

Ascend Telecom Infrastructure Private Limited



FRAUD PREVENTION & DETECTION POLICY

1. Legal Background

The corporate policy for fraud prevention & detection is established to facilitate the development of controls which will aid in the detection and prevention of fraud against Ascend. It is the intent of Ascend to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Fraud is defined by section 17 of the Indian Contract Act 1872. The definition is quite exhaustive. According to section 17, fraud means and includes any of the following acts done with intent to deceive or to induce a person to enter into a contract:

- a) The suggestion that a fact is true when it is not true and the person making the suggestion does not believe it to be true;
- b) Active concealment of a fact by a person who has knowledge or belief of the fact;
Promise made without any intention of performing it ;
- c) Any other fact fitted to deceive;
- d) Any such act or omission as the law specially declares to be fraudulent.

Reserve Bank Of India has defined fraud as "All instances wherein Banks have been put to loss through misrepresentation of books of accounts, fraudulent encashment of instruments like cheques, drafts and bills of exchange, unauthorized handling of securities charged to banks, misfeasance, embezzlement, theft, misappropriation of funds, conversion of property, cheating, shortages, irregularities etc."

Section 25 of Indian Penal Code "a person is said to have done thing fraudulently if he did that thing with intent to defraud but not otherwise." Hence fraud can be interpreted as "an act of criminal deception carried out singly or in collusion with others with a view to deriving gains to which one is not legally entitled.

Some of the most frequently quoted sections in the 2013 Act are the Section 447 to 453 dealing with Punishment for fraud, False Statement, False Evidence, Repeated Defaults, wrongful withholding of property etc. The term fraud is a commonly used one, but the new law for company has a clear

explanation for the term “fraud”, which is explained below:

“fraud” in relation to affairs of a company or anybody corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its

shareholders or its creditors or any other person, whether or not there is any wrongful gain or

Interestingly the law also explains the terms “any wrongful gain or wrongful loss”, which runs as under: wrongful loss.” “wrongful gain” means the gain by unlawful means of property to which the person gaining is not legally entitled;

2. POLICY OBJECTIVES

The "Fraud Prevention & Detection Policy" has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. The policy will ensure and provide for the following: -

- A. To 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.
- B. To provide a clear guidance to employees and others dealing with Ascend forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
- C. To conduct investigations into fraudulent activities.
- D. To provide assurances that any and all suspected fraudulent activity will be fully investigated.

