



**KSE**  
L I M I T E D

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## **WHISTLE BLOWER POLICY AND VIGIL MECHANISM**

(As approved by the Board in their meeting held on 12<sup>th</sup> February, 2015)

### **1. OBJECTIVE**

- 1.1 The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Company also encourages employee observations and concerns. To maintain these standards, the Company encourages its employees who have concerns about any actual or potential violation of the legal and regulatory requirements, incorrect or misrepresentation of any financial statements and reports, any claim of theft or fraud, and any claim of retaliation for providing information to or otherwise assisting the Audit Committee, to come forward and express his/her concerns without fear of punishment or unfair treatment.
- 1.2 This Policy aims to provide an avenue for employees to raise their concerns that could have grave impact on the operations, performance, value and the reputation of the Company and it also empowers the Audit Committee of the Board of Directors to investigate the concerns raised by the employees.

### **2. INTRODUCTION**

- 2.1 The 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 behaviour.
- 2.2 The Company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct.
- 2.3 Section 177 read with Rule 7 of The Companies (Meetings of Board and its Powers), 2014 and revised Clause 49 of the Listing Agreement, inter-alia, provides, a mandatory requirement, for all listed companies to establish a mechanism called “Vigil Mechanism (Whistle Blower Policy)” for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company’s code of conduct or ethics policy.
- 2.4 The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects directors and employees wishing to raise a concern about serious irregularities within the Company.
- 2.5 The policy neither releases directors and employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

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### 3. POLICY

- 3.1 This Policy shall be known as “KSEL Whistle Blower Policy and Vigil Mechanism”.
- 3.2 This Policy is for the Directors and the Employees as defined hereinafter.
- 3.3 The Policy has been drawn up so that the Directors and Employees can be confident about raising a concern. The areas of concern covered by this Policy are summarized in paragraph 7.

### 4. DEFINITIONS

- 4.1 “**Audit Committee**” or “Committee” means, the Committee of the Board of Directors of the Company constituted under Section 177 of the Companies Act, 2013 and the Rules made thereunder which shall include any modification or amendment thereof.
- 4.2 “**Company**” means, “KSE Limited”.
- 4.3 “**Director**” means a Director on the Board of the Company whether whole-time, Independent or otherwise.
- 4.4 “**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.
- 4.5 “**Employee**” means, every employee of the Company.
- 4.6 “**Fact Finder**” shall mean, the person(s)/officials or outside entity appointed by the Chairman of the Audit Committee to investigate a Protected Disclosure;
- 4.7 “**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 on 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.
- 4.8 “**Improper Practice**” includes
  - a) Any actual or potential violation of the legal & regulatory requirements whether Criminal/ Civil;
  - b) Any claim of theft or fraud;
  - c) Abuse of authority;
  - d) Breach of contract/ trust, pilferation of confidential/propriety information;

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- e) Negligence causing substantial and specific danger to public health and safety;
  - f) Manipulation/ theft of the Company data/records;
  - g) Financial irregularities, including fraud or suspected fraud or deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports;
  - h) Wastage/misappropriation of the Company funds/assets, embezzlement;
  - i) Breach of Company Policy or failure to implement or comply with any approved Company Policy/ies;
  - j) Any claim of retaliation for providing information to or otherwise assisting the Audit Committee;
  - k) Any other action or inaction that could have significant impact on the operations, performance, value and the reputation of the Company.

4.9 **“Protected Disclosure”** means, a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence Improper Practice. Protected Disclosures should be factual and not speculative in nature.

4.10 **“Policy”** or **“This Policy”** means, “KSEL Whistle blower Policy and Vigil Mechanism”.

4.11 **“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 under this Policy.

4.12 **“Whistleblower”** is someone who makes a Protected Disclosure under this Policy.

## 5. SCOPE

5.1 All the Employees and the directors of the Company (Whistleblower) are eligible to make Protected Disclosures under the Policy.

5.2 The Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues. It is not a route for taking up a grievance about a personal situation.

## 6. GUIDING PRINCIPLES

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

6.1.1 Ensure that the Whistleblower and/or the person processing the Protected Disclosure are not victimized for doing so. But, this does not extend to immunity for involvement in the matters that are the subject of the allegations and investigation.

6.1.2 Treat victimization as a serious matter, including initiating disciplinary action on such person/(s).

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- 6.1.3 Ensure confidentiality.
  - 6.1.4 Not attempt to conceal evidence of the Protected Disclosure.
  - 6.1.5 Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made.
  - 6.1.6 Provide an opportunity of being heard to the persons involved especially to the Subject.
  - 6.1.7 This Policy may not be used as a defense by an employee against whom an adverse action has been taken independent of any disclosure of intimation by him and for legitimate reasons or cause under Company rules and policies.

