

SCHABLONA INDIA LIMITED

VIGIL MECHANISM / WHISTLER BLOWER POLICY

[As approved by the Board of Directors of Schablona India Limited at its Meeting held on October 16, 2014]

I] PREAMBLE

- 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.
- The Company has adopted a Code of Conduct for Directors and Senior Management Personnel (“the Code”), which lays down the principles and standards that should govern the actions of the Directors and Senior Management Personnel of the Company.
- Any actual or potential violation of the Code, however insignificant or perceived as such, is a matter of serious concern for the Company and should be brought to the attention of the concerned. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who can use such mechanism for reporting genuine concerns and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.
- Effective October 1, 2014, Clause 49 of the Listing Agreement between listed companies and the stock exchanges, *inter alia*, provide for a mandatory requirement for all listed companies to establish a mechanism called ‘Whistler Blower Policy’ for employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of the company’s code of conduct.

II] POLICY

In compliance of the above requirements, Schablona India Limited (SIL), being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism to assist employees who believe that they have discovered malpractice, impropriety, abuse or wrongdoing in the Company.

III] POLICY OBJECTIVES

- To enable Directors and Employees to voice concerns - in a responsible and effective manner.
- To provide a platform for Directors and Employees to disclose information internally, which he/she believes shows serious malpractice, impropriety, abuse or wrongdoing within the Company - without fear of reprisal.

- To enable disclosure of information (as found above), independently of line management (although in relatively minor instances the immediate Supervisor would be the appropriate person to be informed).
- To ensure that Directors and Employees are committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or policy.
- To ensure that no Director or Employee of the Company feels he/she is at a disadvantage to raise legitimate concerns.

Thus, the mechanism aims at providing adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

IV] DEFINITIONS

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

- **“Audit Committee”** means a Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement with the Stock Exchanges.
- **“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 and it also includes warning, imposition of fine, suspension from official duties or such other action that may be decided by the Audit Committee depending on the gravity of the matter.
- **“Board”** means the Board of Directors of the Company.
- **“Company”** means Schablona India Limited (SIL).
- **“Code of Conduct”** means Code of Conduct for the Board of Directors and Senior Management Personnel adopted by the Company.
- **“Director”** means a person appointed as Director on the Board of the Company pursuant to provisions of the Companies Act, 2013 (as amended) and includes the Directors in the employment of the Company i.e. Whole-time Manager/ Executive Director.
- **“Employee”** means all the present employees excluding the Directors in the employment of the Company i.e. Whole-time Manager/ Executive Director.
- **‘Individual’** means the person who makes disclosure under this mechanism.
- **‘Investigators’** mean those persons authorized, appointed, consulted or approached by the Vigilance Officer and/ or Audit Committee and shall include the HR Department, auditors of the Company and the regulatory authorities.
- **“Protected Disclosure”** means a written communication of concern made in good faith, which discloses or demonstrates information that may evidence an unethical or improper activity under the title “SCOPE OF THE POLICY” with respect to the Company. It should be factual and not speculative and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

- **“Senior Management”** means personnel of the Company who are the members of the Management i.e. one level below the Board of Directors including all the functional heads of the Company.
- **“Vigilance officer”** means an officer appointed to receive protected disclosures from whistle blowers maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower – the results thereof.
- **“Whistle Blower”** means a person whether a director or an employee or group of employees, who make a protected disclosure under this Policy and also referred in this policy as complainant.
- **“Wrongdoer or Subject”** means a person or group of persons against or in relation to whom a Protected Disclosures is made or evidence gathered during the course of an investigation.

V] 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 on such person(s),
- Ensure complete confidentiality,
- Not attempt to conceal evidence of the Protected Disclosure,
- Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made.

Provided an opportunity of being heard to the persons involved especially to the Subject.

VI] SCOPE

This Policy is for Company’s Directors, Senior Management and Employees to report their genuine concerns about unethical behavior, suspected fraud or error. The Whistle Blower’s role is that of a reporting party with reliable information.

