

FRAUD PREVENTION POLICY

1. BACKGROUND:

- (a) The Fraud Prevention Policy (“the Policy”) is formalised to aid in the detection and prevention of fraud against Infiniti Retail Limited (“the Company”). It is the intent of the Company to promote consistent good organizational behaviour by providing guidance on identification and investigation of frauds.
- (b) In terms of Section 143(12) and other applicable provisions, if any, of the Companies Act, 2013 and related guidelines, the auditors, which term would include statutory auditors or cost auditors or secretarial auditor, of a company are required to report fraud (i) to the Central Government if it involves an amount above prescribed limit (currently, the prescribed limit is ‘Rs.1 crore and above’), or (ii) to the audit committee constituted under section 177 or to the Board, if the amount involved is lesser than the prescribed limit. In any case, reporting shall be within such time and in such manner as may be prescribed under the Companies Act, 2013.
- (c) In the light of the foregoing and keeping in view the philosophy of Company in adopting good Corporate Governance practices, it is appropriate that a Fraud Prevention Policy is formulated.

2. POLICY OBJECTIVES:

- (a) Section D, Clause 20 and 21 of Tata Code of Conduct 2015 (“TCoC 2015”) states “*Our employees shall use all company assets, tangible and intangible, including computer and communication equipment, for the purpose for which they are provided and in order to conduct our business. Such assets shall not be misused. We shall establish processes to minimise the risk of fraud, and misappropriation or misuse of our assets*” and “*We shall comply with all applicable anti-money laundering, anti-fraud and anti-corruption laws and we shall establish processes to check for and prevent any breaches of such laws*”.
- (b) The Company, having adopted the TCoC 2015, is therefore committed to acting professionally, fairly and with integrity in all its business dealings and to take steps towards preventing frauds.
- (c) The guidelines in this Policy supplement the TCoC 2015 and should be read in conjunction with:

- (i) TCoC 2015;
 - (ii) The Whistleblower Policy;
 - (iii) Any guidance published pursuant to this Policy; and
 - (iv) Any other relevant policies as may be implemented from time to time.
- (d) Objective of the Policy is to provide a guidance on detection, prevention and reporting of a fraud or suspected fraud; and, handling of any matters pertaining to fraud.
- (e) The Policy guidelines are enumerated as under:
- (i) To establish procedures to educate the employees on reporting and prevention of fraud;
 - (ii) To provide guidance to employees and others dealing with the Company, cautioning them from involvement in any fraudulent activity(ies), and the action to be taken by them where they suspect any fraudulent activity(ies);
 - (iii) To conduct investigations into fraudulent or suspected fraudulent activity(ies);
 - (iv) To provide assurance that any and all fraudulent or suspected fraudulent activity(ies) will be fully investigated;
 - (v) To provide training on fraud prevention and detection; and
 - (vi) To provide assurances to one and all that no fraudulent activity(ies) will be allowed.

3. SCOPE OF POLICY:

- (a) This Policy applies to any irregularity, suspected irregularity, fraudulent or suspected fraudulent activity(ies), involving employees, consultants, vendors, contractors, outside agencies, employees of such agencies, and/or any other parties which has a business relationship with the Company. If any investigative activity is required, it will be conducted without regards to the suspected wrongdoer's length of service, position/title, or relationship to the Company.
- (b) The Company shall, from time to time, designate an employee of sufficient seniority, competence and independence as the compliance officer to ensure compliance with the provisions of this Policy ("**Compliance Officer**") and the same shall be notified to all the employees. Mr. Pramod Dangaich, Chief Financial Officer, has been designated as the Compliance Officer. All reports, complaints, doubts or concerns in relation to this Policy shall be raised to the Compliance Officer.

- (c) Each employee shall be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity, which can result in fraud. Any irregularity that is detected or suspected by an employee must be reported immediately to the Compliance Officer, who shall take necessary action including investigations.
- (d) This Policy constitutes a minimum standard. It must be complied with. When there is any conflict between TCoC and this Policy, the terms of TCoC shall prevail. When applicable laws are stricter than this Policy, such laws must be complied with. In case of any doubts, Compliance Officer may be contacted.

