



ADITYA BIRLA RETAIL LIMITED
ANTI-FRAUD POLICY

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I. INTRODUCTION & BACKGROUND

Fraud is a broad legal concept, majorly encompassing the characteristic of the “intention to defraud” and hence, it usually involves deliberate concealment of the facts. Also, the persons involved in the same may range from the Management, Employees or Third Parties and the same may also involve a single individual or a group of people acting in collusion.

Fraud can occur in all types of organizations, irrespective of their size or type and due to the technologically advanced operations, growing complexities of internal structures of organizations, increasingly transient employees and such other reasons, vulnerability of a Company, to risks emanating from fraud(s), has increased.

However, the risks emanating from the fraud(s), can be reduced through a combination of measures aimed at:

- a. Detecting fraud(s),
- b. Preventing fraud(s)
- c. Deterring the person intending to defraud and
- d. Controlling the fraud(s).

In view of the same, this policy is formed with an intention to put into place “an Anti Fraud Policy” in the Company i.e. Aditya Birla Retail Limited (ABRL)(hereinafter referred to as a “**Company**”)and with an intention to detect and/or prevent and/or deter and/or control the fraud(s)that may take place in the day to day business of the Company.

The intent of the policy is also to promote consistent legal and ethical organizational behaviour by assigning responsibility for the development of controls and providing guidelines for reporting and conducting investigations of suspected fraudulent behaviour.

Since fraud may be difficult to detect because it often involves concealment of facts through falsification of documents and collusion among staff or third parties, it is important to place a strong emphasis on fraud prevention, which will in turn reduce opportunities for fraud to take place and fraud deterrence, which persuades individuals that they should not commit fraud because of the likelihood of detection and punishment.

II. SCOPE OF POLICY

The Policy shall apply to all frauds, suspected and/or proven and/or otherwise, taking place in the Company, involving Directors (Whole-time or otherwise), Key Managerial Personnel, other Employees (including contractual employees) as well as Shareholders, Consultants, Vendors, Suppliers, Service Providers, Contractors, Lenders, Borrowers, Outside Agencies and other parties having business relationship with the Company (hereinafter referred to as the “**Person**”) and any investigative activity, that will be conducted within as per the provisions of this policy, will be conducted without regard to the suspected person’s length of service, position/ title or relationship with the Company.

III. OBJECTIVES OF POLICY

The policy has been framed to implement controls for providing a system of detection and prevention of fraud, reporting of any fraud or suspected fraud and appropriate dealing of issues relating to fraud.

The policy intends to enumerate the measures that the Company shall implement to deter, prevent, control and detect the fraud(s) in the context of following elements:

- a. Creating and maintaining a culture of honesty and high ethics;
- b. Creating awareness about risks and controls;
- c. Identify and assess the risks of fraud;
- d. Implement the processes, procedures and controls needed to mitigate the risks and reduce the opportunities for fraud; and
- e. Develop an appropriate oversight process.

More specifically, the policy aims at:

- i. Ensuring that the Management of the Company is aware of all fraud(s), misappropriation(s) and other inappropriate conduct(s), suspected and/or proven and/or otherwise, at all times;
- ii. Providing a clear guidance, thereby forbidding any fraudulent activity and actionable in case of any suspected fraudulent activity;
- iii. Providing a mechanism for reporting any incident of fraud or suspected incident of fraud and protect the persons who make a disclosure of fraud, more particularly those persons who report against their managers and/or fellow employees in certain defined circumstances from harassment and/or dismissal and to ensure that the necessary procedure(s) and system(s) exist in the Company and the same are fully functional,

thereby reducing and minimizing the incidence(s) of and opportunity(ies) for occurrence of fraud(s), misappropriation(s) and other inappropriate conduct(s), suspected and/or proven and/or otherwise, at all times;

- iv. Providing a procedure for conducting investigations into the fraudulent activities, conducting impartial investigations into fraudulent activities and ensuring that any and all suspected fraudulent activities are fully investigated, dealt with and clearly communicating that such activities are neither allowed nor tolerated; and
- v. Ensuring that the preventive measures are in place and internal control procedures are developed and strengthened on a continuous and ongoing basis, more particularly subsequent to any fraud(s) being identified.

