



SAHARA HOUSINGFINA CORPORATION LIMITED
(CIN No.L18100WB1991PLC099782)

POLICY ON FRAUD RISK MANAGEMENT AND ITS PREVENTION

1. INTRODUCTION AND EXECUTIVE SUMMARY

Fraud Risk Management (FRM) is essential tool in helping businesses especially financial segment to proactively identify risks that bear a significant impact on their reputation, and its timely assessment and prevention is a powerful measure in reducing the probability and severity of risks inherent with Fraud. And, thus, it is imperative to have an adequate fraud prevention and detection practices in businesses.

With an aim to promote better FRM systems and framework in NBFCs (including HFCs), the Reserve Bank of India (RBI) has issued a Master Direction dated 15/07/2024. The fresh directions have been issued to provide a framework to NBFCs (including HFCs alike us) for prevention, early detection and timely reporting of incidents of fraud to Law Enforcing Agencies (LEAs), RBI and National Housing Bank (HFCs, alike us to report directly to NHB). The FRM has been envisaged to incorporate compliance with principles of natural justice in a time bound manner and also strengthens the overall governance and oversight of fraud risk.

This Master Direction lays emphasis on prompt actions in harmony with adherence to the regulatory requirement, thus enhancing the operational resilience of the institutions and also fortifying the trust of all stakeholders in the rapidly growing Indian financial services sector.

In a step towards further strengthening the existing guideline and making it non-discriminatory, transparent and following the principles of natural justice, RBI has issued the fresh updated guidelines as **“Master Directions On Fraud Risk Management in Non-Banking Financial Companies (NBFCs) including Housing Finance Companies) under their Master Circular No. DOSCO.FMG.SEC.No.7/23.04.003/2024-25 dated 15/07/2024 (hereinafter referred to as “Master Circular dated 15/07/2024”) which forms a part of the revised/updated Master Directions as “Reserve Bank of India (Housing Finance Companies) Directions, 2025 (hereinafter referred to as “RBI-HFC Directions, 2025.**

The above updated Master Direction on FRM serves as a comprehensive guideline delineating the roles and responsibilities of Board / Board Committees and Senior Management of the NBFCs (including HFCs). In addition, it stipulates that the policy shall incorporate measures for ensuring compliance with principles of natural justice before classification of an account as “Fraud”, as per the judgment dated 27/03/2023 of Hon’ble Supreme Corut on CA No.7300 of 2022 (SBI & Ors. Vs. Rajesh Agarwal & Ors), in a time-bound manner. **Accordingly, HFCs (including us) have been directed to put in place a “Board approved Policy” as per the procedural guidelines/notes contained in the said Master Circular dated 15/07/2024.**

In accordance to the Master Direction on FRM dated 15/07/2024, Sahara Housingfina Corporation Limited (SHCL) has underlined the broad framework for prevention, early detection, investigation, staff accountability, monitoring, recovery and timely reporting of fraud incidents to the LEAs, RBI/NHB and also

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within SHCL, in a just, fair, reasonable and time-bound manner. Further, the present FRM has been prepared commensurate to the modest size and limited complexity of the company, and the same shall be scaled up, upon increase in volume and network.

2. APPLICABILITY & SCOPE

As per Clause 1.2.1 of the Master Circular dated 15/07/2024, the provisions of Directions on FRM shall, unless otherwise provided, apply to “All NBFCs (including HFCs) in the Upper Layer, Middle Layer and in the Base Layer (with asset size of Rs.500 crore and above).

This policy shall be applicable to any instances of Fraud (confirmed or suspected) involving Borrowers (including Co-Borrowers), Guarantors of Loans, Employees of SHCL (including Retainers, Outsourced, Temporary and Contractual whether engaged full or part time) Third party service providers (Consultants, Channel Partners, Legal & Technical Advisors, RCU etc.) or any individuals/agencies doing any type of business, financial and non-financial transactions with SHCL, Representatives of service providers, Vendors, Suppliers, Contractors, etc. of the Company.

