - d) Details of Action taken by Ombudsperson / Chairman of the Audit Committee for processing the complaint;
 - d) Findings of the Investigators;
 - f) The recommendations of the Investigators / other action(s).
- 7.7. The Investigators, if deems fit, may call for further information or particulars from the complainant.
- 7.8. All protected disclosures under this policy will be recorded and thoroughly investigated.

8. DECISION AND REPORTING

- 8.1. Ombudsperson / Chairman of the Audit Committee along with its recommendations will report its findings to the Chairman/ Managing Director of the company within 45 days of receipt of report for further action as deemed fit. In case prima facie case exists against the subject, then the Chairman/ Managing Director shall forward the said report with its recommendation to the concerned disciplinary authority for further appropriate Disciplinary Action in this regard or shall close the matter, for which he shall record the reasons. Copy of above decision shall be addressed to the Audit Committee, the complainant and the subject.
- 8.2. A quarterly report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee and the Board.

9. AMENDMENT

The Managing Director / Chairman of the Company have the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever. This policy is adopted by the Board of Directors in its meeting held on 29th May, 2014 with immediate effect.