



NATIONAL FERTILIZERS LIMITED

CIN.L74899DL1974GOI007417

Registered Office: Scope Complex, Core 3, 7 Institutional Area, Lodhi Road, New Delhi 110 003.

Corporate Office: A-11, Sector-24, Noida – 201301, Distt. GautamBudh Nagar (U.P.)

Website: www.nationalfertilizers.com **Email ID:** investor@nfl.co.in

Telephone: 011 – 24360066, 24361252 **Fax:** 011-24361553

ANTI- FRAUD POLICY OF NATIONAL FERTILIZERS LIMITED.

1. PREAMBLE

National Fertilizers Limited (NFL) (the Company), A Public Sector Enterprise, has targeted to become the leading Company in Fertilizer Sector. Over the years, NFL has put in place various policies, procedures and systems to guide employees within and outside the organization. Most of these have been formalized in the form of policy documents.

“Fraud” is one of the most undesirable possibilities that exist in all spheres of life. In common parlance, fraud means deception or misrepresentation usually with intent to obtain some wrongful gain. Fraud is one of the risks that any person or organization has to deal with. For a business organization, fraud could cause avoidable financial losses, loss of public goodwill, image and loss of shareholder confidence, among other consequences. All well managed organizations recognise this reality and take steps to deal with this risk in a pro-active manner.

In the light of the foregoing and in keeping with the overall approach of the Company to follow principles of Corporate Governance and to implement “best practices” in all areas proactively, it is considered necessary that an “Anti-Fraud Policy” be formulated, publicised appropriately and implemented by the Company.

Hence this Anti-Fraud Policy (the Policy) has been framed and is being issued herewith for implementation in the Company. The Anti-Fraud Policy is set forth to enforce controls and to aid in prevention and detection of frauds in the Company. The intent of the Policy is to promote consistent legal and ethical organizational behavior by assigning responsibility for the development of controls, and providing guidelines for reporting and conduct of investigations of suspected fraudulent behavior.

2. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below. Capitalized terms not defined herein shall have the meaning assigned to them under the Employees' (Conduct, Discipline and Appeal) Rules, 1975.

Term	Definition
“Act”	means Companies Act, 2013 including the rules framed there under as amended from time to time.
“SEBI Regulations”	means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
“Applicable Laws”	means the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other Act, rules or regulations.
“Audit Committee”	means the Audit Committee of Directors constituted by the Board of Directors of the Company in accordance with the Provisions of the Companies Act, 2013, Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises and as per Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
“Company ”	means “National Fertilizers Limited” (NFL)
“Disciplinary Action”	means any action that can be taken as per the provisions of NFL Employees' (Conduct, Discipline and Appeal) Rules as amended from time to time/ Certified Standing Orders of respective Units.
“Disciplinary Authority’	means the Disciplinary Authority as defined under NFL Employees' (Conduct, Discipline and Appeal) Rules as amended from time to time.
“Employee”	means all persons in the whole time employment of the Company other than those, who are casual, work-charged and contingent staff and include those whose services are temporarily placed at the disposal of the Central or State Government or a local or other authority and those who are on deputation to the Company.
“Fraud”	in relation to affairs of a 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 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.
“Investigating Officer”	means an officer deputed by Nodal Officer for carrying out the preliminary investigation.
“Nodal Officer”	means an officer not below the level of General Manager designated for the purpose of co-ordination of preliminary investigations.
“Wrongful gain”	means the gain by unlawful means of any kind including property to which the person is not legally entitled.
“Wrongful loss”	means the loss by unlawful means of property to which the person losing it is legally entitled.

3. SCOPE OF POLICY

The Policy is intended to:

- 3.1 Enable understanding of “Fraud” and its implications and its effects on the Company.
- 3.2 Create a “Fraud Awareness” and “Fraud Prevention” culture in the Company and to send across a message within the Company and to the public at large that Fraud is not acceptable and shall not be tolerated.
- 3.3 Enable prevention, detection and reporting system for pro-active tackling of fraud and make efforts to recover fraud losses.