3. OBJECTIVES

This policy aims to install a proactive approach within SHCL, for identifying, analysing, and managing the risk of fraud in a time-bound yet transparent manner, maintaining a “zero-tolerance “stance towards fraud across all levels of activities within and even outside (related to) the company. The policy also aims to implement measures to prevent fraud based on incidence they may foresee and/or as has been reported with other financial institutions. In harmony with the above, this Policy is designed to achieve the following primary objectives:

- (A) To ensure that the management is aware of its responsibilities for establishing procedure/system/mechanism and controls, that facilitate fraud detection and measures for prevention and early detection of frauds.
- (B) To investigate detected or referred fraud incidents, as well as loan beneficiaries, employee, or whistleblower complaints related to fraud, and tips received.
- (C) To follow the principles of natural justice before classifying anyone as a fraud and referring to the judgement of the Hon’ble Supreme Court dated March 27, 2023 on Civil Appeal No.7300 of 2022 in the matter of State Bank of India & Ors Vs. Rajesh Agarwal & Ors. and connected matters, read with the Order dated May 12, 2023 passed by the Hon’ble Supreme Court in Misc. Application. No.810 of 2023, specifically in relation to serving a notice, giving an opportunity to submit a representation before classifying Persons / Entities as fraud and passing a reasoned order. The orders of the Hon’ble High Court of Bombay dated August 7, 2023 in Writ Petition (L) No. 20751 of 2023 and the Hon’ble High Court of Gujarat dated August 31, 2023 in Special Civil Application No. 12000 of 2021 and connected matters shall also be referred to.

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- (D) To ensure that all suspected fraudulent activities are thoroughly investigated and reported, with ongoing monitoring of detected fraud incidents.
- (E) Reporting fraud incidents and recommending process changes to strengthen the internal control system against fraud.
- (F) Providing guidance to SHCL on fraud prevention, identification, and detection, and offering essential training to officials/authorized representatives of SHCL to enhance their awareness and capabilities in fraud prevention and detection.

4. DEFINITIONS

- (A) **Burglary:** Any act of illegally breaking and entering into a premise to steal any property without the consent of the owner;
- (B) **Dacoity:** Any act of armed robbery involving five or more people;
- (C) **Date of Occurrence:** The date when the actual misappropriation of funds has started taking place, or the event has occurred, as evidenced / reported in the audit or other findings/investigation;
- (D) **Date of Detection:** The actual date when the fraud came to light in the concerned branch / audit / department, as the case may be, and not the date of approval by the competent authority of SHCL;
- (E) **Date of Classification:** The date when due approval from the competent authority has been obtained for such a classification, and the reasoned order is passed.
- (F) **Fraud:** Any falsification of information or mis-representation by an applicant, loan beneficiaries, employee or any third party related to their documentation, financials, identification, duration of stay and work with intend to defraud the company, including
 - (i) the connivance of any party with a view to undermine the credit evaluation checks and processes,
 - (ii) fraudulent behavior committed by the loan beneficiaries in collusion with the third parties and misrepresentation of information provided to SHCL (directly or indirectly).
- (G) **Robbery:** Any act of taking anyone's property without their consent using force or threat of using force;
- (H) **Theft:** Any act of stealing or physically removing any object without the consent of its owner and depriving them of the right to use that object;

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5. ACTIONS CONSTITUTING FRAUDS AND OTHER INCIDENTS

(A) UNIFORM CATEGORIZATION OF TYPES OF FRAUDS AND REPORTING THEREOF

SHCL shall report all incidence of fraud to RBI/NHB (as the case be), as per their forms and formats. SHCL shall further sort frauds under the following category (or as may be requested by the authorities) and accordingly report to its reporting authority in a uniform manner:

