



# BANARAS BEADS LIMITED

AN EXPORT HOUSE RECOGNISED BY GOVERNMENT OF INDIA  
CIN No. L01131UP1980PLC004984

Manufacturers & Exporters of All kind of Beads, Fashion Jewelry and Accessories.

AN ISO  
CERTIFIED  
COMPANY

Regd. & Head Office	: A-1, Industrial Estate, Varanasi - 221106 (INDIA)
Phones	: +91-542-2370161-4 (4 Lines)
Fax	: +91-542-2370165, 2370214
E-mail	: rksingh@banarasbead.com investor@bbinvestor.com
Website	: www.banarasbead.com

## ***Vigil Mechanism/Whistle Blower Policy***

(Pursuant to Section 177 of the Companies Act, 2013, the Rules made thereunder and Clause 49 of the Listing Agreement)  
APPROVED BY THE BOARD OF DIRECTORS

### **1. Preamble**

As per Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement the Company is required to establish a vigil mechanism for directors and the employees to report their genuine concerns relating to any matter that could affect the Company.

Accordingly, the Board of Directors of Banaras Beads Limited (BBL) has formulated a Whistle Blower Policy and thus established a ***Vigil Mechanism*** pursuant to the review and recommendation of the same by the Audit Committee.

### **2. Purpose and Scope**

**2.1** Banaras Beads Limited, like any other commercial establishment has been formed with the main object of bringing commercial value to all its stakeholders. However, the Company is committed to adhere to the highest canons of ethical, moral and legal conduct of its operations. Towards this the Company has promulgated Codes of Conduct for the Directors and the Senior Management Personnel as published in the website of the Company. The behaviour of other employees of the Company is regulated by the terms of employment and also the Standing Orders. In addition to these, the Company has framed a Code for prevention of Insider Trading in the shares of the Company. The Codes and other regulations are to be adhered to strictly by all concerned.

**2.2** While the adherence to the Codes is positively assured by the directors and the Senior Management Personnel continually and reported to the Board, the compliance by the other employees are ensured through the systems and procedures. For prevention of insider trading, all concerned are required to furnish periodical information of their holdings and dealings in the shares of the Company. Notwithstanding the above, there could be occasions in which some non-adherence may go unnoticed by the Management.

**2.3** The Whistle Blower Policy/Vigil Mechanism intends to provide an opportunity to any employee or director of the Company to raise an alarm in the event of any such non-adherence by any employee, director or any other person dealing with the Company which could jeopardise the organizational interests, and may also be bad in law. This is a channel to the employees and directors to bring to the notice of the top management their concerns about the questionable conduct of any of the aforesaid persons without the fear of punishment or unfair treatment. While the mechanism provides adequate safety to the Whistle Blower, it is to be borne in mind that he is not released from the confidentiality obligations relating to discharge of his functions in the Company nor can he use this for raising malicious or unfounded allegations for his own benefit or otherwise.

**2.4** The ***Reportable Incidents*** are malpractices, misuse or abuse of authority, fraud, violation of internal regulations, manipulations, suppression of facts from the Management for personal gains or otherwise, wilful negligence causing danger to the Company and/or public health and safety, misappropriation of monies and other resources of the company and similar other matters or actions/inactions that adversely affect the Company and its operations. The Whistle Blower can report events which have taken place or suspected to have taken place including those which could bring disrepute to the Company.

### **3. The Mechanism**

#### **3.1 Applicability**

The vigil mechanism extends to all the offices/factories of the Company and is available only to the employees and directors for the time being of the Company. In this Policy references to one gender shall include all genders;

#### **3.2 Definitions**

- Act** means the Companies Act, 2013 and includes the relevant rules.
- Audit Committee** means the Committee of Directors constituted pursuant to the provisions of the Act and the Listing Agreements.



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- c. **Board** means the Board of Directors of the Company.
- d. **Classified Report** means a written communication by any employee or a director of the Company disclosing any Reportable Incident referred to under Clause 2.4.
- e. **Code** means the Code of Conduct for the Directors and the Code of Conduct for the Senior Management Personnel as published in the website of the Company and includes the Code for Prevention of Insider Trading framed by the Company.
- f. **Company** means Banaras Beads Limited
- g. **Defendant** means the person against whom any classified reporting is made by a Whistle Blower
- h. **Employee** means all the present employees of the Company and includes the executive directors.
- i. **Facilitator** means an officer of the Company nominated by the Audit Committee to receive Classified Reports from Whistle Blowers, present the same to the Audit Committee for consideration and action, if so warranted and maintain the records thereof.
- j. **Listing Agreement** means the agreement entered into by the Company with the stock exchanges for listing the securities of the Company and any statutory modification thereof.
- k. **Mechanism** means the Vigil Mechanism established by the Company pursuant to this Policy
- l. **Security Officer** means the Security Officer of the Company for the time being.
- m. **Service Rules** means the Rules applicable to the employees and includes the Standing Orders for the time being in force.
- n. **Whistle Blower** is an employee or a director of the Company who makes a Classified Report under the Mechanism.