IV. DEFINITION OF FRAUD

Fraud is an operational risk, which might be generally defined as any intentional act or omission designed to deceive others, resulting in the Company suffering a loss and/or the perpetrator achieving a gain.

As per the provisions Explanation (i) of S. 447 of the Companies Act, 2013, “fraud” in relation to affairs of a company or any body corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss.

Fraud may include a range of irregularities and illegal acts more particularly characterized by intentional deception or misrepresentation, which an individual knows to be false or does not believe to be true and which is likely to result in some unauthorized benefit to him/her or to another person.

The term Fraud shall include but not be limited to the acts mentioned hereunder:-

- i. Execution of a document on behalf of the Company, with malafide intention and ulterior motive, with an intention to gain wrongful advantage and/or with an intention to cause wrongful loss to the Company;
- ii. Forgery or wrongful alteration of any document belonging to or the Company;
- iii. Forgery or alteration of a cheque, bank draft or any other financial instrument and/or document etc.;

- iv. Misappropriation and mis-utilisation of funds, securities, supplies or other assets of the Company etc.;
- v. Willful suppression of facts/ deception in matters of appointments, placements, tender committee recommendations, entity and project appraisal, submission of reports, etc. as a result of which a wrongful gain(s) is made to one and /or wrongful loss(s) is caused to the others;
- vi. Utilization of the Company funds for personal purposes;
- vii. Authorizing or receiving payments for goods/products not supplied or services not rendered;
- viii. Destruction, disposition, removal of record(s) or any other asset(s) of the Company with an ulterior motive to manipulate and misrepresent the facts so as to create suspicion/ suppression of facts/ cheating as a result of which factual assessment/ decision can't be arrived at;
- ix. Impropriety In the handling or reporting of money or financial transactions;
- x. Profiteering as a result of insider knowledge of company activities;
- xi. Disclosing and/or providing by any means of communication, any confidential information related to the Company, to outside parties;
- xii. Accepting or seeking anything of material value from contractors and/or vendors and/or lenders and/or borrowers and/or persons providing services/ materials to the company in contravention of Aditya Birla Group Code of Conduct(including the receipt of excessive gifts or accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the Company);
- xiii. Diversion to an employee or outsider of a potentially profitable transaction;
- xiv. Concealment or misrepresentation of transactions, assets or liabilities;
- xv. Expense report fraud (e.g. claims for services or goods not actually provided);
- xvi. Loss of intellectual property (e.g. disclosing confidential and proprietary information to outside parties);
- xvii. Conflicts of Interest resulting in actual or exposure to financial loss;
- xviii. Vendor fraud;
- xix. Embezzlement (i.e. misappropriation of money, securities, supplies, property or other assets);
- xx. Cheque fraud (i.e. forgery or alteration of cheques, bank drafts or any other financial instrument);
- xxi. Payroll fraud;
- xxii. Corruption;
- xxiii. Fraudulent financial reporting (e.g. forging or alteration of accounting documents or records; intentional concealment or misstatement of transactions resulting in false

records or misleading statements; intentional failure to record or disclose significant information accurately or completely);

- xxiv. Improper pricing activity;
- xxv. Unauthorized or illegal use of confidential information (e.g. profiteering as a result of insider knowledge of company activities);
- xxvi. Unauthorized or illegal manipulation of information technology networks or operating systems;
- xxvii. Any similar or related inappropriate conduct.

(This list is only indicative and not intended to be exhaustive).

In addition to all that is stated hereinabove and in all other applicable laws, the term “fraud” shall include any misappropriation(s) and/or inappropriate conduct(s) and/or false representation and/or concealment of a material fact and/or any other illegal act committed intentionally to cause wrongful gains to self or others and /or wrongful loss to others.

