FRAUD RISK MANAGEMENT POLICY

The Fraud risk management policy has been framed, in accordance with the requirements of Reserve Bank of India (Fraud Risk Management in NBFCs) Directions, 2024 and RBI Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016, to establish a system for prevention, early detection, investigation and timely reporting of fraud against Mantra Capital Limited (Formerly Savani Financials Limited) (herein after referred to as "Savani" or "the Company"), to Law Enforcement Agencies and Reserve Bank of India, keeping in view thefollowing objectives:

- To establish procedures and controls that will aid in the detection and prevention of fraud
- To provide guidance to Savani employees in fraud prevention, identification and detection
- To develop internal controls and to investigate frauds
- To promptly record frauds and report frauds, as required, to RBI and other agencies
- To provide necessary training to Savani staff for prevention and detection of frauds.

In case the policy is silent on any of the matters or is contradictory to the RBI Master Directions, as amended from time to time, the Company shall comply with the requirements of the RBI Master Directions, as amended from time to time.

SCOPE OF POLICY

This policy applies to any fraud or suspected fraud involving employees as well as outside agencies and Persons having Business Relationship with Mantra Capital Limited (Formerly Savani Financials Limited). The scope of the policy shall also cover theft, burglary, dacoity and robbery cases which shall also reported to the Reserve Bank of India in accordance with the guidelines.

OBJECTIVE OF POLICY

The Policy has been established to outline the requirements for the development of controls that will assist in the early detection, prevention, timely reporting and fraud risk management.
This Policy must be applied to any Fraud, or suspected Fraud, involving any member of the Boards of Directors, the Chief Executive Officers, the Management teams or staff of Savani, as well as minority shareholders and all others who conduct business with Mantra Capital Limited (Formerly Savani Financials Limited) ,such as customers, third party agents and representatives, including consultants, contractors, suppliers, vendors,subcontractors and agents.

The Policy is designed to fulfil the following objectives:

- Maintain the highest standard of ethics, professional conduct and fiduciary duty and responsibility;
- Protect Savani's funds and other assets;
- Secure Savani's businesses;
- Protect the reputation of Savani and its employees

THE POLICY

This document outlines Savani's policy concerning fraud and provides guidelines for the implementation and enforcement of Savani Fraud Risk Management Policy referred to herein after as the 'Policy'. This policy and any future amendments are subject to the Board of Directors' approval.

The company shall follow the policy at all levels. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

The Internal Audit Department of the company shall be responsible for the detection of frauds during the course of its Internal Audits and reporting thereof and to recommend necessary internal controls for fraud prevention. The scope of the Internal audit shall also cover controls and processes involved in prevention, detection, classification, monitoring, reporting, closure and

withdrawal of fraud cases, and also weaknesses observed in the critical processes in the fraud risk management framework of the Company. The frauds being detected during the course of audit by the internal auditors shall be covered in the scope of Executive Summary report of the Internal Audit Department and shall be placed before the Audit Committee of the Board for further direction.

Any irregularity that is detected or suspected by any staff member or the management team must be reported immediately to the Head of Internal Audit Department, who shall in turn investigate the matter in detail and decide the future course of action including reporting thereof and the imposition of penalties on the involved staff members or change in the system and controls, in consultation with the Managing Director, Operations Head or other departmental heads, as may be required. Information concerning the status of an investigation will be kept confidential. The complainant or the staff who detects the fraud in the course of his office duties shall be instructed:

- Not to contact the suspected individual directly, so as to determine facts.
- Not to discuss the case, facts, suspicions, or allegations with any other person

The company already has a Board approved 'Vigil Mechanism and Whistle Blower policy.
Mantra Capital Limited (Formerly Savani Financials Limited) shall abide by regulatory guidelines and fraud reporting requirements, prescribed by the Regulatory Authorities.

ACTIONS CONSTITUTING

A Fraud is a willful act intentionally committed by an individual by deception, suppression, cheatingor any other fraudulent or any other illegal means, thereby, causing wrongful gain to oneself or to any other individual and wrongful loss to others. Some examples of fraudulent activity are:

- Misappropriation of funds, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Accepting or seeking anything of material value from contractors, vendors, or personsproviding services/materials to the Company.
- Misappropriation and criminal breach of trust

