



**CHENAB VALLEY POWER PROJECTS [P] LIMITED**  
A Joint Venture of NHPC (A Govt. of India Enterprise), JKSPDC (A Govt. of J&K Undertaking) & PTC India Ltd.  
CIN:U40105JK2011PTC003321

**VIGILANCE DIVISION**  
2<sup>nd</sup> Floor, JKPC Building,  
Rail Head Complex, Panama Chowk,  
Jammu-180006 -(J&K)  
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e-mail: clal.cvpp@gov.in

Vigilance Division

No: CVPP/VIG/24/2016/ 205

Date: 10/06/2016

**Circular**

**Subject : Fraud Prevention and Detection policy-reg.**

The Board in its meeting dated 07/05/2016 has approved the Fraud Prevention and Detection Policy of CVPP Limited which is attached herewith for information and compliance. As per the Policy, all HODs of the Corporate Office shall submit report of fraud if any, to the Nodal Officer on monthly basis. The format of the same is available in the enclosed policy.

CVO of the Company is designated as the Nodal Officer at C.O. for implementation of the Policy. In case of projects, HOPs shall be the Nodal Officer for above activities and forward the monthly report as above to the CVO Of CVPP Ltd. Check points for implementation and compliance of the Policy is attached as per Annexure.

This is issued with the approval of Managing Director, CVPP Limited.

*Ch*  
10/06/16  
Chief Vigilance Officer-CVPP Ltd.

**Distribution:**

1. All HODs/HOPs, G.M. (IT & PMS) with the request to upload the Policy on CVPP web site.
2. ES to MD for kind information of Managing Director, CVPP Ltd.



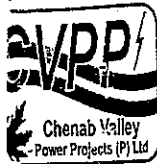
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Annexure

**Check points for implementation and compliance of the Fraud Prevention And Detection Policy in CVPP Ltd.**

| Sl. No | Check Points                            | Responsibility  | Action  | Reference          |
|--------|---|---|---|--------------------|
| 1.     | Uploading of the policy on CVPP website | GM (IT)   | <ul style="list-style-type: none"><li>• Concerned Officer of IT Division be directed by GM(IT) for uploading the approved Fraud Prevention And Detection policy of CVPP Ltd on its official website.</li></ul>  | ---                |
| 2.     | Reporting of Fraud                      | Any employee, representative of vendors, suppliers, contractors, consultant, services providers or any other agency doing any type of business with CVPP Ltd. | <ul style="list-style-type: none"><li>• Fraud reporting shall be made to the designated Nodal Officer. In case of Shortage of time, such reports should be communicated to Nodal Officer through immediate controlling officer of the area/unit.</li><li>• All HODs at CO, Jammu shall submit the report to CVO, the designated Nodal Officer at CO on monthly basis.</li><li>• All HOPs designated Nodal Officers at projects shall forward the report to CVO (Nodal Officer at CO) on monthly basis for further action.</li></ul> | Para 6(i) & (iv)   |
| 3.     | Investigation and needful action        | Vigilance Department of CVPP Ltd. and concerned disciplinary Authority  | <ul style="list-style-type: none"><li>• CVO, the head of Vigilance Division shall undertake the investigation of cases of fraud.</li><li>• After completion of investigation, due and appropriate action if any, shall be taken by concerned Disciplinary Authority.</li></ul>  | Para 7 (i) to (iv) |



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|    |                  |   |   |                       |
|----|------------------|---|---|-----------------------|
| 4. | Fraud Prevention | Every employee, representative of vendors, suppliers, contractors, consultants, service providers or any agency doing any type of business with CVPP Ltd. | <ul style="list-style-type: none"> <li>• He/she should ensure that there is no fraudulent act being committed in his/her area of control.</li> <li>• After coming into notice about any fraud or suspected fraud he/she should immediately apprise the same to the concerned as per procedure</li> </ul>  | Para 8 (i)            |
|    |                  | Controlling Officer of the area/unit  | <ul style="list-style-type: none"> <li>• Familiarize each employee with types of improprieties that might occur in their area.</li> <li>• Educate employees about fraud prevention and detection.</li> <li>• Create a culture of fearless reporting of fraud by the employees.</li> <li>• Promote employee awareness of ethical principles as per CDA rules.</li> </ul>   | Para 8 (ii) a,b,c & d |
|    |                  | Contract Division   | <ul style="list-style-type: none"> <li>• Contract Division of CVPP CO, Jammu and projects as well shall ensure due amendments in general conditions of contracts of CVPP Ltd. as per para 8(iii) of the policy wherein all bidders/service providers /vendors /consultants etc shall be required to certify about their adherence to the policy and not indulge or not allow to indulge anybody working in their organization in fraudulent activities.</li> <li>• These conditions shall form part of documents both at the time of submission of bid and agreement of execution of contract.</li> </ul> | Para 8(iii)           |

