



MECON LIMITED
RANCHI - 834 002

Sub: Fraud Prevention Policy of MECON Limited.

1. BACKGROUND:

Over the years MECON has implemented various policies, procedures and systems to guide MECON employees within and outside the organization for efficient functioning in a fair & transparent manner. Most of these have been formalized in the form of policy documents. These systems have been designed to ensure that officials dealing and undertaking transactions conduct the same in a transparent & uniform manner. Towards furthering these efforts, it is considered appropriate to develop and implement a Fraud Prevention Policy in the Company. The Fraud Prevention Policy shall also form a part of internal control mechanism of the Company.

The Fraud Prevention Policy envisages to put in place a mechanism for employees of MECON to report to the Management about actual or suspected fraud or violation of conduct rules leading to fraud.

Further, statutory auditors of the company are required to comment on the Fraud Prevention Policy of the company in their report to the Comptroller and Auditor General of India (C&AG) on the annual accounts of the company given in compliance of the provisions of Section 619(3) of the Companies Act, 1956.

In light of the Government Guidelines on Corporate Governance for CPSEs, 2010 also, it is desirable to have a Fraud Prevention Policy formulated and implemented.



MECON LIMITED
RANCHI - 834 002

The policy statement is given below for implementation with immediate effect:

2. POLICY OBJECTIVES:

- 2.1 The “Fraud Prevention 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:-
- i. To ensure that management is aware of its responsibilities for detection and prevention of fraud and establishing procedures for preventing fraud and/or detecting fraud when it occurs.
 - ii. To provide a clear guidance to management including all employees and others dealing with MECON forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
 - iii. To conduct investigations into fraudulent activities or suspected fraudulent activities.
 - iv. To provide assurance that any and all suspected fraudulent activity/activities duly reported will be fully investigated.
 - v. To provide training on fraud detection and prevention.
- 2.2 Persons who are informant under this Policy shall be provided protection from any kind of unfair treatment / victimization.

In case any informant is providing false information with the intention to harass and create unwarranted problem for any employee(s) or to get direct or indirect benefit for self, such employee(s) needs to be protected to boost the morale and appropriate disciplinary action may be initiated against the informant for instigating false information as per the applicable conduct rules and in case of outsiders (other than employees) appropriate legal action may be taken.

- 2.3 The above guidelines will not be in conflict with the guidelines issued by the Central Government/ Department of Public Enterprises and Central Vigilance Commission as amended from time to time.



MECON LIMITED
RANCHI - 834 002

3. SCOPE OF POLICY:

The policy applies to any fraud, or suspected fraud including that related to information technology involving employees of MECON (all employees as defined in the Establishment Manual of the Company including a person on deputation to the Company and also those deployed through agency) as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency/agencies doing any type of business with MECON.

4. DEFINITIONS:

- 4.1 **“Company”** means MECON Limited.
- 4.2 **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act, 1956. Now the provisions of Sec 177 of the new Companies Act, 2013 will be applicable.
- 4.3 **“Competent Authority”** means the Chairman cum Managing Director (CMD) of the Company and will include any person(s) to whom he may delegate any of his powers as the Competent Authority under this policy from time to time. In case of conflict of interest (CMD being the Subject), Competent Authority shall mean Chairman of the Audit Committee.
- 4.4 **“Employee”** means an employee of the Company as defined in the Establishment Manual of the Company including a person on deputation to the Company and also those deployed through agency.
- 4.5 **“Fraud”** in relation to the affairs of the Company 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 interest of the Company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss.
- 4.6 **“Wrongful gain”** means the gain by unlawful means of property to which the person gaining is not entitled.
- 4.7 **“Wrongful loss”** means the loss by unlawful means of property to which the person losing is legally entitled.
- 4.8 **“Investigators”** mean those persons authorized, appointed, consulted or approached by the Chairman cum Managing Director / Competent Authority in connection with conducting investigation into a protected disclosure and includes the Auditors of the Company.

5. ACTIONS CONSTITUTING FRAUD:

While fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitute fraud.



MECON LIMITED
RANCHI - 834 002

The list given below is only illustrative and not exhaustive:-

- i. Forgery or alteration of any document or account belonging to the Company
- ii. Forgery or alteration of cheque, bank draft or any other financial instrument etc. related to dealings with the company.
- iii. Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
- iv. Falsifying records such as pay-rolls, removing the documents from files and/or replacing it by a fraudulent note etc.
- v. Willful suppression of facts/deception in matters of appointment, placements, submission of reports, recommendations of tender recommendation committee etc. as a result of which a wrongful gain(s) is made to one and wrongful loss(s) is caused to the others.
- vi. Utilizing Company funds for personal purposes.
- vii. Authorizing payments for goods not supplied and/or services not rendered.
- viii. 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.
- ix. Claiming reimbursement without having incurred corresponding expenditure.
- x. Information Technology related fraud.
- xi. Any other act that falls under the gamut of fraudulent activity.