4. APPLICABILITY

This policy applies to any fraud or suspected fraud in the Company, involving employees (including adhoc/temporary/contractual employees) as well as shareholders, consultants, customers, vendors, suppliers, service providers, contractors, lenders, associates, borrowers, outside agencies, advisors, and/ or any other parties with a business relationship with National Fertilizers Limited.

5. FRAUD PREVENTION MECHANISM

Prevention encompasses an ethical environment, periodic fraud risk assessment and preventive internal control such as authority limits, policies and procedures . A strong tone at the top supported with preventive controls along with effectively implemented process serve as strong and effective deterrents for fraud.

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.

(A) CULTURE OF HONESTY AND ETHICS

The most effective method of preventive fraud is creation of an ethical and transparent environment that promotes all employees to actively participate in protecting NFL's reputation, resources and promoting stakeholder confidence in NFL .

This involves:

- (i) Disclosure of conflict of interest
- (ii) Enforcement of CDA Rules
- (iii) Compliance with code of conduct of NFL
- (iv) Compliance with code of Internal Procedures and conduct in dealing with securities of the company.
- (v) Vendors/bidders signing Integrity Pact in bidding for contract with NFL
- (vi) Fraud awareness and training
- (vii) Continuous Fraud risk monitoring and control

(B) IN ADDITION TO THE ABOVE, THE MANAGEMENT WILL BE RESPONSIBLE TO

- (i) Educate employees about 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/agreements of the Company wherein all bidders/service providers/ vendors/ 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 and execution of agreements and contracts with suppliers and service providers, etc.

The Company will arrange participation of employees in training programmes, seminars and workshops on detection and prevention of fraud.

6. FRAUD DETECTION MECHANISM

Detection controls can be deployed by segregation of duties, reconciliation, audits, independent reviews, physical inspection, periodic counts, surprise checks and periodical evaluations system control and surveillance system, etc. Detective controls are designed considering the fraud risk as such they may need to be flexible, adaptable and continuously changing to meet the various changes in fraud risk. Whistle Blower

policy, Bill Watch System, Tender Monitoring System, File Management System, E-tendering, E-banking payments / receipts, Reverse auction, Surveillance System & Complaint Handling Mechanism are other essential elements of Fraud detection process in the company.

7. RESPONSIBILITY OF ALL STAKEHOLDERS TO REFRAIN FROM ANY FRAUDULENT ACT WHILE MAKING BUSINESS TRANSACTION(S) WITH NFL

7.1 Every employee; ex-employee working as advisor; person engaged on adhoc /temporary/contract basis; vendor; supplier; contractor; bidder; customer; lender; consultant; service provider; any outside agency or their representative; employee of such agency and/or any other party in connection with business relationship with NFL is expected and shall be responsible to ensure that there is no fraudulent act committed by them while performing any business transaction(s) with the Company.

7.2 As soon as it is learnt that a fraud or suspected fraud has taken or is likely to take place, same should immediately be apprised to Nodal officer as per the procedure.

8. OBJECTIVES OF THE POLICY

The Objectives of the Policy are as under:-

8.1 To provide a system of detection and prevention of fraud, reporting of any fraud or suspected fraud and appropriate dealing of issues relating to fraud.

8.2 To ensure that Management is aware of its responsibility for detection and prevention of fraud, misappropriations and other inappropriate conduct. The Management is to ensure that procedures and systems exist in the Company which minimize incidence of and opportunity for fraud and irregularities.

8.3 To provide a clear guidance to employees and others dealing with NFL forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.

8.4 To ensure that any fraud that is detected or suspected is reported immediately to the Nodal Officer designated under the Policy.

8.5 To provide assurance that any and all suspected fraudulent activity/activities will be fully investigated.

8.6 To provide training on fraud prevention and identification.

- 8.7 To ensure that guidelines are not in conflict with the guidelines issued by the Central Government/ Department of Public Enterprises and Central Vigilance Commission as amended from time to time.

