

**LOYAL TEXTILE MILLS LIMITED**

**WHISTLE BLOWER POLICY**

**Version 1.0 | Approved at Board Meeting held on 12<sup>th</sup> February, 2025**

## **BACKGROUND**

The Management and Board of Directors of Loyal Textile Mills Limited (the "Company") are committed to the enhancement of shareholder value by ensuring transparency and professionalism in all decisions and transactions and adopting the highest standards of personal ethics, integrity, confidentiality, and discipline in dealing with all matters relating to the Company. Towards this, the Company has adopted the Code of Conduct (the "Code") as prevalent from time to time, which lays down the principles and standards that should govern the actions of the Company, its Board & Senior Management. Any actual or potential violation of the Code, howsoever insignificant or perceived, would be a matter of serious concern for the Company. The role of the employees, directors and other stakeholders in pointing out any violations of the Code cannot be undermined.

## **INTRODUCTION**

Section 177(9) of the Companies Act, 2013 (the "Act") mandates every listed company to establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.

Further, Regulation 4(2)(d)(iv) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), inter alia, provides for the listed entity to devise an effective vigil mechanism/ whistleblower policy enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

Further, Regulations 22 of the Listing Regulations mandates every listed company to formulate a vigil mechanism/whistleblower policy for directors and employees to report genuine concerns.

Also, Regulation 9A (6) the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 requires listed companies to have a whistleblower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.

## **OBJECTIVES**

The objective of the policy is to provide a vigil mechanism for all the stakeholders including directors and employees to report genuine concerns and to provide for adequate safeguards against victimization.

This policy provides the right of direct access to the Chairperson of the Audit Committee.

The objective of 'Whistleblower Policy' is to ensure highest ethical, moral business standards in the course of functioning and to build a lasting and strong culture of Corporate Governance. With this objective in place, we encourage reporting of any event of misconduct (actual or potential) that is not reflective of our core values and principles of the company.

It is not designed to question financial, or business decisions taken by the Company nor should it be used to reconsider any matters which have been investigated under the harassment, grievance or disciplinary policies and procedures.

The Whistleblower Policy will be displayed on the website of the Company. The Audit Committee shall review the functioning of the Whistleblower mechanism, at least once in a financial year.

## DEFINITIONS

The definitions of some of the key terms used in the Policy are given below.

- a. "Act" means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment or modification thereof.
- b. "Alleged Wrongful Conduct" means violation of law, infringement of Company's code of conduct or ethics policies, core values, mismanagement, misappropriation of monies, actual or suspected fraud, instances of leakage of UPSI or suspected leakage of Un Published Price Sensitive Information (UPSI), substantial and specific danger to public health and safety or abuse of authority.
- c. "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 Regulation 18 of the Listing Regulations.
- d. "Board" means the Board of Directors of the Company.
- e. "Company" means Loyal Textile Mills Limited.
- f. "Chairman" means Chairman of the Audit Committee of the Board.
- g. "Code of Conduct" or "The Code" or "Code" means the Loyal Textile Mills Code of Conduct meant for all the Employees (full time or part time); Stakeholders and wherever appropriate also refers to the Code of Conduct for the Senior Management and Board Members; specified and governed by the specific policy documents.
- h. "Director" means a person as defined in Section 2(34) of the Act.
- i. "Disciplinary Action" means any action that can be taken on the completion of or during the investigation proceedings including but not limited to a warning, imposition of fine, suspension from official duties or termination or any such action as is deemed to be fit considering the gravity of the matter.
- j. "Employee" means every employee of the Company (full time or part time) including the Directors in the employment of the Company.
- k. "Good Faith" A Whistleblower 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 where the Whistleblower knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.
- l. "Insider Trading Code" means the Code of Conduct for regulating, monitoring and Reporting of Trading by Designated persons and the Code of Practices and Procedures for fair Disclosures of Unpublished Price Sensitive Information adopted by the Company.
- m. "Investigators" mean those persons authorised, appointed, consulted or approached by the Chairman of the Audit Committee and includes the internal auditors of the Company and the police, if complaint is preferred.
- n. "Protected Disclosure" means any communication made in Good Faith that discloses or demonstrates information that may evidence Unethical or Improper Activity or Alleged Wrongful Conduct, which are not in the best interests of the Company.
- o. "Stakeholders" means and includes value-chain partners like suppliers/ vendors (goods and services), sales representatives, contractors, channel partners (including dealers), consultants, intermediaries like distributors and agents, joint venture partners; and lenders, customers, business associates, trainees and others with whom the Company has any financial or commercial dealings.

