

FRAUD PREVENTION POLICY

1. BACKGROUND

Nitta Gelatin India Limited (NGIL) and its subsidiaries (herein referred to as the "Company") are committed to protecting the reputation, revenues, assets and information from any attempts of fraud, deceit or other improper conduct by employees as well as third parties. This document sets forth a fraud prevention policy to enforce controls and to aid in prevention and detection of fraud in the Company.

2. OBJECTIVE

The objective of Fraud Prevention Policy is to provide a system of prevention, detection, investigation and reporting of a fraud detected or suspected and handling of such matters pertaining to fraud. The policy will ensure the following: -

- To ensure that the management is aware of its responsibilities for prevention and detection of fraud and for establishing procedures for preventing fraud or detecting fraud when it occurs.
- To provide a clear guidance to employees and others dealing with Company forbidding them from involvement in any fraudulent activity and the action to be taken by them where they come across or suspect any fraudulent activity.
- To conduct investigations into fraudulent or suspected activities.
- To provide assurances that all suspected fraudulent activity/activities will be fully and objectively investigated.
- To provide training on fraud prevention and identification.

3. Scope and Applicability

The objective of Fraud Prevention Policy is to implement monetary and risk controls that will aid in the detection and prevention of fraud against the Company. The policy applies to any fraud or suspected fraud involving employees (both permanent and on contractual basis) as well as vendors, suppliers, contractors, consultants, service providers or any outside agency and their representatives conducting any type of business with the Company.

The investigative activity will be conducted without regard to the suspected wrongdoers' length of service, position/title or relationship with the Company.

4. Policy / Process

Definition of "Fraud"

Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of self-gain, profiteering or inducing another to perform fraudulent acts alone or in partnership. Such acts include those undertaken with a view to deceive or mislead others leading them to do or prohibiting them from doing a bonafide act or take bonafide decision that is not based on material facts. Any act of breach of trust will be considered as gross violation of the Code of Conduct.

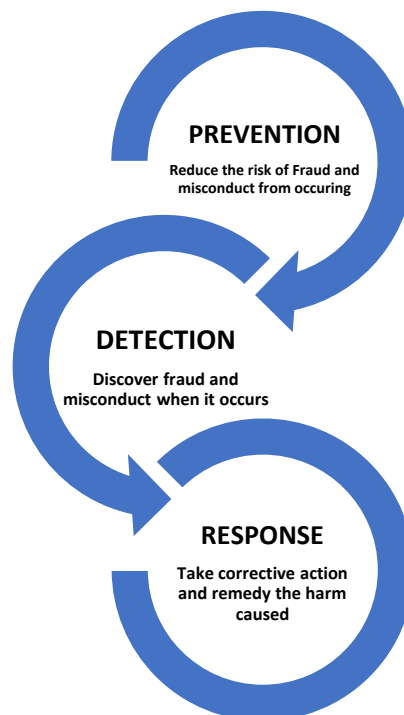
Actions Constituting Fraud

The terms misappropriation and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act, including forgery, falsification of documents and instruments, misrepresentation, impersonation and other activities.
- Misappropriation of funds, securities, supplies or other assets
- Impropriety in handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of company activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons the information security activities of the company
- Deliberately concealing, misrepresenting, suppressing or not disclosing one or more material facts relevant to the financial decision, transaction or perception of the decision maker.
- Accepting or seeking anything of material value from contractors, vendors or persons providing services / materials to the Company.
- Destruction, removal or inappropriate use of records, furniture, fixtures and equipment.
- Inflating expense claims or over billing.
- Impropriety in handling or reporting money or financial transactions.
- Fraudulent job claims or settlement
- Any similar or related irregularity

5. Fraud Risk Management Framework

NGILs FRM Framework will include identifying, measuring, managing, monitoring and reporting of fraud risks.



6. FRAUD MANAGEMENT

Fraud Management Strategy will focus on fraud prevention, detection and proactive approach towards mitigating fraud risk. Key components of an effective strategy to mitigate fraud risk are set out below: -

- **Risk Identification**
Execution of a Fraud Risk Assessment to understand NGIL and its subsidiaries inherent fraud risks.
- **Prevention**
Implementation of risk-based fraud prevention controls
- **Detection**
Implementation of risk based, proportionate fraud detection controls
- **Investigation**
Design and implementation of a Fraud Response Plan (FRP) which sets out amongst other things responsibility for different types of Fraud investigations.
- **Reporting and Recording**
Implementation of documented fraud reporting requirements which are transparent and accurate.
- **Roles and responsibilities**
Documentation and implementation of clear roles and responsibilities related to Fraud Risk management.

6.1 Fraud Prevention

Fraud prevention involves identifying the root cause of an inherent fraud risk through risk assessment and implementing effective controls to stop fraud before it happens. Following will form the basis for proactive fraud prevention strategy.

