

PIPAVAV RAILWAY CORPORATION LIMITED

ANTI FRAUD POLICY

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ANTI FRAUD POLICY

I. BACKGROUND

This document sets forth an anti fraud policy to enforce controls and to aid in prevention and detection of fraud in the Company. The intent of the policy is to promote consistent legal and ethical organizational behavior by assigning responsibility for the development of controls, and providing guidelines for reporting and conduct of investigations of suspected fraudulent behavior.

II. SCOPE OF POLICY

This policy applies to any fraud or suspected fraud *in Pipavav Railway Corporation Limited* (also called PRCL), involving employees (including contractual employees).

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position / title, or relationship with PRCL.

III. OBJECTIVES OF POLICY

The policy has been framed to enforce controls so as to provide a system of detection and prevention of fraud, reporting of any fraud or suspected fraud and appropriate dealing of issues relating to fraud. The policy aims to ensure and provide for the following:-

- (i) To ensure that management is aware of it's responsibility for detection and prevention of fraud, and for establishing procedures for preventing fraud and / or detecting fraud when it occurs;
- (ii) To provide a clear guidance to all employees and others dealing with PRCL forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity;
- (iii) Any fraud that is detected or suspected must be reported immediately to the Nodal Officer designated for the purpose of co-ordination of preliminary investigation.
- (iv) To conduct investigations into fraudulent activities.

IV. 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 the

company and 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.

V. ACTIONS CONSTITUTING FRAUD

The terms fraud or suspected fraud refers to but not limited to:-

- (i) Forgery of any document or account belonging to PRCL with ulterior motive.
- (ii) Forgery of a cheque, bank draft, or any other financial instrument, financial document and personal claims, etc. with ulterior motive.
- (iii) Misappropriation of funds, securities, supplies, or other assets, etc.
- (iv) Willful suppression of facts/ deception in matters of appointments, placements, tender committee recommendations, entity and project appraisal, submission of reports, etc. as a result of which a wrongful gain(s) is made to one and /or wrongful loss(s) is caused to the others.
- (v) Utilizing Company funds for personal purposes.
- (vi) False claims from company to induce unfair advantages.
- (vii) Authorizing or receiving payments for goods not supplied or services not rendered.
- (viii) Destruction, disposition, suppression, removal of records or any other assets of PRCL 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.
- (ix) Impropriety In the handling or reporting of money or financial transactions.
- (x) Profiteering as a result of insider knowledge of company activities.
- (xi) Disclosing information to outside parties.
- (xii) Any similar or related inappropriate conduct.

VI. OTHER INAPPROPRIATE CONDUCT

Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct should be resolved by Human Resources Unit rather than Nodal Officer.

If there is any question as to whether an action constitutes fraud or not, the Nodal Officer may be contacted for guidance.

VII. REPORTING PROCEDURE:

An employee or other person having business relationship with PRCL, on discovery of fraud or suspected fraud must report it to the designated Nodal Officer. The matter may be reported in writing. If an employee or other person is not willing to report it in writing, he or she may get his / her statement recorded before the Nodal Officer. The Nodal Officer shall maintain the details of identity of the official / employee / other person reporting such fraud.

The Nodal Officer shall maintain confidentiality about the identity of reporting individual and under no circumstances would discuss it with any unauthorized person. PRCL will not tolerate any form of retaliation against individuals providing information concerning fraud or suspected fraud. PRCL shall provide protection to the complainant / individual providing information concerning fraud or suspected fraud against victimization.

The Nodal Officer will act expeditiously upon such reporting and ensure that all relevant records and documents and other evidences are taken into custody or protected from being tampered with, destroyed or removed by the suspected persons / officials.

On receipt of the report, reporting individual would be informed of the following by the Nodal Officer in writing:-

- (i) Do not contact the suspected individual in an effort to determine facts or demand restitution.
- (ii) Observe strict confidentiality. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Nodal Officer.