#### 4. **Receipt of Classified Reports**

- 4.1 All Classified Reports shall be submitted in writing by the Whistle Blower as soon as possible after he becomes aware of the Reportable Incident(s). The reporting shall be made within a period of 90 days of the incident to afford a reasonable investigation of the same. However, the Audit Committee, may, at its sole discretion, accept the report received even after the said period for further action.
- 4.2 The same shall be hand written or type written in Tamil or in English. The Whistle Blower may attach, documents, if any, he considers appropriate in support of the incident.
- 4.3 The Classified Report shall be submitted in a closed envelope and super scribed as "Classified Report under the Whistle Blower Policy of BBL". The envelope containing the Classified Report may be deposited in the box provided at the Principal Office of the Company and addressed to the Facilitator, Vigil Mechanism, BBL. The date of deposit in the box may be written on the envelope.
- 4.4 The said box will be double-locked and one set of keys will be kept with the Facilitator and another with the Security Officer of the Company where such box is kept.
- 4.5 The Whistle Blower shall make out a simple covering letter mentioning his name, title, Employee No. (if applicable) and personal contact details stating that he is making a Classified Report under the Mechanism. The letter shall be signed and dated by hand and affixing any seal or any other type of authentication is not permissible. References made by the Whistle Blower without the covering letter or without his signature and/or personal details in the covering letter will not be taken up for further processing.
- 4.6 In order to protect their identity, the Whistle Blowers are advised not to mention their name or any other personal details in the Classified Report or on the envelope. If the Classified Report is not submitted as stated above, it may not be possible for the Audit Committee to afford protection to the Whistle Blower, as envisaged under the relevant law and under this Mechanism. No further correspondence shall be made by the Whistle Blower either with the Facilitator or any other person in this regard. For any further clarification or information, the Whistle Blower will be contacted in such manner as may be deemed fit by the person(s) in charge of disposing off the complaint.



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### **5. Manner of investigation of Classified Reports**

- 5.1 The boxes referred to under Clause 4 shall be opened by the Facilitator in the presence of the Security Officer every week at appointed hours and the same recorded in a separate register and signed by the Facilitator and the Security Officer.
- 5.2 The Facilitator shall forward the Classified Report to the Chairman of the Audit Committee or any other Member of the Committee nominated by him in this regard. The entries shall be made chronologically and an identification number allotted for each such Report. The said number shall be mentioned on the envelope containing the Report. The Facilitator shall make sure that the envelope containing the Classified Report is not tampered with and delivered for further action by the Chairman or as the case may be the designated Member of the Audit Committee.
- 5.3 In order to protect the identity of the Whistle Blower, the Chairman or as the case may be the Designated Member of the Audit Committee shall detach the covering letter and process only the Classified Report.
- 5.4 On receipt of the Classified Report, the Chairman or as the case may be the Member of the Audit Committee **may** contact the Whistle Blower to ascertain from him whether he is the person who has made the Report. He may also seek such other information as he may deem fit for taking appropriate decisions on the Report.
- 5.5 The Chairman or as the case may be, the Member of the Audit Committee shall carry out initial investigation on the matter reported either by himself or through any official of the Company or any other outside agency.
- 5.6 Upon completion of the initial investigation, the matter is to be referred to the Audit Committee for determining the further course of action. The Audit Committee may call for further information from the Whistle Blower, before taking a decision on the same.

### **6. Enquiry into Classified Reports**

- 6.1 If the initial inquiry report reveals a prima facie case, the Committee shall initiate actions for a thorough investigation of the matter. For this purpose the Committee may designate any officer or a director of the Company to carry out the investigation or any outside agency may also be engaged for the same. If so deemed necessary the Audit Committee may refer the matter to the Auditors or the Internal Auditors as a special assignment on such terms as may be determined by it.
- 6.2 The conduct of the investigation shall not be construed as an adverse action on the Defendant, but shall be carried out only as a fact finding exercise.
- 6.3 The Audit Committee **may**, taking into account the seriousness of the incident, the position and authority of the Defendant, inform him about the proposal to carry out an investigation. However, if the Committee is of the opinion that the Defendant is in a position to manipulate or tamper with the records and documents, it may proceed with the investigation in confidence.
- 6.4 The Defendant, where he is informed of the action, shall co-operate with the persons investigating the incident and shall not tamper or attempt to tamper with the evidence or other records under his custody.
- 6.5 No allegation of wrong doing against a Defendant shall be considered as maintainable unless the same is proved beyond doubt.
- 6.6 Where in the opinion of the Committee the allegation by the Whistle Blower is proved, before submitting the final finding on the reported incident, the Audit Committee **shall** inform the Defendant about the same and provide an opportunity to him to offer his explanations. The response of the Defendant shall also be included in the final findings.
- 6.7 The investigation shall normally be completed within 90 days of receipt of the Classified Report by the Chairman or as the case may be the designated Member of the Audit Committee. In exceptional cases, for reasons to be recorded in writing the Chairman of the Audit Committee may extend the period for completion of the investigation.