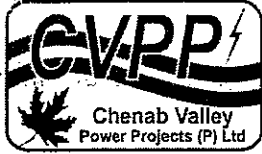
*Chait*

## CVPP FRAUD PREVENTION AND DETECTION POLICY

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## CVPP FRAUD PREVENTION AND DETECTION POLICY

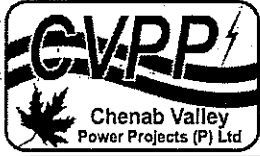
### 1. BACKGROUND:

Chenab Valley Power Projects [P] Limited (CVPP Ltd.) a Joint Venture Organization came into existence on 13.06.2011 under the ambit of MOU and signing of promoter's Agreement, Article of Association and Memorandum of Association between NHPC Ltd, JKSPDC and PTC India Ltd. for execution of Hydroelectric Projects at Chenab River Basin in Distt. Kishtwar of J&K.

Statutory auditor of the company are required to comment on Fraud Prevention and Detection Policy of the company in their report to the Comptroller and Auditor General of India(C&AG) on the annual accounts of the company given in compliance of provisions of Section 143(5) of the Companies Act 2013.

Further, in compliance to Sub-Section (12) to (15) of section - 143 of Companies Act, 2013, auditors including cost accountant in practice conducting cost audit u/s 148 and company secretary in practice conducting secretarial audit u/s 204 are responsible to report the fraud committed against the company (noticed during the course of their audit) to the Central Government, Board or the Audit Committee as the case may be. In addition as per Para (xii) of the Companies (Auditors Report) Order (CARO) 2015 requires the auditor to report "Whether any fraud on or by the Company has been noticed or reported during the year ; If yes, the nature and amount involved is to be indicated."

In the light of the foregoing and keeping in view the approach of CVPP Ltd. in following Corporate Governance principles proactively , it is appropriate that a Fraud Prevention and Detection Policy is formulated and implemented.



## CVPP Fraud Prevention and Detection Policy

The Policy Statement is given below for implementation with immediate effect:

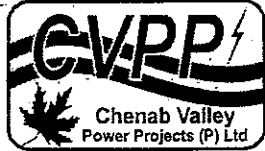
### 2. POLICY OBJECTIVES:

The "Fraud Prevention and Detection 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 :

- (i) 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.
- (ii) To provide a clear guidance to employees and others dealing with CVPP Ltd. forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
- (iii) To conduct investigations into fraudulent activities.
- (iv) To provide assurances that any and all suspected fraudulent activity will be fully investigated.

### 3. SCOPE OF POLICY:

The policy applies to any fraud , or suspected fraud involving employees of CVPP Ltd. (all full time, part time or employees appointed on adhoc/ temporary /contract basis) as well as representatives of vendors, suppliers, contractors, consultants ,service providers or any outside agency(ies) doing any type of business with CVPP Ltd..



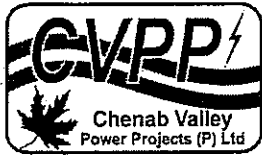
#### 4. DEFINITION OF FRAUD:

“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 to other(s) leading them to do or prohibiting them from doing a bonafide act or take bonafide decision which is not based on material facts.

#### 5. 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 :

- (i) Forgery or alteration of any document or account belonging to the company.
- (ii) Forgery or alteration of cheque, bank draft or any other financial instrument etc.
- (iii) Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
- (iv) Falsifying records such as pay-rolls, removing the documents from files and/ or replacing it by a fraudulent note etc.
- (v) 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.
- (vi) Utilizing company funds for personal purposes.
- (vii) Authorizing or receiving payments for goods not supplied or services not rendered.



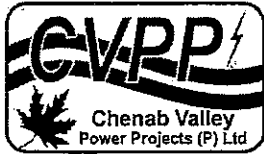
## CVPP Fraud Prevention and Detection Policy.

