

Fraud Assessment and Fraud Response policy

FRAUD – WHAT IS IT

Background

The prevention and control of fraud is one of the many issues which needs to be managed effectively by the company i.e. Orient Abrasives Limited in order to ensure that it has sound corporate governance arrangements. Corporate governance is a company approach that provides assurance to external stakeholders that organisation is fulfilling its responsibilities to them. It is built around stewardship, leadership and control of processes designed to provide reasonable assurance that risks are managed to ensure the achievement of organisational objectives. It is the responsibility of the Management to establish an appropriate corporate culture, including codes of ethics and standards of conduct, to enhance the company's reputation for fair and responsible dealings and to help maintain high standards of behaviour throughout the company.

Fraud Defined

Inducing a course of action by deceit or other dishonest conduct involving acts or omissions or the making of false reports or statements, orally or in writing with the object of obtaining money or other benefit from, or evading a liability to, the company.

Impact of Fraud

Fraud generally results in a financial loss, however there can be other non-financial or indirect effects, such as:

- Disruption to the workplace.
- Impact on program delivery.
- Impact on employees in terms of stress, possible victimisation or discrimination.

Types of Fraud

There are many types of fraud that could occur within the company. They could vary from minor to major large scale frauds. Examples are:

- Misuse of telephones, mobile phones and/or information technology.
- Misuse of company's credit cards and petty cash.
- Misuse or unauthorised selling company's intellectual property.

- False claims for reimbursement.
- Misappropriation of cash.
- Collusive tendering.
- Tendering inducements.
- Unauthorised use of equipment.
- Electronic fraud.
- Payroll fraud.

There are times where it is difficult to distinguish between fraud and reckless use of resources. If an employee suspects actions of a fellow employee fall within the above category then they should report it in accordance with company's policy.

Everyone within the company has a role to play in detecting and reporting fraud. It is in the best interests of yourself, fellow workers and company to report any suspected incident of fraud.

Authorities & Responsibilities

Everyone within Company has a role in detecting fraud and reporting it. It is not solely the responsibility of the Management or Investigation and Review staff.

For Orient Abrasives Limited

**Whole Time Director
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