Fraud can be further distinguished as “Internal Fraud” and “External Fraud”. Internal fraud involves at least one internal person, whereas external fraud is committed solely by third parties without any assistance or collusion of an internal person, however both resulting in the Company suffering a loss and/or the perpetrator achieving a gain.

V. OTHER INAPPROPRIATE CONDUCT

Suspected improprieties concerning an employee’s moral, ethical, or behavioural conduct, should be resolved by Human Resource Head separately.

However, if there is any question as to whether an action constitutes fraud or not, the matter shall be referred to the Committees constituted as per this policy for guidance.

VI. CONSTITUTION OF COMMITTEE AND REPORTING PROCEDURE:

a. Complaints Committee at Head Office

A Complaint Committee will be formed at the Head Office Level, which will receive and investigate the complaints of fraud raised by all employees.

It shall also review the complaints raised by any person, against any employee in the Company.

The Complaints Committee of the Company is constituted as below:

1. Chief Executive Officer
2. Chief People Officer
3. Chief Financial Officer
4. Company Secretary

b. Investigation Of Fraud/Suspected Fraud:

- (i) As mentioned above, employees of the Company may raise their complaints about fraud, directly to the Complaints Committee.
- (ii) The Complaints Committee shall also review the complaints raised by any person, against any employee of the Company.
- (iii) Any person may lodge a complaint by writing an email about the incident of fraud against any other person.
- (iv) In case the person is uncomfortable putting the complaint in writing, an oral complaint can be filed. In this case, a written transcript of the complaint will be prepared and the same shall be then duly signed by the complainant.
- (v) All complaints received will be taken up by the Complaints Committee (as the case may be) for next course of action.
- (vi) If a complaint is to be sent in writing.
- (vii) It will be the primary responsibility of the Complaints Committee to conduct the preliminary investigation.
- (viii) The person who reports the suspected fraud should not attempt to conduct investigation personally. He or she should not interview or interrogate any person related to the suspected fraud.
- (ix) The Complaints Committee or any other person involved in the investigations of suspected fraud shall keep the content of investigative activity strictly confidential. Investigation results shall not be disclosed to or discussed with anyone other than those who have a legitimate need to know this.

- (x) The Complaints Committee shall make every effort to protect the rights and the reputations of everyone involved in a report of suspected fraud, including the individual who in good faith alleges perceived misconduct, as well as the alleged violator(s).
- (xi) If the Complaints Committee determines that a report is not credible or is not a report of fraud, he/she shall document this determination. The Complaints Committee's documentation shall include support for the determination.
- (xii) If any complaint is to be made against person, who is a member of the Complaints Committee, the Complaint shall be directly made to the Managing Director. However, notwithstanding anything written in the policy, such a complaint shall be made in writing only.
- (xiii) In case the Complaint is made to the Committee, the Committee shall conduct the investigation and shall prepare an Investigation report.
- (xiv) At the time of Final Investigation of the matter, it shall be the responsibility of the Complaints Committee, to give a chance of hearing to the person who has allegedly made the fraud whereby he/she may explain his/her stand in the case and principles of natural justice shall be followed.
- (xv) After completion of the Final Investigation by the Complaints Committee, due & appropriate action which could include administrative action, disciplinary action, reporting to the Board/ Audit Committee, civil or criminal action or closure of the matter if it is proved that fraud is not committed etc. depending upon the outcome of the investigation shall be taken by the Complaints Committee with the approval of the Managing Director.
- (xvi) While carrying any investigation, preliminary or final and while taking any action against the person violating this policy, it shall be always borne in mind that the Company does not tolerate any unethical or dishonest behaviour, even if the result of the action benefits the Company itself.
- (xvii) Appropriate action will be taken against the person(s) Violators will be prosecuted and may be terminated and referred to the appropriate authorities.

