

PREFACE:

Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates for the Listed Companies to establish a whistle blower / vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Such mechanism should also provide for adequate safeguards against victimization of director(s)/ employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

Further, Section 177 (9) of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014, ("Rules") also prescribe that: (a) every listed company, (b) the Companies which accepts deposits from the public and (c) the Companies which have borrowed money from banks and public financial institutions in excess of Rupees Fifty Crores, shall establish a Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy.

Accordingly, KIFS Financial Services Limited ("KFSL" or "the Company"), being a Listed Company at BSE, in order to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as to that with the provisions of the Companies Act, 2013 and the Rules as mentioned above, formulates a Whistle Blower Policy/ Vigil Mechanism as under.

1. POLICY OBJECTIVES/ PURPOSE:

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company, through vigil (whistle blower) mechanism, provides a channel to the Employees and Directors and encourages them to come forward and express their concerns about suspected misconduct and to report to the management these concerns, without any fear of punishment or unfair treatment.

The Whistle Blower Policy ("Policy") aims at providing a secured framework to an employee to share his/ her views, observations and objections with regards to unacceptable work behavior, management practices, business practices, physiologically adverse work conditions, actual or suspected fraud or violation of the Codes of conduct or violation of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports and such other activities of reasonably negative nature which may be seen to tarnish the image of the organization, its products, its social image, employee morale and employee's safety at the workplace.

The policy, 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 against people in authority and/ or colleagues in general.

2. SCOPE OF THE POLICY

This Policy extends to all Directors and Employees. It covers serious concerns that could have grave impact on the operations and performance of the business of the Company and malpractices and events which have taken place/ suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

3. DEFINITIONS:

- 3.1 **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act 1956 / Section 177 of the Companies Act 2013/ Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with RBI’s Master Circular on Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007”.
- 3.2 **“Company”** means “KIFS Financial Services Limited”
- 3.3 **“Code”** mean Conduct for Directors and Senior Management Personnel adopted by KIFS Financial Services Limited
- 3.4 **“Employee”** means every Employee of the Company, including the Directors of the Company.
- 3.5 **“Protected Disclosure”** means a concern raised by and employee through a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. Protected Disclosures should be factual and not speculative in nature
- 3.6 **“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.
- 3.7 **“Whistle Blower Policy”** this Policy.
- 3.8 **“Whistle Blower” or “Complainant”** means an Employee making a Protected Disclosure under this Policy.
- 3.9 **“Whistle and Ethics Officer”** means an officer of the company nominated by Competent Authority to conduct detailed investigation under this policy and to receive protected disclosure from Whistle blowers, maintain record thereof, placing the same before the Audit Committee for its disposal and informing the Whistle blower the results thereof.

4. ELIGIBILITY:

All Employees and Directors of the Company are eligible to make Protected Disclosures under the Policy in relation to issues covered under this Policy and concerning the Company.

5. DISQUALIFICATIONS:

- 5.1 While 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.

5.2 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.

5.3 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 reserves the right to take/ recommend appropriate disciplinary action.

6. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES:

All Protected Disclosures should be reported in writing by the Whistle Blower as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English.

The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as “Protected disclosure under the Whistle Blower policy”. Alternatively, the same can also be sent through email with the subject “Protected disclosure under the Whistle Blower policy”. If the complaint is not super scribed and closed as mentioned above, it will not be possible for the Audit Committee to protect the Complainant and the protected disclosure will be dealt with as if a normal disclosure. In order to protect the identity of the complainant, the Whistle & Ethics Officer will not issue any acknowledgement to the complainants and they are advised neither to write their name/ address on the envelope nor to enter into any further correspondence with the Whistle & Ethics Officer. The Whistle & Ethics Officer shall assure that in case any further clarification is required he will get in touch with the complainant.

The Company shall not entertain anonymous/ pseudonymous disclosures.

The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The Whistle and Ethics Officer or the MD or the Chairman of the Audit Committee as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

All Protected Disclosures should be addressed to the Whistle and Ethics Officer of the Company or to the MD or to the Chairman of the Audit Committee in exceptional cases. The contact details of the Whistle and Ethics Officer are as under:

Name and Address of Whistle & Ethics Officer	Designation	E-mail id
Mr. Durgesh Soni B – 81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380 006	Company Secretary	cs@kifs.co.in

Protected Disclosure against the Whistle and Ethics Officer should be addressed to the MD of the Company and the Protected Disclosure against the MD of the Company should be addressed to the Chairman of the Audit Committee.