- Fraudulent encashment through forged instruments, manipulation of books ofaccount or through fictitious accounts and conversion of property
- Unauthorised credit facilities extended for reward or for illegal gratification.
- Negligence and cash shortages
- Cheating and forgery
- Irregularities in foreign exchange transactions
- Any other type of fraud not coming under the specific heads as above.
- Cases of 'negligence and cash shortages' and 'irregularities in foreign exchange transactions'are to be reported as fraud if the intention to cheat / defraud is suspected / proved.
- In the following cases where fraudulent intention is not suspected / proved, at the time of detection, the matter will be treated as fraud and reported accordingly: (a) Cases of cash shortages more than ₹10,000/- and (b) Cases of cash shortages more than ₹5000/- if detected by management /auditor / inspecting officer and not reported on the occurrence by the persons handling cash.
- Actions which are in violation of the provisions of the IT Act, 2000 and IT (Amendment) Act, 2008

DETECTION AND INVESTIGATION OF FRAUD

The Head (Internal Audit) has the primary responsibility for the detection / investigation of all actual / suspected fraudulent acts as defined in the policy. However, the responsibility of reporting of any fraud shall not be limited to the Head of the Internal Audit Department, and any person/employee of the company who comes across any fraudulent activity shall promptly report the activity to the Internal Audit Department, to avoid occurrence of any fraud.

The person detecting the fraud or the investigating team must ensure proper procedures so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. An employee who discovers or suspects fraudulent activity will inform the Audit Head immediately.

The reporting individual will be advised:

- Not to contact the suspected individual directly, in an effort to determine facts.
- Not to discuss the case, facts, suspicions, or allegations with any other person

SPECIAL COMMITTEE OF THE BOARD

While Audit Committee of the Board (ACB) shall monitor all the cases of frauds in general, the Company shall constitute a Special Committee of the Board for monitoring and follow up of cases of frauds (SCBF) involving amounts of ₹ 1 crore and above exclusively. The Special Committee is to be constituted with five members of the Board of Directors, consisting of MD, two members from ACB and two other members from the Board excluding RBI nominee. The periodicity of the meetings of the Special Committee may be decided according to the number of cases involved. In addition, the Committee should meet and review as and when a fraud involving an amount of ₹ 1 crore and above comes to light.

The major functions of the Special Committee would be to monitor and review all the frauds of ₹ 1 crore and above so as to:

- Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI.
- Monitor progress of CBI/Police investigation and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.

FRAUD INVESTIGATION PROCEDURE

The Internal Audit Head shall, on the receipt of any complaint pertaining to fraud assess the facts reported (preliminary review) in order to understand the possible level (internal/external, level of the internal staff involvement, etc.) and the extent of any potential breach, as well as the severity of the case reported. He shall, on the basis of the primary enquiry decide the further course of action to be carried out and shall commence the investigation in consultation with the Managing Director and other related departments. During the course of Investigation the following procedure shall be adopted:

- Obtain copy of concern /complaint or reported breach;
- Identify, secure and gather data in whatever form, including the changing of locksand system access (where necessary and/or applicable);
- Obtain and analyse documents;
- Conduct initial validation of the information received to understand whether or not theclaims are valid
- Perform data analytics on structured/unstructured data;
- Interview relevant internal and external individuals, document the interview and obtain theiracknowledgement on the facts;
- Secure documents and relevant evidence related to the suspected Fraud, such as contentsof the suspect's office or workstation, personal computer, diary and files including all personal

  documents, where possible/applicable;
- Securing / preserving the various related documents such as documents pertaining to testing procedures, financial data records, records of interviews and testimonies, consultation memo,related emails or other correspondences etc.
- Securing evidence – documents/evidence must be protected so that nothing is destroyed and so that they are admissible in legal proceedings.

REPORTING, RECORDING AND MONITORING OF FRAUDULENT ACTS

The frauds being detected and investigated by the internal auditors shall be covered in the scope of Executive Summary report of the Internal Audit Department and shall be placed before the Audit Committee of the Board. During the course of the audit, auditors may come across instances where the transactions in the account or the documents point to the possibility of fraudulent transactions in the account. In such a situation, the auditor should immediately bring it to the notice of the senior management and if necessary, to the Audit Committee of the Board (ACB) of the Company for appropriate action. It shall be ensured that FIR is filed with the police authorities at the earliest.The recording of the fraud cases shall be made by the compliance team in the fraud register on the basis of report of internal auditor. The Internal Audit Department of the company shall, in its internal audit report, also comment upon the status of any update on recovery etc. on any fraud. Cases of attempted frauds shall also be reported to the Audit committee. The Audit Committee and Board shall review the status of fraud cases on a quarterly and annual basis.

The Company shall immediately report the incidents of fraud to appropriate Law Enforcement Agencies, viz. State Police authorities, etc., subject to applicable laws. The Company shall establish suitable nodal point(s) / designate officer(s) for reporting incidents of fraud to Law Enforcement agencies and for proper coordination to meet the requirements of the agencies.

