



ADITYA BIRLA FASHION AND RETAIL LIMITED
(formerly known as Pantaloons Fashion & Retail Limited)

ANTI-FRAUD POLICY⁽¹⁾

***[APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY
IN ITS MEETING HELD ON 31ST JANUARY, 2014
&
AMENDED AS ON JANUARY 9, 2016]***

(1) Amended vide a resolution of the Board of Directors of the Company passed at its meeting held on January 9, 2016, for reflecting:
- change of name of the Company pursuant to the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited, Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors, under Sections 391 to 394 of the Companies Act, 1956 and

- change in applicable provisions, pursuant to repeal of Equity Listing Agreement and enactment of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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I. INTRODUCTION & BACKGROUND

Fraud is a broad legal concept, majorly encompassing the characteristic of the “intention to defraud” and hence, it usually involves deliberate concealment of the facts. Also, the persons involved in the same may range from the Management, Employees or Third Parties and the same may also involve a single individual or a group of people acting in collusion.

Fraud can occur in all types of organizations, irrespective of their size or type and due to the technologically advanced operations, growing complexities of internal structures of organizations, increasingly transient employees and such other reasons, vulnerability of a Company, to risks emanating from fraud(s), has increased.

However, the risks emanating from the fraud(s), can be reduced through a combination of measures aimed at:

- a. Detecting fraud(s),
- b. Preventing fraud(s)
- c. Deterring the person intending to defraud and
- d. Controlling the fraud(s).

In view of the same, this policy is formed with an intention to put into place “an Anti Fraud Policy” in the Company i.e. Aditya Birla Fashion and Retail Limited (hereinafter referred to as a “**Company**”) and with an intention to detect and/or prevent and/or deter and/or control the fraud(s) that may take place in the day to day business of the Company.

The intent of the policy is also to promote consistent legal and ethical organizational behaviour by assigning responsibility for the development of controls and providing guidelines for reporting and conducting investigations of suspected fraudulent behaviour.

Since fraud may be difficult to detect because it often involves concealment of facts through falsification of documents and collusion among staff or third parties, it is important to place a strong emphasis on fraud prevention, which will in turn reduce 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.

II. SCOPE OF POLICY

The Policy shall apply to all frauds, suspected and/or proven and/or otherwise, taking place in the Company, involving Directors (Whole-time or otherwise), Key Managerial Personnel, other Employees (including contractual employees) as well

as Shareholders, Consultants, Vendors, Suppliers, Service Providers, Contractors, Lenders, Borrowers, Outside Agencies and other parties having business relationship with the Company (hereinafter referred to as the “**Person**”) and any investigative activity, that will be conducted within as per the provisions of this policy, will be conducted without regard to the suspected person’s length of service, position/ title or relationship with the Company.

III. OBJECTIVES OF POLICY

The policy has been framed to implement controls for providing 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 intends to enumerate the measures that the Company shall implement to deter, prevent, control and detect the fraud(s) in the context of following elements:

- a. Creating and maintaining a culture of honesty and high ethics;
- b. Creating awareness about risks and controls;
- c. Identify and assess the risks of fraud;
- d. Implement the processes, procedures and controls needed to mitigate the risks and reduce the opportunities for fraud; and
- e. Develop an appropriate oversight process.

More specifically, the policy aims at:

- i. Ensuring that the Management of the Company is aware of all fraud(s), misappropriation(s) and other inappropriate conduct(s), suspected and/or proven and/or otherwise, at all times;
- ii. Providing a clear guidance, thereby forbidding any fraudulent activity and actionables in case of any suspected fraudulent activity;
- iii. Providing a mechanism for reporting any incident of fraud or suspected incident of fraud and protect the persons who make a disclosure of fraud, more particularly those persons who report against their managers and/or fellow employees in certain defined circumstances from harassment and/or dismissal and to ensure that the necessary procedure(s) and system(s) exist in the Company and the same are fully functional, thereby reducing and minimizing the incidence(s) of and opportunity(ies) for occurrence of fraud(s), misappropriation(s) and other inappropriate conduct(s), suspected and/or proven and/or otherwise, at all times;
- iv. Providing a procedure for conducting investigations into the fraudulent activities, conducting impartial investigations into fraudulent activities and ensuring that any and all suspected fraudulent activities are fully investigated, dealt with and clearly communicating that such activities are neither allowed nor tolerated; and

- v. Ensuring that the preventive measures are in place and internal control procedures are developed and strengthened on a continuous and ongoing basis, more particularly subsequent to any fraud(s) being identified.

