

# KANAKADURGA FINANCE LIMITED

## VIGIL MECHANISM/WHISTLE BLOWER POLICY

### 1. Preface:

**Kanakadurga Finance Limited** is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Company, in order to maintain these standards has adopted the Code of Conduct, which lays down the principles and standards that should govern the actions of the Employees in the course of conduct of business of the Company. 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 the employees in pointing out such violations of the Code cannot be undermined. It is therefore, imperative for the Company to have a Whistleblower Policy/Vigil Mechanism ("The Policy")

The objective of the Policy is to encourage all employees, who have concerns about suspected misconduct, to come forward and express these issues without fear of punishment or unfair treatment.

### 2. Policy Objectives:

The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or Policy.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation. In other words, the Policy intends to cover serious concerns that could have impact on the operations and performance of the Company and should not be used for taking up personal grievances. Employees are encouraged to raise operational issues not covered under this Policy with the respective Branch/Division Heads.

### 3. Definitions:

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

Terms not defined in the Policy shall have the meaning as per the Companies Act, 2013.

- a. **“Employee”** means every employee of the Company including the Directors
- b. **“Investigators”** means those persons who are authorized, appointed, consulted or approached by the Whistle Officer or Whistle Committee or Audit Committee or the Chairman thereof. Investigator includes, the Auditors of the Company, the police or any other investigating officer appointed as such. It is clarified that this does not take away any authority of the Whistle Officer or the Whistle Committee to conduct any investigation into any matter referred to him/her/it.
- c. **“Protected Disclosure”** means a written communication of a concern made in good faith, which discloses or demonstrates information that may evidence an unethical or improper activity under the title “Scope of the Policy” hereinbelow with respect to the Company. It should be factual and not speculative and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- d. **“Subject”** means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.
- e. **“Whistle Officer/Vigilance Officer/Vigilance Committee or Committee”** is a person or Committee of persons, nominated/appointed to receive Protected Disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.
- f. **“Whistle Blower”** is a Director or employee who makes a Protected Disclosure under this Policy and also referred in this Policy as Complainant.

#### **4. Scope:**

The Policy is an extension of the Code of Conduct for Directors and Senior Management Personnel and covers disclosure of any unethical and improper or malpractices and events which have taken place/suspected to take place involving:

- a. Breach of the Company's Code of Conduct
- b. Breach of Business Integrity and Ethics
- c. Breach of terms and conditions of employment and rules thereof
- d. Intentional Financial irregularities, including fraud, or suspected fraud
- e. Deliberate violation of laws/regulations
- f. Gross or Willful Negligence causing substantial and specific danger to health, safety and environment
- g. Manipulation of Company data/records
- h. Pilferation of confidential/propriety information
- i. Gross Wastage/Misappropriation of Company funds/assets

#### **5. Eligibility:**

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

#### **6. Disqualifications:**

While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment, any abuse of this protection will warrant disciplinary action. 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.

#### **7. Procedure:**

All Protected Disclosure should be reported in writing by the complainant as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same and should either be typed or written in a legible handwriting in English.

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 Whistle Blower Policy"** or sent through an email to [jpchowdary@ymail.com](mailto:jpchowdary@ymail.com) with the subject **"Protected Disclosure under the Whistle Blower Policy"**. If the complaint is not super scribed as mentioned above, the Protected Disclosure will be dealt with as if a normal disclosure.

All Protected Disclosures should be addressed to the Vigilance Officer of the Company or to the Chairman of the Audit Committee in exceptional cases.

The contact details of the Vigilance Officer are as under:

**Name and Address: Sandireddy Jayaprakash Narayana chowdary, director, Kanakadurga finance ltd, 40-7-31, Jammichettu center, Moghalrajpuram Vijayawada-10**

In order to protect the identity of the complainant, the Vigilance Officer will not issue any acknowledgement to the complainants and they are not advised neither to write their name/address on the envelope nor enter into any further correspondence with the Vigilance Officer.

Anonymous/Pseudonymous disclosure shall not be entertained by the Vigilance Officer.

On receipt of the protected disclosure the Vigilance Officer shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

**8. Rights of Subject:**

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

**9. Duties/Responsibilities of Subject:**

Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

**10. Direct Access to the Chairman of the Audit Committee:**

In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation carried out by the Whistle Officer or the Committee, he/she can make a direct appeal to the Chairman of the Audit Committee.

**11. Decision:**

If an investigation leads the Whistle Officer or Whistle Committee, to conclude that an improper or unethical act has been committed, the Whistle Officer or Whistle Committee shall recommend to the management of the Company to take such disciplinary or corrective action as it deems fit.

**12. Reporting:**

A quarterly report with the number of complaints, if any, received under the policy and their outcome shall be placed before the Audit Committee.

**13. 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 Seven years.

**14. Amendment:**

The Company, for good corporate governance may establish further rules and procedures, from time to time, to give effect to the intent of this Policy. The Company reserve its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. Any amendment to this Policy shall take effect from the date when it is approved by the Board of Directors of the Company.