

## VIGIL MECHANISM POLICY

### 1. PREAMBLE

Section 177 (9) and (10) of the Companies Act, 2013 requires that every listed Company shall establish a Vigil Mechanism for Directors and Employees to report genuine concerns in such manner as may be prescribed. Schedule IV to the Companies Act, 2013 prescribes the Code for Independent Directors, which provides that an Independent Director is duty bound to ensure that the Company has an adequate and efficient Vigil Mechanism and that a person's interests are not prejudicially affected on account of use of such mechanism. In view of this and to comply with the requirement of Rules 7 of the Companies (Meetings of Board and its Powers) Rules, 2013, SHAH FOODS LIMITED (the Company), has established a Vigil Mechanism and formulated a policy for the same.

### 2. POLICY

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil Mechanism provides a channel to the Directors and Employees to report to the Management concerns about unethical behaviour, actual or suspected fraud or violation or legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports etc. The mechanism provides for adequate safeguards against victimization to avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

### 3. DEFINITIONS

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 read with Companies (Meetings of Board and its Powers) Rules, 2013.
2. "Company" means Shah Foods Limited and all its offices.

3. “Employee” means all the present employees of the Company working at Registered Office, branches, including Directors in the employment of the Company.
4. “Protected Disclosure” means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. Protected disclosures should be factual and not speculative in nature.
5. “Vigilance and Ethics Officer” means an officer of the Company nominated by the Competent Authority to conduct detailed investigation under this policy and to receive protected disclosure from the Complainant, maintain record thereof, placing the same before the Audit Committee for its disposal and informing the Complainant the results thereof.

#### **4. SCOPE**

The activities covered under the Policy are as follows:

1. Misappropriation of assets.
2. Embezzlement of Money/Assets.
3. Pilferage.
4. Financial fraud.
5. Espionage.
6. Corruption – a breach of trust in the performance of official duties.
7. Taking Bribes.
8. Insider Trading.
9. Abuse of position.
10. Disclosing confidential information.
11. Manipulation of Records.
12. Inappropriate Relationship.
13. Unethical/unbecoming behaviour.
14. Biased decision-making-deliberate deception to help or conceal the fraud/ violation.

## **5. ELIGIBILITY**

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

## **6. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES**

1. All Protected Disclosures should be reported in writing by the Complainant as soon as possible, after the Complainant becomes aware of the same and should either be typed or written in a legible handwriting in English.
2. The Protected Disclosure should be submitted under a covering letter signed by the Complainant in a closed and secured envelope and should be super scribed as “Protected Disclosure under the Vigil Mechanism Policy” or sent through an e-mail with the subject ” Protected Disclosure under the Vigil Mechanism Policy”.
3. Identity of the Complainant will not be disclosed by the Vigilance and Ethics Officer.
4. The Company shall not entertain anonymous/pseudonymous disclosures.
5. All Protected Disclosures should be addressed to the Vigilance and Ethics Officer of the Company or to the Managing Director or to the Chairperson of the Audit Committee in exceptional cases. The Contact details of the Vigilance and Ethics Officer are as under:-

Name : Shri Janak Shah

Address : ‘Saryu’ Kalyan Soc,  
Mithakhali Ellisbridge,  
Ahmedabad 380006

Email: [shahfoods@vsnl.com](mailto:shahfoods@vsnl.com)

6. Protected Disclosure against the Vigilance and Ethics Officer should be addressed to the Managing Director of the Company and the Protected Disclosure against the Managing Director should be addressed to the Chairperson of the Audit Committee. Their contact details are as under:

**Managing Director**

Name: Shri Nirav J Shah

Address: 'Saryu' Kalyan Soc,  
Mithakhali Ellisbridge,  
Ahmedabad 380006

Email: [shahfoods@vsnl.com](mailto:shahfoods@vsnl.com)

**Chairman of the Audit Committee**

Name : Shri Vrendra Shah

Address : 603 Pleasant Palace,  
16, N D Road Mumbai 400006

Email: [shahfoods@vsnl.com](mailto:shahfoods@vsnl.com)

On receipt of the Protected Disclosure, the Vigilance and Ethics Officer/ Managing Director/Chairperson of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the Complainant whether he was the person who made the Protected Disclosure or not.

**7. INVESTIGATION**

1. All Protected Disclosure under this Policy will be recorded and thoroughly investigated. The Vigilance and Ethics Officer will carry out an investigation either himself or by involving any other officer of the Company before referring the matter to the Audit Committee of the Company. The report will be submitted through the management to the Audit Committee while identity of the Complainant will be protected.
2. The Audit Committee, if deems fit, may call for further information or particulars from the Complainant and at its discretion, consider involving any other officer of the Company and/or Committee for the purpose of investigation.
3. The investigation by itself would not tantamount to an accusation and is to be treated as a neutral fact finding process.

4. 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.
5. Any member of the Audit Committee having conflict of interest in a given case, he shall disclose his concern/interest and shall recuses to deal with the matter and the others in the Committee would deal with the matter on hand.

## **8. ACCOUNTABILITIES**

The intent of the Policy is to bring genuine issues and violations into the knowledge of Company's management; therefore the Company expects you to ensure that the facility is not misused in any manner. Please note that if during or after the investigation proceedings, it is found that an Employee has made malicious or frivolous allegations against any person, then the Company reserves the right to take any disciplinary action against such person, including permanent suspension from employment.

## **9. DECISION AND REPORTING**

1. If an investigation leads to a conclusion that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the Board of Directors of the Company to take such disciplinary or corrective action as it may deem fit.
2. Any disciplinary or corrective action initiated 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.
3. In case of repeated frivolous complaints being filed by a Director or an Employee, the Audit Committee may take appropriate disciplinary action in accordance with the rules, procedures and policies against the concerned Director or Employee.

## **10. ADMINISTRATION AND REVIEW OF THE POLICY**

A quarterly report about the functioning of the Vigil Mechanism Policy shall be placed before the Audit Committee. The said quarterly report shall also cover the total number of complaints received during the period with summary of the

findings and corrective steps taken. The Chairman and Managing Director shall also be empowered to bring about necessary changes to this Policy, if required at any stage, with the concurrence of the Board of Directors.

#### **11. SECRECY/CONFIDENTIALITY**

The Complainant, Vigilance and Ethics Officer, Members of Audit Committee, and everybody involved in the process shall:

1. Maintain confidentiality of all matters under this Policy;
2. Discuss only to the extent or with those persons as required under this Vigil Mechanism Policy for completing the process of investigations.
3. Not keep the papers unattended anywhere at any time;
4. Keep the electronic mails/files under password.

#### **12. ACCESS TO CHAIRPERSON OF THE AUDIT COMMITTEE**

The Complainant shall have right to access Chairperson of the Audit Committee directly in exceptional cases and the Chairperson of the Audit Committee is authorized to prescribed suitable directions in this regard.

#### **13. COMMUNICATION**

A Vigil Mechanism Policy cannot be effective unless it is properly communicated to employees. The details of establishment of such mechanism shall be disclosed by the Company on its Notice Board and Website of the Company.

#### **14. RETENTION OF DOCUMENTS**

All Protected Disclosures 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.

#### **15. AMENDMENT**

The Company reserves its rights to amend or modify this Policy with the concurrence of the Board 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 them in writing.