- Risk assessment to identify the inherent risks in the Company. Continuous monitoring of identified risks will be carried out as per the prescribed methodology.
- Periodical assessment whether mechanisms are sufficient to tackle or prevent fraud and implemented controls are effective or whether additional or more enhanced controls are required to achieve a robust control environment.
- Financial crime training and assessment will be conducted for all employees. Awareness among employees to be created through regular mailers, education series, message from leadership etc.
- A whistle-blower and speak-up policy are in place to enable confidential reporting of suspected fraud.

6.2 Fraud Detection

Detective controls are designed to detect a fraudulent activity in the Company. Some examples of the detective controls are segregation of duties, reconciliations, periodic audits, physical verifications, surprise checks and periodical evaluation of system controls and surveillance systems. Fraud detection will also be carried out through data mining, scrutiny of documents, employee screening, exception reporting, red flag monitoring, internal audit, risk monitoring, training and awareness and information sharing.

6.3 Reporting and Recording

NGIL will have defined internal reporting and recording procedures. Employees are expected to report suspected violation of policies through whistle blower mechanism or speak up. The reporting can be in writing with or without revealing the identity of the reporter as defined in the speak up or whistle-blower policy. The individual who reports a fraud should be made aware 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.

The person to whom the fraud or suspected fraud has been made must maintain confidentiality with respect to the reporter and such matter should under no circumstances be discussed with any unauthorised person.

All reports of such matter shall be handled with utmost speed and shall be co-ordinated by CRO. Officer receiving input shall ensure that all relevant records, documents and other evidence is being immediately taken to custody and being protected from being tampered with, destroyed removed by suspected perpetrators of fraud or by any other official under his influence.

Fraud events will be reported and presented to the Audit Committee and the Board of Directors. The report will detail statistics of fraud cases, summary on key cases identified, loss amount, resolution and action etc.

Necessary support and information on fraud as required shall be made to the law enforcement agencies as and when required.

7. INVESTIGATOIN OF FRAUD/SUSPECTED FRAUD

The Chief Risk Officer shall conduct preliminary investigation of any suspected fraud. After completion of investigation, due and appropriate action which would include administrative or disciplinary action, civil or criminal action or closure of the matter it is proved that fraud is not committed etc. depending on the outcome of the investigation shall be undertaken.

Authorization for Investigating Suspected Fraud

Members of the Investigation team will have:

- Free and unrestricted access to all Company records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.
- Employees under investigation may be asked not to enter Company premises or to access any Company web pages, drives or links either personally or through colleagues or other means, until the investigations are complete.

- Company reserves the right to question the employee's colleagues, friends, relatives, associates, outside service providers, etc., whom the Company or its investigating team suspects of their involvement.

8. RESPONSIBILITY FOR FRAUD PREVENTION

Every employee (including part time, contract, adhoc), representative of vendors, suppliers, contractors, consultants service providers or any other agency doing any type of business with NGIL and its subsidiaries is expected and shall be responsible to ensure that there is no fraudulent act being committed in their area of responsibility/control. As soon as it is learned that a fraud or suspected fraud has taken place or likely to take place, they should immediately appraise the same to the concerned officer as per the procedure.

It is the responsibility of function heads to ensure that there are mechanisms in place within their area of control to: -

- a) Familiarise each employee with the types of improprieties that may occur in their area.
- b) Educate employees about fraud prevention and detection.
- c) Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge without any fear of victimisation.
- d) Promote awareness of ethical principles of the Company through trainings/standing orders etc.

Due amendments shall be made in the General Terms and conditions of contracts in the organisation wherein all bidders/service providers/vendors/consultants etc. shall be required to certify that they would adhere to the fraud prevention policy of NGIL and will not indulge in fraudulent activities and would immediately appraise the organisation of the fraud/suspected fraud as soon as it comes to their notice.

9. DISCIPLINARY ACTION

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

- I. An employee who will be found to be engaged in any form of fraud will be subjected to disciplinary action including termination.
- II. An employee who suspects or discovers fraudulent activity and fails to report the same as required by this policy or an employee who intentionally reports false or misleading information will be liable to disciplinary action including termination.
- III. If an employee intentionally reports false or misleading information so as to misguide the investigation will also be liable to disciplinary action.

If an investigation results in a recommendation to terminate an individual, the recommendation from the Investigating team will be reviewed for approval by Human Resources and the Legal Department and, if necessary, by outside counsel, before any such action is taken. The decision to terminate an employee is made by the Management.

Special Circumstance and Exception

Any Deviation to this policy has to be approved by Management. Any changes to the policy have to be approved by Managing Director.

10. RECOVERY OF LOSS

Upon detection of fraud, the management should make all efforts possible to recover the loss amount involved. Action for recovery may include recovery from the concerned employee/customer/vendor/agent and initiating legal action like filing of recovery suits wherever feasible. Any settlement of fraud or legal suit shall be made based on a legal opinion and with the approval of the Board of Directors.

11. ADMINISTRATION AND REVIEW OF POLICY

Chief Risk Officer in consultation with Managing Director, Chief Financial Officer, Chief Human resource officer and compliance officer shall be responsible for the administration, interpretation, application and revision of this policy. The policy will be review and revised as and when it is needed.