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### **7. REPORTING OF FINDINGS AND ACTION THEREON**

#### **7.1 Where the allegations are not proved**

- a. The Audit Committee may summon the Whistle Blower and seek appropriate explanation for making unfounded allegations. The Whistle Blower shall be given an opportunity to adduce further evidence in the matter, which shall be considered by the Committee. The final finding may be duly modified, if the allegations are proved based on such further information/evidence of the Whistle Blower and action as given under Clause 7.2 shall apply.
- b. The Audit Committee may, at its sole discretion, recommend that nothing shall be made public in the matter. However the summary of the complaint, the action taken and the final finding shall be submitted to the Board in confidence.
- c. No adverse remark shall be made in the personal records of the Defendant and there shall be no reference to the incident at all in the relevant file.
- d. Where it is shown that the allegations are false and made with ulterior motives by the Whistle Blower, the Audit Committee may reprimand the Whistle Blower and also recommend that severe action shall be taken in accordance with the rules, procedures and policies of the Company. The wrongful actions of the Whistle Blower shall be treated as a serious misconduct and dealt with in accordance with the applicable Standing Order/Service Rules.

#### **7.2 Where the allegations are proved**

- a. The Audit Committee shall make out a detailed report to the Board and recommend action to be taken in the matter. All documents and other evidences based on which the conclusion has been arrived at shall be submitted to the Board.
- b. The Board of Directors shall accept the findings of the Audit Committee and take appropriate actions as recommended by the Committee.
- c. The Board, may, at its sole discretion and if deemed appropriate, call the Whistle Blower, Defendant or such other person, including any third party and seek further explanations in the matter.
- d. In case the Board of Directors disagrees with the final findings of the Audit Committee, for reasons to be recorded in writing it may order re-investigation of the matter in such manner as it may deem necessary. Suitable action will be taken based on the findings of such re-investigation.
- e. Any decision on the Classified Report by the Board shall be final and binding on all concerned, except in cases where action is warranted and/or permitted under any other law for the time being in force.

### **8. Records and confidentiality**

All persons, including outside agencies, involved in the process shall:

- a. Maintain confidentiality of all references received under this Policy.
- b. Discuss only to the extent or with such persons as may be required for completing the process of investigations on the Classified Reports received under this Policy
- c. Keep the papers and other documents, electronic or otherwise, safely and not allow access to any unconnected person.

### **9. Protection to the Whistle Blower**

**9.1** The Company is against any kind of discrimination, harassment, victimization or any other unfair employment practice against Whistle Blowers. Therefore complete protection would be given to the Whistle Blower against any such unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, denial of promotion and the like. Any direct or indirect use of authority by any person to prevent the rights of the Whistle Blower to perform his duties peacefully in the Company and/or to obstruct him from making similar disclosures under the Mechanism will be viewed seriously.

**9.2** Any Whistle Blower who is victimized in violation of the above clause may report the same immediately to the Chairman of the Audit Committee who shall forthwith investigate the matter and advise actions for stopping such victimization and also to punish the person indulging in such victimization.



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- 9.3 The identity of the Whistle Blower will be kept confidential as far as possible and to the extent permitted under law. In the event of any wilful leakage of the identity by any person other than the Whistle Blower, the Audit Committee is empowered to initiate appropriate action against the persons responsible for such disclosure.
- 9.4 Any other Employee assisting in the investigation into the complaint shall also be protected to the same extent as the Whistle Blower.
- 9.5 The Company encourages open communication, feedback and discussion about any matter of importance to an employee, allowing communication to take place from the bottom levels of Group to its top. It is suggested that the before choosing to blow the whistle under this mechanism, the issues or concerns are discussed with the immediate supervisor or the next level of supervision. Employees may use the mechanism only if they are dissatisfied with the outcome of the open communication OR if they have a fear of retaliation on account of such open communication.
- 9.6 The Whistle Blower before making a Classified Report shall do so **if and only if** he has reasonable belief that there exists a **reportable incident** and that he is acting in good faith and in the larger interest of the Company. Any person who furnishes a Classified Report under this Mechanism with ulterior motives as assessed by the Audit Committee shall be liable for disciplinary action as per the Rules / certified standing orders of the Company. It may be noted that this policy does not protect an employee from any adverse action taken independent of his furnishing a Classified Report and any action unrelated to any disclosure pursuant to this Mechanism.
10. **Access to Chairman of the Audit Committee**  
In exceptional cases the Whistle Blower may send the Reportable Incident directly to Chairman of the Audit Committee and the Chairman of the Audit Committee is authorized to take appropriate action in such cases.
11. **Miscellaneous**
- 11.1 **Communication of the Policy/Mechanism**  
This Policy shall be made public through upload in the website of the Company and in such other manner as may be prescribed under the relevant law
- 11.2 **Preservation of records**  
All Classified Reports received by the Company and the related documents shall be retained by the Company for a period of three years from the conclusion of the matter or such other longer period as may be prescribed under the relevant law.
- 11.3 **Administration and review of the Policy**  
The Mechanism shall be administered by the Audit Committee through such of the officer as may be designated for this purpose.  
Changes as may be necessary to the Policy can be made by the Audit Committee and implemented subject to the prior approval of the Board.