IV. DEFINITION OF FRAUD

Fraud is an operational risk, which might be generally defined as any intentional act or omission designed to deceive others, resulting in the Company suffering a loss and/or the perpetrator achieving a gain.

As per the provisions Explanation (i) of S. 447 of the Companies Act, 2013, “fraud” in relation to affairs of a company or any body 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 wrongful loss.

Fraud may include a range of irregularities and illegal acts more particularly characterized by intentional deception or misrepresentation, which an individual knows to be false or does not believe to be true and which is likely to result in some unauthorized benefit to him/her or to another person.

The term Fraud shall include but not be limited to the acts mentioned hereunder:-

- i. Execution of a document on behalf of the Company, with malafide intention and ulterior motive, with an intention to gain wrongful advantage and/or with an intention to cause wrongful loss to the Company;
- ii. Forgery or wrongful alteration of any document belonging to or the Company;
- iii. Forgery or alteration of a cheque, bank draft or any other financial instrument and/or document etc.;
- iv. Misappropriation and mis-utilisation of funds, securities, supplies or other assets of the Company etc.;
- v. 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;
- vi. Utilization of the Company funds for personal purposes;
- vii. Authorizing or receiving payments for goods/products not supplied or services not rendered;
- viii. Destruction, disposition, removal of record(s) or any other asset(s) of the Company with an ulterior motive to manipulate and misrepresent the facts so as to create suspicion/ suppression of facts/ cheating as a result of which factual assessment/ decision can't 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 and/or providing by any means of communication, any confidential information related to the Company, to outside parties;
 - xii. Accepting or seeking anything of material value from contractors and/or vendors and/or lenders and/or borrowers and/or persons providing services/ materials to the company in contravention of Aditya Birla Group Code of Conduct (including the receipt of excessive gifts or accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the Company);
 - xiii. Diversion to an employee or outsider of a potentially profitable transaction;
 - xiv. Concealment or misrepresentation of transactions, assets or liabilities;
 - xv. Expense report fraud (e.g. claims for services or goods not actually provided);
 - xvi. Loss of intellectual property (e.g. disclosing confidential and proprietary information to outside parties);
 - xvii. Conflicts of Interest resulting in actual or exposure to financial loss;
 - xviii. Vendor fraud;
 - xix. Embezzlement (i.e. misappropriation of money, securities, supplies, property or other assets);
 - xx. Cheque fraud (i.e. forgery or alteration of cheques, bank drafts or any other financial instrument);
 - xxi. Payroll fraud;
 - xxii. Corruption;
 - xxiii. Fraudulent financial reporting (e.g. forging or alteration of accounting documents or records; intentional concealment or misstatement of transactions resulting in false records or misleading statements; intentional failure to record or disclose significant information accurately or completely);
 - xxiv. Improper pricing activity;
 - xxv. Unauthorized or illegal use of confidential information (e.g. profiteering as a result of insider knowledge of company activities);
 - xxvi. Unauthorized or illegal manipulation of information technology networks or operating systems;
 - xxvii. Any similar or related inappropriate conduct.
- (This list is only indicative and not intended to exhaustive).*

In addition to all that is stated hereinabove and in all other applicable laws, the term “fraud” shall include any misappropriation(s) and/or inappropriate conduct(s) and/or false representation and/or concealment of a material fact and/or any other illegal act committed intentionally to cause wrongful gains to self or others and /or wrongful loss to others.

Fraud can be further distinguished as “Internal Fraud” and “External Fraud”. Internal fraud involves at least one internal person, whereas external fraud is committed solely by third parties without any assistance or collusion of an internal person, however both resulting in the Company suffering a loss and/or the perpetrator achieving a gain.

V. OTHER INAPPROPRIATE CONDUCT

Suspected improprieties concerning an employee’s moral, ethical, or behavioural conduct, should be resolved by Human Resource Head separately.

However, if there is any question as to whether an action constitutes fraud or not, the matter shall be referred to the Committees constituted as per this policy for guidance.

