



# RAJ RAYON INDUSTRIES LIMITED

(A Government Recognised Star Export House)



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CIN NO. : L17120DN1993PLC000368

## WHISTLEBLOWER POLICY

### I Preface

The Company has adopted the Code of Ethics and Business conduct, which lays down the principles and standards that should govern the actions of the Company and its 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. The role of employees in pointing out such violations of the Code cannot be undermined. Accordingly, Whistleblower Policy ("the Policy") has been formulated with a view to provide a mechanism for employees and Directors of the Company to raise concerns on any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports etc.

Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 mandates the following classes of companies to constitute a vigil mechanism-

- Every listed company;
- Every other company which accepts deposits from the public;
- Every company which has borrowed money from banks and public financial institutions in excess of ₹ 50.00 crores.

Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges has been recently amended which inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called the "Whistleblower Policy" for Directors and employees to report concerns of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.

This Whistleblower Policy ("the Policy") has been formulated with a view to provide a mechanism for Directors and employees of the Company to approach the Chairman of the Audit Committee of the Company and raise concerns.

### II Definitions

The definitions of some of the key terms used in this Policy are given below:

- a. "**Alleged wrongful conduct**" shall mean violation of law, infringement of Company's rules, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority".

- b. **“Audit Committee”** means the Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Indian Stock Exchanges and the Securities Exchange Act, 1993, as may be applicable.
- c. **“Board”** means the Board of Directors of the Company.
- d. **“Code”** means Code of Conduct for Directors and Senior Management Executives adopted by Raj Rayon Industries Limited.
- e. **“Employee”** means all the present employees and whole time Directors of the Company (whether working in India or abroad).
- f. **“Investigator”** means those persons authorised, appointed, consulted or approached by the Chairman of the Audit Committee and the police if required.
- g. **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. It should be factual and not speculative or in the nature of an interpretation/ conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- h. **“Subject”** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of investigation.
- i. **“Whistleblower”** means an employee, group of employees or Director making a Protected Disclosure under this policy and referred as Complainant.

### III Scope

- i) This policy is an extension of Raj Rayon Industries Ltd **“Code of Conduct”**. Whistleblower’s role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- ii) Whistleblowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Chairman of the Audit Committee or the Investigators.
- iii) Protected Disclosure will be appropriately dealt with by the Chairman of the Audit Committee.

**The Policy covers malpractices and events which have taken place/ suspected to take place involving but not restricted to:**

- i) Breach of contracts
- ii) Abuse of authority
- iii) Manipulation of Company data/records
- iv) Negligence causing substantial and specific danger to public health and safety
- v) Misappropriation of Company funds/assets
- vi) Breach of Company Policy
- vii) Deliberate violation of law/regulation
- viii) Financial irregularities, including fraud or suspected fraud or Deficiencies in Internal Control and check or deliberate error in preparing of Financial Statements.
- ix) Deviation from full and fair reporting of the Company's financial condition.
- x) Deficiencies in or non-compliances with the company's internal accounting contracts.

#### **IV Eligibility**

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

#### **V Disqualifications**

- i) It will be ensured that genuine Whistleblowers are accorded complete protection from any kind of unfair treatment as herein set out; any abuse of this protection will warrant disciplinary action.
- ii) Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistleblower knowing it to be false or bogus or with a mala fide intention.
- iii) Whistleblowers, who make three or more Protected Disclosures, which have been subsequently found to be mala fide, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected

Disclosures under this Policy. In respect of such Whistleblowers, the Company/Audit Committee would reserve its right to take/ recommend appropriate disciplinary action.