- p. "Subject" means a person or group of persons against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- q. "Unethical and/or Improper Activity" means an activity which does not conform to approved standard of social and professional behaviour thereby resulting in unethical business practices.
- r. "Unpublished Price Sensitive Information/or UPSI" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily include but not restricted to, information relating to the following:
  - i. financial results;
  - ii. dividends;
  - iii. change in capital structure;
  - iv. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - v. changes in key managerial personnel; etc.
- s. "Whistleblower" means Employees, Directors, apprentices, vendors, suppliers, customers and all other Stakeholders directly or indirectly dealing with Loyal Textile Mills Limited and making a Protected Disclosure under this Policy.
- t. A key managerial person ("KMP") means person playing a significant role in the conduct of affairs of the company and is responsible for adhering to the governance norms mandated under the Companies Act and other applicable laws/regulations.

## **SCOPE**

- a. This Policy is an extension of the Code of Conduct policy. The Whistleblower'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.
- b. This policy is intended to assist individuals who believe they have discovered any malpractice or impropriety, fraud or suspected fraud, violation of Company rules, manipulations, negligence, misappropriation of monies, violation of core values or any other activity on account of which the interest of the Company is affected.
- c. The employees of the Company can also report instances of leak of Unpublished Price Sensitive Information (UPSI) under the mechanism provided in the Policy.
- d. Routine / administrative matters (for eg. IT issues, malfunctioning printers, errors in salary processing, etc). should not be reported through the channels set out in this policy.
- e. Whistleblowers 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.
- f. Protected Disclosure will be appropriately dealt with by the Chairperson of the Audit Committee or the Investigators, as the case may be.

## **ELIGIBILITY**

All Employees, Directors and other stakeholders directly or indirectly dealing with Loyal Textile Mills Limited are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company. The Protected Disclosures may be in relation to matters concerning the Company including but not limited to:

- i. Abuse of authority;
- ii. Breach of employment contract;
- iii. Breach of commercial contract with stakeholders;
- iv. Negligence causing substantial and specific danger to public health and safety;
- v. Manipulation of the Company's data or records;
- vi. Financial irregularities, including fraud or suspected fraud or deficiencies of internal control and check or deliberate error in preparations of financial statements or misrepresentation of financial reports;
- vii. Any unlawful act, whether civil or criminal, the latter having repercussions on the Company and its reputation;
- viii. Pilferation of confidential or proprietary information;
- ix. Deliberate violation of law or regulations;
- x. Wastage or misappropriation of the Company's funds or assets;
- xi. Breach of Core values, code of conduct and ethics or rules;
- xii. Any other unethical, biased, favoured, imprudent act or behaviour.

The Policy should not be used in place of the Company's grievance procedure or be a route for raising malicious or unfounded allegations against colleagues. Any such attempt will be addressed and dealt with in the strictest possible manner and may entail disciplinary action against the person acting with malice or animosity.

The Policy is intended to encourage all employees/ suppliers/customers/dealers/ bankers and other stake holders of the Company to report suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviour or practices without fear of retribution.

The employees can voice their concerns on irregularities, malpractices and other misdemeanors through this policy. It also provides necessary safeguard and protection to the stakeholders who disclose the instances of unethical practices/ behavior observed in the Company.

