

Date: 4th February, 2022

To

Alysha Khambay

Labour Rights Researcher

Business and Human Rights Resource Center

Subject: Position of Silver Spark Apparel Limited (SSAL) with respect to the VDA 2020 payment in Karnataka

Dear Alysha,

Thank you for reaching out to SSAL to share our position on this topic of Karnataka 2020 Variable Dearness Allowance (VDA), given the current pending legal status of the case.

SSAL part of Raymond group is a compliant organization with all applicable laws of the land.

2020 Karnataka VDA payments:

In the particular case of Karnataka 2020 VDA, we stand by our legal assessment that the GoK announced a deferment of VDA 2020 amounting to INR 417.60 per worker per month to provide some financial relief to all industries amidst the disruption caused by the pandemic.

The final decision on payment of 2020 VDA is pending in the Hon'ble High Court based on a legal case between Trade Unions and GoK.

SSAL along with the rest of the industry has been waiting for the court's decision. Our Industry body CMAI (Clothing Manufacturers Association of India) has been continuously responding to the buyers community on the developments on subject from time to time in response to the communications received. Further, CMAI vide its letter dated 2nd February, 2022 has advised the manufacturers in the State of Karnataka to address the subject keeping in mind the workers wellbeing given the indefiniteness involved (Enclosed please find the communication from CMAI for your ready reference). Accordingly, please find herein below the details of our approach towards making the payment to all eligible workers.

- Effective February 2022 onwards, the 2020 VDA amount of Rs.417.60 per head per month will be included in the monthly wage payments. This is implemented considering the fact that we have already paid the wages to employees for the month of January, 2022 on 3rd February, 2022 (3rd of the month being our pay day).
- The arrears of VDA 2020 for 10 months (April 2021 to January 2022) will be paid in two equal instalments of 5 months each along with the wage payment of February 2022 & March 2022.

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- We are awaiting decision from the court on the payout of the 2020 VDA arrears for the period April 2020-March 2021. However, if there is no court decision by April 2022, we commit to paying these arrears of 12 months regardless of the final decision. This amount would be paid in up to three instalments starting from May 2022 wages depending upon cash flow situation of the company.
- As always, we shall be paying out the Social Security / Statutory dues (corresponding to the Rs.417.60 per head per month) as well.
- We will implement this fairly and unconditionally to all employees currently or previously employed with us for the full duration of their employment corresponding to their employment with us in FY 21 and FY 22.
- Additionally we reassure you that we will take all steps necessary to reach out to the ex-employees to make these payments.

With Raymond's aspirations to be the global textile and apparel industry benchmark with social and environmental sustainability at its core, we take legal and ethical concerns with the utmost importance.

Thanks & Regards,

For Silver Spark Apparel Ltd.,



Authorized Signatory

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