- (i) Misappropriation of funds and criminal breach of trust;
- (ii) Fraudulent encashment through forged instruments;
- (iii) Manipulation of books of accounts or through fictitious accounts, and conversion of property;
- (iv) Cheating by concealing facts with the intention of deceiving any person and cheating by impersonation;
- (v) Forgery with the intention to commit fraud by making any false documents/electronic records;
- (vi) Willful falsification, destruction, alteration, mutilation of any book, electronic record, paper, writing, valuable security or account with intent to defraud;
- (vii) Fraudulent credit facilities extended for illegal gratification;
- (viii) Cash shortages on account of frauds;
- (ix) Fraudulent transactions involving foreign exchange;
- (x) Fraudulent electronic banking / digital payment related transactions committed on SHCL and
- (xi) Other types of fraudulent activities, not covered under any of the above;

(B) OTHER INCIDENTS

The cases of theft, robbery, burglary and dacoity shall fall under the category of other incidents and shall also be reported to the LEAs, NHB (as and when reported to/observed by, the Company), as per their prescribed form/format and as per their schedule time-line.

6. DETECTION AND REPORTING OF THE FRAUDS AND OTHER INCIDENTS

(A) PROCESS OF REPORTING WITHIN SHCL

It is an important responsibility of all officials of the company, at every level to immediately report any incident of fraud or any other incident immediately after its detection so that necessary remedial/preventive actions can be initiated promptly by the management of the company. As per the new Master Direction on FRM dated 15/07/2024, SHCL must report the 'Frauds' as per prescribed format to NHB and to its Board and Audit committees within the specified timeline, which will be further monitored and checked by the NHB as well as the Internal Auditors subsequently. Accordingly, the internal mechanism and processes for reporting and monitoring frauds and other adverse incidents shall be as follows:

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- (i) Any employee who detects/identifies/throws light on the fraud and other incident, shall immediately (within 24 Hours) report it to the respective BH/RBH (in case of operational locations) and Head of Department (HoD) (in case of Registered/Corporate Office);
- (ii) The HoD/RBH/BH upon receipt of such an information about fraud/attempted fraud/suspected fraud, shall report the incident to the CEO/CFO (KMPs) of SHCL;
- (iii) The KMPs shall within 24 hours from receipt of information, initiate the process of inquiry, and if necessary form a separate team (as per requirement for the above purpose). The "Inquiry Report" along with all supporting documents related to investigation conducted by the KMPs or its identified team, shall formally review the entire process and other responses prior to declaring such Persons/Entities as "Fraudulent";
- (iv) Irrespective of the amount involved, once an account is declared as Fraud", SHCL shall furnish FMR or inform by applicable means, its reporting authority (RBI/NHB) of the incident, within the 14 days from the date of classification of incident/account as fraud;
- (v) Concurrently, the KMPs shall also notify the Board of Directors / Audit Committee of the Board (ACB) alongwith the action taken, its monitoring and reporting;
- (vi) KMPs to report to NHB in the manner as advised by NHB (from time to time);
- (vii) KMPs to report to LEAs as per their forms, formats and procedures;

(B) MONITORING

- (i) The KMPs shall be responsible for reporting and continuous monitoring on Frauds including providing updates/progress to NHB, LEAs, Board of Directors and ACBs;
- (ii) The Internal Auditor shall examine the entire process, its compliance with regulatory directions including record keeping. Registers, incidence etc. during the course of their audit exercise and report accordingly in their final findings.

7. STAFF ACCOUNTABILITY

Staff accountability shall be mandatorily explored in the investigation process of all fraud, as it is necessary to:

- (A) Confirm whether there was any lapse / mala-fide intention on part of employee(s) which led to the fraud, or the employee was directly involved in the incident; and
- (B) If so, the action will be taken as per the internal policy of SHCL or decision of the Committee of Executive (CoE) /ACB (in case of Senior Management), against the staff concerned and the investigation report proving the employees' involvement shall be shared with the LEA so that appropriate legal action can be taken against the employee.
- (C) Ensure to complete the examination in a time-bound manner.

