1. BACKGROUND

1.1 As per the Companies Act, 2013 under Section 177 - every listed company or such class or classes of companies, as may be prescribed shall establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

1.2 In the draft Rules under Companies Act’ 2013, among others, a company which has borrowed money from banks and public financial institutions in excess of Rs.50 crore need to have a vigil mechanism

1.3 Under these circumstances, APARNA ENTERPRISES LIMITED, being a Public Company and had borrowed money from banks and Public financial institutions in excess of 50 Crore Rupees propose to establish a Vigil Mechanism and to formulate a Vigil Mechanism policy.

2. POLICY OBJECTIVES.

2.1 A Vigil mechanism provides a channel to the employees/Vendors/Customers to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees/Vendors/Customers etc. to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

2.2. 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 against people in authority and / or colleagues in general.

3. SCOPE OF THE POLICY.
3.1. This Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

4. DEFINITIONS.

4.1. “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

4.2 “Employee” means every employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.

4.3 “Protected Disclosure” means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.

4.4 “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.

4.5 “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.

4.6 “Whistle Blower” means an Employee making a Protected Disclosure under this Policy.

5. ELIGIBILITY

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

6. DISQUALIFICATIONS

6.1. 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.

6.2. 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.
6.3. 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**

7.1. All Protected Disclosures concerning financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation.

7.2. 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 Chairman of the Audit Committee for further appropriate action.

7.3. 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 in the regional language of the place of employment of the Whistle Blower.

7.4. 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.

7.5 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 Disclosure.

7.6 Protected Disclosure against the Officer should be addressed to the Chairman of the Audit Committee.

The contact details of the Chairman of the Audit Committee and of the Ethics Counselor of the Company are as under:

Shri Someswara Prasad Devarapalli - The Chairman of the Audit Committee (Independent Director)
Address: Door No. 8-2-293/82/A, Plot No. 1214, Road No.60, Jubilee Hills, Hyderabad, Telangana - 500 033
Tel: + 040 23357761; Email ID: whistleblower@aparnaenterprisesltd.com

8. **INVESTIGATION**

8.1 All protected disclosures under this policy will be recorded and thoroughly investigated. The Audit Committee (AC) may investigate and may at its discretion consider involving
any other Officer of the Company including Vigilance and Ethical officer of the Company for the purpose of investigation.

8.2 The decision to conduct an investigation taken Audit Committee is by itself not an accusation and is to be treated as a neutral fact finding process.

8.3 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.

8.4 Subject(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard to the extent that such cooperation will not Compromise self incrimination protections available under the applicable laws.

8.5 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).

8.6 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. No allegation of wrong doing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.

8.7 Subject(s) have a right to be informed of the outcome of the investigations.

8.8 The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit and as applicable.

9. DECISION AND REPORTING

9.1 Audit Committee along with its recommendations will report its findings to the Chief Financial Officer within 15 days of receipt of report for further action as deemed fit. In case prima facie case exists against the subject, then the Chief Financial Officer shall forward the said report with its recommendation to the concerned disciplinary authority for further appropriate action in this regard or shall close the matter, for which he shall record the reasons. Copy of above decision shall be addressed to the Audit Committee, the Officer, the complainant and the subject.

9.2 In case the subject is any officer of the Company, the protected disclosure shall be addressed to the Chief Financial Officer who, after examining the protected disclosure shall forward the matter to the audit committee. The audit committee after providing an opportunity to the subject to explain his position and after completion of investigation shall submit a report along with its recommendation to the CFO. After considering the report and recommendation as aforesaid, CFO shall forward the said report with its recommendation to the concerned disciplinary authority for further appropriate action in this regard or shall close the matter, for which he shall record the reasons. Copy of the above decision shall be addressed to the Audit Committee,
9.3 In case the Subject is the CFO 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.

9.4 If the report of investigation is not to the satisfaction of the complainant, the complainant has been right to report the event to the appropriate legal or investigating agency.

9.5 A complainant who makes false allegations of unethical & improper practices or about wrongful conduct of the subject to the nodal officer or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

10. INVESTIGATORS:

10.1 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.

10.2 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.

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

- the alleged act constitutes an improper or unethical activity or conduct, and
- 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. Provided that such investigation should not be undertaken as an investigation of an improper or unethical activity or conduct.

11. SECRECY / CONFIDENTIALITY.

11.1 The complainant, Vigilance and Ethics officer, 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.
12. PROTECTION

12.1. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted.

12.2. Complete protection will 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/funcions including making further Protected Disclosure.

12.3. A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.

12.4. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law.

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

13. 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 is authorized to prescribe suitable directions in this regard.

14. 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 the web site of the company.

15. RETENTION OF DOCUMENTS

All Protected disclosures documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of 5 (five) years or such other period as specified by any other law in force, whichever is more.
16. **ADMINISTRATION AND REVIEW OF THE POLICY.**

The Chief Financial Officer shall be responsible for the administration, interpretation, application and review of this policy. The Chief Financial Officer also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee.

17. **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 Employees and Directors unless the same is notified to them in writing.