

**VIGIL MECHANISM POLICY
OF
KAPIL RAJ FINANCE LIMITED**

VIGIL MECHANISM

Preface

Our Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The company has formed a Vigil Mechanism as per Section 177(9) of the Companies Act, 2013. It provides for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. In case of repeated frivolous complaints being filed by a director or an employee, the audit committee or the director nominated to play the role of audit committee may take suitable action against the concerned director or employee including reprimand.

Definitions

- a) **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in Accordance with Section 177 of the Companies Act, 2013.
- b) **"Employee"** means every employee of the Company (Whether working in India or abroad), including the Directors in the employment of the Company.
- c) **"Complainant"** means an Employee making a Protected Disclosure under this Mechanism.
- d) **"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.
- e) **"Investigators"** mean those persons authorized, appointed, consulted or approached by the Chairman of the Audit Committee and include the auditors of the Company and the police.
- f) **"Protected Disclosure"** means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
- g) **"Subject"** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

Scope

- a) The Vigil Mechanism is basically made to protect the Employee of the company who files complaint against any other Employee of the Company. It basically protects that person from any kind of victimization.
- b) The complainant is 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.
- c) The complainant who files the complain need 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 the Chairman of the Audit Committee or the Investigators.
- d) Protected Disclosure will be appropriately dealt with by Chairman of the Audit Committee, as the case may be.
- e) Victimization will be treated as a serious matter including initiating disciplinary action on such person/(s).
- f) Ensure complete confidentiality.
- g) Attempt to conceal evidence of the Protected Disclosure should not be allowed.
- h) Disciplinary action will be taken, if anyone destroys or conceals evidence of the Protected Disclosure made.

Eligibility

All Employees of the Company are eligible to make Protected Disclosures under the Mechanism. The Protected Disclosures may be in relation to matters concerning the Company.

Disqualifications

- a) While it will be ensured that genuine Complainants 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 Mechanism would not mean protection from disciplinary action arising out of false or bogus allegations made by a

Complainant knowing it to be false or bogus or with a malafide intention.

- c) Complainants, who make any Protected Disclosures, which have been subsequently found to be malafide or malicious or Complainants who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this mechanism.

Procedure

- a) All Protected Disclosures concerning financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation.
- b) In respect of all other Protected Disclosures, those concerning the employees at the levels of Vice Presidents and even regarding other employees should be addressed to the Chairman of the Audit Committee of the Company.
- c) The person who uses the vigil mechanism shall have direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.
- 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 Company's Chairman of the Audit Committee for further appropriate action.
- e) Appropriate care must be taken to keep the identity of the Complainant confidential.
- f) 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 the regional language of the place of employment of the Complainant. Alternatively, Protected Disclosures can also be reported orally by making a call on the following telephone no. 904179417 of the Company.
- g) The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Complainant. The Chairman of the Audit Committee, as the case may be shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- h) Protected Disclosures should be factual and not speculative or in the 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.

For the purpose of providing protection to the Complainant, the Complainant should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

Investigation

- a) All Protected Disclosures reported under this mechanism will be thoroughly investigated by Chairman of the Audit Committee along with the members of the Audit Committee of the Company who will investigate/oversee the investigations.
- b) If any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.
- c) The Chairman of the Audit Committee may at his discretion, apart from the members of the Audit Committee consider involving any other Investigators for the purpose of investigation.
- d) 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 Complainant that an improper or unethical act was committed.
- e) The identity of a Subject and the Complainant will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- f) 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.
- g) 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.
- h) Subjects have a right to consult with a person or persons of their choice, other than Investigators and/or members of the Audit Committee and/or the Complainant. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings. However, if the allegations against the subject are not sustainable, then the Company may see reason to reimburse such costs.
- i) 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.
- j) Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

- k) 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 results would be in the best interest of the Subject and the Company.
- l) The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

Protection

- a) No unfair treatment will be meted out to a Complainant by virtue of his/her having reported a Protected Disclosure under this Mechanism. The Company, as a mechanism, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Complainants. Complete protection will, therefore, be given to Complainants 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 Complainant right to continue to perform his or her duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Complainant may experience as a result of making the Protected Disclosure. Thus, if the Complainant is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Complainant to receive advice about the procedure, etc.
- b) A Complainant 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) The identity of the Complainant 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 Complainant.

Members of the Audit Committee and Investigators

- a) Members of the Audit Committee and Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights 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. Members of the Audit Committee and Investigators shall be independent and unbiased both in fact and as perceived. They 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 by the Chairman of the Audit Committee, which establishes that:
 - i. the alleged act constitutes an improper or unethical activity or conduct, and
 - ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of management review. Provided that such investigation should not be undertaken as an investigation of an improper or unethical activity or conduct.

Decision

If an investigation leads the Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Chairman of the Audit Committee may deem 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 Mechanism shall adhere to the applicable personnel or staff conduct and disciplinary procedures

Reporting

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

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.

Amendment

The Company reserves its right to amend or modify this Mechanism in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees unless the same is notified to the Employees in writing.