



# **WHISTLE BLOWER POLICY**

**OF**

**ESPRIT STONES LIMITED**



## WHISTLE BLOWER POLICY

### 1. PREFACE

Esprit Stones Limited (**‘Company’**) believes in promoting a fair, transparent, ethical, professional and conducive environment within the Company and in its relationship with its employees, customers and third parties. The Whistle Blower Policy (**‘Policy’**) has been implemented by the Company, in compliance with the requirements of the Companies Act, 2013 (**‘Act’**) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**‘SEBI Listing Regulations’**) for the use of employees, and directors to report their genuine concerns related to unethical behaviour, actual or suspected fraud or violation of the Company’s Code of Conduct.

### 2. DEFINITIONS

- a. **“Audit Committee”** means the committee formed by the Board of Directors of the Company, in accordance with section 177 of the Act and Regulation 18 of the SEBI Listing Regulations.
- b. **“Company”** means Esprit Stones Limited.
- c. **“Disciplinary Action”** means any action that can be taken upon completion of, or during the course of investigation including but not limited to a warning, imposition of fine, suspension from official duties or any such action as may be deemed to be fit by the Company or Audit Committee or Vigil Mechanism Committee, considering the gravity of the matter.
- d. **“Protected Disclosure”** means a concern raised by a Whistle Blower (as defined) through defined channels of reporting in good faith that discloses or demonstrates information about an unethical conduct.
- e. **“Sexual Harassment Committee”** means a committee constituted to receive and resolve complaints related to sexual harassment of employees in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.



- f. **“Vigil Mechanism”** means a mechanism providing for adequate safeguards against victimization of directors or employees or any other person who report genuine concerns as regards the Company.
- g. **“Vigil Mechanism Committee”** means a sub-committee of Audit Committee, formed especially for handling and investigating the Protected Disclosure received through Whistle Blower mechanism for all issues except sexual harassment of the employees. The members of the committee will be nominated by the members of the Audit Committee.
- h. **“Whistle Blower”** means an employee, or group of employees or directors of the Company who makes a Protected Disclosure (as defined) under this Policy.

### **3. APPLICABILITY OF THE POLICY**

This Policy applies to employees, directors, customers, vendors, suppliers and other stakeholders of the company.

### **4. SCOPE OF THE POLICY**

The issues which are covered under the scope of this Policy are as follows-

- a) Misappropriation of company assets or resources;
- b) Conflict of interest;
- c) Mishandling of confidential information / proprietary information (actual or suspected instances of leak of unpublished price sensitive information (‘UPSI’) pertaining to the Company);
- d) Procurement fraud / actual or suspected incidents of fraud;
- e) Acceptance of gifts and entertainment;
- f) Incorrect financial reporting / actions affecting the financial integrity of the Company;
- g) Bribery corruption and money laundering;
- h) Insider trading;
- i) Tax fraud;
- j) Harassment of any nature;



- k) Victimization or bullying;
- l) Discrimination;
- m) Misuse of authority;
- n) Violation of environment, health and safety guidelines;
- o) Concurrent employment;
- p) Illegal or unethical conduct including that which adversely affects investors, shareholders, suppliers, customers, or the business performance / reputation of the Company;
- q) Such other matter as may be decided by the Audit Committee or Vigil Committee.

Following types of complaints / issues shall not be considered in the scope of this Policy, until and unless such matter is specifically covered in any of the circumstances aforesaid-

- a) Issue raised, relates to personal grievances or employment, such as-
  - Superior- Subordinate Relationship;
  - Relationship with Peers
  - Performance Evaluations and appraisal etc., which are to be reported to the Human Resource department or the head of respective department.
- b) Complaints regarding Sexual Harassment of the employees.
- c) Operational or transactional issues raised by the customers, vendors and suppliers.
- d) Violation of the Company's Code of Conduct.

Please refer to **Annexure 1** for indicative examples for issues covered under the scope of this Policy.

## **5. DISQUALIFICATIONS**

Cases reported under this Policy shall be disqualified under the following circumstances-

- a) Protected disclosure about issue which is not covered under the scope of the Policy;
- b) Anonymous complaints made by vendor, suppliers, customers and other stakeholders;



- c) Anonymous complaint regarding sexual harassment of the employees;
- d) Protected disclosure which does not include following information-
  - (i) Name, designation, department of the alleged;
  - (ii) Location of the incident;
  - (iii) Incident in brief;
  - (iv) Evidence in support of the allegation.

