



KHEMANI

KHEMANI DISTRIBUTORS & MARKETING LIMITED

POLICY ON VIGIL MECHANISM/WHISTLE BLOWER POLICY

1. PREAMBLE

- 1.1 Section 177 (9) of the Companies Act, 2013 mandates the following classes of companies to constitute/establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed.
- 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 Rs. 50 crores.
- 1.2 Regulation 4(2)(d)(iv) and 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 provide that listed entity shall devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.
- 1.3 The Vigil Mechanism/Whistle Blower Policy also needs to provide for adequate safeguards against victimization of director(s)/employee(s) who avail of the Vigil Mechanism and to make provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.
- 1.4 Considering the applicability of Section 177(9) of the Companies Act, 2013 and also regulation 4(2)(d)(iv) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company has formulated this Vigil Mechanism/Whistle Blower Policy in compliance thereto.

2. DEFINATIONS

- 2.1 **“Alleged wrongful conduct”** shall mean violation of applicable laws to the Company, Infringement of Company’s rules, misappropriation of monies, substantial and specific danger to public health and safety non-adherence to the Code or abuse of authority.
- 2.2 **“Audit Committee”** means a Committee constituted by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013.
- 2.3 **“Board”** means the Board of Directors of the Company.
- 2.4 **“Code”** means The Code of Conduct for Directors and Senior Management Personnel adopted by the Company.
- 2.5 **“Employee”** means every employee of the Company (whether working in India or abroad), including the directors in the employment of the Company.
- 2.6 **“Protected Disclosure”** means a concern raised by an employee/director or group of employees/directors of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity falling under the title “COVERAGE OF THE POLICY” or Alleged wrongful conduct with respect to the Company.
- 2.7 **“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.
- 2.8 **“Vigilance Officer”** means an officer appointed to receive protected disclosures from Whistle Blower, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.
- 2.9 **“Whistle Blower”** is an employee/director or group of employees/director(s) who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

3. POLICY OBJECTIVES

- 3.1 The Company is committed to developing a culture where it is safe for all directors/employees to raise concerns about any unacceptable practice and any event of misconduct.
- 3.2 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 encourages its directors/employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.
- 3.3 The Vigil (Whistle Blower) Mechanism provides a channel to the employees and directors to report concerns about unethical behaviour, actual or suspected fraud or violation of the Code or Policy. The mechanism provides for adequate safeguards against victimization of employees and Directors who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.
- 3.4 The mechanism/policy neither releases employees and directors 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 or with a mala fide intent.

4. THE GUIDING PRINCIPAL

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- 4.1 Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
- 4.2 Treat victimization as a serious matter including initiating disciplinary action on such person/(s);

- 4.3 Ensure complete confidentiality;
- 4.4 Not attempt to conceal evidence of the Protected Disclosure;
- 4.5 Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made; and
- 4.6 Provide an opportunity of being heard to the persons involved especially to the Subject.

5. COVERAGE OF POLICY

- 5.1 The Policy covers malpractices and events which have taken place/suspected to take place involving:
 - a) Alleged wrongful conduct;
 - b) Abuse of authority;
 - c) Breach of contract;
 - d) Negligence causing substantial and specific danger to public health and safety;
 - e) Manipulation of company data/records;
 - f) Financial irregularities, including fraud, or suspected fraud;
 - g) Criminal offence;
 - h) Pilferation of confidential/propriety information;
 - i) Deliberate violation of law/regulation including Insider Trading;
 - j) Misuse/misappropriation of Company"s funds/assets;
 - k) Breach of Company"s Code of Conduct or Rules; and
 - l) Any other unethical, biased, favoured, imprudent event.
- 5.2 The Policy should not be used as a route for raising malicious or unfounded allegations against colleagues.

6. DISQUALIFICATION

- 6.1 While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- 6.2 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.
- 6.3 Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide, frivolous or malicious shall be liable for disciplinary action under the Company's Code of Conduct besides being disqualified from reporting further Protected Disclosures. In case of repeated frivolous complaints being filed by a Whistle Blower, the Audit Committee may take suitable action against such person including reprimand.

7. ELIGIBILITY

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

8. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES:

- 8.1 Whistle Blowers can make Protected Disclosure to The Vigilance Officer as soon as possible but not later than 30 consecutive days after becoming aware of the same. The Protected Disclosure should be factual and neither speculative nor 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.
- 8.2 All Protected Disclosures against Employees (except Vigilance Officer) should be addressed to the Vigilance Officer of the Company or to the Chairman of the Audit

Committee in appropriate or exceptional cases. The contact details of the Vigilance Officer are as under:-

Mr. Amit Vijaykumar Khemani
Khemani Distributors & Marketing Limited
Survey No. 187, Plot No. 1 to 4, Opp. Saiffee Complex,
Nr. Baroda Rayon Corporation, Udhana, Bhesta,
Surat-394210, Gujarat
E-mail: amit@khemanigroup.net

8.3 Protected Disclosure against the Vigilance Officer and any of the Directors of the Company should be addressed to the Chairman of the Audit Committee. The contact details of the Chairman of the Audit Committee are as under:-

Mr. Dhiraj Khandelwal
511/512, Atlanta Estate, Nr. Virvani Estate
Goregaon Mulund Link Road,
Goregaon (East), Mumbai-400063
E-mail:- kdhiraj123@yahoo.co.in

8.4 Whistle Blower must put his/her name to Protected Disclosure Anonymous/Pseudonymous Protected Disclosures shall not be entertained by the Vigilance Officer.

