

SURAT TEXTILE MILLS LIMITED

VIGIL MECHANISM AND WHISTLE-BLOWER POLICY

1 OBJECTIVE AND PURPOSE

Section 177 (9) of the Companies Act, 2013 and clause 49 of Equity Listing Agreement (as amended by the Securities and Exchange Board of India (SEBI) vide its circular no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014) mandated the establishment of vigil mechanism for all the listed companies, as part of the whistle blower policy, for the Directors and Employees of such companies to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

2 INTRODUCTION

Surat Textile Mills Limited (STML) is committed to conducting business with integrity, including in accordance with all applicable laws and regulations.

The mechanism should provide for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

Employees are required to report actual or suspected violations of applicable laws and regulations and the Code of Conduct, and STML has an obligation to ensure that there is a procedure in place to enable the reporting of such violations.

3 SCOPE AND EXCLUSION

The Vigil Mechanism and Whistle-blower Policy (the "Policy") sets out the procedure to be followed when making a disclosure.

In line with the requirement, this policy aims to provide an avenue to the employees to report to the management instances of unethical behavior, actual and suspected fraud or violation of Company's code of conduct or ethics policy and reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith.

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 APPLICABILITY

This Policy applies to all Permanent Employees of STML, regardless of their location. Violation will result in appropriate disciplinary action.

5 TERMS AND REFERENCES

In this Policy, the following terms shall have the following meanings:

5.1 Alleged Wrongful Conduct

Alleged wrongful conduct shall mean violation of law, infringement of Company's code of conduct or ethic policies, mismanagement, misappropriation of money, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

5.2 Audit Committee

Audit Committee means the Committee constituted by the Board of Directors of STML in accordance with the provisions of Section 177 of the Companies Act, 2013, which has responsibility for supervising the development and implementation of this Policy.

5.3 Employee

Employee means any permanent employee or director of STML.

5.4 Compliance Officer

Compliance Officer means "Company Secretary" of the Company.

5.5 Competent Authority

Competent Authority means the Chairman-cum-Managing Director (CMD) of the Company and will include any person(s) to whom he may delegate any of his powers as the Competent Authority under this policy from time to time. In case of conflict of interest (CMD being the subject person), Competent Authority means Chairman, Audit Committee.

5.6 Good Faith

An employee shall be deemed to be communicating in good faith if there is a reasonable basis for communication of unethical & improper practices or any other alleged wrongful conduct. Good faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knew or reasonably should have known the communication about unethical & improper practices or alleged wrongful conduct is malicious, false or frivolous

5.7 Managerial personnel

Managerial personnel shall include directors, officer, managers, departmental head, superior or other employees who have authority to make or materially influence significant personal decisions.

5.8 Policy or This Policy

Policy or This Policy means "Vigil Mechanism and Whistle-Blower Policy".

5.9 Whistle Blower

Whistle blower means any employee who make a Protected Disclosure under this Policy.

6 POLICY

6.1 Responsibility to report

The employees may raise genuine concerns relating to the accounts, finance, management, operations, employment, unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and other affairs of the Company and its subsidiaries.

Protected Disclosures are to be made whenever an employee becomes aware of a Reportable Matter. The Protected Disclosures should be made promptly upon the Employee becoming aware of the Reportable Matter. The role of a Whistle-blower is limited to making a Protected Disclosures. A Whistle-blower should not engage in investigations concerning a Reportable Matter that is the subject of a Protected Disclosures.

6.2 Reporting Mechanism and Procedure

There shall be a committee comprising of the a Compliance Officer and Legal Head who shall address issues raised by the employees and the Compliance Officer, who shall report the matter to Corporate Management Audit for investigation and simultaneously shall report the same to the Audit Committee / Board.

The Accounting / Finance related issues should be reported to the Audit Committee, which shall after considering the same, brief the Board.

The communication by the employees should be under their name and signature and should not be anonymous. Communication may be made in writing through a letter or through email. Employees may send their communications to :

Ms. Hanisha Arora, Compliance Officer,
Surat Textile Mills Limited, Tulsi Krupa Arcade, 3rd Floor, Puna - Kumbharia Road,
Near Aai Mata Chowk, Dumbhal, Surat - 395010, Phone - 0261 2311197/98, Fax -
0261 2311 029, E-mail – stmlsecretary@gardenvareli.com

And

Mr. C. S. Punjabi, Senior General Manager-Accounts,
Surat Textile Mills Limited, Tulsi Krupa Arcade, 3rd Floor, Puna - Kumbharia Road,
Near Aai Mata Chowk, Dumbhal, Surat - 395010, Phone - 0261 2311197/98, Fax -
0261 2311 029, E-mail – cspunjabi@gardenvareli.com

Any employee who observes any unethical & improper practices or alleged wrongful conduct shall make a disclosure to the Competent Authority as soon as possible but not later than 30 consecutive calendar days after becoming aware of the same in an envelop which should be closed/secured/sealed.

If the Whistle Blower believes that there is a conflict of interest (CMD being the subject person), he may send his disclosure directly to the Chairman, Audit Committee, Surat Textile Mills Limited.

Where the Audit Committee has designated any senior officer or a committee of managerial personnel for investigation, they shall mandatorily adhere to procedure outlined by Audit Committee for investigation.

The Audit Committee or officer or committee of managerial personnel, as the case may be, shall have right to call for any information /document and examination of any employee of the Company or other person(s) as they may deem appropriate for the purpose of conducting investigation under this policy.

A report shall be prepared after completion of Investigation and the Audit Committee shall consider the same.

After considering the report, the Audit Committee shall determine the cause of action and may order for necessary remedies.

7 CONFIDENTIALITY

The complainant, 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 and keep the papers in safe custody.

8 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, frivolous or malicious, shall be liable to be prosecuted.

9 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

10 COMMUNICATION

Directors and Employees shall be informed of the Policy by publishing on the notice board and the website of the Company.

All departmental heads are required to notify and communicate the existence and contents of this policy to the employees of their department. The new employees shall be informed about the policy by the Human Resource department.

This policy as amended from time to time shall be made available at the web site of the Company.

11 INTERPRETATION

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013 and/ or any SEBI guidelines, as amended from time to time.

12 ANNUAL AFFIRMATION

The Company shall annually affirm that it has not denied any employee access to the Audit Committee and that it has provided protection to the Whistle Blower from adverse action. The affirmation shall form part of Corporate Governance report as attached to the Annual Report of the Company.

13 MODIFICATION / 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 not communicated in the manner described as above.