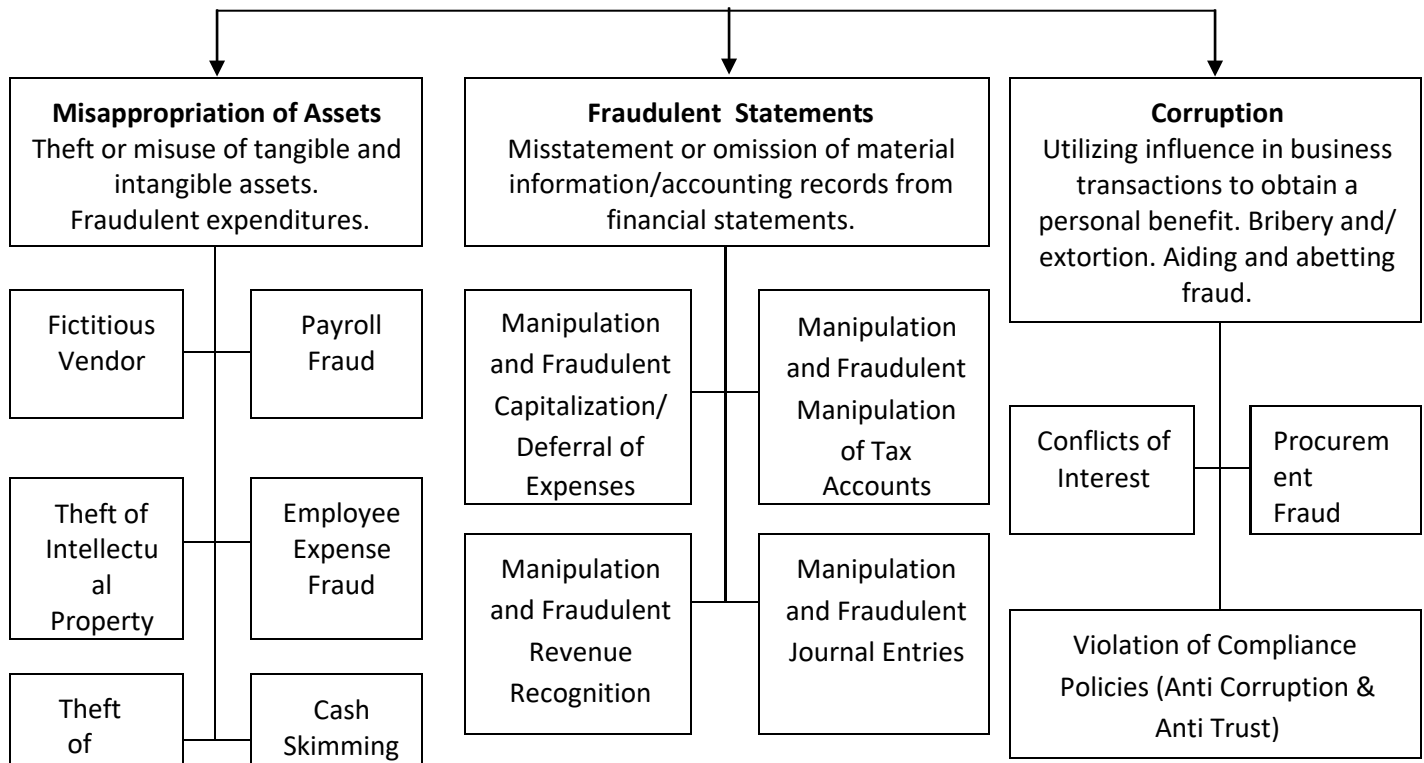
3. ACTIONS CONSTITUING FRAUD

The following are some of the act(s) which constitute fraud. The list given below is only illustrative and not exhaustive:-

- A. Forgery or alteration of any document or account belonging to the Company.
- B. Forgery or alteration of cheque, bank draft or any other financial instrument etc.
- C. Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
- D. Falsifying records such as pay-rolls, removing the documents from files and /or replacing it by a fraudulent note etc.
- E. 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.
- F. Utilizing Company funds for personal purposes.
- G. Authorizing or receiving payments for goods not supplied or services not rendered.
- H. 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.
- I. Any other act that falls under the gamut of fraudulent activity

Types of Fraud

Fraud Schemes



4. RESPONSIBILITY FOR FRAUD PREVENTION

- A. Every employee (full time, part time, temporary, contract), representative of vendors, suppliers, contractors, consultants, lenders, borrowers, service providers or any other agency(s) doing any type of business with Ascend, is expected and shall be responsible to ensure that there is no fraudulent act being committed in their areas of responsibility/control. As soon as it is learnt that a fraud or suspected fraud has taken or is likely to take place they should immediately apprise the same to the concerned HOD as per the procedure.
- B. All HODs shall ensure prevention and detection of fraud and implementation of the policy of the company for the same. HODs shall ensure that there are mechanisms in place within their area of control.

C. All HODs are responsible for –

- i. Familiarize each employee with the types of improprieties that might occur in their area.
- ii. Educate employees about fraud prevention and detection.
- iii. Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.
- iv. Promote employee awareness of ethical principles

D. Due amendments shall be made in the general conditions of contracts, sanctions, loan/ subsidy/ grant agreements of the organization wherein all bidders/ service providers/ vendors/ lenders/ borrowers /consultants etc. shall be required to certify that they would adhere to the Policy For Fraud prevention & Detection of Ascend and not indulge or allow anybody else working in their organization to indulge in fraudulent activities and would immediately apprise the organization of the fraud/ suspected fraud as soon as it comes to their notice.

E. These conditions shall form part of documents both at the time of submission of bid/ loan/ subsidy/grant application and agreement of execution of contract/ loan/ subsidy/ grant.

5. REPORTING OF FRAUD

A. Any employee, representative of vendors, suppliers, contractors, lenders, borrowers, consultants, service providers or any other agency(s) doing any type of business with Ascend 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 Circle Head/ZBH/CXO/Functional Head. If, however, there is shortage of time such report should be made to the immediate FH/CXO whose duty shall be to ensure that input received is immediately communicated to the CPO/CEO.

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 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 unauthorized person.

B. All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by the Management / the officer nominated by the management.

- C. On receiving input about any suspected fraud, officer In-charge / FH/ZBH 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.

