

**Fraud Prevention Policy/
Whistle Blower Policy**



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Summary of Policy

Policy Name	Fraud Prevention Policy/ Whistle Blower Policy
Related policies and regulations	Companies Act, 2013
Issue and Effective date	March 16, 2018
Date of last review	September 24, 2018
Date of current review	September 11, 2019
Date of next review	On or before September, 2020
Periodicity of review	Annual
Owner / Contact	Compliance Department
Approver	Board of Directors
Annexures	NA

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1. Background

In accordance with Section 177 of Companies Act, 2013 and Clause 7 of the Companies (Meeting of Board and its Power) Rules, 2014, the company needs to establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances.

This policy enables an employee or a group of employees who wish to report on unethical or improper practices to have easy access to the appropriate authority. The purpose of this policy is to provide a framework to promote responsible, safe and secure whistle blowing, with an aim to curb and stop all activities, which are against organizational interests.

The vigil mechanism will:

- provide adequate safeguards against victimization of employees and directors who avail of the vigil mechanism
- provide direct access to the Chairperson of the Audit Committee.
- In case of repeated frivolous complaints being filed by a director or an employee, the audit committee may take suitable action against the concerned director or employee including reprimand.

2. Definition of Fraud

"**Fraud**" is a willful act intentionally committed by an individual(s) by deception, suppression, cheating or any other fraudulent or any other illegal means, thereby, causing wrongful gain(s) to self or any other individual(s) and wrongful loss to other(s). Many a times such acts are undertaken with a view to deceive/mislead others leading them to do or prohibiting them from doing a bonafide act or take bonafide decision which is not based on material facts.

3. Actions Constituting Fraud

While fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitute fraud. The list given below is only illustrative and not exhaustive:-

- Forgery or alteration of any document or account belonging to the Company.
- Forgery or alteration of cheque, bank draft or any other financial instrument etc.
- Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
- Falsifying records such as pay rolls, removing the documents from files and /or replacing it by a fraudulent note etc.
- Willful suppression of facts/deception in matters of appointment, placements, submission of reports, tender committee recommendations etc. as a result of which a wrongful gain(s) is made to one and wrongful loss(s) is caused to the others.
- Utilizing Company funds for personal purposes.
- Authorizing or receiving payments for goods not supplied or services not rendered.
- Destruction, disposition, removal of records or any other assets of the Company with an ulterior motive to manipulate and misrepresent the facts so as to create suspicion/suppression/cheating as a result of which objective assessment/decision would not be arrived at.
- Any other matter which affects the reputation of the company.

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4. Authority

- 4.1 The 'Audit Committee' shall oversee the vigil mechanism through the committee and if any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.
- 4.2 Any employee (full time, part time or employees appointed on adhoc/temporary/contract basis), as soon as he/she comes to know of any fraud or suspected fraud or any other fraudulent activity must report such incident(s). The reporting of the fraud normally should be in writing. In case the reporter is not willing to furnish a written statement of fraud but is in a position to give sequential and specific transaction of fraud/suspected fraud, then the officer receiving the information should record such details in writing as narrated by the reporter and also maintain the details about the identity of the official / employee / other person reporting such incident. Reports can be made in confidence and the person to whom the fraud or suspected fraud has been reported must maintain the confidentiality with respect to the reporter and such matter should under no circumstances be discussed with any unauthorized person.

5. Investigation Procedure

- A full investigation will be held using any and all means at the firm's disposal
- A Disciplinary Enquiry will be held under the observation of the chairman of the Audit Committee to offer the employee the opportunity to refute the allegation(s) / Prove their innocence / offer mitigating factors
- A charge of Fraud / Theft / Misappropriation of Funds will be lodged
- DMI Housing Finance will support a criminal conviction and imprisonment of the guilty party / parties whether all are employed by DMI Housing Finance or not;

IMPORTANT: Should any employee be aware of fraud/theft being perpetrated by another employee, and even though the observing employee may not be part of the fraudulent activity, it is expected that the observing employee informs the owner of the firm of their knowledge and/or suspicions immediately. Should investigations show that an employee(s) was aware of fraudulent activity and did not report it, this/these employee(s) will be charged as an accessory (ies) to the crime and the same action(s) as above will be applied.