- (viii) 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 result of which objective assessment/ decision would not be arrived at.
- (ix) Any other act that falls under the gamut of fraudulent activities.
- (x) Profiteering as a result of insider knowledge of company activities.
- (xi) Disclosing confidential and proprietary information to unauthorized and/ or outside parties.
- (xii) Accepting or seeking anything of material value from contractors, vendors, and persons providing services/ materials to the company in contravention of CVPP's conduct, Discipline and Appeal Rules.

### 6. REPORTING OF FRAUD:

i) Any employee (full time, part time or employees appointed on adhoc/ temporary/ contract basis), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with CVPP Ltd. , 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(s), nominated in every Project/ region/ Corporate Centre. 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. 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





## CVPP Fraud Prevention and Detection Policy.

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. Reports can be made in confidence and the person to whom the fraud or the 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 unauthorised person.

(ii) All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s) to be nominated.

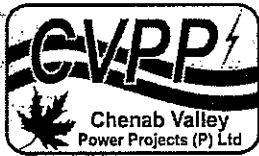
(iii) Officer receiving input about any suspected fraud/ nodal officer(s) shall ensure that all relevant records documents and other evidence is being immediately taken into custody and being protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official under his influence.

(iv) Head of projects/ Power stations/ Units and HOD (Vigilance Division) in Corporate office shall be the Nodal Officer for implementation and coordinating all activities of this policy and submit routine report in prescribed format (Annexure- A) at such interval as may be decided to the Chief Vigilance Officer, CVPP Ltd. .

### 7. INVESTIGATION PROCEDURE:

(i) The "Nodal Officer" shall refer the details of fraud/ suspected fraud to the vigilance Department of CVPP Ltd. for further appropriate investigation and needful action.

(ii) This input would be in addition to the intelligence, information and investigation of cases of fraud being investigated by the



vigilance Department of their own as part of their day to day functioning.

(iii) 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.

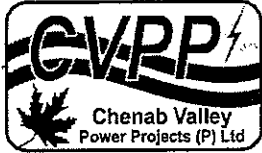
(iv) Vigilance Department shall apprise "Nodal Officer" of the results of the investigation undertaken by them. There shall be constant coordination maintained between the two.

## 8. RESPONSIBILITY FOR FRAUD PREVENTION:

(I) Every employee (full time, part time or employees appointed on adhoc/ temporary/ contract basis), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with CVPP Ltd. 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 likely to take place they should immediately apprise the same to the concerned as per procedure.

(ii) All controlling officers shall share the responsibility of prevention and detection of fraud and for implementing the fraud Prevention and Detection policy of the company. It is the responsibility of controlling officers to ensure that there are mechanisms in place within their area of control to:

- a. Familiarise 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.



## CVPP Fraud Prevention and Detection Policy

d. Promote employee awareness of ethical principles subscribed to by the company through CDA Rules.

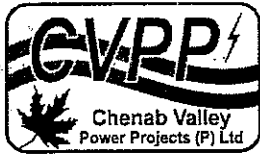
iii) Due amendments shall be made in general conditions of Contracts of the organization wherein all bidders/ service providers/ vendors/ consultants etc. shall be required to certify that they would adhere to the fraud Prevention and Detection Policy of and not indulge or allow anybody else working 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. ADMINISTRATION AND REVIEW OF THE POLICY

The 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.

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**CVPP Fraud Prevention and Detection Policy.**

**Anexure-A**

| FARMAT FOR COMPLIANCE REPORT BY NODAL OFFICERS        |   |  |                            |  |                               |   |                |
|---|---|--|----------------------------|--|-------------------------------|---|----------------|
| Name of Unit  |   |  |                            |  |                               |   |                |
| Nodal Officer   |   |  |                            |  |                               |   |                |
| Designation of Nodal Officer                          |   |  |                            |  |                               |   |                |
| Compliance Period                                     |   |  |                            |  |                               |   |                |
| Reporting Date  |   |  |                            |  |                               |   |                |
| Detail(s) of incident(s) during the compliance period |   |  |                            |  |                               |   |                |
| Sl. No  | Brief Description of incident(i.e. fraud/suspected fraud) | Date when the incident was reported to controlling Officer(s)/ Nodal Officer | Action Taken on the report | Whether the details referred to vigilance department | If yes, date of such referral | Result of investigation by Vigilance Department, If communicated to Nodal Officer | Remarks if any |
| 1   | 2   | 3  | 4                          | 5  | 6                             | 7   | 8              |

**Signature of Nodal Officer**