6. INVESTIGATION PROCEDURE

Designated Officer / FH

The Designated Officer / FH/CPO shall carry out preliminary investigation. The employee who reports suspected dishonest or fraudulent activity should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

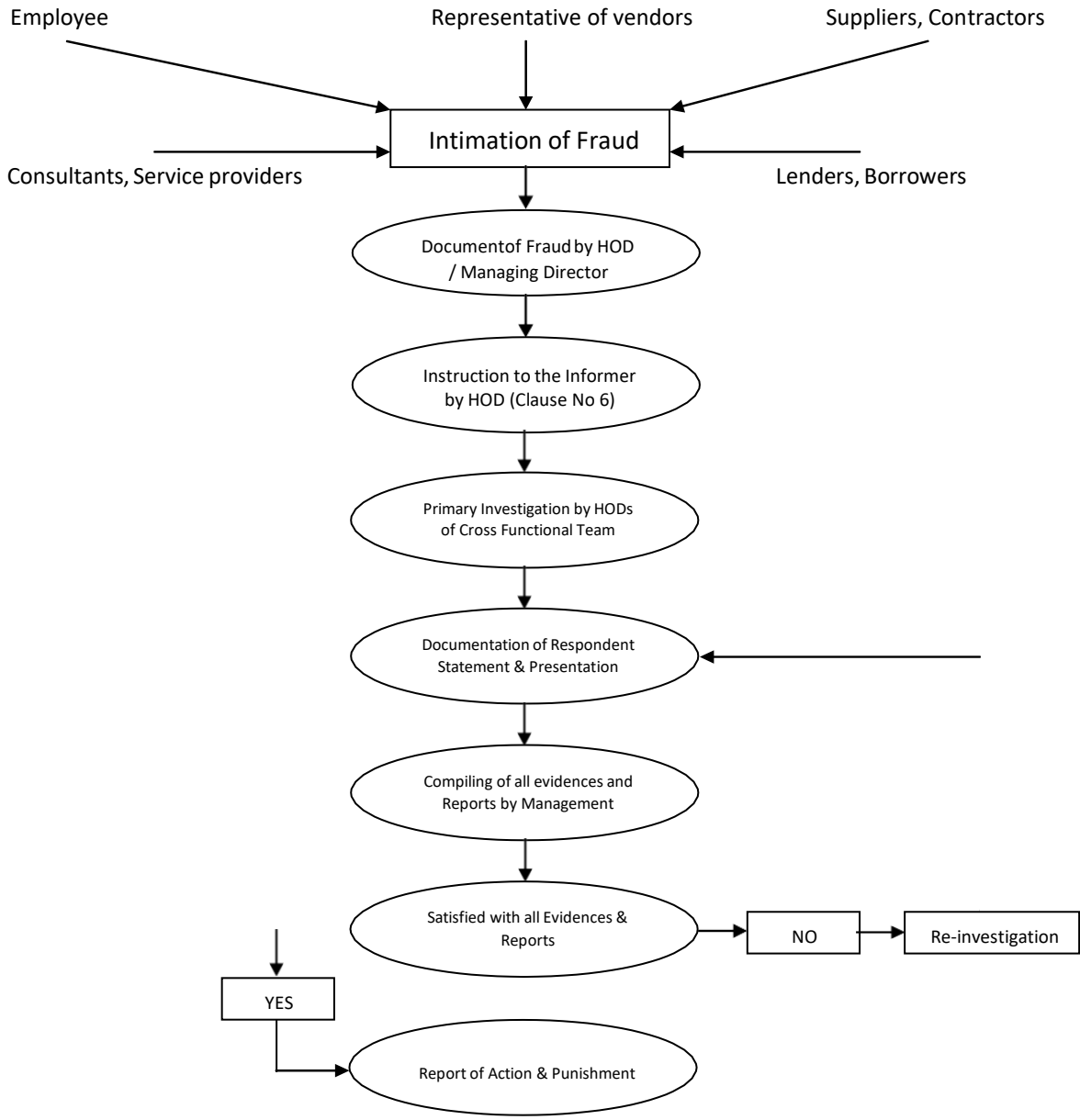
The reporting individual should be informed of the following:

- 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 by the Designated Officer or the FH/CPO.
- The Designated Officer shall treat all information received confidentially. Great care must be taken in the investigation of suspected improprieties.
- If the preliminary investigation of the Designated Officer / FH/CPO substantiates that fraudulent activities have occurred, the Officer / FH/CPO shall seek approval of the competent authority and, refer the details of the Fraud/ suspected fraud to the Management of Ascend, for further appropriate investigation and needful action.

Management

The Management is responsible for the smooth implementation of the enquiry by cross functional Heads, compilation of Enquiry report, evidences, justification & presentation from the respondent and final decision.

7. FLOW CHART OF FRAUD REPORTING & INVESTIGATION



8. ACTIONS AFTER FRAUD DETECTION & PROVE

Investigation based action will be initiated