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- (D) Reassess the relevant internal checks and controls for their improvement/strengthening, etc.
- (E) Ensure that there is proper co-operation from the employees throughout the investigation process.

SHCL has an existing “Whistle Blower Policy”, and thus it shall ensure that Whistle Blower complaints on possible fraud cases/suspicious activities in accounts(s) are examined and concluded. The Policy safeguards the Whistle Blower as the identity of the Whistle Blower needs to be kept confidential.

8. PENAL MEASURES

- (A) Persons / Entities classified and reported as fraud by SHCL/others Lending Institutions, and also Entities and Persons associated with such Entities, **shall be debarred from raising of funds and / or seeking additional credit facilities from financial entities regulated by RBI (including SHCL), for a period of 5 (five) years from the date of full repayment of the defrauded amount/settlement amount agreed upon in case of a compromise settlement.**
- (B) SHCL to ensure prudence in lending shall **decline and NOT entertain** any requests for credit facilities sought by Person/Entities as mentioned in Para 8 (a) above, for another period of 2 (two) years i.e. **it shall NOT lend to such Persons/Entities for an aggregate period of 7 (seven) years from the date of full repayment of the defrauded amount/settlement amount agreed upon in case of a compromise settlement. This period shall be the mandatory cooling off period decided by SHCL in its own interest.**

9. TREATMENT OF ACCOUNTS UNDER RESOLUTION

- (A) In case an account classified as fraud has subsequently undergone a resolution either under IBC or under the resolution framework of RBI (issued from time to time) resulting in a change in the management and control of the entity/business enterprise (declared as fraud), SHCL shall examine whether the said entity/business enterprise shall continue to remain classified as fraud or the classification as fraud could be removed after implementation of the Resolution Plan under IBC or aforesaid prudential framework. This decision taken by SHCL shall be without prejudice to the continuance of criminal action against erstwhile promoter(s)/director(s)/persons who were in charge and responsible for the management of the affairs of the entity/business enterprise.
- (B) The penal measures as detailed in Para 8 above shall not be applicable to entities/business enterprises after implementation of the resolution plan under IBC or aforesaid prudential framework.
- (C) The penal measures detailed in Para 8 shall continue to apply to the erstwhile promoter(s)/ director(s)/ persons who were in charge and responsible for the management of the affairs of the entity / business enterprise.

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10. INVESTIGATION OF FRAUDS AND OTHER INCIDENTS

As and when an actual, attempted or suspected fraud is reported, SHCL shall immediately institute a mechanism for investigating such reported incidence, and to accordingly encourage all employees to appraise such incidence to their Senior Management through the process laid out in Para 6(A) above. Further, there must be a genuine intent to complete the investigation within a specified period from the date of detection.

11. SHOW CAUSE NOTICE

The process of investigation includes issuance of Show Cause Notice (SCN) to the Persons (including third party service providers and professionals, such as Architects, Valuer, Chartered Accountants, Advocates etc.), Entities and its Promoters/Whole-time and Executive Directors against whom allegation of fraud is being examined (*As non-whole-time directors, like nominee directors and independent directors, are normally not in charge of, or responsible (to the company) for the conduct of business of the company, SHCL may take this into consideration before proceeding against such Directors under these Directions*).

- (A) SCN shall be served on the abovementioned persons pursuant to completion of investigation and framing of charges;
- (B) The SCN shall provide complete details of transactions / actions/events basis which declaration and reporting of a fraud is being contemplated.
- (C) A reasonable time of **not less than 21 days** shall be provided to the Persons/Entities on whom the SCN was served to respond to the said SCN.
- (D) The Competent authority of SHCL (preferable the KMPs, else the ACB) shall examine the responses/submission made by the Person/Entities prior to declaring such Person/ Entities as fraudulent.
- (E) A reasoned Order shall be served on the Persons / Entities conveying the decision of the Competent authority regarding declaration / classification of the account as fraud or otherwise.
- (F) The Reasoned Order must contain all relevant facts / circumstances relied upon, submissions made against the SCN and the reasons for classification as fraud or otherwise.
- (G) The entire governance process from issuance of SCN till issuance of a reasoned Order shall be along the lines of principle justice and to be completed in a time bound manner.

