

PADAM COTTON YARNS LIMITED KARNAL

WHISTLE BLOWER POLICY

*(Amended by the Board of Directors on 28th May, 2019,
With retrospective effect from 1st April, 2019)*

1. PREFACE

a) The Company has always believed in the conduct of affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

b) The Company has adopted a Code of Conduct for Directors and Senior Management Executives ("the Code"), which lays down the principles and standards that should govern the actions of the Company and its Directors / Employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company.

c) Section 177 of The Companies Act, 2013 requires every listed company to establish a vigil mechanism for Directors & Employees to report genuine concerns in such manner as may be prescribed. Further the Rules provide that the companies which are required to constitute an Audit Committee shall oversee the vigil mechanism through the committee.

d) Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires every listed company to formulate a vigil mechanism for Directors & Employees to report genuine concerns.

e) Regulation 9A of SEBI (Prohibition of Insider Trading Regulations), 2015, including any amendment thereto, requires every listed company to formulate a whistle-blower policy to enable employees to report instances of leak of unpublished price sensitive information.

f) This Whistle Blower Policy ("the Policy") has been formulated with a view to provide a mechanism for Directors & Employees of the Company to approach the Designated Authority under this policy for the above mentioned purposes. It also protects Directors / Employees wishing to raise a concern about serious irregularities within the Company.

2. DEFINITIONS

a) "**Employee**" means every employee of the Company (whether working in India or abroad) including foreign expatriates stationed in India.

b) "**Designated Authority**" refers to the Chairman of the Audit Committee.

c) "**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.

d) "**Generally available information**" means information that is accessible to the public on a non-discriminatory basis.

d) "**Investigating Committee**" refers to the team of those persons authorized, appointed, consulted or approached by the Designated Authority.

e) "**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.

f) "**Unpublished Price Sensitive Information**" shall mean any information, relating to the Company or its securities, directly or indirectly, that is not "Generally available information" which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following :

- i. financial results;
- ii. dividends;
- iii. change in capital structure;
- iv. mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
- v. changes in Key Managerial Personnel.

g) "**Whistle Blower**" is someone who makes a Protected Disclosure under this Policy.

3. ELIGIBILITY

a) All Directors & Employees of the Company are eligible to make Protected Disclosures under the Policy.

b) The Protected Disclosures may be in relation to any matter concerning the Company.

4. COVERAGE OF THE POLICY

a) The Policy covers malpractices and events which have taken place/ suspected to take place involving, but not limited to :

- i. Breach of contract.
- ii. Manipulation of company data/records.
- iii. Financial irregularities, including fraud, or suspected fraud.
- iv. Criminal offence.
- v. Pilferation of confidential/propriety information.
- vi. Deliberate violation of law/regulation.
- vii. Wastage/misappropriation of company funds/assets.
- viii. Any other unethical, biased, favoured, imprudent event.
- ix. Leak of Unpublished Price Sensitive Information (UPSI).

b) Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

5. DISQUALIFICATIONS

- a) 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.
- b) 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.
- c) 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.

6. PROCEDURE

- a) Whistle Blower should make Protected Disclosure to the Designated Authority, as soon as possible after the Whistle Blower becomes aware of the same.
- b) Whistle Blower must put his/her name to allegations. Concerns expressed anonymously WILL NOT BE investigated.
- c) The Protected Disclosure must be forwarded under a covering letter or by an email.
- d) The contact details of the Designated Authority are as follows:

Mr. Rajev Gupta
Managing Director
Padam Cotton Yarns Limited
871, Sector – 13, Urban Estate,
Karnal, Haryana – 132001
rajewoswal@yahoo.com

- e) Protected Disclosures should be factual and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- f) If initial enquiries by the Designated Authority indicate that the concern has no basis, or it is not a matter to be investigation pursued under this Policy, it may be dismissed at this stage and the decision would be documented.
- g) Where initial enquiries indicate that further investigation is necessary, this will be carried through either by the Designated Authority alone, or by the Investigating Committee, nominated by the Designated Authority for this purpose.
- h) Name of the Whistle Blower shall not be disclosed to the Investigating Committee.

i) The Designated Authority /Investigating Committee shall make a detailed written record of the Protected Disclosure. The record will include:

a. Facts of the matter

b. Whether the same/similar Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;

c. The financial/ otherwise loss which has been incurred / would have been incurred by the Company.

d. Findings of the Designated Authority/Investigating Committee;

e. The recommendations of the Designated Authority /Investigating Committee on disciplinary/other action/(s).

PROCEDURE FOR INQUIRY IN CASE OF LEAK OF UPSI

For inquiry of leak / suspected leak of UPSI, a separate Policy has been formulated by the Board of Directors of the Company.

7. DECISION

If an investigation leads the Designated Authority to conclude that an improper or unethical act has been committed, he shall recommend to the management of the Company to take such Disciplinary Action as he may deem fit.

8. PROTECTION

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

b) No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. Complete protection will be given to Whistle Blower against any unfair practice like retaliation, threat or intimidation or termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, discrimination, any type of harassment, biased behavior or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure.

c) A Whistle Blower may report any violation of the above clause to the Designated Authority, who shall investigate into the same and recommend suitable action to the management.

9. CONFIDENTIALITY

a) The Whistle Blower, the Investigating Committee and everyone involved in the process shall:

- i. maintain complete confidentiality/ secrecy of the matter
- ii. not discuss the matter in any informal/social gatherings/ meetings
- iii. discuss only to the extent or with the persons required for the purpose of completing the process and investigations
- iv. not keep the concerned documents unattended anywhere at any time

b) If anyone is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit.

10. REPORTING

A report with number of complaints received under this policy and their outcome/status including action taken shall be placed before the Audit Committee on a regular basis.

11. 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.