

SRI NACHAMMAI COTTON MILLS LIMITED

VIGIL MECHANISM / WHISTLE BLOWER POLICY

INTRODUCTION

Section 177 of the Companies Act, 2013 requires every listed company to establish a vigil mechanism for the Directors and employees to report genuine concerns in such manner as may be prescribed. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, is a matter of serious concern for the Company. Accordingly, a mechanism called 'Whistle Blower Policy' has been formulated for employees of the Company to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company's statutory requirements or code of conduct.

OBJECTIVES

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.
2. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/Managing Director/ Chairman of the Audit Committee in exceptional cases.
3. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.
4. The Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

DEFINITIONS

- a. "Alleged wrongful conduct" shall mean violation of law, infringement of Company's rules, misappropriation/embezzlement of money, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority".
- b. "Board" means the Board of Directors of the Company.
- c. "Employee" means all the present employees and Directors of the Company.
- d. "Company" means "Sri Nachammai Cotton Mills Limited"
- e. "Protected Disclosure" means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- f. "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.
- g. "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.

h. "Vigilance and Ethics 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 result thereof.

i. "Whistle Blower" is an employee or group of employees making a Protected Disclosure under this Policy.

j. "Policy or This Policy" means "Whistleblower Policy."

SCOPE

a. Stakeholders of the Company as mentioned below are eligible to make Protected Disclosures under the Policy. These stakeholders may fall into any of the following Broad categories

1. Employees of the Company.
2. Employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices/branches or any other location.
3. Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company.
4. Customers of the Company
5. 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.

b. 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

GUIDING PRINCIPLES

To ensure that this Policy is adhered to, and is carried out effectively, the Company will:

1. Ensure that the Whistleblower and/or the person processing the Protected Disclosure is not victimized.
2. Treat victimization as a serious matter, and initiate disciplinary action on person/(s) indulging in victimization.
3. Ensure complete confidentiality.
4. Not attempt to conceal evidence of the Protected Disclosure.

5. Take disciplinary action, if anyone 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.

ELIGIBILITY:

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

ANONYMOUS ALLEGATION

Whistleblowers 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.

RECEIPT OF PROTECTED DISCLOSURES:

1. All Protected Disclosures should be reported in writing by the complainant as soon as he /she becomes aware of the same and should either be typed or written in a legible handwriting in English/Tamil. Emails can be sent to the email id sncm@rediffmail.com. Although they are not required to provide proof, they must have sufficient cause for concern.
2. The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as "Protected disclosure under the Whistle Blower policy". Letters can be submitted by hand-delivery, courier or by post addressed to the Vigilance and Ethics Officer appointed by the Company. In order to protect identity of the complainant, the Vigilance and Ethics 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 and Ethics Officer. The Vigilance and Ethics Officer shall assure that in case any further clarification is required he will get in touch with the complainant.
3. Brief description of the Malpractice, giving the names of those alleged to have committed or about to commit a Malpractice. Specific details such as time and place of occurrence are also important.
4. All Protected Disclosures should be addressed to the Vigilance and Ethics Officer of the Company or to the Chairman of the Audit Committee/ CEO/ Chairman in exceptional cases.

The contact details of the Vigilance and Ethics Officer is as under:-

Name and Address – Sri.S.Ravichandran
Sri Nachammai Cotton Mills Limited ,
181,VASANTHAM,4th Cross Street,
New Fairlands, Salem- 636 016.
Email- sncm@rediffmail.com

5. Protected Disclosure against the Vigilance and Ethics Officer should be addressed to the Chairman of the Company and the Protected Disclosure against the Chairman/ CEO of the Company should be addressed to the Chairman of the Audit Committee. The contact details of the Chairman, CEO and the Chairman of the Audit Committee are as under:

Name and Address of Chairman of the Company
Sri.P.Palaniappan.
Sri Nachammai Cotton Mills Limited ,
181,VASANTHAM,4th Cross Street,
New Fairlands, Salem- 636 016.
Email sncmro@gmail.com

Name and Address of the Chairman of the Audit Committee

Sri.S.Ravichandran
 Sri Nachammai Cotton Mills Limited ,
 181,VASANTHAM,4th Cross Street,
 New Fairlands, Salem- 636 016.
 Email- sncm@rediffmail.com

6. On receipt of the protected disclosure the Vigilance and Ethics Officer / Chairman/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 either himself or by involving any other Officer of the Company or an outside agency before referring the matter to the Audit Committee of the Company for further appropriate investigation and needful action.

The record will include:

- i. Brief facts;
- ii. Whether the same Protected Disclosure was raised previously by anyone, on the same subject and if so, the outcome thereof;
- iii. Details of actions taken by Vigilance and Ethics Officer / Chairman/ CEO for processing the complaint
- iv. Findings & recommendations of the Audit Committee
- v. The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

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

INVESTIGATION:

- a. All Protected Disclosures under this policy will be recorded and thoroughly investigated.
- b. The decision to conduct an investigation by itself is not an accusation and is to be treated as a neutral fact finding process.
- c. Subjects will be informed in writing of the allegations at the outset of a formal investigation and have opportunities to be heard during the investigation.
- d. Subjects shall have a duty to co-operate with the Vigilance and Ethics Officer/Chairman of the Audit Committee or any of the Officers appointed by it in this regard.
- e. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, threatened or intimidated by the subjects.
- f. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- g. Subjects have a right to be informed of the outcome of the investigations.
- h. The investigation shall be completed normally within 90 days of the receipt of the protected disclosure.
- i. Vigilance and Ethics Officer / Chairman/Chairman of the Audit Committee or other officer having any conflict of interest with the matter shall disclose his concern /interest forthwith and shall not deal with the matter.

DECISION AND REPORTING:

- a. If an investigation leads the Vigilance and Ethics Officer / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, they shall recommend to the Board of Directors of the Company to take such disciplinary as it may deem fit.
- c. In case, the Subject is the Chairman of the Company, the Chairman of the Audit Committee after examining the Protected Disclosure 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.

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

e. A report with number of complaints received, if any under this Policy and their outcome shall be placed before the Audit Committee and the Board.

SECRECY / CONFIDENTIALITY

All reports and records associated with "Disclosures" are considered confidential information and access will be restricted to the Whistleblower, Vigilance and Ethics Officer, Chairman of the Company and the Audit Committee. "Disclosure" 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.

PROTECTION UNDER THE POLICY

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 threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties / functions including making further Protected Disclosure., 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

2. 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.

3. 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.

4. If a Whistle Blower faces any retaliatory action or threats of retaliatory action as a result of making a Disclosure shall inform the Vigilance and Ethics Officer in writing immediately. He will take cognizance of each and every such complaint received and investigate the same accordingly and may also recommend appropriate steps to protect the Whistle Blower from exposure to such retaliatory action and ensure implementation of such steps for their protection.

5. 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 /She herself has made either his/her details public or disclosed his/her 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.

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

7. This policy does not protect an employee from an adverse action taken independent of his/her disclosure of unethical and improper practice etc. unrelated to a disclosure made pursuant to this policy.

RETENTION OF DOCUMENTS:

All Protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of 7 (seven) years or such other period as specified by any other law in force.

ADMINISTRATION AND REVIEW OF THE POLICY:

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

AMENDMENT:

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.