## **DISQUALIFICATIONS**

- a. While it will be ensured that genuine Whistleblowers 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 Whistleblower knowing it to be false or bogus or with a mala fide intention.
- c. Whistleblowers, who have been found to be making multiple Protected Disclosures which are 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 Whistleblowers, Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

## **CHANNELS FOR MAKING PROTECTED DISCLOSURES**

- a. The Protected Disclosure can be made to the Audit Committee Chairman.

Chairperson of the Audit Committee  
Mr. Gokul Dixit  
Off Luz Church Road  
No.4, Krishnaswamy Avenue  
Mylapore, Chennai – 600 004  
Email: [gdixit@rscompany.co.in](mailto:gdixit@rscompany.co.in)

- b. In addition to the above, the Whistleblower can also approach HR or his/her reporting manager, senior official in the organisation to make a Protected Disclosure.

## **GUIDANCE TO REPORTING**

- a. All Whistleblower complaints to be sent to Audit Committee Chairman as listed in 8 (a) above
- b. Specific complaints against MD/KMP/Board to be shared by Audit Committee Chairman directly to Chairman of the Board and decide further course of action through mutual consultation.
- c. In case a Whistleblower wants to communicate directly or is not satisfied with the action taken on the protected disclosure submitted, then he/she may write to the Audit Committee Chairman with details of his/her Protected Disclosure and reason for dissatisfaction.
- d. 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 nature and extent of the concern and the urgency of a preliminary investigative procedure.
- e. This investigation would be conducted in a fair manner, as a neutral fact-finding process and without presumption of guilt in accordance with the applicable Laws and standard prescribed by Association of Certified Fraud Examiners (CFE Code of Professional Standards). A written report of the findings would be made.
- f. The whistleblower may disclose his/her identity in the covering letter forwarding such Protected Disclosure. While anonymous disclosures will also be entertained, it may not be possible to have further communication with the Whistleblowers.
- g. Appropriate care must be taken to keep the identity of the whistleblower and the content of Protected Disclosure confidential.

## **INVESTIGATION**

- a. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Chairperson of the Audit Committee of the Company.
- b. The investigation is to be conducted following the due process of applicable Laws and in compliance with the extant standards prescribed by Association of Certified Fraud Examiners (CFE Code of Professional Standards).
- c. If any member of the Audit Committee has a conflict of interest in any given case, then he/she will be recused and the other members of the Audit Committee will deal with the matter on hand.
- d. 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 or may not support the conclusion of the whistleblower that an improper or unethical act was committed.

- e. Till it is proved otherwise, the Subject is to be considered as innocent. The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- f. Subjects 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 cooperation will not compromise self-incrimination protections available under the applicable laws.
- g. Subjects 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 Subjects.
- h. Unless there are compelling reasons not to do so, Subjects will be informed of the investigation and will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is reasonable evidence in support of the allegation.
- i. Subjects have a right to be informed of the outcome of the investigation, if allegations are not sustained.
- j. The Whistleblower, Subject, Investigators, Witnesses and everyone involved in the investigation process shall maintain complete confidentiality of the case, during and after the completion of the same.
- k. Support from External Consultant may be taken appropriately with the consent from them as advised by the Audit Committee.
- l. In case of extension of investigation, approval to be obtained from MD / Audit Committee Chairman through the Audit Committee.
- m. The decision of Audit Committee shall be binding for all grades of the employees.
- n. 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 would adhere to the Code of Conduct or any other policies/ procedures of the Company.
- o. Serious offences in case of any of the stakeholder would lead to termination.

## **INVESTIGATORS**

As stated above, External consultants will conduct the review (including field work, interviews, collection of artefacts etc.)