## **VI Procedure**

- a. All Protected Disclosures concerning financial and accounting matters should be addressed to the Chairman of the Audit Committee for Company investigation.
- b. In respect of all other Protected Disclosures, those concerning the top level management and above should be addressed to the Chairman of the Audit Committee of the Company and those concerning other employees should be addressed to the Investigator of the Company.
- c. The contact details of the Chairman of the Audit Committee are as under:

Mr. Suresh Gupta  
**Raj Rayon Industries Limited**  
5C- 196/197, Akshay Mittal Industrial Estate,  
Sakinaka, Andheri (East), Mumbai-400059

The contact details of the Investigator:

**Investigator under Whistleblower Policy**  
**Raj Rayon Industries Limited**  
5C- 196/197, Akshay Mittal Industrial Estate,  
Sakinaka, Andheri (East), Mumbai-400059

- d. 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. Due care should be taken to keep the identity of the Whistleblower confidential.
- e. 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 regional language of the place of employment of the Whistleblower.
- f. The Protected Disclosures should be forwarded under a covering letter which may bear the identity of the Whistleblower. The Chairman of the Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- g. Protected Disclosures should be factual and not speculative or in 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 and the urgency of a preliminary investigative procedure.

h. The Whistleblower may disclose his/her identity in the covering letter forwarding such Protected Disclosures. Anonymous disclosures will also be entertained. However it may not be possible to interview the Whistleblowers and grant him/her protection under the policy.

## **VII. Investigation**

a. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Chairman of the Audit Committee of the Company or the Investigator who will investigate the case under the authorisation of the Audit Committee. If any member of the Audit Committee has a conflict of interest in any given case, then he/she should refuse himself/herself and the other members of the Audit Committee should deal with the matter on hand.

b. The Chairman of the Audit Committee may at its discretion, consider involving any Investigators for the purpose of investigation.

c. The decision to conduct an investigation taken by the Chairman of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistleblower that an improper or unethical act was committed.

d. The identity of a subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

e. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

f. Subjects shall have a duty to co-operate with the Chairman of the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

g. Subjects have a right to consult with a person or persons of their choice, other than the Investigators, members of the Audit Committee or the Whistleblower. Subjects shall be free at any time to engage counsel at their own cost to represent them in investigation proceedings.

h. Subjects have a responsibility not to interfere in the investigation. Evidence shall not be withheld, tampered or destroyed or the witnesses shall not be coerced, threatened or influenced by the subjects.

i. The subjects will be given the opportunity to respond to material findings contained in an investigation report unless there are compelling reasons not to do so. No allegation of wrong doing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

j. Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation result would be in the best interest of the Subject and the Company.

k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

### **VIII Protection**

a. No unfair treatment will be meted out to a Whistleblower 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 against Whistleblowers. Complete protection will, therefore, be given to Whistleblowers 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 Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure.

The Company will take steps to minimize difficulties, which the Whistleblower may experience as a result of making the Protected Disclosure. Thus, if the Whistleblower is required to give evidence in disciplinary proceedings, the Company will arrange for the Whistleblower to receive advice about the procedure etc.

b. A Whistleblower 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.

c. Whistleblowers identity shall be kept confidential to the extent possible and permitted under law.

d. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

## **IX Investigators**

a. 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.

b. 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.

c. Investigations will be launched only after a preliminary review which established that:

- the alleged act constitutes an improper or unethical activity or conduct, and
- either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

## **X Decision**

If an investigation leads the Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, he shall recommend to the management of the Company to take such disciplinary or corrective action as deems fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this policy shall adhere to the applicable personnel conduct and disciplinary procedures.

## **XI Reporting**

The Audit Committee Chairman shall submit a report to the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the result of investigations, if any.

## **XII Retention of documents**

All Protected Disclosures in writing or documented along with the results of investigations relating thereto shall be retained by the Company for a minimum period of seven years.

### **XIII Amendment/ Modification**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. Modification may be necessary among other reasons, to maintain compliance with local, state, central and federal regulations and/or accommodate organisational changes within the Company. However, no such amendment or modification will be binding on the employees and directors unless the same is notified to the employees and Directors in writing.

**The Policy approved and adopted by Board of Directors on 14<sup>th</sup> November, 2014**