

# **BOMBAY OXYGEN INVESTMENTS LIMITED**

## **FRAUD RISK MANAGEMENT POLICY**

### **1. Background**

In compliance with the guidelines issued by RBI on Master Direction - Fraud Risk Management in NBFCs Directions 2024, doc vide RBI/DOS/2024-25/120 DOS.CO.FMG.SEC.No.7/23.04.001/2024-25.

### **2. Scope of the Policy:**

This policy is applicable to any instances of fraud, whether confirmed or suspected, involving employees, external agencies, and individuals this policy aims to instill a proactive approach within the company for identifying, analyzing, and managing the risk of fraud. With a business relationship with the Company.

### **3. Objective of the policy**

This policy designs to facilitate fraud prevention, identification, detection, promptly documenting and reporting fraud incidents.

### **4. Definition of Fraud**

“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; which includes:

- Misappropriation of funds or Criminal breach of trust
- Fraudulent encashment through forged instruments
- Manipulation of Books of accounts or through fictitious accounts, and conversion of property
- Cheating by concealment of facts with the intension to deceive any person and cheating by impersonation
- Forgery with the intension to commit fraud by making any false documents/electronic records,
- Willful falsification, destruction, alteration, mutilation of any book, electronic record, paper, writing, valuable security or account with intent of defraud,
- Fraudulent credit facilities extended for legal gratification,
- Cash shortages on account of frauds,
- Fraudulent transactions involving foreign exchange,
- Fraudulent electronic banking / digital payment related transactions committed on NBFCs; and
- Any other fraudulent activities not covered by the above categories.

### **5. Fraud Detection, Control and Monitoring**

Fraud detection involves identifying actual or potential instances of fraud. This can be accomplished through onsite inspections of processes, employees, documents.

The frauds can be prevented by taking control measures as below:

Risk assessment: Identify areas that are most prone to fraud and allocate resources to mitigate the risk.

Employee training: Train employees on how to detect and prevent fraud, including warning signs, consequences, and reporting procedures.

Data monitoring: Use data analytics techniques to monitor and analyze data to prevent, detect, and investigate fraud.

Transaction monitoring: Monitor transactions and account activity for any signs of fraud.

Internal controls: Establish order and protocol within the business to prevent fraud and other financial misconduct.

Transparency: Make documents and details available to clients on the website and mobile application.

Secure channels: Use official email IDs to send notifications and updates to clients

## 6. Governance and oversight

- Fraud Monitoring Committee (FMC):
  - Committee of Executives shall monitor and follow-up of cases of frauds and suggest mitigating measures for strengthening the internal control, risk management framework and minimizing the incidence of frauds.
  - Shall be responsible for implementation of policy and Ensure timely reporting and resolution of fraud cases.
- Board of Directors:
  - Approve and periodically review the fraud risk management framework.
  - Ensure adequate resource allocation for fraud prevention and investigation.
- Audit Committee of the Board (ACB):
  - Monitor the implementation of the fraud risk management system.
  - Review fraud cases and recommend corrective actions.

The Company shall set-up an appropriate organizational structure for institutionalization of fraud risk management within their overall risk management functions.

The Risk Team on periodic basis, share Fraud reports, if any and dashboards with internal management and stakeholders. All potential fraud/suspected reports will be reported to the Internal Audit team

## 7. Fraud Reporting

The Committee shall issue Show Cause Notice (SCN) to the individuals, organizations, promoters, as well as the executive directors, full time employees, against whom the fraud allegations are under investigation. The SCN shall provide complete details about the transactions, acts, and occurrences which constitute the basis for the declaration and reporting of fraud.

Minimum of 21 days shall be provided to the persons/ entities on whom the SCN was served to respond.

The Committee shall also notify the RMC/Board of Directors of the Company, information relating to frauds on quarterly basis, irrespective of the quantum of the transaction.

The Committee shall ensure that incidents of fraud are reported to the relevant Law Enforcement Agencies promptly, in the prescribed format and within the required timelines, subject to the provisions of applicable law.

**8. Review of Policy**

The Fraud Risk Management Policy shall undergo a review by the Board whenever necessary to reflect updates, and in any case, at least once every three years.

Policy adopted by the Board of Directors of the Company at its meeting held on 28<sup>th</sup> May, 2025.