## **7. COVERAGE OF POLICY**

- 7.1 The Policy covers improper practices (as defined above) and also malpractices and events which have taken place/suspected to take place involving:
  - a) Abuse of authority
  - b) Breach of contract
  - c) Negligence causing substantial and specific danger to public health and safety
  - d) Manipulation of company data/records
  - e) Financial irregularities, including fraud, or suspected fraud
  - f) Criminal offence
  - g) Pilferation of confidential/propriety information
  - h) Deliberate violation of law/regulation
  - i) Wastage/misappropriation of company funds/assets
  - j) Breach of employee Code of Conduct/Ethics Policy or Rules
  - k) Any other unethical, biased, favoured, imprudent event
- 7.2 Policy should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues.

## **8. PROTECTION TO WHISTLEBLOWER**

- 8.1 If a Whistle blowing person raises a concern under this Policy, he/she will not be at risk of suffering any form of reprisal or retaliation. Retaliation includes discrimination, reprisal, harassment or vengeance in any manner, risk of losing her/ his job or suffer loss in any other manner like transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure, as a result of reporting under this Policy. The protection is available provided that:
  - i. the communication/ disclosure is made in good faith;
  - ii. the Whistleblower reasonably believes that information, and any allegations contained in it, are substantially true; and

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iii. the Whistleblower is not acting for personal gain,

8.2 Anyone who abuses the procedure (for example by maliciously raising a concern knowing it to be untrue) will be subject to disciplinary action, as will anyone who victimizes a colleague by raising a concern through this procedure. If considered appropriate or necessary, suitable legal actions may also be taken against such individuals.

However, no action will be taken against anyone who makes an allegation in good faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation.

8.3 The Company will not tolerate the harassment or victimization of anyone raising a genuine concern. As a matter of general deterrence, the Company may publicly inform employees of the penalty imposed and discipline of any person for misconduct arising from retaliation. Any investigation into allegations of potential misconduct will not influence or be influenced by any disciplinary or redundancy procedures already taking place concerning an employee reporting a matter under this Policy.

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

8.5 The identity of the Whistle Blower shall be kept confidential, as far as possible.

## **9. DUTIES AND RESPONSIBILITIES**

### **9.1 Of Whistle Blower**

- a) Bring to attention of the Company any Improper Practice the Whistleblower becomes aware of. Although the Whistleblower is/are not required to provide proof, the Whistleblower must have sufficient cause for concern,
- b) Follow the procedures prescribed in this Policy for making a Protected Disclosure,
- c) Co-operate with investigating authorities,
- d) Maintain confidentiality of the subject matter of the disclosure and the identity of the persons involved in the alleged Improper Practice. It may forewarn the subject and important evidence is likely to be destroyed,

### **9.2 Of the Chairman of Audit Committee and Audit Committee**

- a) Conduct the enquiry in a fair, unbiased manner,
- b) Ensure complete Fact-Finding,
- c) Maintain confidentiality,
- d) Decide on the outcome of the investigation, whether an Improper Practice has been committed and if so by whom,

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- e) Recommend an appropriate course of action - suggest disciplinary action, including dismissal, and preventive measures,
  - f) Minute Committee deliberations and document the final report.

## **10. PROCEDURE FOR REPORTING & DEALING WITH DISCLOSURES**

### 10.1 How should a Protected Disclosure be made and to whom?

A Protected Disclosure and other communication should be made in writing or by email addressed to the Chairman of the Audit Committee : “kselimited@gmail.com”.

### 10.2 Is there any specific format for submitting the Protected Disclosure?

While there is no specific format for submitting a Protected Disclosure, the following details MUST be mentioned:

- i. Name, address and contact details of the Whistleblower. Disclosures expressed anonymously will NOT be investigated.
- ii. Brief description of the Improper Practice, giving the names of those alleged to have committed or about to commit an Improper Practice. Specific details such as time and place of occurrence are also important.
- iii. In case of letters, the Protected Disclosure should be sealed in an envelope marked “Whistleblower” and addressed to the Chairman of Audit Committee.
- iv. In case of e-mail, the Protected Disclosure should be marked “Confidential” and the subject line should contain “Whistleblower” and addressed to the Chairman of Audit Committee.

### 10.3 What will happen after the Protected Disclosure is submitted?

- i. The Chairman of Audit Committee shall acknowledge receipt of the Protected Disclosure as soon as practical (preferably within 15 days of receipt of a Protected Disclosure), where the Whistleblower has provided his/her contact details.
- ii. The Chairman of Audit Committee either himself or by appointing a Fact Finder will proceed to determine whether the allegations (assuming them to be true only for the purpose of this determination) made in the Protected Disclosure constitute an Improper Practice by discussing with the other members of the Audit Committee. If the Chairman of Audit Committee determines that the allegations do not constitute an Improper Practice, he/she will record this finding with reasons and communicate the same to the Whistleblower.
- iii. An employee or a director who knowingly makes false allegations shall be subject to disciplinary action, up to and including termination of employment, removal from the office of directorship in accordance with Company rules, policies and procedures.

