

## WHISTLE BLOWER POLICY

### I. PREFACE

The Company has adopted the Code of Ethics & Business Conduct, which lays down the principles and standards that should govern the actions of the Company 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 employees in pointing out such violations of the Code cannot be undermined. Accordingly, this Whistle Blower Policy (“the Policy”) has been formulated with a view to provide a mechanism for employees of the Company to raise concerns on any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

### II. OBJECTIVE

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. This policy aims to provide an avenue for employees to raise concerns on any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

### III. POLICY

The Whistle Blower Policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company.

The policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

Vigil Mechanism: Vigil Mechanism as envisaged in the Companies Act 2013 and the Rules prescribed is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

### IV. DEFINITIONS

- **“Company”** means, “K G Denim Limited.”
- **“Disciplinary Action”** means any action that can be taken on the completion of /during the investigation proceedings including but not limited to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- **“Employee”** means every employee of the Company.

- **“Good Faith”**: An employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge on a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.
- **“Policy or This Policy”** means “Whistle Blower Policy.”
- **“Protected Disclosure”** means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. Protected Disclosures should be factual and not speculative in nature.
- **“ Reportable Matters”** means Questionable Accounting or Auditing matters (defined below), and /or any other company matters involving abuse of authority, breach of code of conduct, fraud, bribery, corruption, employee misconduct, illegality, health and safety, environmental issues, wastage/ misappropriation of company funds/ assets and any other unethical conduct.
- **“Questionable Accounting or Auditing Matters”** include, without limitation, the following:
  - Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
  - Fraud or deliberate error in the recording and maintaining of financial records of the Company;
  - Deficiencies in or non-compliance with the Company's internal accounting controls;
  - Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or deviation from full and fair reporting of the Company's financial condition.
- **“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.
- **“Whistle Blower”** is someone who makes a Protected Disclosure under this Policy.
- **“Whistle Officer” or “Whistle Committee” or “Committee”** means an officer or Committee of persons who is/are nominated/ appointed to conduct detailed investigation of the disclosure received from the Whistle Blower and recommend disciplinary action. Currently, Manager -Legal is nominated as Whistle Officer. The Committee, if appointed, should include Senior Level Officers of Personnel & Admin and a representative of the Division/ Department where the alleged malpractice has occurred.

## **V. SCOPE**

The Protected Disclosures may be in relation to matters concerning the Company. Various stakeholders of the Company are eligible to make Protected Disclosures under the Policy. These stakeholders may fall into any of the following broad categories:

- All employees and directors of the Company are eligible to make Protected Disclosures under the Policy.
- Employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other location
- Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company
- Customers of the Company
- Any other person having an association with the Company

A person belonging to any of the above mentioned categories can avail of the channel provided by this Policy for raising an issue covered under this Policy.

**The Policy covers malpractices and events which have taken place/ suspected to take place involving:**

1. Abuse of authority
2. Breach of contract
3. Negligence causing substantial and specific danger to public health and safety
4. Manipulation of company data/records
5. Financial irregularities, including fraud or suspected fraud or Deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports
6. Any unlawful act whether Criminal/ Civil
7. Pilferation of confidential/propriety information
8. Deliberate violation of law/regulation
9. Wastage/misappropriation of company funds/assets
10. Breach of Company Policy or failure to implement or comply with any approved Company Policy

Reporting Responsibility: This policy is not, however, intended to question financial or business decisions taken by the Company that are not Reportable Matters nor should it be used as a means to reconsider any matters which have already been addressed pursuant to disciplinary or other internal procedures of the Company. Further, this policy is not intended to cover career related or other personal grievances. This Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

The Whistle Blower's role is that of a reporting party. Whistle Blowers are not investigators or finders of facts; neither can they determine the appropriate corrective or remedial action that may be warranted.

## **VI. GUIDING PRINCIPLES**

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

1. Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so
2. Treat victimization as a serious matter, including initiating disciplinary action on person/(s) indulging in victimisation
3. Ensure complete confidentiality
4. Not attempt to conceal evidence of the Protected Disclosure
5. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made
6. Provide an opportunity of being heard to the persons involved especially to the Subject.

## **VII. ANONYMOUS ALLEGATION**

Whistle Blowers must put their names to allegations as follow-up questions and investigation may not be possible unless the source of the information is identified. Disclosures expressed anonymously will ordinarily NOT be investigated.

## **VIII. PROTECTION TO WHISTLE BLOWER**

1. If one raises a 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. Company's employee will not be at the 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 Whistle Blower'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:

- a. The communication/ disclosure is made in good faith
- b. He/She reasonably believes that information, and any allegations contained in it, are substantially true; and
- c. He/She is not acting for personal gain

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.

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.