4. DEFINITION OF FRAUD:

- (a) Fraud is:
- (i) wrongful or criminal deception intended to result in one's financial or personal gain and/or others financial or personal loss; or
 - (ii) depriving a person of his/her right/s, either by obtaining something by deception or by taking something wrongfully without the knowledge or consent of the owner; or
 - (iii) withholding wrongfully from another what is due to him/her, or to wrongfully prevent a person from obtaining what he/she may claim first; or
 - (iv) to defeat or cheat or frustrate wrongfully another person's right to property.
- (b) Fraud shall include but not limited to:
- Misappropriation or irregularities in handling of funds or products of value;
 - Any dishonest or fraudulent act;
 - Misappropriation of funds, securities, supplies, stocks, or other assets;
 - Impropriety in the handling or reporting of money or financial transactions;
 - Profiteering or avoiding loss as a result of insider knowledge of Company activities;
 - Disclosing confidential and proprietary information to outside parties;
 - Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Company (Exception: Gifts, entertainment and hospitality as per policy of the Company);
 - Destruction, removal, or inappropriate use of records or property of Company; and
 - Any similar or related irregularity as may be defined in any Act, regulation or policy.

If there is any question as to whether an action constitutes fraud, it may be referred to the Compliance Officer for guidance.

5. INVESTIGATION:

- (a) Any investigation under this Policy shall be done by the Internal Audit team. If the investigation substantiates that fraudulent activity(ies) has occurred, the Compliance Officer shall place the matter before the TCoC Committee. Decisions to prosecute or refer the matter being investigated to the appropriate law enforcement and/or regulatory agencies for independent investigation shall be made with inputs, if any, of the TCoC Committee.

6. FRAUD PREVENTION & DETECTION MECHANISM:

(a) **Fraud Prevention:**

Prevention encompasses an ethical environment, periodic fraud risk assessment and preventive internal controls such as authority limits, policies and procedures. If those are effectively implemented then it can serve as strong and effective deterrents for fraud.

(b) **Culture of Honesty and ethics:**

The most effective method of preventing fraud can be creation of an ethical and transparent environment that encourages all employees to actively participate in protecting Company's reputation. This involves:

- Disclosure of conflict of interest;
- Compliance with TCoC 2015;
- Fraud awareness and training; and
- Continuous fraud risk monitoring and control.

(c) **Fraud Prevention Mechanism:**

Following are fraud preventive mechanism:

- Compliance Officer to place a Fraud Risk Assessment Report before the Audit & Risk Management Committee for its review on half yearly basis. This is in addition to any fraud matter required under the prevailing regulations to be placed for the review, inputs and guidance of the ARMC.
- Insertion of appropriate language on the existence and expected adherence to the Fraud Prevention Policy in all agreements; and
- Promotion of Whistle Blower Policy and the TCoC among employees and other stakeholders of the Company.

(d) Fraud Detection:

Fraud detection controls are designed to detect fraudulent activity, as well as errors in various business processes including IT systems. Some examples of the detective controls are segregation of duties, reconciliation, audits, independent reviews, physical inspection, periodic counts, surprise checks, periodical evaluations system control, surveillance systems, etc. Fraud detection controls shall be flexible, adaptable and continuously changing to meet the various changes in fraud risk.

7. CONFIDENTIALITY:

- (a) The concerned teams shall treat all information received as confidential. Any employee who suspects dishonest or fraudulent activity will notify the Compliance Officer immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. Investigation results will 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 reputation of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from any potential loss.

8. REPORTING PROCEDURES:

- (a) An employee who discovers or suspects fraudulent activity will contact the Compliance Officer or send an email at Pramod.Dangaich@croma.com or such other designated email id as may be communicated from time to time.
- (b) The employee or complainant may remain anonymous.
- (c) No information concerning the status of an investigation shall be given out.
- (d) Under no circumstances should any reference be made to “the allegation”, “the crime”, “the fraud”, “the forgery”, “the misappropriation” or any other specific reference. Great care must be taken in the investigation of suspected improprieties, activities or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.
- (e) No employee or complainant who in good faith, reports a fraud or suspected fraudulent activity shall suffer harassment, retaliation or adverse employment consequences.
- (f) The complainant should be informed of the following:
- Do not contact the suspected individual in an effort to determine facts or demand restitution.
 - Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so.

9. ACTION:

- (a) If an investigation reveals the commission of the fraud or providing assistance to the commissioning of the fraud by an employee, then the TCoC Committee shall have the powers to decide on the action to be taken against the erring employee.
- (b) If an investigation reveals the commission of the fraud by an outsider, then the TCoC Committee shall submit a report to the Chief Executive Officer of the Company for taking necessary action.
- (c) In case the auditor in the course of the performance of his duties has reason to believe that the offence of fraud is being or has been committed against the Company by its officers or employees, the auditor shall take necessary action as envisaged under Section 143(2) and other applicable provisions, if any, of the Companies Act, 2013 and related guidelines.

10. PERIODIC REVIEW AND EVALUATION:

- (a) The Audit & Risk Management Committee will monitor the effectiveness and review the implementation of this Policy, considering its suitability, adequacy and effectiveness.
- (b) The Company reserves the right to vary and/or amend the terms of this Policy from time to time.