VIII. (A) INVESTIGATION OF FRAUD / SUSPECTED FRAUD:

It will be the primary responsibility of Nodal Officer to conduct the preliminary investigation. The employee who reports the suspected fraud should not attempt to conduct investigation personally. He / she should not interview or interrogate any person related to the suspected fraud.

The Nodal Officer or any other employee involved in the investigations of suspected fraud shall keep the content of investigative activity strictly confidential. Investigation results shall not be disclosed to or discussed with anyone other than those who have a legitimate need to know this.

The Nodal Officer shall make every effort to protect the rights and the reputations of everyone involved in a report of suspected fraud, including the individual who in good faith alleges perceived misconduct, as well as the alleged violator(s).

If Nodal Officer determines that a report is not credible or is not a report of fraud, he/she shall document this determination. The Nodal Officer's documentation shall include support for this determination.

If the preliminary investigation substantiates the fraudulent activities, the Nodal Officer will prepare an incident report and send it to the Managing Director for approval and for sending it to Vigilance Unit for further investigation.

After completion of the investigation by the Vigilance Department, due & appropriate action which could include administrative action, disciplinary action, reporting to the Board / Audit Committee, 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 with the approval of the competent authority.

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

(B) TIME LIMITS FOR THE PRELIMINARY AND FINAL INVESTIGATION

The following are the time limits for completing the preliminary and final investigation of report of fraud / suspected fraud:-

(i) Preliminary Investigation

The Nodal Officer will complete the Preliminary investigation and submit the investigation report not later than 10 days from the date of report of fraud / suspected fraud. In case Nodal Officer is not able to complete and submit the investigation report in 10 days, he has to record the reasons for delay and may seek an extension for 5 days from Managing Director. However, under exceptional circumstances the extension beyond fifteen days, for a period as permitted by the Managing Director.

(ii) Approval of Managing Director

The Managing Director will accord approval for final investigation by Vigilance Unit normally in 10 days from the date of receipt of preliminary investigation report.

(iii) Final Investigation

The Vigilance Unit will complete the final investigation and submit investigation report within two months from the date of submission of Preliminary Report to the Vigilance Unit or such extended period as Managing Director may permit.

IX. DISCIPLINARY ACTION:

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

- (i) An employee who is engaged in any form of fraud is subject to disciplinary action.
- (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 is subject to disciplinary action.
- (iii) An employee of the department in which fraud is committed does not pass immediately to the Nodal Officer (in case Nodal Officer is not on duty to Vigilance Officer) each and every report of suspected fraud made by an employee or other person, is subject to disciplinary action.

X. FRAUD PREVENTION

- (i) The Management shall ensure detection and prevention of fraud by establishing procedures, checks and controls to prevent fraud and detect fraud as and when it occurs.
- (ii) In addition to the above, the Management will be responsible to –
 - a) Educate employees with types of improprieties that might occur in their area;
 - b) Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization;
 - c) Promote employee awareness of ethical principles subscribed to by the Company through Conduct & Disciplinary Appeal Rules.
- (iii) PRCL will send employees for attending training programmes, seminars and workshops on detection and prevention of fraud.

XI. MIS REPORT

All information relating to all frauds proved in the final investigation and accepted by the Managing Director should be reported to Audit Committee.

XII. ADMINISTRATION OF THE POLICY:

Nodal Officer of PRCL is responsible for administration, interpretation, application and periodical review of this policy. However, the decision of Managing Director will be final in case of difference in the interpretation of any of the clauses in the Policy.

Further, the Managing Director is empowered to approve any amendment in the policy recommended by the Nodal Officer. However, such amendment(s) may be informed to the Audit Committee / Board of Directors in the next meeting.

CHIEF ETHICS OFFICER : SHRI Y K TRIPATHI
EXECUTIVE VICE PRESIDENT

NODAL OFFICER : SMT. LEENA NARWAL
COMPANY SECRETARY