

NANGALIA STOCK BROKING PRIVATE LIMITED

Fraud Prevention Policy

BACK GROUND

The Fraud Prevention policy has been framed to establish a system for prevention , detection, investigation and reporting of fraud, against Nangalia Stock Broking Private Limited keeping in view the following objectives:

- To establish procedures and controls that will aid in the detection and prevention of fraud
- To provide guidance to Nangalia Stock Broking Private Limited employees in fraud prevention, identification and detection
- To develop internal controls and to investigate frauds
- To promptly record frauds and report frauds, as required, to Stock Exchanges, Regulators and other agencies
- To provide necessary training to Nangalia Stock Broking staff

SCOPE OF POLICY

This policy applies to any fraud, or suspected fraud, involving employees as well as outside agencies and Persons having Business Relationship with Nangalia Stock Broking Private Limited.

OBJECTIVE OF POLICY

The Policy has been established to outline the requirements for the development of controls that will assist in the detection, prevention and management of Fraud.

This Policy must be applied to any Fraud, or suspected Fraud, involving any member of the Boards of Directors, the Chief Executive Officers, the Management teams or staff of Nangalia Stock Broking Private Limited.

The Policy is designed to fulfill the following objectives:

- Maintain the highest standard of ethics, professional conduct and fiduciary duty & responsibility;

- Protect Nangalia Stock Broking Private Limited's funds and other assets;
- Secure Nangalia Stock Broking Private Limited's businesses;
- Protect the reputation of Nangalia Stock Broking Private Limited and its employees.

THE POLICY

This document outlines Nangalia Stock Broking Private Limited's policy concerning fraud and provides guidelines for the implementation and enforcement of Nangalia Stock Broking Private Limited Fraud Prevention Policy referred to hereinafter as the 'Policy'. This policy and any future amendments are subject to the Board of Directors' approval.

The company shall follow the policy at all levels. Each member of the management team will 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.

The Internal Audit Department of the company shall be responsible for the detection of frauds during the course of its Internal Audits and reporting thereof and to recommend necessary internal controls for fraud prevention. The frauds being detected during the course of audit by the internal auditors shall be covered in the scope of Executive Summary report of the Internal Audit Department and shall be placed before the Directors for further direction.

Any irregularity that is detected or suspected by any staff member or the management team must be reported immediately to the Directors of the Company, who shall in turn investigate the matter in detail and decide the future course of action including reporting thereof and the imposition of penalties on the involved staff members or change in the system and controls, in consultation with the Managing Director, Operations Head or other departmental heads, as may be required. Information concerning the status of an investigation will be kept confidential. The complainant or the staff who detects the fraud in the course of his office duties shall be instructed:

- Not to contact the suspected individual directly, so as to determine facts.
- Not to discuss the case, facts, suspicions, or allegations with any other person

Nangalia Stock Broking Private Limited shall abide by regulatory guidelines and fraud reporting requirements, prescribed by the Regulatory Authorities.

ACTIONS CONSTITUTING FRAUD

A Fraud is a willful act intentionally committed by an individual by deception, suppression, cheating or any other fraudulent or any other illegal means, thereby, causing wrongful gain to oneself or to any other individual and wrongful loss to others. Some examples of fraudulent activity are:

- Misappropriation of funds, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Company.
- Misappropriation and criminal breach of trust
- Fraudulent cash meant through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property
- Unauthorised credit facilities extended for reward or for illegal gratification.
- Negligence and cash shortages
- Cheating and forgery
- Irregularities in foreign exchange transactions
- Any other type of fraud not coming under the specific heads as above.
- Cases of 'negligence and cash shortages' and 'irregularities in foreign exchange transactions' are to be reported as fraud if the intention to cheat / defraud is suspected / proved.
- In the following cases where fraudulent intention is not suspected / proved, at the time of detection, the matter will be treated as fraud and reported accordingly:(a)

DETECTION AND INVESTIGATION OFFRAUD

The Head (Internal Audit) has the primary responsibility for the detection / investigation of all actual / suspected fraudulent acts as defined in the policy. However, the responsibility of reporting of any fraud shall not be limited to the Head of the Internal Audit Department, and any person/employee of the company who comes across any fraudulent activity shall promptly report the activity to the Internal Audit Department, to avoid occurrence of any fraud.

The person detecting the fraud or the investigating team must ensure proper procedures

so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway. An employee who discovers or suspects fraudulent activity will inform the Director immediately.

(a) FRAUD INVESTIGATION PROCEDURE

The Internal Audit Head shall, on the receipt of any complaint pertaining to fraud assess the facts reported (preliminary review) in order to understand the possible level (internal/external, level of the internal staff involvement, etc.) and the extent of any potential breach, as well as the severity of the case reported. He shall, on the basis of the primary enquiry decide the further course of action to be carried out and shall commence the investigation in consultation with the Managing Director and other related departments. During the course of Investigation the following procedure shall be adopted:

- Obtain copy of concern/complaint or reported breach;
- Identify, secure and gather data in whatever form, including the changing of locks and system access (where necessary and/or applicable);
- Obtain and analyze documents;
- Conduct initial validation of the information received to understand whether or not the claims are valid
- Perform data analytics on structured/unstructured data;
- Interview relevant internal and external individuals, document the interview and obtain their acknowledgement on the facts;
- Secure documents and relevant evidence related to the suspected Fraud, such as contents of the suspect's office or workstation, personal computer, diary and files including all personal documents, where possible/applicable;
- Securing / preserving the various related documents such as documents pertaining to testing procedures, financial data records, records of interviews and testimonies, consultation memo, related emails or other correspondences etc.
- Securing evidence – documents/evidence must be protected so that nothing is destroyed and so that they are admissible in legal proceedings.

(b) REPORTING, RECORDING AND MONITORING OF FRAUDULENT ACTS

The frauds being detected and investigated by the internal auditors shall be covered in the

scope of Executive Summary report of the Internal Audit Department and shall be placed before the Director's.

(c)PENALTIES ON STAFF INVOLVED IN FRAUD

If after investigation, it is found that the staff member was involved in the fraud, strict

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action shall be taken against the culprits. The amount involved in fraud, as per the report of the Internal Audit Department, shall be recovered from the staff directly involved in fraud.

FRAUD PREVENTION

Through this policy the company shall strive to adopt a preventive approach for identifying, analysing and managing the risk of Fraud. The company shall follow zero tolerance to Fraud, at all levels. The company shall take steps to prevent the occurrence of fraud by :

- Performing background checks, and verifying documents pertaining to borrowers, employees and others with whom Nangalia Stock Broking Private Limited has a business relationship

ADMINISTRATION

The Director's of Nangalia Stock Broking Private Limited will oversee the administration, interpretation, and application of this policy. Any revision of this policy shall be placed before the Board of Directors for approval.

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