- a. The Policy covers malpractices and events which have taken place/suspected to take place involving:
 - Abuse of authority,
 - Breach of Contract,
 - Negligence causing substantial and specific danger to public health and safety,
 - Manipulation of company data/ records,
 - Financial irregularities, including fraud, or suspected fraud,
 - Criminal offence,
 - Pilferation of confidential/propriety information,
 - Deliberate violation of law/regulation,
 - Wastage/misappropriation of company funds/assets,
 - Breach of employee Code of Conduct or Rules.

- b. The Policy is a channel to reinforce a robust implementation of the Company's Code. Through this Policy, the Company seeks to provide a procedure for all the employees of the Company to disclose any unethical and improper practice taking place in the Company for appropriate action and reporting.
- c. Whistle Blowers are not required or expected to act as Investigators, nor shall they determine the appropriate corrective action that may be warranted in a given case. Whistle Blowers provide initial information related to a reasonable belief that an improper or unethical practice has occurred.

VII] ELIGIBILITY

All Directors, Senior Management and Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

VIII] PROCEDURE

All Protected Disclosures should preferably be reported in writing by the complainant, so as to ensure a clear understanding of the issues raised, not later than 2 months after the Whistle Blower becomes aware of the same and 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.

The Protected Disclosure should be submitted under a covering letter signed by the complainant in a closed and secured envelope and should be super scribed as "**Protected disclosure under the Whistle Blower Policy**" or sent through email with the subject "**Protected disclosure under the Whistle Blower Policy**". If the complaint is not super scribed and closed as mentioned above, the protected disclosure will be dealt with as if a normal disclosure.

All Reported Disclosures in respect of Employees other than Directors and Senior Management shall be addressed and forwarded to the Chairman of the Audit Committee/ Chairman of the Company in exceptional cases for Investigation.

The Vigilance Officer shall investigate such cases and recommend appropriate action to the Audit Committee of the Company in disposing off the Reported Disclosures.

In case the Audit Committee finds that any of such Reported Disclosures is appropriate or exceptional case, it may refer the same to the Chairman of the Audit Committee of the Company.

All Reported Disclosures related to Directors and Senior Management shall be addressed directly to the Chairman of Audit Committee for investigation.

Audit Committee shall investigate such cases of Reported Disclosure and recommend appropriate action to the Board in disposing off the Reported Disclosure.

In case any of the members of the Audit Committee have a conflict of interest in a given case such committee member shall not participate in the investigation process and the

other members on the Audit Committee, shall proceed to deal with the matter on hand.

Appropriate care must be taken so that the identity of the Whistle Blower does not get divulged in the process.

In order to protect the identity of the complainant, the Vigilance Officer will not issue any acknowledgement to the complainants and they are advised neither to write their name / address on the envelope nor enter into any further correspondence with the Vigilance Officer. The Vigilance Officer shall assure that in case, any further clarifications is required he will get in touch with the Complainant.

Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance Officer.

On receipt of the protected disclosure the Vigilance Officer/Chairman of the Audit Committee/Chairman of the Company, as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

Protected Disclosure against the Vigilance Officer should be addressed to the Chairman of the Company and the Protected Disclosure against the Chairman/ Managing Director/Whole-time Director/CEO, of the Company should be addressed to the Chairman of the Audit Committee.

On receipt of the protected disclosure the Vigilance Officer/Chairman of the Audit Committee/Chairman of the Company, 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. 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) Details of action taken by Vigilance Officer/ Chairman for processing the complaint;
- d) Findings of the Audit Committee;
- e) The recommendations of the Audit Committee/ other action(s).

The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

IX] INVESTIGATION

All Protected Disclosures under this policy will be recorded and thoroughly investigated. The Vigilance Officer will carry out an investigation either himself/herself or by involving any other Officer of the Company/ Committee constituted for the same / an outside agency before referring the matter to the Audit Committee of the Company for further appropriate investigation and needful action.