2. The Company will not tolerate the harassment or victimization of anyone raising a genuine concern. As a matter of general deterrence, the Company shall publicly inform employees of the penalty imposed and disciplinary action taken against 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.

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

## **IX. ACCOUNTABILITIES – WHISTLE BLOWERS**

- a) Bring to early attention of the Company any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern. Delay in reporting may lead to loss of evidence and also financial loss for the Company.
- b) Avoid anonymity when raising a concern
- c) Follow the procedures prescribed in this policy for making a Disclosure
- d) Co-operate with investigating authorities, maintaining full confidentiality
- e) The intent of the policy is to bring genuine and serious issues to the fore and it is not intended for petty Disclosures. Malicious allegations by employees may attract disciplinary action
- f) A Whistle Blower has the right to protection from retaliation. But this does not extend to immunity for involvement in the matters that are the subject of the allegations and investigation

g) Maintain confidentiality of the subject matter of the Disclosure and the identity of the persons involved in the alleged Malpractice. It may forewarn the Subject and important evidence is likely to be destroyed

h) In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation carried out by the Whistle Officer or the Committee, he/she can make a direct appeal to the Executive Chairman of the Company

#### **X. ACCOUNTABILITIES – WHISTLE OFFICER AND WHISTLE COMMITTEE**

- a) Conduct the enquiry in a fair, unbiased manner
- b) Ensure complete fact-finding
- c) Maintain strict confidentiality
- d) Decide on the outcome of the investigation, whether an improper practice has been committed and if so by whom
- e) Recommend an appropriate course of action - suggested disciplinary action, including dismissal, and preventive measures
- f) Record Committee deliberations and document the final report

#### **XI. RIGHTS OF A SUBJECT**

- a) Subjects have the right to be heard and the Whistle Officer or the Committee must give adequate time and opportunity for the subject to communicate his/her say on the matter.
- b) Subjects have the right to be informed of the outcome of the investigation and shall be so informed in writing by the Company after the completion of the inquiry/ investigation process.

#### **XII. MANAGEMENT ACTION ON FALSE DISCLOSURES**

- 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 three or more 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 further Protected Disclosures under this Policy. In respect of such Whistle Blowers, the Company/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

- d. An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct shall be subject to disciplinary action, up to and including termination of employment, in accordance with Company rules, policies and procedures. Further this policy may not be used as a defense by an employee against whom an adverse personnel action has been taken independent of any disclosure made by him and for legitimate reasons or cause under Company rules and policies.

### **XIII. PROCEDURE FOR REPORTING & DEALING WITH DISCLOSURES**

- a. All Protected Disclosures concerning financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation.

- b. The contact details of the Chairman of the Audit Committee are as under:

Mr. V Jagadisan,  
Chartered Accountant,  
Residency Apartments,  
New No. 245 Old No. 108,  
TTK Road,  
Alwarpet,  
Chennai – 600 018.

- c. If a protected disclosure is received by any executive of the Company other than Chairman of Audit Committee, the same should be forwarded to the Chairman of the Audit Committee for further appropriate action. Appropriate care must be taken to keep the identity of the Whistle Blower confidential.
- d. Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Tamil or in the regional language of the place of employment of the Whistle Blower.
- e. The Protected Disclosure should be forwarded under a covering letter which may bear the identity of the Whistle Blower. The Chairman of the Audit Committee, as the case may be shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- g. The Whistle Blower may disclose his/her identity in the covering letter forwarding such Protected Disclosure. Anonymous disclosures will also be entertained. However it may not be possible to interview the Whistle Blowers and grant him/her protection under the policy.

#### **XIV. ACCESS TO REPORTS AND DOCUMENTS**

All reports and records associated with 'Disclosures' are considered confidential information and access will be restricted to the Whistle Blower, the Whistle Committee and Whistle Officer. 'Disclosures' and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

#### **XV. RETENTION OF DOCUMENTS**

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company. The Company shall maintain documentation of all complaints or reports subject to this policy. The documentation shall include any written submissions provided by the Complainant, any other Company documents identified in the complaint or by the Company as relevant to the complaint, a summary of the date and manner in which the complaint was received by the Company and any response by the Company to the complainant. All such documentation shall be retained by the Company for a minimum of six (6) years from the date of receipt of the complaint. Confidentiality will be maintained to the extent reasonably practicable depending on the requirements and nature of the investigation, as indicated above.

#### **XVI. REPORTS**

A quarterly status report on the total number of complaints received during the period, with summary of the findings of the Whistle Committee and the corrective actions taken will be sent to the Executive Chairman of the Company.

#### **XVII. COMPANY'S POWERS**

In some situations, the Company may be under a legal obligation to refer matters to appropriate external regulatory authorities for investigations.

The Company is entitled to amend, suspend or rescind this policy at any time. Whilst, the Company has made best efforts to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the broad intent of the policy.

The Company 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.

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