## **6. PROCEDURE FOR REPORTING A PROTECTED DISCLOSURE**

All Protected Disclosures should be reported in writing by the complainant as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same, either be typed or written in a legible handwriting in English.

The Protected Disclosure should be submitted under a covering letter signed by complainant in a closed and secured envelope and should be super scribed as "Protected disclosure under the Whistle Blower policy" or 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, the Protected Disclosure will be dealt with as a normal disclosure.

### **The contact details of Vigilance Officer are as under: -**

Name : Compliance and Legal- Head  
Mailing Address : legal@espritstones.com  
SP1, Udyog Vihar, Sukher Industrial Area,  
Udaipur, Rajasthan-313004  
Contact No: 9116652582

Protected Disclosure against the Vigilance Officer should be addressed to the Chairperson of the Audit committee of the Company.

### **The contact details of the Chairperson of the Audit Committee are as under:**

Name : Chairperson, Audit Committee  
SP1, Udyog Vihar, Sukher Industrial Area,  
Udaipur, Rajasthan-313004

The complainant may also reach out to Chairperson of the Audit Committee directly in appropriate or exceptional circumstances or in case a complaint is made against any member of the Vigil Mechanism Committee (see point 8 below).

Upon receipt of complaint within the scope of this Policy, the Vigil Mechanism Committee



shall review the same and if the complaint is found to be serious and credible, it shall investigate the same.

For the purpose of conducting an investigation, the Vigil Mechanism Committee is authorised to:

- (i) Seek information it requires from any employee, who shall cooperate with any such request made by the Committee;
- (ii) Seek assistance from any employee for conduct of investigation, as may be considered appropriate;
- (iii) Obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers necessary;
- (iv) Call for such documents and representations, as may be deemed fit.

Report of the investigation, along with recommendations of the Vigil Mechanism Committee as regards further actions to be taken in connection with the complaint, shall be placed before the Board of Directors of the Company.

The information disclosed during the course of an investigation, including the identity of the complainant, shall be kept confidential, except as necessary or appropriate to be disclosed for the purpose of the investigation or where required by law.

Investigation of complaint by or against Directors, senior management and members of the Vigil Mechanism Committee shall be carried out as directed by the Audit Committee.

Complaint for any actual or suspected instance of leak of UPSI shall be dealt with in accordance with the Company's Policy for inquiry in case of leak of UPSI.

Any person against whom a complaint has been made shall recuse himself / herself from any investigating or reporting responsibility in connection with such complaint.

## **7. PROTECTION FOR THE WHISTLEBLOWER**

The Board of Directors of the Company, Chairperson of the Audit Committee and Vigil Mechanism Committee shall be responsible to safeguard the Whistle Blower from any adverse action which includes discrimination, victimization, retaliation, demotion or



adoption of any unfair employment practices.

An individual serving as witness or providing assistance in the investigation of a Protected Disclosure shall also be protected to the same extent as the Whistle Blower. A Whistle Blower reporting issues directly to Chairperson of the Audit Committee shall also be protected under this Policy.

Protection under this Policy shall not mean protection from disciplinary action arising out of false allegations made by a Whistle Blower.

A Whistle Blower may not be granted protection under this Policy if he/she is subject of a similar or separate complaint or allegations related to any misconduct. The Company will exercise its discretion; in case a complainant is found to also be a perpetrator during the course of any investigation.

## **8. ROLE OF VIGIL MECHANISM COMMITTEE**

The role of Vigil Mechanism Committee shall be to:

- a) Act on the incident reports received in an unbiased manner.
- b) Take necessary actions to maintain confidentiality of issues reported, identity of the Whistle Blower, the details of the subject and the alleged.
- c) Investigate the matter and identify the resources who would help during investigation based on the nature of the issue reported.
- d) Recommend disciplinary or corrective action to the relevant Board committee based on the outcome of the investigation.
- e) Submit the periodic report to Chairperson of the Audit Committee.

## **9. ROLE OF INVESTIGATORS (VIGIL MECHANISM COMMITTEE)**

The investigators (Vigil Mechanism Committee) shall:

- a) Perform the investigation review in a structured manner.
- b) Ensure that the investigation is conducted in an independent and unbiased manner.
- c) Ensure that the confidentiality of the issue reported, Whistle Blower, subject and alleged is maintained.



- d) Retain all necessary documentation related to the investigation.
- e) Provide timely update to the Audit Committee on the progress of the investigation.
- f) Submit an investigation report to the Audit Committee and the Board of Directors with all the documents in support of their observations as soon as possible and preferably within forty-five (45) days of receipt of complaint.