12. EARLY WARNING SIGNALS FOR DETECTION OF FRAUDS

- (A) SHCL shall have a framework for Early Warning Signals under its overall FRM Policy. The framework shall cover the below mentioned;
 - (i) EWS triggers and monitoring of the same;
 - (ii) Remedial actions for the triggers;
 - (iii) Periodic review of portfolio and control mechanisms
- (B) The Risk Management Committee of the Board shall oversee, review the effectiveness of the framework for EWS and the KMPs/Senior

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Management shall be responsible for the proper and effective implementation of a robust EWS within the company.

- (C) SHCL shall identify actual or potential instances or signals that point towards the occurrence of a fraud. These Early Warning Signals (EWS) shall be responsible for monitoring credit facilities/loan accounts and other financial transactions and these EWS shall be reviewed periodically for their effectiveness. This can be accomplished through onsite inspections of processes, employees, documents, or by recognizing early warning signals. The Management shall review the EWS framework for its suitable validation in accordance with its directions. The early warning indicators can be from;
- (i) Risk based calling: Carried out by Internal CRM team
 - (ii) Pre-disbursement sample customer visits by Field Risk Officers
 - (iii) Post Disbursement trigger based customer visits by Credit & Risk team
 - (iv) Customer Complaints: Complaints from customers can trigger fraudulent practices
 - (v) Credit Monitoring: Unusual Portfolio Behavior indicating potential fraud
 - (vi) Whistleblowers: Employees or insiders who notice suspicious activities can report them
 - (vii) Audits: Regular audits can help detect irregularities or frauds
 - (viii) Legal Actions: Legal proceedings or Litigation process can bring out fraudulent activities
- (D) The EWS triggers/indicators framed by SHCL shall also include the suggestive illustrative indicators, as disseminated by NHB in its Circular No. NHB(ND)/DOS/Sup.Circular No.9/2022-23 dated 26/04/2023.

13. PREVENTIVE MEASURES

Frauds can be prevented by taking control measures as below:

- (A) Performing thorough background checks and verifying official documents of loan beneficiaries/customers and employees of the company (all full time, part time or employees appointed on temporary / contractual basis) and business associates of SHCL involved as facilitators in the process of sanction.
- (B) Periodic training programs for all employees on real life scenarios, recent fraud cases and Fraud Detection & Prevention
- (C) Implementing preventive internal controls through appropriate process changes.
- (D) The loan agreement with the beneficiaries shall contain clauses for the conduct of such an audit at the behest of SHCL
- (E) Examine and fix staff accountability for delays in identification of fraud cases and in reporting to RBI/NHB.

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(F) Progressively fixing CCTV cameras at each branch

14. **RECOVERY**

In cases of fraud, SHCL shall take prompt action to recover any misappropriated assets. The recovery process will involve

(A) Timely assessment and classification of fraud and identification of recovery options as per FRM policy of the company and in accordance to the directions of RBI/NHB.

(B) Pursue of all legal avenues, including cooperation with law enforcement agencies, to recover losses.

15. **REPORTING OF FRAUDS TO LAW ENFORCEMENT AGENCIES (LEAs)**

(A) SHCL shall immediately report the incidents of fraud to appropriate LEAs, viz. State Police authorities, etc., subject to applicable laws.

(B) The KMPs of the company shall be the nodal point(s)/ designated officer(s) for reporting incidents of fraud to LEAs and for proper coordination to meet the requirements of the LEAs.

