



MUFIN GREEN FINANCE LIMITED

Formerly known as APM Finvest Ltd.

ANTI-FRAUD POLICY

Policy: Anti-Fraud Policy	Policy version: V.1
Date of issue: September 01, 2022	Authorized by: Board of Directors
Effective from: September 01, 2022	Adopted by: Board Resolution dated September 01, 2022

CIN : L65990RJ2016PLC054921



011-42610483



www.mufingreenfinance.com



connect@mufingreenfinance.com

Corporate office : 202, 2nd Floor, Best Sky Tower, Netaji Subhash Place, Pitampura, New Delhi -110034

Registered Office : SP-147, RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan-301019



INTRODUCTION

This document sets forth an anti-fraud policy to enforce controls and to aid in prevention and detection of fraud in the Mufin Green Finance Limited (herein after may referred “Company”). The intent of the policy is to promote consistent legal and ethical organizational behaviour by assigning responsibility for the development of controls, and providing guidelines for reporting and conduct of investigations of suspected fraudulent behaviour.

NEED OF THE POLICY

Fraud is a broad legal concept. Unlike error, fraud is intentional and usually involves deliberate concealment of the facts. It may involve directors, management, employees or third parties and may involve one individual or collusion.

Fraud can occur in organizations of any size or type and almost any person may be capable of committing fraud given the right set of circumstances. Today’s business environment is likely to increase vulnerability to fraud risk, due to technological advances, growing complexity of organizations, increasingly transient employees, amongst others.

Fraud is a significant business risk that needs to be managed like all other business risks. The risk of fraud can be reduced through a combination of prevention, deterrence and detection measures.

Since fraud may be difficult to detect because it often involves concealment through falsification of documents and collusion among staff or third parties, it is important to place a strong emphasis on fraud prevention, which reduces opportunities for fraud to take place, and fraud deterrence, which persuades individuals that they should not commit fraud because of the likelihood of detection and punishment.

SCOPE OF POLICY

This policy applies to any fraud or suspected fraud in Mufin Greene Finance Limited, involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and / or any other parties with a business relationship with Mufin Greene Finance Limited. Any investigative activity required will be conducted without regard to the suspected wrongdoer’s length of service, position/ title, or relationship with the Company.





OBJECTIVES OF THE POLICY

The 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: -

- 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.
- To provide a clear guidance to employees and others dealing with Mufin Green Finance Limited forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity has taken place.
- 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.
- To conduct investigations into fraudulent activities.

WHAT IS FRAUD?

Fraud is an operational risk. Generally speaking, it is defined as any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

Fraud encompasses a range of irregularities and illegal acts characterized by intentional deception or misrepresentation, which an individual knows to be false or does not believe to be true. Fraud is perpetrated by a person knowing that it could result in some unauthorized benefit to him/her or to another person and can be perpetrated by persons outside and inside the organization.

ACTIONS CONSTITUTING FRAUD

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

- i) Forgery or alteration of any document or account belonging to the Mufin Green Finance Limited.
- ii) Forgery or alteration of a cheque, bank draft, or any other financial instrument, financial document and personal claims, etc.
- iii) Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property.

CIN : L65990RJ2016PLC054921



011-42610483



www.mufingreenfinance.com



connect@mufingreenfinance.com



MUFIN GREEN FINANCE LIMITED

Formerly known as APM Finvest Ltd.

- iv) Willful suppression of facts/ deception in any matters as a result of which a wrongful gain(s) is made to one and /or wrongful loss(s) is caused to the others.
- v) Destruction, disposition, removal of records or any other assets of the Mufin Green finance Limited 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.
- vi) Impropriety In the handling or reporting of money or financial transactions.
- vii) Profiteering as a result of insider knowledge of company activities.
- viii) Misappropriation and criminal breach of trust.
- ix) Irregularities in foreign exchange transactions.
- x) Unauthorized credit facilities extended for reward or for illegal gratification.
- xi) Any other type of fraud not coming under the specific heads as above

Suspected improprieties concerning an employee's moral, ethical, or behavioural conduct, should be resolved by Human Resources Department 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.

CLASSIFICATION OF FRAUDS:

Frauds are mainly classified as Internal & External

(i) Internal frauds: where the frauds have been committed in connivance with some internal staff or systems and process have been mis-utilized by internal staff with the intention to defraud the company e.g.

