

VENUS GARMENTS (INDIA) LIMITED

VIGIL MECHANISM

PREFACE

Venus Garments (India) Limited (Company) is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics and to full and accurate disclosures. 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 behavior.

Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 requires every company which has borrowed money from banks and public financial institutions in excess of Rs. 50 crores to establish a vigil mechanism policy for the Directors and employees to report genuine concerns in such manner as may be prescribed.

Accordingly, this Vigil Mechanism ("the Policy") has been formulated with a view to provide a mechanism to eliminate, to prevent malpractices, to investigate and resolve complaints, take appropriate action to safeguard the interests of the Company and to ensure that any person making a complaint (referred to as "complainant") is protected.

SCOPE OF POLICY

The Vigil Mechanism Policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company. This mechanism provides a channel to the employees and Directors to report instances of unethical behaviour, actual or suspected fraud. 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 and Chairman of the Audit Committee in exceptional cases.

The policy, however, 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.

DEFINITIONS

"Alleged wrongful conduct" shall mean 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.

"Actual or suspected fraud" means fraud of any kind including abuse of authority for personal gains or causing substantial loss to the company, stealing information / proprietary knowledge, behaviour which pollutes the atmosphere of the company in a way that people are not able to perform to the best of their ability etc.

"Audit Committee" means a Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.

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

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“Company” means Venus Garments (India) Limited, its manufacturing units, branches and administrative offices.

“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 all the present employees and whole time Directors of the Company.

“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 instances of unethical behaviour, actual or suspected fraud or violation of the company’s code of conduct or ethics policy. 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.

“Policy or This Policy” means, “Vigil Mechanism Policy.”

“Complainant” is an employee or group of employees who make a Protected Disclosure under this Policy.

“Vigilance Officer” means an officer appointed to receive protected disclosures from complainant, conducting investigation of the case, maintaining records thereof, placing the investigation report to Chairman/ Chairman of the Audit Committee as the case may be, for its disposal and informing the complainant the result thereof.

“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.

APPLICABILITY

This Mechanism applies to the following:

1. All the employees
2. All the directors

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 GUIDING PRINCIPLES

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

- Ensure that the complainant 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;
- Provide an opportunity of being heard to the persons involved especially to the Subject;

COVERAGE UNDER THE 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
6. Criminal offence
7. Pilferation of confidential/propriety information
8. Deliberate violation of law/regulation
9. Wastage/misappropriation of company funds/assets
10. Any other unethical, biased, favored, imprudent event

Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES

- All Protected Disclosures should be reported in writing by the complainant as soon as possible after he/ she becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English/ Hindi/ any local language.
- 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. If the complaint is not super scribed and closed as mentioned above, it will not be possible for the Vigilance Officer to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure.
- In order to protect identity of the complainant, the Vigilance Officer will not issue any acknowledgement to the complainants and they are advised not to enter into any further correspondence with the Vigilance Officer. The Vigilance Officer shall assure that in case any further clarification is required he will get in touch with the complainant.
- Anonymous disclosure shall not be entertained by the Vigilance Officer.
- The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The Vigilance Officer shall detach the covering letter bearing the identity of the complainant and process only the Protected Disclosure.
- All Protected Disclosures should be addressed to the Vigilance Officer of the Company. The contact details of the Vigilance Officer is as under:-

Name – Mr. Yogesh Jain

Email – yogesh@vgil.com

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

Name of Chairman – Mr. Anil Kumar Jain

Email- anil@vgil.com

Name of Chairman of Audit Committee – Mr. Varun Jain

Email – varun@vgil.com

- On receipt of the protected disclosure, the Vigilance Officer shall make a report on 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 Chairman or the Chairman of the Audit Committee as the case may be, for further appropriate investigation and needful action.
- The report shall include:
 - a) Brief facts;
 - b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
 - c) Details of actions taken by Vigilance Officer/ Chairman as the case may be for processing the complaint
 - d) Findings of the investigation.
 - e) The recommendations / other action(s). The Chairman or the Chairman of the Audit Committee as the case may be, if it deems fit, may call for further information or particulars from the complainant.

INVESTIGATION:

- The Vigilance Officer after initial recording and investigation of the protected disclosures under this policy shall forward a report to the Chairman or the Chairman of the Audit Committee as the case may be.
- After all the protected disclosures under this policy are recorded and investigated by the Vigilance Officer and a report is submitted to them, the Chairman/ Chairman of the Audit Committee as the case may be, may investigate and may at its discretion consider involving any other Officer of the Company and/ or an outside agency for the purpose of investigation.
- The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact finding process.

- 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 Vigilance Officer /Chairman/ Chairman of the Audit Committee as the case may be 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/ Chairman/ Chairman of the Audit Committee and/or the complainant.
- 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.
- Subject(s) have a right to be informed of the outcome of the investigations.
- The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Chairman/ Chairman of the Audit Committee as the case may be, deems fit upon request by the Vigilance Officer.

DECISION AND REPORTING:

- If an investigation leads the Vigilance Officer / Chairman/ Chairman of the Audit Committee as the case may be to conclude that an improper or unethical act has been committed, the Vigilance Officer / Chairman/ Chairman of the Audit Committee as the case may be, shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem fit.
- The Vigilance Officer shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.
- 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.
- A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the Subject to the Vigilance Officer / Chairman/ Chairman of the Audit Committee as the case may be, shall be subject to appropriate disciplinary action as management may deem fit.

SECRECY / CONFIDENTIALITY:

The complainant, Vigilance Officer / Chairman/Chairman of the Audit Committee as the case may be and other Members of Audit Committee, the Subject and everybody involved in the process shall:

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

PROTECTION TO COMPLAINANT:

- 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, and harassment 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 complainant'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:
 - His / her communication/ disclosure is made in good faith
 - He/ She reasonably believes that information, and any allegations contained in it, are substantially true; and
 - 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. 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.

- As a matter of general deterrence, the Company shall publicly inform employees of the penalty imposed and discipline of any person for misconduct arising from retaliation.
- Any other Employee/business associate assisting in the said investigation shall also be protected to the same extent as the complainant.

ACCESS TO REPORTS AND DOCUMENTS:

All reports and records associated with Protected Disclosures are considered confidential information and access will be restricted to the complainant, Vigilance Officer / Chairman / Chairman of the Audit Committee as the case may be and other Members of Audit Committee 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.

COMMUNICATION:

A Vigil Mechanism policy cannot be effective unless it is properly communicated to employees. Employees shall be informed through by publishing in notice board and on the website of the company.

AMENDMENTS

This policy may be amended, suspended or rescinded subject to the approval of Board of Directors, from time to time in line with any statutory enactment or amendment thereto.

For Venus Garments (India) Limited

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10/10/2017