8.5 If initial/preliminary enquiries by the Vigilance Officer indicate that the concern has no basis, or it is not a matter to be further investigated or pursued under this Policy, it may be dismissed at this stage and the decision will be documented.

8.6 Where initial enquiries indicate that further investigation is necessary, this will be carried through either by the Vigilance Officer or by such other person as may be authorised or appointed by the Vigilance Officer. The investigation would be conducted in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings will be made.

8.7 Name of the Whistle Blower shall not be disclosed by the Vigilance Officer unless otherwise required under any law or regulation or by a competent court of law.

8.8 The Vigilance Officer shall make a detailed written record of the Protected Disclosure. The record will, inter alia, include:

- a) Facts of the matter;
- b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- c) Whether any Protected Disclosure was raised previously against the same Subject;
- d) The financial/otherwise loss which has been incurred/would have been incurred by the Company;
- e) Findings of the Vigilance Officer/Investigation Person; and
- f) The recommendations of the Vigilance Officer on disciplinary/other action(s).

The Vigilance Officer shall finalise and submit the report to the Chairman of the Audit Committee, within 30 days.

8.9 On submission of report, the Chairman of the Audit Committee shall discuss the matter with the Vigilance Officer who shall either:

- a) In case the Protected Disclosure is proved, accept the findings of the Vigilance Officer and take such disciplinary action as he may think fit and take preventive measures to avoid reoccurrence of the Alleged wrongful conduct;
- b) In case the Protected Disclosure is not proved, extinguish the matter;

OR

- c) Depending upon the seriousness of the matter, Chairman of the Audit Committee may refer the matter to the Board of Directors with proposed disciplinary action/counter measures. The Board of Directors, if thinks fit, may further refer the matter to the Audit Committee for necessary action with its proposal.

9. INVESTIGATION

- 9.1 All Protected Disclosures under this policy will be recorded and thoroughly investigated. The Audit Committee may investigate and may at its discretion consider involving any other Officer of the Company and/ or an outside agency for the purpose of investigation.
- 9.2 The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact finding process.
- 9.3 Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- 9.4 Subject(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard.
- 9.5 Subject(s) have a right to consult with a person or persons of their choice, other than the Vigilance / Investigators and/or members of the Audit Committee and/or the Whistle Blower.
- 9.6 Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s).
- 9.7 Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a Subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.
- 9.8 Subject(s) have a right to be informed of the outcome of the investigations. 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.

- 9.9 The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.
- 9.10 Any member of the Audit Committee or other officer having any conflict of interest with the matter shall disclose his/her concern /interest forthwith and shall not deal with the matter.

10. DECISION AND REPORTING

- 10.1 If an investigation leads the Vigilance and Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Vigilance and Ethics Officer / Chairman of the Audit Committee shall recommend to the Board of Directors 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.
- 10.2 The Vigilance 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.
- 10.3 In case the Subject is the Chairman of the Company, the Chairman of the Audit Committee after examining the Protected Disclosure shall forward the protected disclosure to other members of the Audit Committee if deemed fit. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure.
- 10.4 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.

- 10.5 A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the Subject to the Vigilance and Ethics Officer or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.
- 10.6 A quarterly report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee and the Board.

11. PROTECTION

- 11.1 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.
- 11.2 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.
- 11.3 The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the complainant will not be revealed unless he himself has made either his details public or disclosed his identity to any other office or

authority. In the event of the identity of the complainant being disclosed, the Audit Committee is authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure. 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 members of the organization are subject to subpoena.

- 11.4 Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.
- 11.5 Provided however that the complainant before making a complaint has reasonable belief that an issue exists and he has acted in good faith. Any complaint not made in good faith as assessed as such by the Audit Committee shall be viewed seriously and the complainant shall be subject to disciplinary action as per the Rules / certified standing orders of the Company. This policy does not protect an employee from an adverse action taken independent of his disclosure of unethical and improper practice etc. unrelated to a disclosure made pursuant to this policy.

12. SECRECY/CONFIDENTIALITY

- 12.1 The Whistle Blower, the Subject, the Vigilance Officer and everyone involved in the process shall:
- a) maintain complete and strict confidentiality/secretcy of the matter;
 - b) not discuss the matter with any other person other than one required for enquiry/investigation into the matter;
 - c) discuss only to the extent required for the purpose of completing the process and investigations;
 - d) not keep the papers unattended anywhere at any time; and
 - e) keep the electronic mails/files under password.

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

13. ADMINISTRATION AND REVIEW OF THE POLICY

The Board of Directors shall be responsible for the administration, interpretation, application and review of this policy. The Board also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee.

14. AMENDMENT

The Board reserves the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.