- (xviii) Reporting: The Company Secretary (who is the Compliance Officer of the Company) shall keep track of all cases and timely and periodically submit a report to the Audit Committee/Board about the status and results of the investigations and corrective actions taken, along with the report of the investigators.
- (xix) The Complaints Committee shall maintain confidentiality and keep all information received confidentially. The detailed investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct.

c. Time Limits For The Preliminary And Final Investigation

The following are the time limits for completing the preliminary and final investigation of report of fraud/ suspected fraud:-

(i) Preliminary Investigation

The Complaints Committee will complete the Preliminary investigation and prepare an Investigation report not later than 30 days from the date of report of fraud/ suspected fraud. Under the exceptional circumstances the extension beyond thirty days for a period may be permitted by the Complaints Committee.

(ii) Final Investigation

Complaints Committee shall endeavour to complete the Final Investigation and prepare a Final Investigation report within Sixty Days from the date of submission of Investigation Report of the Preliminary Investigation.

After preparation of the Final Investigation Report, the same shall be submitted to the Managing Director of the Company, for approval, alongwith the proposed “due & appropriate action” against the fraud and persons involved in the same, supported by the reasons for such proposal.

(iii) Approval of Managing Director

The Managing Director of the Company shall accord the approval for due & appropriate action to be taken as may be decided by the Complaints Committee.

(iv) Due & Appropriate action by the Company

After the approval of Managing Director, the Due and appropriate action shall be immediately taken by the Company.

VII. DISCIPLINARY ACTION:

Failure to comply with this policy would attract the disciplinary action in the following cases:-

- a. A person who is engaged in any form of fraud is subject to disciplinary action.
- b. A person who suspects or discovers fraudulent activity and fails to report the same as required by this policy or a person who intentionally reports false or misleading information is subject to disciplinary action.
- c. An employee of the department in which fraud is committed does not pass to the Complaints Committee each and every report of suspected fraud made by an employee or other person is subject to disciplinary action.

VIII. FRAUD PREVENTION

- a. The Management shall ensure detection and prevention of fraud by establishing procedures, checks and controls to prevent fraud and detect fraud as and when it occurs.
- b. In addition to the above, the Management will be responsible to –
 - (i) Educate employees with the types of improprieties that might occur in their area;
 - (ii) Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization;
 - (iii) Promote employee awareness of ethical principles subscribed to by the Company.

c. Amendments shall be made in the general conditions of contracts, sanctions, loan/ subsidy/ grant agreements of the Company wherein all bidders/ service providers/ vendors/ lenders/ borrowers/ consultants etc. shall be required to certify that they would adhere to anti fraud Policy of the Company and not indulge or allow anybody else working in the Company to indulge in fraudulent activities and would immediately apprise the Company of the fraud/suspected fraud as soon as it comes to their notice. In case of failure to do so, the Company may debar them for future transactions.

This condition shall form part of documents both at the time of submission of loan/subsidy/grant application and execution of loan/subsidy/grant agreements and contracts with suppliers and service providers.

d. The Company will send the employees for attending training programmes, seminars and workshops on detection and prevention of fraud.

IX. PRACTICES TO PROMOTE THIS DOCUMENT

a. The Company will circulate the information about this policy document, from time to time, to the concerned persons.

b. Employees will be reminded of this policy document by their supervisors during their performance evaluations.

c. New employees will be trained on this policy document during the orientation. They will be provided with a copy of this policy document, with examples of what should be reported.

d. The Company shall inform both potential and existing clients about this Policy or any amendments thereof, through online upload of this Policy via Company's web site or any other mode as may be deemed to be necessary in that regard.

X. MIS REPORT

Information relating to all frauds involving amount of Rs. 10,00,000(Rupees Ten Lakhs only) and above each to be reported to the Audit Committee of the Board of Directors/ Board of

Directors at its next meeting, after the same are proved in the final investigation by Committee.

XI. ADMINISTRATION OF THE POLICY:

Complaints Committee of the Company shall be responsible for administration, interpretation, application and periodical review of this policy. However, the decision of the Managing Director will be final in the case of difference in the interpretation of any of the clauses in the Policy.

Further, the Managing Director is empowered to recommend and approve any amendment in the policy, suo-moto or on the recommendation of the Complaints Committee. However, such amendment shall be reported to the Audit Committee of the Board of Directors/ Board of Directors in its next meeting.
