

NBPPL Fraud Prevention Policy

1.0 Back Ground

NTPC BHEL Power Projects Private Limited (NBPPL) is a Joint Venture Company of NTPC and BHEL, both leading Public Sector Companies of Government of India. The Company was registered on 28.4.2008 under the Indian Companies Act, 1956.

NBPPL has, since incorporation, put in place various policies, systems and procedures to ensure that all officials conduct the transactions in a transparent and uniform manner. Provisions of Section 143 of the Companies Act, 2013 requires auditors to report about the adequacy of internal financial controls in the Company and the operating effectiveness of such controls. The general direction issued by Comptroller and Auditor General of India (C&AG) vide circular No.294/CA-II/Cord/A/cs instructions/30-2008 dated 22.04.2010, auditors are required to comment on Risk of Frauds in their reports. All organizations are subject to risks of fraud. Frauds negatively impact the reputation and brand value of organization. Vigilant handling of fraud cases within organization sends clear signals to the stakeholders and regulators about the management attitude towards fraud risks and organizations fraud risk tolerance. All levels of management, staff, internal and external auditors have responsibility for dealing with fraud risk.

In the light of the foregoing and keeping the tenets of good corporate governance in view, it is appropriate that a Fraud Prevention Policy is formulated and implemented. The policy statement is given below for implementation with immediate effect.

2.0 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.

2.2 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 NBPPL, 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.
- (e) To provide training on fraud prevention and identification.

3.0 Scope of Policy

- (f) The policy applies to any fraud, or suspected fraud involving employees of NBPPL (all full time, part time or employees appointed on adhoc/temporary/contract basis, employees on deputation or secondment basis from Promoter Companies) as well as representatives of vendors, suppliers, contractors, consultants, lenders, service providers or any outside agency(ies) doing any type of business with NBPPL.

4.0 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 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 a bonafide decision which is not based on material facts.

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

- (a) Forgery or unauthorized alteration of any document or account belonging to the Company
- (b) Forgery or unauthorized alteration of cheque, bank draft, e-banking transactions 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, submitting fake claims or claims with altered documents/supporting, 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/assets for personal purposes or other than official purposes.
- (g) Authorizing or receiving payments for goods not supplied or services not rendered or verification and authorization/certification of bills for payment (goods/ services) without completion of supply / completion of works as per purchase order / work order.
- (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) Willful delay in reporting recoveries/ adjustments from suppliers / vendors bills.
- (j) Allowing/ unauthorized use of Company assets by outsiders like vendors/suppliers/sub-contractors.
- (k) Any other act that falls under the gamut of fraudulent activity.

6.0 Reporting of Fraud

- 6.1 Any employee (full time, part time or employees appointed on adhoc/temporary/contract basis, employees on deputation or secondment basis from Promoter Companies), representative of vendors, suppliers, contractors, consultants, service providers or any other agency (ies) doing any type of business with NBPPL 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 designated Nodal Officer.
- 6.2 If, however, there is shortage of time such report should be made to the immediate controlling officer whose duty shall be to ensure that input received is immediately communicated to the Nodal Officer.

- 6.3 Anonymous and Pseudonymous complaints received will not be entertained as a general rule. However, if the complaint is supported by verifiable facts/ evidence, the same may be acted upon after taking approval of MD.
- 6.4 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/Nodal Officer 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.
- 6.5 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.
- 6.6 All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer to be nominated. Officer receiving input about any suspected fraud or the nodal officer 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/her influence.

7.0 Investigation Procedure

- 7.1 The "Nodal Officer" shall, refer the details of the Fraud/suspected fraud to the Vigilance Department of NBPPL, for further appropriate investigation and needful action.
- 7.2 This input would be in addition to the intelligence information and investigation of cases of fraud being investigated by the Vigilance Department on their own as part of their day to day functioning.
- 7.3 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.
- 7.4 Vigilance Department shall apprise "Nodal Officer" of the results of the investigation undertaken by them. There shall be constant coordination maintained between the two till action is taken or closure of the case.

8.0 Responsibility for Fraud Prevention

- 8.1 Every employee (full time, part time, adhoc, temporary, contract, employees on deputation or secondment basis from Promoter Companies), representative of vendors, suppliers, contractors, consultants, service providers or any other agency (ies) doing any type of business with NBPPL, 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 as per the procedure.

8.2 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 there are mechanisms 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 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 victimization.
- (d) Promote employee awareness of ethical principles subscribed to by the Company through CDA Rules;

8.3 Due amendments shall be made in the general conditions of contracts of the organization wherein all bidders/service providers/vendors/consultants etc. shall be required to certify that they would adhere to the Fraud Prevention Policy of NBPPL 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. These conditions shall form part of documents both at the time of submission of bid and agreement of execution of contract.

9.0 Administration and review of the policy

Managing Director shall be responsible for the administration, interpretation, application and revision of this policy. The policy will be reviewed and revised as and when needed as and when required by the Managing Director under intimation to the Board of Directors of the Company.