## **10. COMPANY DECISION**

If an investigation leads the Vigil Mechanism Committee to conclude that an improper or unethical act has been committed, the Vigil Mechanism Committee shall recommend to the Board of Directors of the Company to take disciplinary or corrective action.

## **11. NOTIFICATION**

This Policy once approved by the Board of Directors and Audit Committee, shall reflect on the Company's website.

## **12. 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. In any case, any amendment / modification of the applicable laws in this regard will automatically apply to this Policy.





## **ANNEXURE 1 – INDICATIVE EXAMPLES FOR ISSUES COVERED IN WHISTLE-BLOWER POLICY**

### **a) Misappropriation of Company Assets and Resources**

Indicative examples-

- Use of Company property or information for personal gain or advantage, or for the advantage of others outside the Company, such as friends or family members.
- The office printer, company letter heads and other stationary used by an employee for his personal purposes.
- Use of company provided car for personal travel.

### **b) Conflict of interest**

Indicative examples-

- Besides being a full time employee of Company, he / she is working for any other Company or hold a position in that or any other Company (e.g. as a consultant or director) or you are providing freelance services to anyone.
- A member of household or immediate family of the employee, is a supplier or customer of the Company and this is not disclosed within the Company.
- Your co-worker happens to be a close relative of a Human Resource Personnel and enjoys pay raises, promotions and other prerequisite benefits that other employees in his same position does not receive.

- c) Mishandling of confidential information // proprietary information (actual or suspected instances of leak of unpublished price sensitive information ('UPSI')pertaining to the Company);

Indicative examples-

- An employee sharing confidential information related to a tender with a competitor for his personal gain.
- Uploading confidential information of the Company to a social networking site.
- Sharing of confidential information of the Company with your friends or relatives.

- d) Procurement Fraud / actual or suspected incidents of fraud

Indicative examples-

- A Manager in procurement team awards the contract to a vendor in return of monetary benefits.
- An employee in the procurement team accepting kickbacks from the vendors.
- A vendor offers bribe to an employee to accept his quotation at higher price.

- e) Acceptance of gifts and entertainment

Indicative examples-

- At Diwali, a consultant sends to the employee of the Company an expensive watch to thank him / her for the good working relationship.
- A supplier offers the employee a free trip to a holiday resort to thank him / her for the business received from the Company.

- f) Incorrect financial reporting / action affecting the financial integrity of the Company

Indicative examples-

- In order to be in line with the budget, you prepay future costs and charge it to the current accounting period. Alternately, you defer recognizing an expense and push it forward to the next reporting period so as not to exceed the budget.
- An Accountant, in order to show a high profit for the financial year, misrepresents company books and records.

g) Bribery Corruption and money laundering

Indicative examples-

- An employee accepting commission from a vendor or supplier based on number of orders or tenders given to the vendor.
- Any form of financial consideration to government officials for sourcing of business, facilitation or to gain unfair advantage in business.

h) Insider Trading

Indicative examples-

- A Manager advises a friend to pull his / her investment from the company as he / she is aware of the financial situation.
- An Executive Assistant of a CFO, shares the details of the financial results with his / her husband and warns him / her to sell the shares which he / she owns.

i) Tax Fraud

Indicative examples-

- An inflated depreciation shown in the books of accounts in order to show a dip in profit in order to save tax.
- An employee submits fake documents in order to get tax benefits.

j) Harassment of any nature

Indicative examples-

- A co-worker annoying his colleague by passing comments about a particular personal matter in front of everyone.
- A Team Leader sets an unachievable target and pressurizes his / her subordinates to achieve the target by working on the weekends.

k) Victimization or bullying

Indicative examples-

- Your co-worker mistreats you because of your mother tongue influence, that goes beyond occasional or a single incident.
- Humiliating an employee for his poor performance in front of the team members

instead of giving him a constructive feedback.

l) Discrimination

Indicative examples-

- The Project Manager refuses work allocation to aged employees because according to him they are not capable enough to learn new skills.
- Employees belonging to a particular location receives preferential treatment.

m) Misuse of authority

Indicative examples-

- A personnel in higher authority pressurizes and threatens his / her colleagues to present a misleading report to the senior management.

n) Violation of environment, health and safety guidelines

Indicative examples-

- Permanent or contractual employees not adhering to the safety guidelines.
- Non adherence to environment guidelines issued by the government.

o) Concurrent employment

Indicative examples-

- An employee providing part time services to other Company and does not make a disclosure of the same to the Company.
- An employee runs his / her own business along with employment with the Company.