- i. 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.
- ii. 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.
- iii. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standard.
- iv. Investigations will be launched only after a preliminary review which establishes that:
  - v. the alleged act constitutes an improper or unethical activity or conduct, and either the allegation is supported by information specific enough to be investigated or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

## **REPORTING STRUCTURE**

- a. Reporting of fraud to statutory body to be done by Company Secretary, where mandated by Law.
- b. The whistleblower complaints based on the nature, materiality, being financial/ non-financial may be reported to the appropriate authorities as per prevailing Law.

## **PROTECTION**

- a. Protection to the Whistleblower under the Policy will be available provided the following conditions are met with, that is:
  - i. the Protected Disclosure is made in Good Faith;
  - ii. the Whistleblower has reasonable information or documents in support thereof; and
  - iii. the Protected Disclosure is not made for any personal gain or animosity against the Subject.
- b. The Company will endeavour to ensure that the Policy is adhered to, and to attain this end, the Company will ensure the following:
  - i. that no unfair treatment is given to a Whistleblower by virtue of his or her having reported a Protected Disclosure under the Policy;
  - ii. that appropriate care is taken to keep the identity of the Whistleblower confidential and any such disclosure be made only on a need to know basis;
  - iii. that any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistleblowers is condemned;
  - iv. that complete protection is given to the Whistleblower against any unfair practice like retaliation, threat or intimidation of termination or suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his duties or functions including making further Protected Disclosure;
  - v. that confidentiality of the Protected Disclosure is maintained;
  - vi. that the identity of the Whistleblower is kept confidential to the extent possible and permitted under law. However, Whistleblowers are cautioned that their identity may become known for reasons outside the control of the Chairman as the case may be (e.g. during investigations carried out by Investigators). Any other Employee or Director assisting in the said investigation will also be protected to the same extent as the Whistleblower;
  - vii. that no attempt to conceal evidence of the Protected Disclosure is made; that an opportunity of being heard is given to the persons involved, especially to the subject;
  - viii. that any other Employee assisting in the said investigation of furnishing evidence will also be protected to the same extent as the Whistleblower; and
  - ix. all steps will be taken to minimize difficulties, which the Whistleblower may experience as a result of making the Protected Disclosure.

Thus, if the Whistleblower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistleblower to receive advice about the procedure, etc



A Whistleblower may report any violation of the clauses enlisted herein above to the Chairman of the Audit Committee/the Chairman of the Whistleblower Committee, who shall investigate into the same and recommend suitable action to the management.

### **ANONYMOUS ALLEGATIONS/ COMPLAINTS**

- a. This policy strongly encourages individuals to put their names to allegations. However, individuals may raise concerns anonymously. Concerns expressed anonymously will be evaluated by the Company for investigation.
- b. In exercising this discretion, the factors to be taken into account would include:
  - i. The seriousness of the issued raised;
  - ii. The credibility of the concern; and
  - iii. The likelihood of confirming the allegations from attributable sources.

In case the allegation has been made with mala fide intentions or is frivolous in nature, or is not genuine, the same will be dropped.

### **SECRECY OR CONFIDENTIALITY**

- a. The Whistleblower, the Subject, the Investigators and everyone involved in the process will:
  - i. maintain complete confidentiality and secrecy of the matter;
  - ii. not discuss the matter in any informal or social gatherings or social media or meetings,
  - iii. discuss only to the extent or with the persons required for the purpose of completing the process;
  - iv. not keep the papers unattended anywhere at any time;
  - v. keep the electronic mails or files under password.
- b. If anyone is found not complying with the above, he or she will be held liable for such Disciplinary Action as is considered fit by the Chairman, as the case may be.

### **RETENTION OF DOCUMENTS**

All Protected Disclosures in writing or documented along with the results of investigation relating thereto will be retained by the Company for

- i. A minimum period of three (3) years (or)
- ii. In accordance with the company's record retention policy (or)
- iii. As specified by any other law whichever is higher.

### **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 and Employees unless the same is notified to the Directors and Employees in writing/e mail and displayed on the website in case of stakeholders.

\*\*\*\*\*