

KOVALAM INVESTMENT AND TRADING COMPANY LIMITED

## **WHISTLE BLOWER POLICY**

### 1. Preface

Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreements provide for a requirement to establish a mechanism called 'Vigilance Mechanism' / 'Whistle Blower Policy' for all listed companies. The policy will enable the directors and employees to report instances of genuine concerns regarding illegal activities, unethical behaviour and actual or suspected fraud or violation of the Company's Code of Conduct and Ethics Policy in such manner as may be prescribed.

Accordingly, this Whistle Blower Policy ("the Policy") has been formulated to provide for adequate safeguards against victimization of persons who use such mechanism and also make provisions for direct access / approach the Chairperson of the Audit Committee of the Company to report such instances.

### 2. Policy Objectives

The Company believes in the conduct of its affairs and the affairs of its constituents in a fair and transparent manner with highest standards of professionalism, honesty, integrity, ethical behavior and legal conduct of business operations. Towards this end, the Company has adopted the Code of Conduct and Ethics ("the Code"), which lays down the principles and standards that should govern the actions of the Company and its Directors and Senior Employees. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct or came to know about any actual or potential violation of the Code, howsoever insignificant or perceived as such, can come forward and express these concerns without fear of punishment and / or unfair treatment. The role of the directors and the employees in pointing out such violations of the Code cannot be undermined.

### 3. Definitions

The definitions of some of the key terms used in this Policy are given below. Capitalised terms not defined herein shall have the meaning assigned to them under the Code.

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**“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.

**“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 and read with Clause 49 of the Listing Agreements with the Stock Exchanges.

**“Code”** means the Code of Conduct and Ethics of the Company.

**“Director”** means every director including a director in the employment of the Company.

**“Employee”** means all the present employees and Whole Time Directors of the Company.

**“Investigators”** means those persons (including employees, directors and auditors) authorised, appointed, consulted or approached by the Chairperson of the Audit Committee and include the police.

**“Protected Disclosures”** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity under the title “Scope of the Policy”. It should be factual and not speculative or in the nature of an interpretation / conclusion. It should contain the specific information to allow for proper assessment of the nature and extent of the concern.

**“Subject”** means a person against or in relation to whom a “Protected Disclosures” has been made or evidence gathered during the course of an investigation.

**“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.

**“Whistle Blower”** means a Director or an Employee making a “Protected Disclosures” under this Policy.

**4. Scope**

The Whistle Blower's role is that of a reporting party with reliable information. They are 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.

Whistle Blowers should 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 by the Chairperson of the Audit Committee or the Investigators.

"Protected Disclosures" will be appropriately dealt with by the Chairperson of the Audit Committee.

**5. Eligibility**

All the Directors and Employees of the Company are eligible to make "Protected Disclosures" under the Policy. The "Protected Disclosures" shall be in relation to matters concerning the Company.

**6. Disqualifications**

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.

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.

Whistle Blowers, who make any "Protected Disclosures", which have been subsequently found to be *mala fide* or malicious or Whistle Blowers who make three 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 Policy.

## 7. Procedure

All “Protected Disclosures” should be reported in writing and addressed to the Chairperson of the Audit Committee of the Company for investigation.

The contact details of the present Chairperson of the Audit Committee are as under:

Shri Navdeep Sharma  
Chairperson  
Audit Committee

Address:  
Premises Oswal  
Woollen Mills Ltd.,  
G.T. Road, Sherpur,  
Ludhiana-141003  
[kovalam@owmnahar.com](mailto:kovalam@owmnahar.com)

Note: Any change in the Chairmanship of the Audit Committee will be suitably notified.

If a “Protected Disclosures” is received by any executive of the Company other than Chairperson of the Audit Committee, the same should be forwarded to the Chairperson of the Audit Committee for further appropriate action. Appropriate care must be taken to keep the identity of the Whistle Blower confidential.

“Protected Disclosures” should be reported in writing and should either be typed or written in a legible handwriting in English, Hindi, Punjabi, Marathi or Gujarati. It should be in sealed cover and “Protected Disclosures” should be written on the top of the envelope / cover.

The “Protected Disclosures” should be forwarded under a covering letter which shall bear the identity of the Whistle Blower. The Chairperson of the Audit Committee shall detach the covering letter and forward only the “Protected Disclosures” to the Investigators for investigation.

Anonymous / Pseudonymous disclosures shall not be entertained by the Vigilance and Ethics Officer / Chairperson of the Audit Committee.

“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 Whistle Blower, the Whistle Blower should disclose his/her identity in the covering letter forwarding such “Protected Disclosures”.

## **8. Investigation**

All “Protected Disclosures” reported under this Policy will be recorded and thoroughly investigated by the Chairperson of the Audit Committee of the Company who will investigate/oversee the investigations under the authorization of the Audit Committee.

The Chairperson of the Audit Committee may at his discretion, consider involving any Investigator for the purpose of investigation.

The decision to conduct an investigation taken by the Chairperson of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

Subject(s) will normally be informed of the allegations at the outset of a formal investigation and given opportunities for providing their inputs during the investigation.

Subject(s) shall have a duty to co-operate with the Chairperson of the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

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Subject(s) have a right to consult with a person or persons of their choice, other than the Investigators and/or members of the Audit Committee and/or the Whistle Blower. Subject(s) shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings. However, if the allegations against the subject(s) are not sustainable, then the Company may reimburse such costs at its sole discretion.

Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses 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 an investigation report. No allegation of wrongdoing 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 investigation.

The investigation shall be completed normally within 90 days of the receipt of the "Protected Disclosures" and the time limit is extendable by such period as the Audit Committee deems fit.

### **9. Investigation / Reporting**

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.

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Investigations will be launched only after a preliminary review by the Chairperson of the Audit Committee which establishes that:

- (a) the alleged act constitutes an illegal or improper or unethical activity or conduct, and
- (b) the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of management review.
- (c) the Investigator / Vigilance Officer shall submit a report to the Chairperson of the Audit Committee on a regular basis about all "Protected Disclosures" referred to him together with the results of Investigations, if any.

### 10. Decision

If an investigation leads the Chairperson of the Audit Committee to conclude that an improper or unethical act has been committed, he shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem fit. It is clarified that any disciplinary or corrective action initiated against the 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.

### 11. Protection

No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a "Protected Disclosures" under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment/other practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers 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 further "Protected Disclosures". The Company will take steps to minimize



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difficulties, which the Whistle Blower may experience as a result of making the “Protected Disclosures”. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

A Whistle Blower may report any violation of the above clause to the Chairperson 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.

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

### **12. 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 seven years.

### **13. 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 Directors/Employees unless the same is notified to the Employees in writing. Last amended dated is 12.02.2018