- fraud committed by internal staff in connivance with external source,
- misuse of systems and process like wrong debit to expenditure/ impersonal accounts and, fictitious purchases/ forged bills and excess payment to vendors
- Any other not included above, such as Fabricating of documents, IT related, etc.

(ii) External frauds (Frauds committed by unscrupulous Borrowers and or their directors/Investors/ vendors and other stakeholders) e.g.

- Fraudulent discount of instruments.

CIN : L65990RJ2016PLC054921



011-42610483



www.mufingreenfinance.com



connect@mufingreenfinance.com



- Fraudulent removal of pledged stocks/disposing of hypothecated stocks without the NBFC's knowledge/inflating the value of stocks in the stock statement and drawing excess finance.
- Diversion of funds outside the borrowing units, lack of interest or criminal neglect on the part of borrowers, their partners, etc. and also due to managerial failure leading to the unit becoming sick and due to laxity in effective supervision over the operations in borrower accounts on the part of the NBFC functionaries rendering the advance difficult of recovery
- Fictitious purchases by the borrower out of the disbursed loan by submitting fake bills and non- creation of assets
- Falsification of financial statements and fake ITRs by the borrow

REPORTING PROCEDURE

An employee, vendor, contractor, borrower, lender, or other person having business relationship with the company, on discovery of fraud or suspected fraud must report to the designated Nodal Officer/Concerned Group Heads. The matter may be reported in writing. If any 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.

Further, any suspected fraud, as intimated by a vendor, contractor, borrower, lender or other person having business relationship with the Corporation on discovery of fraud or suspected fraud, shall be referred to the Designated Nodal Officer for further investigation in this regard.

The Nodal Officer shall maintain the confidentiality about the identity of the reporting individual and under no circumstances would discuss it with any unauthorized person. The Company will not tolerate any form of retaliation against individuals providing information concerning fraud or suspected fraud. The company 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 evidence are taken into custody or protected from being tampered with, destroyed, or removed by the suspected persons/officials.

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





- 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 Concerned. Nodal Officer shall report the fraud/suspected fraud within 7 days from the date of report of fraud/suspected fraud to him/her, through Managing Director/Compliance Officer/Information Officer for further reporting to Board and RBI respectively. If no fraud is reported, it will be assumed that no fraud is committed/detected.

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 or 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 the determination.

If the preliminary investigation substantiates the fraudulent activities, the Nodal Officer will prepare an incident report and send it to the compliance department/ vigilance department of the Company.

After completion of the investigation by the compliance department/ 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.





Compliance Department/ Vigilance Department shall apprise “Nodal Officer” of the results of the investigation undertaken by them.

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 30 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 30 days, he has to record the reasons for delay and may seek an extension for 10 days. However, under the exceptional circumstances the extension beyond forty days for a period as permitted by concerned department.

(ii) Final Investigation

The compliance department/vigilance department will complete the final investigation and submit investigation report within two months from the date of submission of Preliminary Report or such extended period as may permit.

REPORTING OF FRAUDS TO RESERVE BANK OF INDIA

Frauds should be submitted in all cases of fraud of Rs. 50,000/- (Rupees Fifty Thousand) and above perpetrated through any of the frauds mentioned in the policy for prevention of frauds. Information Officer is responsible or reporting of frauds to RBI.

FRAUD PREVENTION

i. Every employee (full time, part time, adhoc, temporary, contract), representative of vendors, suppliers, contractors, consultants, lenders, borrowers, service providers or any other agency(ies) doing any type of business with Mufin Green Finance Limited, are 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 as per the procedure.





MUFIN GREEN FINANCE LIMITED

Formerly known as APM Finvest Ltd.

ii. Nodal Officer(s) shall ensure prevention and detection of fraud and implementation of the policy for prevention of frauds of the Company. Nodal Officer(s) shall 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 the 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.

ZERO TOLERANCE

The Company does not tolerate any unethical or dishonest behaviour, even if the result of the action benefits the Company itself. Violators will be prosecuted and may be terminated and referred to the appropriate authorities.

ADMINISTRATION OF THE POLICY

The Chairman and Managing Director shall be the Competent Authority for the interpretation and revision of this policy. This policy will be reviewed and revised as and when needed.

CIN : L65990RJ2016PLC054921



011-42610483



www.mufingreenfinance.com



connect@mufingreenfinance.com

Corporate office : 202, 2nd Floor, Best Sky Tower, Netaji Subhash Place, Pitampura, New Delhi -110034

Registered Office : SP-147, RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan-301019