6. NODAL OFFICER

Unless otherwise notified, Chief Vigilance Officer of the Company shall be the 'Nodal Officer' for the purpose of this Policy.

7. REPORTING OF FRAUD:

- i. Any employee (as defined in the Establishment Manual of the Company) including a person on deputation to the Company and contract employees, representative of vendors, suppliers, contractors, consultants, service providers or any employee of other agency/agencies doing any type of business with MECON, as soon as he/she comes to



MECON LIMITED
RANCHI - 834 002

know of any fraud or suspected fraud or any other fraudulent activity must report such incident(s). Such reporting shall be made to the designated Nodal Officer. The reporting of the fraud normally should be in writing. In case the informant 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 Nodal Officer or an officer nominated by the Nodal Officer authorized to receive the information/ shall record such details in writing as narrated by the informant and shall 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 informant and such matter should under no circumstances be discussed with any unauthorized person.

Address of the Nodal Officer shall be as given below:

Chief Vigilance Officer & Nodal Officer (Fraud Prevention Policy),
MECON Limited,
Ranchi – 834002.

- ii. All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by the Nodal Officer or the officer nominated by the Nodal Officer for the purpose.
- iii. Nodal Officer/the Officer authorized to receiving input about any suspected fraud shall ensure that all relevant records documents and other evidence are being immediately taken into custody for investigation and being protected from being tampered with, destroyed or removed by suspected perpetrator(s) of fraud or by any other official under his/ their influence.
- iv. Records, Reports etc. of the complaints received shall be retained by the Nodal Officer for a minimum period of 7 years.

8. INVESTIGATION PROCEDURE:

- i. The "Nodal Officer" shall act as co-ordinator and shall refer the details of the fraud/suspected fraud to the Vigilance Department of the Company immediately.

The files / documents taken into custody shall be securely kept by the Nodal officer or an officer authorised by him/her. In case the files/documents are required back by the concerned Section/Department for their current use, the Nodal Officer shall take copies of the documents/ papers for their investigation. Certification of those copies if required by the Nodal Officer shall be done by the custodian of the Document i.e. Section Incharge.



MECON LIMITED
RANCHI - 834 002

- ii. The “Nodal Officer” shall as deemed fit, direct the Vigilance Department of the Company at Head Office for further investigation.
- iii. This input would be in addition to the intelligence, information and investigation of cases of fraud being investigated by the Vigilance Department of their own as part of their day to day functioning.
- iv. After completion of the investigation, due & appropriate action, which could include administrative action, disciplinary action, 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.
- v. Vigilance Department shall apprise the “Nodal Officer” of the outcome of the investigation undertaken by them. There shall be constant coordination maintained between the Vigilance Department and the Nodal Officer at Head Office in this regard.

9. RESPONSIBILITY FOR FRAUD PREVENTION:

- i. Every employee (as defined in the Establishment Manual of the Company) including a person on deputation to the Company and Contract employees, representative(s) of vendors, suppliers, contractors, consultants, service providers or any employee of other agency/agencies doing any type of business with MECON, 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 comes to their knowledge that a fraud or suspected fraud has taken place or is likely to take place, they should immediately apprise the same to the concerned as per the procedure.
- ii. All controlling officers shall share the responsibility of prevention and detection of fraud and for implementing the Fraud Prevention Policy of the Company. It is the responsibility of all controlling officers to ensure that mechanisms is in place within their area of control to:-
 - a. Familiarize each employee with the types of improprieties that might occur in their area.
 - b. Educate employees about fraud detection and prevention including IT fraud such as phishing , etc.
 - c. Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.



MECON LIMITED
RANCHI - 834 002

- d. Promote employee awareness of ethical principles subscribed to by the Company through CDA Rules;
- iii. Due amendments shall be made in the general conditions of contract of the organization and similar such document wherein all bidders/service providers/ vendors/consultants etc. shall be required to certify that they would adhere to the Fraud Prevention Policy of the Company and would not indulge or allow anybody else working in their organization to indulge in fraudulent activities and would immediately apprise the Company of the fraud/suspected fraud as soon as it comes to their notice.

These conditions shall form part of documents both at the time of submission of bid and agreement of execution of contract/purchase order/work order etc.
- iv. Computer / IT related frauds could be of diverse types and the means adopted could keep on changing from time to time. These need to be addressed very strongly by adopting measures like password controls, frequent change of passwords, installing effective internet tools like firewall and antivirus, exercising caution in downloading softwares and resorting to other such measures as needed from time to time.

10. ADMINISTRATION AND REVIEW OF THE POLICY:

The Chairman-cum-Managing Director of the Company shall be responsible for the administration, interpretation, application and revision of this policy. The policy will be reviewed and revised as and when needed.