VI. CONSTITUTION OF COMMITTEES AND REPORTING PROCEDURE:

A. COMMITTEES AND PROCEDURE OF REPORTING FRAUD

Any incidence of fraud can be reported by using the means of the whistle blower policy. The complainant:

1. Can write to the relevant Value Standards Committee which is formed under Values Policy of the Company. The information about name of members and list of Value Standards Committee (VSC) at various levels, their e-mail id are available as below:-

Business Level Value Standards Committee	
Business	Email
Apparels - Aditya Birla	Managing.Director@abfrl.adityabirla.com CEO.Pantaloons@abfrl.adityabirla.com CFO.Pantaloons@abfrl.adityabirla.com CPO@abfrl.adityabirla.com CS@abfrl.adityabirla.com

Zonal Level Complaints committee at each Zonal Office

A zonal level complaints committee is constituted at each zone. The zonal level complaints committee will receive and investigate the complaints raised by employees in the respective zones and stores in those zones

Zonal Level Value Standards Committee	
Zone	Email ID
West	Pantaloons.WZVSC@adityabirla.com
East	Pantaloons.EZVSC@adityabirla.com
South	Pantaloons.SZVSC@adityabirla.com
North	Pantaloons.NZVSC@adityabirla.com

2. A Complainant can send a complaint to the ethics hotline by calling on a toll free number 1800 103 9868, or write to abg.whistleblower@ethicshelpline.in, or send a fax on 1800 103 9868 or mail it to P. O. Box No 71, DLF Phase 1, Qutub Enclave, Gurgaon – 122002, Haryana. This is operated by an independent third party vendor.
3. By writing to the Chief Human Resource Officer or Company Secretary, as these officials are duty bound to share the complaint with the Ethics Hotline.

Procedure for dealing with a complaint of fraud

1. A Complainant identifies fraud which may include non-adherence of Group Values or Aditya Birla Fashion and Retail Limited' Code of Conduct by any employee or a segment of the organization, will compile information that supports the case.
2. The Complainant sends the complaint to the Value Standards Committee or ethics hotline.
3. Upon receipt of information, the secretary of the relevant Values Standard Committee will first do a preliminary investigation to check whether the complaint seems to be genuine and falls under the purview of whistle blower policy. If complaint is sent with malicious intent, then the committee will take appropriate disciplinary action against the Complainant.
4. If complaint does not fall under purview of whistle blower policy, then same would be redirected to the right forum. For eg – If complaint is related to sexual harassment, same will be forwarded to the Complaints Committee and would be dealt as defined under. – Policy to Prevent Sexual Harassment at the Workplace If complaint is related to a personal grievance, e.g. appraisal rating, promotion etc, it will be forwarded to the relevant Chief Human Resource Officer.

5. Once established that the case needs investigation, the secretary of the Value Standards Committee after discussion with the committee shall appoint a team to investigate the case, with utmost confidentiality. The investigative team can be a pool of internal people specially trained to investigate or can be an external agency specialized to investigate such cases.
6. Under no circumstances, the secretary, investigation team and the committee would reveal / disclose the identity of the “accused” to anyone else (including the immediate manager) – other than all those who are required to know about the case.
7. The investigation team should work towards ensuring that the investigation is completed by following the laws of the land and principles of natural justice within 3 weeks of the complaint being reported. If the investigation cannot be completed within 3 weeks, then the committee needs to have very valid and strong reasons for the same.
8. Once the investigation is completed, the secretary will submit the report of investigation to the committee and the committee will then decide on the quantum of punishment to be given. While deciding on this, the committee will consider the following:
 - Severity of the misconduct/ fraud
 - Impact on the Organization (Reputation, Financial / Non – Financial)
 - Past record of the accused
 - Past precedence of treating similar violations (a summary of the same will be kept with Organization Effectiveness portfolio at Group Human Resources)
9. The punishment shall constitute a minimum of written warning and may lead to withdrawal of last increment/ demotion, withholding promotion, dismissal from service and/ or even prosecution in a court of law.
10. Once the report is received, the committee will put its recommendation and forward it to the respective Management team. The team will consider the recommendation and decide on appropriate action within 15 days of receiving the recommendation.
11. While implementing the recommendation, the management will ensure that the name of the complainant and the person accused is kept confidential at all times.
12. In case the complainant or the person accused is not satisfied with the decision of the relevant Value Standard Committee, he/she has the option to appeal within 7 days of the order, to the next higher-level committee.

13. Based on the appeal, the next higher-level committee will decide whether to re-investigate / relook at the quantum of punishment. The next higher-level committee will close the case within 21 days of receiving the appeal.
14. If the charges framed on the accused are found to be false after investigation, it is very essential to demonstrate that the employee's dignity is respected. Hence, the Business Head / Unit Head should thank the employee personally for having cooperated in the process. A formal closure letter has to be sent informing that the charges have not been proved during the investigation process and hence he / she are fully exonerated of all the charges.

B. REPORTING PROCESS

Information relating to all frauds involving amount of Rs. 10 Lakhs (Rupees Ten Lakhs only) and above each to be reported to the Audit Committee of the Board of Directors/ Board of Directors at its next meeting, after the same are proved in the final investigation by Business Level Committee.