9. COMPLIANCE

- 9.1 Each employee working in the Company and every individual/organisation/entity dealing with the Company shall endeavour in every possible manner to comply with the norms laid down in this Policy. Non-compliance shall be deemed violation of terms and conditions of employment/engagement or terms and conditions of contract as the case may be and shall be dealt with as per Company's disciplinary procedures/terms of engagement or terms of particular contract(s) or the law as applicable and appropriate.
- 9.2 All employees/officers are responsible to bring to notice of their supervising officers/management about any fraud detected as soon as it comes to their notice. It is the responsibility of officers to ensure that in respect of their areas of responsibility, all reasonable necessary steps are taken for prevention of fraud and all possible necessary action is taken in case of suspicion of commission of a fraud or detection of an actual fraud.

ANTI-FRAUD POLICY

1. ACTIONS CONSTITUTING FRAUD

The terms fraud or suspected fraud will include but shall not be limited to:-

- 1.1 Forgery or unauthorized alteration of any document or account belonging to or submitted to the Company.
- 1.2 Forgery or unauthorized alteration of a cheque, bank draft, E-banking transaction(s) or any other financial instrument, financial document and personal claims, etc.
- 1.3 Misappropriation of funds, securities, supplies, or other assets, etc.
- 1.4 Willful suppression of facts/ deception in matters of appointments, placements, tender committee recommendations, 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 other.
- 1.5 Falsifying records such as pay roll, removing the documents from files/ or replacing it by a fraudulent note etc.
- 1.6 Utilizing company funds for personal or other than official purposes.

- 1.7 Authorizing or receiving payments for goods not supplied or services not rendered.
- 1.8 Destruction, disposal, removal of records or any other assets of the Company with an ulterior motive to manipulate or misrepresent the facts or to create suspicion/suppression/ cheating as a result of which objective assessment/decision may not be arrived at.
- 1.9 Impropriety in handling or reporting of money or financial transactions.
- 1.10 Profiteering as a result of insider knowledge of Company activities.
- 1.11 Disclosing confidential and proprietary information to unauthorized and/ or outside parties.
- 1.12 Accepting or seeking anything of material value from contractors, vendors, and persons providing services/materials to the company in contravention of NFL's Conduct, Discipline and Appeal Rules.
- 1.13 Any similar or related fraudulent conduct.
- 1.14 The above instances of fraud are illustrative in nature and not exhaustive.

2. OTHER INAPPROPRIATE CONDUCT

Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct shall fall outside the scope of Anti-Fraud Policy.

If there is any question as to whether an action constitutes fraud or not, the Nodal Officer may be contacted for guidance.

3. REPORTING PROCEDURE:

An employee, vendor, contractor, associate, borrower, lender or other person having business relationship with the Company, on discovery of fraud or suspected fraud must report it to the designated Nodal Officer.

In case of urgency, such report could also be made to the immediate controlling officer whose duty shall be to ensure that input received is immediately communicated to the Nodal Officer. 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.

In case the Nodal Officer is suspected of being involved in the alleged fraud, the matter shall be reported to C&MD.

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 complainant/individual providing information concerning fraud or suspected fraud shall be provided protection against any possible victimization or retaliation.

The Nodal Officer will act expeditiously upon receiving any report of fraud or suspected fraud and ensure that all relevant records and documents and other evidences are taken into custody or protected from being tampered with, destroyed or removed by the suspected persons/officials.

The Nodal Officer would advise the reporting individual:-

- (i) Not to contact the suspected individual in an effort to determine facts or demand restitution.
- (ii) To observe strict confidentiality and not to discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Nodal Officer.

4. (A) INVESTIGATION OF FRAUD/SUSPECTED FRAUD:

It will be the primary responsibility of Nodal Officer to conduct the preliminary investigation. He/ She may, if considered necessary, appoint a serving or retired public servant as investigating officer to carry out the preliminary investigation. However, no fresh investigation shall be carried out in a matter already under 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 submitted by the Investigating Officer deputed by Nodal Officer for carrying out preliminary investigation is not credible or is not a report of fraud, he/she shall document this determination. The Nodal Officer's documentation shall include support such determination.

If the preliminary investigation substantiates the fraudulent activities, the Nodal Officer will prepare an incident report and send it to Director of the concerned Department/ unit/ office for approval before forwarding the same to Vigilance/HR Department for further investigation.

After completion of the investigation by the Vigilance/HR Department, due and appropriate action including 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 taken with the approval of the Disciplinary Authority.