16. **LEGAL AUDIT OF TITLE DOCUMENTS IN RESPECT OF LARGE VALUE LOAN ACCOUNTS**

SHCL shall subject the title deeds and other related title documents in respect of all credit facilities of **Rs.1,00,00,000/- and above (Rupees one crore and above)** to periodic legal audit and re-verification, till the loan is fully repaid. **The periodicity of legal audit in case of “Standard Loans” shall be, every 5 (five) years where security is held under “Equitable Mortgage” and 7 (seven) years where security is held under “Registered Mortgage”, whereas in case of “Sub-Standard Loans”, it shall be, every year 2 years where security is held under “Equitable Mortgage” and 5 (five) years where security is held under “Registered Mortgage”, .**

17. **TREATMENT OF ACCOUNTS CLASSIFIED AS FRAUD AND SOLD TO OTHER LENDERS / ARCs)**

SHCL shall complete the investigation from fraud angle before transferring any loan account/credit facility to other lenders/ARCs, and where it concludes that a fraud has been perpetrated in the account, they shall report it to NHB before selling the accounts to other lenders/ARCs.

18. **CREDIT FACILITY / LOAN AMOUNT / OTHER FINANCIAL TRANSACTIONS – INDICATION OF FRAUDULENT ACTIVITIES**

SHCL shall monitor activities in credit facility/loan account/other financial transactions and remain alert on activities which could potentially turn out to be fraudulent.

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- (A) In case where there is a suspicion/indication of wrongdoing or fraudulent activity reported/observed in respect of any customer/borrower, SHCL shall use an qualified external audit or an internal audit to further investigate the account.
- (i) SHCL shall frame a policy on engagement of external auditors (on case to case basis) covering aspects such as due diligence, competency and track record of the auditors, among others. Further, the contractual agreement with the auditors shall, *inter alia*, contain suitable clauses on timeline for completion of the audit and submission of audit report to SHCL within a specified time limit, as approved by the Board.
 - (ii) The Loan Agreement of SHCL executed by the borrower(s) shall contain clauses for conduct of such audit at the behest of SHCL. In cases where the audit report submitted remains inconclusive or is delayed due to non-cooperation by the borrower, SHCL shall conclude on status of the account as a fraud or otherwise based on the material available on their record and their own internal investigation / assessment in such cases.
 - (iii) SHCL shall ensure that the principles of natural justice are strictly adhered to before classifying/declaring the account as fraud.
 - (iv) In case an account is identified as a fraud by SHCL, the borrowal accounts of other group companies, in which one or more promoter(s)/whole-time director(s) are common, shall also be subjected to examination by SHCL from the angle of fraud under these Directions.
 - (v) In case where Law Enforcement Agencies (LEAs) have *suo moto* initiated investigation involving a borrower account, SHCL shall follow the process of classification of account as fraud.

19. INDEPENDENT CONFIRMATION FROM THE THIRD PARTY SERVICE PROVIDERS INCLUDING PROFESSIONALS

SHCL shall henceforth incorporate necessary terms and conditions in their service provider agreements with third-party service providers (Channel Partner, Technical Valuer, Legal Advisor/Advocates, RCU etc.) and to hold them accountable in situations where wilful negligence/malpractice by them is found to be a causative factor for fraud.

20. ROLE OF AUDITORS

- (A) The Internal Auditors to examine transactions and documents to identify potentially fraudulent activities and escalate findings to KMPs of the company, and if necessary, to the ACB.
- (B) To conduct comprehensive audits covering prevention, detection, classification, monitoring, reporting, closure and withdrawal of fraud cases, as well as weaknesses in critical processes in the FRM framework of SHCL, and to also, conduct thorough investigations into reported cases of fraud.

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- (C) To work with the Management (including ACB/Board Level Committee) to address the findings and implement corrective actions.
- (D) To maintain thorough records of audit findings to comply with regulations and internal policies
- (E) During the course of the audit, if they come across instances where the transactions in the account or the documents point to the possibility of fraudulent transactions in the account, to immediately bring it to the notice of the KMP, and if necessary, to the ACB for appropriate action.