Name and Address of MD/ Chairman – Audit Committee	Designation	E-mail id
Mr. Rajesh P. Khandwala B – 81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380 006	Managing Director	rpk@kifs.co.in
Mr. Devang M. Shah A-4, Lavanya Appartment Vasna, Ahmedabad – 380 007	Chairman – Audit Committee	shahdevang98@yahoo.in

On receipt of the protected disclosure the Whistle and Ethics Officer/ MD/ Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not.

The record will include:

- ☞ Brief facts;
- ☞ Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- ☞ Whether the same Protected Disclosure was raised previously on the same subject;
- ☞ Details of actions taken by Whistle and Ethics Officer/ MD/ Chairman – Audit Committee for processing the complaint
- ☞ Findings of the Audit Committee
- ☞ The recommendations of the Audit Committee/ other action(s).

The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

7. INVESTIGATION:

7.1 All Protected Disclosures reported under this Policy will be thoroughly investigated by the Whistle and Ethics Officer of the Company who will investigate / oversee the investigations under the authorization of the Audit committee. Chairman of Audit Committee / Whistle and Ethics Officer may at its discretion consider involving any investigators for the purpose of Investigation.

7.2 The decision to conduct an investigation taken into a Protected Disclosure by itself is not an acceptance of the accusation by the Authority and is to be treated as a neutral fact-finding process because the outcome of the investigation may or may not support accusation.

- 7.3 The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of the investigation.
- 7.4 Unless there are compelling reasons not to do so, Subjects will be given reasonable opportunity for hearing their side during the investigation. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- 7.5 Subjects shall have a duty to co-operate with the Whistle and Ethics Officer/ Audit Committee during investigation to the extent that such co-operation sought does not merely require them to admit guilt.
- 7.6 Subjects shall have right to access any document/ information for their legitimate need to clarify/ defend themselves in the investigation proceedings.
- 7.7 Subjects shall 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.
- 7.8 Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subjects shall be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- 7.9 Whistle and Ethics Officer shall normally complete the investigation within 90 days of the receipt of protected disclosure.
- 7.10 In case allegations against the subject are substantiated by the Whistle and Ethics Officer in his report, the Audit Committee shall give an opportunity to Subject to explain his side.

8. DECISION:

If an investigation leads the Whistle and Ethics Officer / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Whistle and Ethics Officer / Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as he 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 Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

If the report of investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency.

9. PROTECTION:

9.1 No unfair treatment will be meted out to a Whistle Blower 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 Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers 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 Whistle Blower's right to continue to perform his duties / functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

9.2 A Whistle Blower 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.

9.3 The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the Whistle Blower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement agencies, in which case the members of the organization are subject to the relevant rules and regulations of the Law Enforcement Agency (ies).

Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

10. SECRECY / CONFIDENTIALITY:

The complainant, Whistle and Ethics Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:

- ☞ Maintain confidentiality of all matters under this Policy
- ☞ Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
- ☞ Not keep the papers unattended anywhere at any time
- ☞ Keep the electronic mails / files under password.

11. REPORTING

The Whistle & Ethics officer 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 the results of investigations, if any.

12. ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

13. COMMUNICATION

A whistle Blower policy cannot be effective unless it is properly communicated to employees. The policy shall be published on the website of the company.

14. 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 period of 7 (seven) years or such other period as specified by any other law in force, whichever is more.

15. ADMINISTRATION AND REVIEW OF THE POLICY

A report about the functioning of the Whistle Blower Mechanism shall be placed before the Audit Committee at appropriate intervals. The MD shall be responsible for the administration, interpretation, application and review of this policy.

16. 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. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

Whilst best efforts have been made to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the broad intent of the policy. The Board may also establish further rules and procedures, from time to time to give effect to the intent of this policy and further the objective of good corporate governance.

FOR KIFS FINANCIAL SERVICES LTD.

Sd/-

RAJESH P. KHANDWALA
MANAGING DIRECTOR

DATE: 27/05/2014

PLACE: AHMEDABAD