



MONARCH SURVEYORS & ENGINEERING CONSULTANTS LIMITED

(Formerly known as Monarch Surveyors & Engineering Consultants Pvt. Ltd.)

सहसा विदधीत न क्रियामविवेकः परमापदां पदम्

FRAUD RISK MANAGEMENT POLICY

1. Introduction

Monarch Surveyors and Engineering Consultants Limited ("Monarch" or "the Company") is committed to the highest standards of integrity, ethical conduct, and accountability. Fraudulent conduct undermines stakeholder trust, jeopardises statutory compliance, and exposes the Company to financial and reputational risks.

Operating in conjunction with the Code of Conduct, Insider Trading Policy, and Whistle-blower Policy, this Fraud Risk Management Policy ("Policy") sets out Monarch's framework for preventing, detecting, investigating, and remediating fraud. The Policy is aligned with Section 177 of the Companies Act, 2013, Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the ICAI Guidance Note on Fraud, and the COSO Fraud Risk Management Framework.

2. Definitions

- **Fraud** means any intentional act or omission designed to deceive or mislead, resulting in loss, misappropriation of assets, misstatement of financial statements, or the securing of an improper personal benefit. It includes financial and non-financial misconduct such as manipulation of non-financial KPIs, ESG data, cyber fraud, phishing, unauthorised system access, and other digitally enabled schemes.
- **Suspected Fraud** refers to circumstances giving rise to a reasonable belief that wrongdoing has occurred or may be in progress.
- **Whistle-blower** means any employee, director, contractor, supplier, customer, or external stakeholder who reports a potential breach in good faith through the Company's vigil mechanism.

3. Objectives

This Policy aims to:

- establish zero tolerance for fraud;
- promote a speak-up culture encouraging timely reporting;
- define governance roles and responsibilities;
- integrate fraud-risk assessment with enterprise risk management and internal audit planning;
- ensure systematic identification, evaluation, and mitigation of fraud risks;
- provide secure and anonymous reporting channels;
- ensure independent and fair investigation of allegations;
- mandate proportionate disciplinary, civil, and criminal action;
- preserve evidence; and
- maintain compliance with statutory and regulatory requirements.

Monarch House, CTS No 434/1, B T Kawade Road, Ghorpadi, Pune 411 036, Maharashtra. India.

CIN No.: L45203PN1999PLC013830 | D&B D-U-N-S: 91 663 2276

Contact: +91 97665 56746 | Email: info@monarchltd.com | www.monarchconsultants.in

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4. Scope

This Policy applies to:

- all directors, employees (permanent, temporary, trainees), and consultants;
- joint-venture partners, agents, suppliers, subcontractors, advisers, and other third parties acting on behalf of the Company; and
- all subsidiaries, associates, overseas branches, site offices, and project consortia under Monarch's operational control.

5. Guiding Principles

- Prevention is preferred, as robust controls are more cost-effective than remediation.
- Early detection through data analytics and vigilant reporting is critical.
- Investigations shall be fair, confidential, and free from retaliation.
- Corrective action shall penalise wrongdoing and strengthen controls.
- Lessons learned shall drive continuous improvement.

6. Governance Framework

6.1 Board of Directors

The Board has ultimate responsibility for fraud-risk management, sets the tone at the top, and receives a quarterly anonymised summary of whistle-blower activity and a consolidated fraud dashboard.

6.2 Audit Committee

The Audit Committee oversees implementation of this Policy, pre-authorises investigations, and reviews:

- incidents with financial impact exceeding ₹100,000; or
- incidents with a risk score exceeding 3.

The Committee may request deep-dive analyses of fraud trends or thematic risks and may appoint an external forensic auditor where conflicts of interest arise.

6.3 Management and Control Functions

- **Chief Executive Officer:** Champions an anti-fraud culture and endorses disciplinary actions.
- **Head – Internal Audit & Risk:** Maintains the Fraud Risk Register, leads or commissions investigations, and tracks remediation.
- **Functional Heads:** Own and operate frontline controls.
- **Employees and Third Parties:** Must comply with this Policy and report red flags.

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7. Fraud Risk Management Process

7.1 Risk Identification and Assessment

Fraud risks are identified through workshops, scenario analysis, external intelligence, and historical loss-event reviews. Each risk is assessed for likelihood and impact, and residual high risks require formal mitigation plans.

7.2 Preventive Controls

Preventive measures include segregation of duties, authority matrices, access controls, staff rotation, vendor and supplier ultimate-beneficial-ownership checks, and enhanced due diligence for high-risk third parties with periodic re-validation.

7.3 Detective Controls

Detective mechanisms include ERP exception reports, reconciliations, surprise audits, and monitoring of key risk indicators, which are reported to the Audit Committee at the same frequency as risk assessments.

8. Whistle-blower and Incident Intake Mechanism

Suspected fraud may be reported through toll-free numbers, dedicated email, secure web portals, or physical drop boxes.

- Whistle-blower identity is protected and retaliation is prohibited.
- Each complaint is assigned a docket number.
- Receipt is acknowledged within seven days and screened within five days.
- Anonymised periodic summaries, including screened-out cases, are submitted to the Audit Committee for trend analysis.

9. Investigation Protocol

Investigations are conducted by Internal Audit & Risk or an external forensic advisor authorised by the Audit Committee Chair.

- Evidence is preserved and digital forensics may be employed.
- Interim findings indicating regulatory breach or urgent risk are escalated within one business day.
- A draft investigation report, including root-cause analysis and control-improvement recommendations, is submitted within 15 days.
- Matters impacting financial reporting are shared with statutory auditors.

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10. Corrective and Disciplinary Actions

Where fraud is substantiated, management, in consultation with Human Resources, imposes disciplinary action proportionate to severity, intent, and impact. Actions may include warnings, termination, recovery of losses, vendor blacklisting (minimum three years), law-enforcement complaints, and regulatory reporting.

Repeat offences or systemic failures may trigger broader control reviews. All actions are tracked and reported to the Audit Committee.

11. Regulatory and Statutory Reporting

In accordance with Section 143(12) of the Companies Act, 2013, statutory auditors must report fraud involving ₹1 crore or more to the Central Government. The Company Secretary ensures timely stock-exchange disclosures under Regulation 30 of SEBI LODR for material frauds.

12. Training and Awareness

Anti-fraud training is included in employee induction and annual e-learning programmes. High-risk functions receive targeted workshops using case studies and fraud scenarios. Training completion statistics are reviewed by Human Resources and the Audit Committee.

13. Record Retention

Investigation files, evidence logs, and correspondence are retained for eight years or longer where litigation is ongoing, after which they are disposed of in accordance with the Archival Policy.

14. Policy Review

This Policy is reviewed annually by the Audit Committee or earlier if required due to regulatory changes or emerging fraud trends, and updated upon Board approval.

15. Effective Date

This Policy is effective from **1 April 2026** and supersedes all earlier fraud-risk management guidelines.

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