

CRAVATEX LIMITED

WHISTLE BLOWER POLICY

[28th February 2014]

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WHISTLE BLOWER POLICY

Cravatex Limited has formulated the Whistle Blower Policy to provide opportunity to employees and encourage them to report in good faith, to the Management in case they observe unethical and improper practices or any other wrongful conduct in the Company and to prohibit managerial personnel from taking any adverse personnel action against those employees.

Applicability

This policy applies to all bonafide permanent employees of the Company.

Policy

No adverse personnel action shall be taken or recommended against an employee in retaliation to his disclosure in good faith of any unethical and improper practices or alleged wrongful conduct. This policy protects such employees from unfair treatment and unfair prejudicial employment practices.

However, this policy does not protect an employee from an adverse action which occurs independent of his disclosure of unethical and improper practice or alleged wrongful conduct, poor job performance, any other disciplinary action, etc. unrelated to a disclosure made pursuant to this policy.

Definitions

Adverse Personnel Action

An employment-related act or decision or a failure to take appropriate action by managerial personnel which may affect the employee's employment, including but not limited to

- Discrimination
- Reprisal
- Harassment
- Vengeance

Alleged Wrongful Conduct

Alleged Wrongful Conduct shall mean violation of law, infringement of Company's Code of Conduct or ethic policies, mismanagement, misappropriation of monies, actual or suspected fraud, acts resulting in financial loss or loss of reputation, wastage, perforation of confidential data, rumour, breach of security, substantial and specific danger to public health/safety and abuse of authority.

Audit Committee

Audit Committee shall mean a Committee of Board of Directors of the Company, constituted in accordance with provisions of Section 292A of Companies Act, 1956 read with Clause 49 of Listing Agreement entered into by the Company with Stock Exchanges.

Company

Company means, "Cravatex Limited"

Compliance Officer

Compliance Officer means, "Company Secretary" of the Company.

Good Faith

An employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct.

Good Faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.

Policy or This Policy

Policy or This Policy means, “Whistle Blower Policy.”

Unethical and Improper Practices

Unethical and improper practices shall mean –

- An act which does not conform to approved standard of social and professional behaviour;
- An act which leads to unethical business practices;
- Improper or unethical conduct;
- Breach of etiquette or morally offensive behaviour, etc.

Whistle Blower

An employee of the Company who discloses in good faith in writing any unethical & improper practices or alleged wrongful conduct.

Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 1956 and/or SEBI Act and/or any other SEBI Regulation(s) as amended from time to time.

Guidelines

Internal Policy & Protection under Policy

This Policy is an internal policy on disclosure by employees of any unethical and improper practices or wrongful conduct and access to the Managing Director.

This Policy prohibits the Company to take any adverse personnel action against its employees for disclosing in good faith any unethical & improper practices or alleged wrongful conduct to the Managing Director. Any employee against whom any adverse personnel action has been taken due to his disclosure of information under this policy may approach the Managing Director.

Disclosure

An employee who observes or notices any unethical & improper practices or alleged wrongful conduct in the Company may report the same to the Managing Director through letter addressed to the Managing Director at the registered office or e-mail addressed to '**whistleblower@cravatex.com**'. In case it is against the Managing Director the alleged wrongful conduct may be reported to the Chairman of the Audit Committee at the registered office or e-mail addressed to '**chairmanac@cravatex.com**'.

Confidentiality of whistle blower shall be maintained to the greatest extent possible.

Within a reasonable time of receipt of the concern or complaint by the Managing Director/Audit Committee Chairman, an acknowledgment shall be sent to the sender of the concern. The acknowledgement shall confirm receipt of the concern and inform the sender that the concern would be inquired into.

In case the concern does not fall within the ambit of the Whistle Blower Policy, the sender shall be informed that the concern is being forwarded to the appropriate department/authority for further action, as may be deemed necessary.

Procedures

Any employee who observes any unethical & improper practices or alleged wrongful conduct shall make a disclosure to the Managing Director or Audit Committee Chairman, as the case may be, as soon as possible but not later than 60 consecutive calendar days after becoming aware of the same.

The Managing Director /Audit Committee Chairman shall appropriately and expeditiously investigate all whistle blower concern or complaints received within 90 days from the date of receipt. The Managing Director/Audit Committee Chairman may, if the circumstances so suggest, may appoint a senior executive or a committee of managerial personnel to investigate into the matter and prescribe the scope and time limit therefore.

The Managing Director, Audit Committee Chairman or Senior Executive or Committee of Managerial Personnel, as the case may be, shall have right to call for any information/document and examination of any employee of the Company or other person(s), as they may deem appropriate for the purpose of conducting investigation under this policy.

Remedy for Whistle Blower

A report shall be prepared after completion of investigation and the Managing Director/Audit Committee Chairman shall consider the same. After considering the report, the Managing Director/Audit Committee Chairman shall determine the cause of alleged Adverse Personnel action and may recommend to the Audit Committee for remedies which may inter-alia include:

- Order for an injunction to restrain continuous violation of this policy;
- Reinstatement of the employee to the same position or to an equivalent position;
- Order for compensation for lost wages, remuneration or any other benefits, etc.

Action against the Accused

If and when the Managing Director/Audit Committee Chairman is satisfied that the alleged unethical & improper practice or wrongful conduct existed or is in existence, then the Managing Director/Audit Committee Chairman may:

- recommend to Audit Committee to reprimand, take disciplinary action, impose penalty / punishment order recovery when any alleged unethical & improper practice or wrongful conduct of any employee is proved.
- recommend termination or suspension of any contract or arrangement or transaction vitiated by such unethical & improper practice or wrongful conduct

The decision of the Audit Committee shall be final and binding.

The Process is summarized as follows:

- Initiate Investigation
- Preparation of Report
- Report to Audit Committee with Managing Director's/Audit Committee Chairman's recommendation.
- Audit Committee to take Decision

False Allegation & Legitimate Employment Action

An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct to the Managing Director/Audit Committee Chairman shall be subject to disciplinary action, up to and including termination of employment, in accordance with Company rules, policies and procedures. Further, this policy may not be used as a defense by an employee against whom an adverse personnel action has been taken independent of any disclosure of information by him and for legitimate reasons or cause under Company rules and policies.

Notification

CEO's are required to notify & communicate the existence and contents of this policy to the employees of their department. The CEO shall submit a certificate duly signed by him to the Compliance Officer that this policy was notified to each employees of his department. The new employees shall be informed about the policy by the Personnel department and statement in this regard should be periodically submitted to the Compliance Officer.

This policy as amended from time to time shall be made available at the Web site of the Company.

Retention of documents

All protected disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the company for a minimum period of 3 years.

Secrecy/Confidentiality

The Managing Director, Chairman/Members of Audit Committee, Investigating Officer and everyone involved in the process shall:

- maintain complete confidentiality/ secrecy of the matter
- not discuss the matter in any informal/social gatherings/ meetings
- discuss only to the extent or with the persons required for the purpose of completing the process and investigations
- not keep the papers unattended anywhere at any time
- keep the electronic mails/files under password

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

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 with prior approval of the Audit Committee.