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- iv. If any of the members of the Committee have a conflict of interest in a given case, they will recuse themselves and the others on the Committee would deal with the matter on hand.
  - v. If the Chairman of Audit Committee determines that the allegations constitute an Improper Practice, he/she will proceed to investigate the Protected Disclosure with the assistance of the Audit Committee, which may take the help from Senior Level Officers of Personnel and Administration, Internal Audit and a representative of the Division/ Department where the breach has occurred, as he/she deems necessary. If the alleged Improper Practice is required by law to be dealt with under any other mechanism, the Chairman of Audit Committee shall refer the Protected Disclosure to the appropriate authority under such mandated mechanism and seek a report on the findings from such authority. The name of the Whistle Blower shall not be disclosed to the Fact Finder unless required for the purpose of investigation.
  - vi. Subjects will be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation. Subject may be informed of the outcome of the inquiry/ investigation process.
  - vii. The investigation may involve study of documents and interviews with various individuals. Any person required to provide documents, access to systems and other information by the Chairman of Audit Committee or Audit Committee for the purpose of such investigation shall do so. Individuals with whom the Chairman of Audit Committee or Audit Committee requests an interview for the purposes of such investigation shall make themselves available for such interview at reasonable times and shall provide the necessary cooperation for such purpose.
  - viii. If the Improper Practice constitutes a criminal offence, the Audit Committee will bring it to the notice of the Managing Director and take appropriate action.
  - ix. The Audit Committee shall conduct such investigations in a timely manner and shall submit a written report containing the findings and recommendations to the Board of Directors as soon as practically possible and in any case, not later than 30 days from the date of receipt of the Protected Disclosure or such other additional time as may be required based on the circumstances of the case.
  - x. In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation and the decision, he/she can make a direct appeal to the Chairman of the Audit Committee.

10.4 What should a Whistleblower do if he/she faces any retaliatory action or threats of retaliatory action as a result of making a Protected Disclosure?

If a Whistle blower faces any retaliatory action or threats of retaliatory action as a result of making a Protected Disclosure, he/she should inform the Chairman of Audit

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Committee in writing immediately. The Chairman of the Audit Committee will treat reports of such actions or threats as a separate Protected Disclosure and investigate the same accordingly and may also recommend appropriate steps to protect the Whistle Blower from exposure to such retaliatory action and ensure implementation of such steps for the Whistleblower's protection.

## **11. DISQUALIFICATIONS**

- 11.1 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.
- 11.2 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.
- 11.3 Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be *mala fide*, frivolous or malicious shall be liable to be prosecuted under Company's Code of Conduct.

## **12. SECRECY/CONFIDENTIALITY**

- 12.1 The Whistle Blower, the Subject, the Fact Finder and every one involved in the process shall:
- a. maintain complete confidentiality/secretcy of the matter
  - b. not discuss the matter in any informal/social gatherings/ meetings
  - c. discuss only to the extent or with the persons required for the purpose of completing the process and investigations
  - d. not keep the papers unattended anywhere at any time
  - e. keep the electronic mails/files under password
- 12.2 If any one is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit.

## **13. ACCESS TO REPORTS AND DOCUMENTS**

- 13.1 All reports and records associated with the "Protected Disclosures" are considered confidential information and access will be restricted to the Chairman of Audit Committee. "Protected Disclosures" and any resulting investigations, reports or resulting actions will not be disclosed except as required by any legal requirements or regulations.
- 13.2 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 three years.



#### **14. REPORTS**

14.1 A quarterly status report on the total number of Protected Disclosures received during the period, with summary of the findings of the Audit Committee and the corrective actions taken will be placed to the Board of the Company. This status report need to be placed before the Board only if any Protected Disclosures are received and considered by the Audit Committee in a particular quarter.

#### **15. COMPANY'S POWERS**

15.1 The Board of Directors of the Company may subject to applicable laws and at the recommendation of the Audit Committee is entitled to amend, suspend or rescind this Policy at any time.

15.2 Any difficulties or ambiguities in the Policy will be resolved by the Audit Committee in line with the broad intent of the Policy and in consultation with the Board of Directors. 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.

#### **16. PLACEMENT OF THE POLICY ON WEBSITE**

Pursuant to Clause 49 of the Listing Agreement, this Policy and any amendments thereto shall be posted on the website of the Company.