C. IMPORTANT TEMPLATE

Annexure 1 – Template for reporting Fraud.

VII. DISCIPLINARY ACTION:

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

- a. A person who is engaged in any form of fraud is subject to disciplinary action.
- b. A person who suspects or discovers fraudulent activity and fails to report the same as required by this policy or a person who intentionally reports false or misleading information is subject to disciplinary action.
- c. An employee of the department in which fraud is committed does not pass to the Respective Complaints Committee each and every report of suspected fraud made by an employee or other person is subject to disciplinary action.

VIII. FRAUD PREVENTION

- a. 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.

- b. In addition to the above, the Management will be responsible to –
- (i) Educate employees with the types of improprieties that might occur in their area;
 - (ii) Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization;
 - (iii) Promote employee awareness of ethical principles subscribed to by the Company.
- c. Amendments shall be made in the general conditions of contracts, sanctions, loan/ subsidy/ grant agreements of the Company wherein all bidders/ service providers/ vendors/ lenders/ borrowers/ consultants etc. shall be required to certify that they would adhere to anti fraud Policy of the Company and not indulge or allow anybody else working in the Company to indulge in fraudulent activities and would immediately apprise the Company of the fraud/suspected fraud as soon as it comes to their notice. In case of failure to do so, the Company may debar them for future transactions.
- This condition shall form part of documents both at the time of submission of loan/ subsidy/ grant application and execution of loan/ subsidy/ grant agreements and contracts with suppliers and service providers.
- d. The Company will send the employees for attending training programmes, seminars and workshops on detection and prevention of fraud.

IX. PRACTICES TO PROMOTE THIS DOCUMENT

- a. The Company will circulate the information about this policy document, from time to time, to the concerned persons.
- b. Employees will be reminded of this policy document by their supervisors during their performance evaluations.
- c. New employees will be trained on this policy document during the orientation. They will be provided with a copy of this policy document, with examples of what should be reported.
- d. The Company shall inform both potential and existing clients about this Policy or any amendments thereof, through online upload of this Policy via Company's web site or any other mode as may be deemed to be necessary in that regard.

X. ADMINISTRATION OF THE POLICY:

Zonal Complaints Committee(s) and the Business Level Complaints Committee of the Company shall be responsible for administration, interpretation, application and periodical review of this policy. However, the decision of the Managing

Director will be final in the case of difference in the interpretation of any of the clauses in the Policy.

Further, the Managing Director is empowered to recommend and approve any amendment in the policy, suo moto or on the recommendation of the Business Level Complaints Committee. However, such amendment shall be reported to the Audit Committee of the Board of Directors/ Board of Directors in its next meeting.

Annexure 1 – Template for Reporting Fraud**To: Value Standards Committee <at Business or Zonal level>:**

Please select the applicable incident type(s) from the list below that best describes the issue(s) you are reporting. Please note that multiple issues can be selected

1. Misappropriation of company assets or resources
2. Conflict of interest
3. Inappropriate sharing of confidential information
4. Financial fraud of any nature
5. Violation of gifts and entertainment policy
6. Non-adherence to safety guidelines
7. Inaccurate financial reporting
8. Bribery & Corruption
9. Insider trading
10. Other forms of Harassment – Victimization, Bullying, Discrimination etc. 11. Social Media Usage
11. Misuse of authority
12. Environment, health and safety
13. Concurrent employment
14. Others _____

Please provide name, designation and department of the person(s) involved?

	Name	Department	Designation
Individual 1			
Individual 2			
Individual 3			
Individual 4			

When did the incident occur? (Please provide tentative date if you do not know the exact date)

Please confirm the location of the incident

How did you find out about this incident?

How long has this been occurring for?

- Less than a month
- 1-6 months
- 6-12 months
- Greater than 12 months

Please provide a detailed description of the incident. To enable your company to act on your complaint, you are requested to provide specific information where possible including names, location, date, time etc. Please note that this field is limited to 5,000 characters.

Is there any additional information that would facilitate the investigation of this matter?

- Yes
- No

Have you reported this incident to anyone in the company?

- Yes
- No

Date: _____

Location: _____

Name of the Person reporting (optional): _____

Contact Information (incl email optional): _____

The complaint should be either reported on Values Microsite on Poornata to the relevant Values Standard Committee at Unit, Business or Group level or can be shared to ethics hotline at either verbally over a phone or through email. The details of the Values Standard Committee is available on Values microsite on Poornata and Onstream.