Vigilance/ HR Department shall maintain constant co-ordination with the “Nodal Officer” and shall apprise him/her of the results of the investigation undertaken by them.

(B) TIME LIMITS FOR THE PRELIMINARY AND DETAILED 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 from Director (in-charge of Personnel). However, under the exceptional circumstances the extension beyond forty days period may be permitted by C&MD.

(ii) APPROVAL OF FUNCTIONAL DIRECTOR

The Functional Director will accord the approval for detailed investigation by Vigilance/ Personnel Division normally in 10 days from the date of receipt of preliminary investigation report.

(iii) DETAILED INVESTIGATION

The Vigilance/HR Department will complete the detailed investigation and submit investigation report within three months from the date of submission of Preliminary Report or such extended period as C&MD may permit, to the Nodal Officer.

5. NODAL OFFICER’S RESPONSIBILITIES IN RELATION TO FRAUD PREVENTION AND IDENTIFICATION

Nodal Officer shall share the responsibility of prevention and detection of fraud and for implementing the “Anti-Fraud Policy” of the Company. It is the responsibility of the Nodal Officer to ensure that complete mechanism in respect of Anti-Fraud Policy is in place within his area of control:-

- 5.1 Familiarize each employee with the types of improprieties that may occur in their area.

- 5.2 Educate employees regarding the measures to be taken for prevention and detection of fraud.
- 5.3 Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.
- 5.4 Promote awareness amongst employees of ethical principles subscribed by the Company through CDA Rules/ Standing orders.
- 5.5 Maintain datewise receipts of the complaints and complaints taken up for preliminary investigation, etc.

6. DISCIPLINARY ACTION:

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

- 6.1 An employee who is engaged in any form of fraud is subject to disciplinary action.
- 6.2 An employee who suspects or discovers fraudulent activity and fails to report the same as required by this policy or an employee who intentionally reports false or misleading information is subject to disciplinary action.
- 6.3 If an employee of the Offices/Units in which fraud is committed does not pass to the Nodal Officer or immediate controlling officer a report of suspected fraud by another employee or any other person, he/ she will be subject to disciplinary action.

7. RECOVERY OF FRAUD LOSS

Upon detection of a fraud, Company shall make every effort possible to recover the loss amount involved. Loss mitigation action will include recovery from concerned employee/customer/outsider and initiate legal action like filing of recovery suits, wherever feasible.

8. MIS REPORT

- 8.1 Information relating to all frauds proved in the detailed investigation shall be placed before the Audit Committee of Directors by the Nodal Officer.
- 8.2 All administrative frauds of ₹1.00 Lakh & above and business frauds of ₹1.00 crore & above proved in the detailed investigation will be reported to the Board by the Nodal Officer."

9. INFORMATION TO AUDIT COMMITTEE

Corporate Vigilance Department will forward quarterly report on status of fraud (s) approved by C&MD for investigation along with action taken thereof to internal Audit department for information to Audit Committee.

10. CREATING AWARENESS – AMONG EMPLOYEES AND ASSOCIATES ETC.

10.1 The Policy recognises that proper awareness is the main pillar of fraud prevention effort. The Company shall aim at continuously educating its employees, associates, and customers etc. on fraud prevention and enlist support and participation in fraud prevention.

10.2 This Anti-Fraud Policy document shall be published on the website of the Company.

10.3 Employees should be targeted by means of training programs (either special training sessions or by inclusion in induction training or sectoral training modules).Regular circulars, newsletters etc. will also be resorted to for dissemination of information in this regard.

11. EFFECTIVE DATE

This Policy shall become effective from **12.04.2017**.

12. ADMINISTRATION AND REVIEW OF THE POLICY

Corporate Head of HR Department of the Company is responsible for administration, interpretation, application and periodical review of this policy. However, the decision of Chairman and Managing Director shall be final in the case of differences in the interpretation of any of the clauses in the Policy.

Further, the C&MD is empowered to approve any amendment/ revision in the policy recommended by the Corporate Head of HR Department.

13. REVIEW

As and when required shall assess the adequacy of this Policy and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, current law and best practice.

14. WEBSITE

The Policy will be uploaded on the Company's website for public information.