21. SPECIAL COMMITTEE OF THE EXECUTIVES FOR MONITORING AND FOLLOW-UP

In harmony with the directions of RBI, SHCL shall constitute a “**Committee of Executives (CoE)**” for the purpose of performing the roles and responsibilities of monitoring and follow-up actions of cases of Frauds. The CoE shall comprise of the following members:

Name	Designation	Status
Shri D J Bagchi	CEO/KMP	Head
Shri Vivek Kapoor	CFO/KMP	Member
Shri Anup Kirtan	Dy. Chief Manager	Member

Note: In case of charges against KMPs, the COE shall consist of the ACB, with the Chairperson of ACB as its Head.

- (A) The roles and responsibilities of the CoE is as under:
 - (i) Oversee the effectiveness of fraud risk management of SHCL;
 - (ii) Review and monitor cases of frauds, including root cause analysis, and suggest mitigating measures for strengthening the internal controls, risk management framework and minimising the incidence of frauds.
 - (iii) Review and monitor any other matter that is incidental or directly related to Fraud or its management.
 - (iv) Approval of Standard Operating Practices (SOPs) for prevention, early detection, investigation, deciding nature & amount of Fraud for legal steps, staff accountability, monitoring, recovery, analysis and reporting of frauds, etc. and other related aspects under the Board approved Policy and Master Direction on Fraud Risk Management issued by RBI (from time to time).
 - (v) To put in place a transparent mechanism to ensure that Whistle Blower complaints on possible fraud cases / suspicious activities in accounts(s) are examined and concluded appropriately under their Whistle Blower Policy.
 - (vi) In addition to the above, SHCL shall conduct an annual review of the frauds (if any) and place a note before the Board/ACB.
- (B) The CoE shall meet at least once every year or at shorter interval/frequency, in case there is a need on account of any incidence of report/observance of fraud (actual, attempted or suspected). The quorum for the Committee meeting shall be presence/attendance of any two members (with mandatory presence of one KMP).

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- (C) The afore-mentioned KMPs of the company, who also form a part of the CoE, shall be responsible for monitoring and reporting of frauds.
- (D) The CoE must ensure that the amount related to a declared/reported in the company for the year is disclosed in the “Notes to Accounts” forming a part of the Financial Statement of the company.

22. CLOSURE OF FRAUD CASES REPORTED TO RBI/NHB

SHCL shall close fraud cases where the actions as stated below are complete:

- (A) The fraud cases pending with LEAs/Court are disposed of; and
- (B) The examination of staff accountability has been completed.

Further, SHCL can close the fraud cases itself where:

- (C) The reported fraud cases involved amounts up to ₹25 lakhs where examination of staff accountability and disciplinary action (if any) has been completed; and
 - (i) The investigation is going on or charge-sheet has not been filed in the Court by LEA for more than three years from the date of registration of First Information Report (FIR), or
 - (ii) The charge sheet is filed by the LEAs in trial court and the trial in the court has not commenced or has been pending for more than three years from the date of registration of FIR.

The details of all the closed cases shall be maintained by SHCL and the same shall be kept for examination by the Auditors. The Company may, under exceptional circumstances, withdraw FMR/remove name(s) of perpetrator(s) from FMR. Such withdrawal/removal shall, however, be made with due justification and with the approval of the Board of Directors and the ACB.

23. REVIEW OF FRM POLICY

This Policy shall be reviewed by the Board of Directors of the company at least once in three (3) years, or at shorter intervals, if the circumstances require so, which includes any requirement as per directions of RBI/NHB (from time to time).

This “Policy on Fraud Risk Management and its Prevention” comes into immediate effect and rescind the earlier policy approved by the Board in their meeting held on 28/05/2025.

(D J Bagchi)
CEO

Place : Kolkata
Date : May 29, 2026

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