The Audit Committee, if deems fit, may call for further information or particulars from the complainant and at its discretion, consider involving any other/additional Officer of the Company and/or Committee and/or an outside agency for the purpose of investigation.

The decision to conduct an investigation by itself would not tantamount to an accusation and would be treated as a neutral fact finding process.

Subject(s) 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(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard.

Subject(s) have a right to consult with a person or persons of their choice, other than the Vigilance Officer/ Investigators and/or members of the Audit Committee and/or the Whistle Blower.

Subject(s) 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 subject(s).

Unless there are compelling reasons not to do so, subject(s) 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.

Subject(s) 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 2 months of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.

Any member of the Audit Committee or other officer having any conflict of interest with the matter shall disclose his/her concern/interest forthwith and shall not deal with the matter.

X] DECISION

If an investigation leads the Vigilance Officer and / or Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Vigilance Officer/ Chairman of the Audit Committee shall recommend to the Board of the Company to take such disciplinary or corrective action as they deem fit.

It is clarified that any disciplinary or corrective action initiated against the Wrongdoer or 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.

In case the subject is the Chairman/Whole-time Director of the Company, the Chairman of the Audit Committee after examining the Protected Disclosures 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 investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency.

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

XI] REPORTING

The Vigilance Officer shall submit a report on a quarterly basis to the Chairman of the Audit Committee regarding total number of disclosures received in previous quarter, nature of complaint, outcome of investigation, actions recommended – by the Audit Committee, if any and implementation of the same. The Vigilance Officer should also report to the Audit Committee the concern raised for victimization for employment related matters by the Whistle Blower and action taken by the Vigilance Officer or the Committee. Such Reports on the above shall be reviewed and recorded by the Audit Committee.

XII] SECURITY/ CONFIDENTIALITY

The Complainant, Vigilance Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:

- a. Maintain confidentiality of all matters under this Policy
- b. Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
- c. Not keep the papers unattended anywhere at any time.
- d. Keep the electronic mails/ files under password.

XIII] 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, frivolous, baseless, malicious or reported otherwise than in good faith will be disqualified from reporting any further protected disclosure under this Policy and shall be liable to be prosecuted under Company's Code of Conduct and in such instances the Audit Committee would reserve its right to take/recommend suitable action against concerned persons including reprimand.

XIV] 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. Adequate safeguards and complete

protection will therefore be given to the Whistle Blower 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 any 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.

Further, in case, the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice on the procedure compliance etc.

A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.

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.

Any other employee assisting in the said investigation shall 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.

XV] INVESTIGATORS

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.

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 behavior and observance of legal and professional standards.

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

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

- ii. 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.

XVI] COMMUNICATION

Directors and Employees shall be informed of the Policy by publishing on the notice board and the website of the Company.

XVII] INTERPRETATION

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or any other SEBI Regulation(s) as amended from time to time.

XVIII] ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

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

XIX] DISCLOSURE OF ANNUAL REPORT

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

XX] ADMINISTRATION AND REVIEW OF THE POLICY

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

XXI] 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 2 (two) years or such other period as specified by any other law in force, whichever is more.

XXII] 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, this policy, in whole or in part, shall stand modified/ amended from time-to-time, without any further act on the part of the Company, as and when there would be any statutory modification(s)/ amendment(s)/ revision(s) to the applicable provisions thereto. However, no such amendment or modification will be binding on the Directors and employees unless the same is communicated in the manner described as above.

In case of any difficulty or doubt arises in the interpretation of this 'Whistle Blower Policy', the decision of the Chairman of the Company shall be final.

XXIII] The contact details of the Vigilance Officer are as under:-

Name and Address of the Vigilance Officer :-	Mr. Satish C Vishwakarma, Executive Director P.O- Kassar, Bahadurgarh- 124 507, Dist.- Jhajjar, Haryana
E-mail :-	satish@schablona.in