



GUJARAT COTEX LIMITED

Where Information, Innovation and Technology are the Key words

(CIN: L46695DN1996PLC000116)

POLICY FOR VIGIL MECHANISM

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VIGIL MECHANISM

1. Preface :

Our Company believes in the conduct of the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The company has formed a Vigil Mechanism as per Section 177(9) of the Companies Act, 2013. It provides 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 case of repeated frivolous complaints being filed by a director or an employee, the audit committee or the director nominated to play the role of audit committee may take suitable action against the concerned director or employee.

2. Definitions :

- a) **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in Accordance with Section 177 of the Companies Act, 2013.
- b) **"Employee"** means every employee of the Company, including the Directors in the employment of the Company.
- c) **"Complainant"** means an Employee making a Protected Disclosure under this Mechanism.
- d) **"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.
- e) **"Investigators"** mean those persons authorised, appointed, consulted or approached by the Chairman of the Audit Committee and include the auditors of the Company and the police.

- f) **"Protected Disclosure"** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- g) **"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.

3. Scope :

- a) The Vigil Mechanism is basically made to protect the Employee of the company who files complain against any other Employee of the Company. It basically protects that person from any kind of victimisation.
- b) The complainant is 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.
- c) The complainant who files the complain need 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 the Chairman of the Audit Committee or the Investigators.
- d) Protected Disclosure will be appropriately dealt with by Chairman of the Audit Committee, as the case may be.
- e) Disciplinary action will be taken, if anyone destroys or conceals evidence of the Protected Disclosure.

4. Eligibility :

All Employees of the Company are eligible to make Protected Disclosures under the Mechanism. The Protected Disclosures may be in relation to matters concerning the Company.

5. Disqualifications :

- a) While it will be ensured that genuine Complainants 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 Mechanism would not mean protection from disciplinary action arising out of false or bogus allegations made by a Complainant knowing it to be false or bogus or with a mala fide intention.
- c) Complainants, who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Complainants 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 mechanism.

6. Procedure :

- a) All Protected Disclosures should be addressed to the Chairman of the Audit Committee of the Company for investigation.
- b) The person who uses the vigil mechanism shall have direct access to the Chairperson of the Audit Committee.
- 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 Company's Chairman of the Audit Committee for further appropriate action.
- d) Appropriate care must be taken to keep the identity of the Complainant confidential.
- e) 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, Hindi or Gujarati. Alternatively, Protected Disclosures can also be reported orally.

- f) The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Complainant. 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.
- g) 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.

For the purpose of providing protection to the Complainant, the Complainant should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

7. Investigation :

- a) All Protected Disclosures reported under this mechanism will be thoroughly investigated by Chairman of the Audit Committee along with the members of the Audit Committee of the Company who will investigate / oversee the investigations.
- b) If any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.
- c) The Chairman of the Audit Committee may at his discretion, apart from the members of the Audit Committee consider involving any other Investigators for the purpose of investigation.
- d) The identity of a Subject and the Complainant will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

8. Protection :

- a) No unfair treatment will be meted out to a Complainant by virtue of his/her having

reported a Protected Disclosure under this Mechanism. The Company, as a mechanism, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Complainants. The Company will take steps to minimize difficulties, which the Complainant may experience as a result of making the Protected Disclosure.

- b) The identity of the Complainant shall be kept confidential to the extent possible and permitted under law.
- c) Any other Employee assisting in the said investigation shall also be protected to the same extent as the Complainant.

9. Reporting :

The investigators and the members of the Audit Committee 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 results of investigations, if any.

10. 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 eight years.
