

Ref: SEC:BRR / 108 -

Dt. 28.02.2019

Circular

Sub: Fraud Prevention Policy

ITDC Board in its meeting held on 14.02.2019 has approved the Fraud Prevention Policy, the same is enclosed herewith.

The Nodal Officers mentioned in the policy are as under :

1. For Duty Free Shops and ATT Units in Eastern Region, RM(East) will be the nodal officer.
2. For Duty Free Shops and ATT Units in Western Region, RM(West) will be the nodal officer.
3. For Duty Free Shops and ATT Units in Southern Region, RM(South) will be the nodal officer.
4. For Hotel units/Catering Units/Restaurants, Head of the Hotel Unit/Catering Unit/Restaurant will be the nodal officer.
5. For Corporate Office- HoD of the different divisions will be the nodal officer.

As per the policy, all vendors, suppliers, contractors, service providers, consultants and other agencies having business relations with ITDC are required to affirm to the ITDC's Fraud Prevention policy. As such this policy document shall form a part of the tender/RFP document and shall have to be concurred to by all bidders.

All HoDs shall be responsible for proper implementation of the Fraud prevention policy of ITDC. The Nodal officers have powers to take corrective actions as per this policy. Name and contact number of nodal officers shall be available on Website. Efforts to be made to keep the name of the informer secret.

Further efforts to be made for dissemination of information about the policy and its importance to the corruption free governance of the company.

This has been issued as per approval of the Board in the meeting held on 14.02.2019 and in compliance of the SEBI Regulations.


V.K JAIN

COMPANY SECRETARY

Distribution :

DF/DCM/CVO

OSD to C&MD

All VPs, All GMs, All HoDs, All RMs

Heads of Hotel units/ATT units/DFS Units

✓ Sr. Manager (IT) : for displaying in the website

Fraud Prevention Policy – ITDC

INTRODUCTION

ITDC has placed adequate systems and procedures commensurate to its nature of business such as Licensing Procedure, Purchase Procedure, Engineering & Works Manual, Delegation of Power etc. for ensuring the orderly and efficient conduct of business in an honest, ethical and transparent manner without any bias or malafide.

Further as per Schedule V to SEBI (LODR) Regulations, 2015 relating to Corporate Governance provisions requirement, ITDC has placed a whistle blower policy. This policy envisages the Corporation to put in place a mechanism for employees to report to the Management about unethical behaviour, actual or suspected fraud or violation of conduct rules.

Clause 34(2)(f) of the SEBI (LODR) Regulations, 2015 requires top 500 companies (based on market Capitalization) to give in its Annual Report the Business Responsibility Report describing the initiative taken by the Company from an environmental, social and governance perspective. Principal 1 of the policy requires that businesses should not engage in practices that are abusive, corrupt, or anti-competition. Pursuant to this, it is considered appropriate to formulate and implement a FRAUD PREVENTION policy in the Company.

OBJECTIVES

The objective of the "Fraud Prevention policy" is to provide a system for detection, reporting and prevention of fraud, whether committed or suspected. The policy will provide a framework and lay down a procedure for detection, reporting and prevention of fraud or suspected fraud. The policy will ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud when it occurs.

SCOPE OF THE POLICY

The policy applies to all frauds committed or suspected linked to the business of the Company involving any employees as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency doing business with the company.

DEFINITION OF FRAUD

"Fraud" is a wilful act intentionally committed by an individual(s) - by deception, suppression, cheating or any other fraudulent or any other illegal means, thereby, causing unlawful gain(s) to self or any other individual(s) and wrongful loss to other(s), whether in cash or kind.

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 :-

- i. Forgery or alteration of any document or account belonging to the Company.
- ii. Forgery or alteration of cheque, bank draft or any other financial instrument etc.
- iii. Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
- iv. Falsifying records such as pay-rolls, removing the documents from files and /or replacing it by a fraudulent note etc.
- v. 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.
- vi. Utilizing Company funds for personal purposes.
- vii. 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 act that falls under the gamut of fraudulent activity. Suspected improprieties concerning an employee's moral, ethical, or behavioural conduct, should be resolved by departmental management and Employee Relations of Human Resources rather than under Fraud Policy.

REPORTING OF FRAUD

Any employee, representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency doing business with the company as soon as he / she comes to know of any fraud or suspected fraud or any other fraudulent activity must report such incident(s). Such reporting shall be made to the designated Nodal Officer(s) nominated by the Company for this purpose from time to time. If, however, there is shortage of time such report should be made to the immediate HOD whose duty shall be to ensure that input

received is immediately communicated to the Nodal Officer. 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/Nodal Officer 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 unauthorised person.

All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s) to be nominated.

On receiving input about any suspected fraud/nodal officer(s) shall ensure that all relevant records documents and other evidence is being immediately taken into custody and being protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official under his influence.

DUTY OF NODAL OFFICER

The "Nodal Officer" shall, refer the details of the Fraud/suspected fraud to the Vigilance Department of ITDC, immediately for further appropriate investigation and needful action.

During receipt of information of Fraud/Suspected Fraud, it would be the duty of Nodal Officer to verify the identify of the Complainant. Anonymous Complaint should not be acted upon. After verification of the identify of the Complainant, the Nodal Officer should keep the identity of the Complainant secret.

After completion of the investigation, due & appropriate action, which could include administrative action, disciplinary action, 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 undertaken.

Vigilance Department shall apprise "Nodal Officer" of the results of the investigation undertaken by them. There shall be constant coordination maintained between the two.

RESPONSIBILITY FOR FRAUD PREVENTION/CREATING AWARENESS/CIRCULATION OF POLICY

It is the responsibility of every employee, representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency doing business with the company to ensure that there is no fraudulent action being indulged in, in their own area of activity/responsibility. As soon as they learn of any fraud or have suspicion regarding it, they should immediately report the matter as per the procedure laid down in the policy.

All vendors, suppliers, contractors, service providers, consultants and other agencies having business relations with the company are required to affirm to the Fraud Prevention policy of the company. As such this policy document shall form a part of the tender/RFP document and shall have to be concurred to by all bidders.

All Departmental Heads shall be responsible for proper implementation of the Fraud prevention policy of the company. The Nodal officers have powers to take corrective actions as per this policy. Name and contact number of nodal officers shall be available on Website and all prominent locations. Efforts will be made to keep the name of the informer secret.

The company recognises that employee/stakeholders awareness is essential for effective detection/prevention of fraud/suspected fraud. As such the company shall put in place adequate communication mechanisms for dissemination of information about the policy and its importance to the corruption free governance of the company.

AMENDMENTS/REVIEW OF POLICY

The Chairperson and Managing Director shall be the competent authority for the interpretation and revision of this policy. The policy will be reviewed and revised as and when needed.

Nodal Officers : Following will be the nodal officers :

1. For Duty Free Shops and ATT Units in Eastern Region, RM(East) will be the nodal officer.
2. For Duty Free Shops and ATT Units in Western Region, RM(West) will be the nodal officer.
3. For Duty Free Shops and ATT Units in Southern Region, RM(South) will be the nodal officer.
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