The Company shall furnish FMR in individual fraud cases, irrespective of the amount involved, immediately but not later than 14 days from the date of classification of an incident / account as fraud.

Incidents of fraud at overseas branches of the Company shall also be reported to the concerned overseas Legal Enforcement Agencies in accordance with the relevant laws / regulations of the host countries.

The Company shall also report frauds perpetrated in their group entities to RBI separately, if such entities are not regulated / supervised by any financial sector regulatory / supervisory authority. However, in case of overseas financial group entity of Indian Company, the parent Company shall also report incidents of fraud to RBI. The group entities will have to comply with the principles of natural justice before declaration of fraud.

The Company shall adhere to the timeframe prescribed in the Master Directions for reporting of fraud cases to RBI. The Company must examine and fix staff accountability for delays in identification of fraud cases and in reporting to RBI. While reporting frauds, the Company shall ensure that persons / entities who / which are not involved / associated with the fraud are not reported in the FMR. 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 an official at least in the rank of a director

The Company shall report instances of theft, burglary, dacoity and robbery (including attempted cases), to Fraud Monitoring Group (FMG), Department of Supervision, Central Office, Reserve Bank of India, immediately (not later than seven days) from their occurrence. The Company shall also submit a periodical Return (RBR) on theft, burglary, dacoity and robbery to RBI using online portal.

CLOSURE OF FRAUD CASES

The Company shall report to RBI and concerned authorities as per the RBI Master Direction, the details of fraud cases of ₹ 1 lakh and above (or as amended) closed along with reasons for the closure after completing the process as given below.

The Company should - close only such cases where the actions as stated below are complete and prior approval is obtained from the concerned authorities.

- The fraud cases pending with CBI/Police/Court are finally disposed of.
- The examination of staff accountability has been completed.
- The amount of fraud has been recovered or written off.
- Insurance claim wherever applicable has been settled.
- The Company has reviewed the systems and procedures, identified as the causative factors and plugged the lacunae and the fact of which has been certified by the appropriate authority (Board / Audit Committee of the Board)

The Company should also pursue vigorously with CBI for final disposal of pending fraud cases especially where the Company have completed staff side action. Similarly, the Company may vigorously follow up with the police authorities and/or court for final disposal of fraud cases.

The Company is allowed, for limited statistical / reporting purposes, to close those fraud cases involving amounts up to ₹ 25 lakhs after complying with the conditions specified in the RBI Master Direction.

The Company is required to follow the guidelines relating to seeking prior approval for closure of such cases from the concerned authorities and follow up of such cases after closure as per the guidelines of the RBI Master Direction, as amended.

PENALTIES ON STAFF INVOLVED IN FRAUD

If after investigation, it is found that the staff member was involved in the fraud, strict action shall be taken against the culprits. The amount involved in fraud, as per the report of the Internal Audit Department, shall be recovered from the staff directly involved in fraud. Fines in form of pay deduction or deference of promotions, transfer shall be imposed on all the employees who were reporting to the culprit or were his immediate supervisors, who are proven to be delinquent in performance of their duties. The HR Department may recommend the transfer of staff or their termination from the employment of the company, depending upon the facts and circumstances of the case. Before taking the aforesaid action, the HR Department shall take the approval of the Managing Director. The power to recommend for termination of any employee on the basis of an enquiry/investigation of the Internal Audit Department, shall solely vest with the HR Department.

CONFIDENTIALITY

The Head (Internal Audit) will treat all information received with full confidentiality. Any employee who suspects dishonest or fraudulent activity will notify the Head (Internal Audit) immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

Investigation results will not be disclosed or discussed with anyone other than those who need to bekept informed. This is important in order to avoid damaging the reputation of persons suspected butsubsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

FRAUD PREVENTION

Through this policy the company shall strive to adopt a preventive approach for identifying, analysingand managing the risk of Fraud. The company shall follow zero tolerance to Fraud, at all levels. The company shall take steps to prevent the occurrence of fraud by:

- Performing background checks, and verifying documents pertaining to borrowers, employees and others with whom Savani has a business relationship.
- Circulating information regarding the modus operandi in frauds that have occurred, on a quarterly basis, to all branches for their information and necessary action.
- Adopting digital channels for disbursements and collections with the objective of eliminating cash transactions with clients.
- Conducting regular meetings with the staff members.
- Conducting surprise visits at branches to check the records and documents.
- Conducting exit interviews for all employees.
- Conducting Training Programmes and Seminars on frauds for all employees on a regular basis.

ADMINISTRATION

The CEO of the Company will oversee the administration, interpretation, and application of this policy. Any revision of this policy shall be placed before the Board of Directors for approval.