



INTERNAL FINANCIAL CONTROL POLICY

16/IFCP/Ver-01

Policies & Procedures for Internal Financial Controls

Section 134 (5) (e) of the Companies Act, 2013 requires Board of a listed Company to state in their Directors' Responsibility Statement that they have laid down internal financial controls to be followed by the Company and that such policy is adequate and are operating efficiently.

The Company already has a comprehensive Internal Financial Control in place which is now being enumerated below in terms of the requirement provided under the Companies Act, 2013.

Internal Financial Controls include the following:

1. Safeguarding of assets of the company.
2. Prevention and detection of frauds and errors.
3. Accuracy and completeness of the accounting records and,
4. Timely preparation of reliable financial information.

1. Safeguarding of Assets of the Company

The Company has to safeguard its moveable and immovable assets against accidental losses, corruption, misuse or theft.

Company's assets include:

- Tangible & Intangible Assets
- Funds, securities, investments and negotiable instruments
- Employees

Tangible & Intangible Assets

The office premises, furniture & fixtures, computers & other peripherals etc. are protected under insurance policy with an insurance company approved by IRDA. Apart from taking Insurance policy a constant care is taken to protect its assets through a vigilance on electrical, plumbing, heating, air conditioning etc. Company has entered into Annual Maintenance Contracts wherever required for this purpose.



INTERNAL FINANCIAL CONTROL POLICY

16/IFCP/Ver-01

Property Entrusted to Third Parties

Only the person properly Authorized may keep the assets of the Company in his custody and entrust the same for safekeeping to third parties.

Use of Company's Property of Premises

Equipment, files or other information, property or assets of the Company are, if required may be removed from the Company's premises with proper authorization. Where permission is given for Company property or assets to be used off-site, as part of an approved arrangement, the employees are expected to keep those assets safe and confidential by following proper safety procedures.

Cash

The Company has adequate system in place to protect its cash balance which is managed at optimum level, under the supervision of a senior official of the Company. The expenses & other spending can only be done by the authority of Whole Time Directors. All are made aware of process/procedure to be followed in this regard.

Credit

Efforts are made to make collections on time with constant follow up.

Audits and Internal Checks

The Company apart from statutory audit has an internal audit mechanism, which is being modified/upgraded as per the requirements from time to time.

2. Prevention and detection of frauds and errors

The Company has put in place various policies, systems, and procedures to guide employees for undertaking various transaction(s) within and outside organization and to conduct the same in a transparent & uniform manner by way of delegation and adherence to Company's Policies and covenants mentioned in the appointment letter(s).

Fraud

Following are some of the examples of fraud:



INTERNAL FINANCIAL CONTROL POLICY

16/IFCP/Ver-01

- I. Forgery or unauthorized alteration of any document or account belonging to the Company.
- II. Forgery or unauthorized alteration of cheque, bank draft, e-banking transaction(s) or any other financial instrument etc.
- III. Falsifying records such as pay-rolls, removing the documents from files and /or replacing it by a fraudulent note, etc.
- IV. Willful suppression of facts/ deception in Matter of appointment, placements, submission of reports, etc. as a result of which a wrongful gain(s) is/are made to one and wrongful loss(s) to the others.
- V. Utilizing Company funds for personal or other than official purposes.
- VI. Authorizing or releasing payments for goods not supplied or services not rendered.
- VII. Destruction, disposition, removal of records or any other assets of the Company with intention to manipulate and misrepresent the facts so as to create suspicion /suppression /cheating as a result of which objective assessment/ decision would not be arrived at.
- VIII. Any other act that falls under the fraudulent activity.

Fraud prevention and detection

The Company has in place various essential elements of fraud detection process which inter alia include:

- Internal Control
- Internal Audit by an Independent Agency.
- Statutory Audit carried on quarterly and annual basis
- File management system
- Mechanism of authorization
- Reconciliation of all bank's accounts regularly.

There is a frequent supervision of all employees and review of their work especially those who have access to financial records. The company has adequate internal controls to prevent fraud from occurring and detective controls to reveal any inconsistency.



INTERNAL FINANCIAL CONTROL POLICY

16/IFCP/Ver-01

3. Accuracy and completeness of the accounting records

The Company needs to prepare its accounts as per the provisions of Companies Act. The Company has comprehensive software namely 'Tally' which is capable of recording all accounting entries in a proper manner. Further, Company must maintain complete accounting records in order to finalize the same so that final accounts can be drawn as per the prevailing provisions of Companies Act and Accounting Standards.

4. Timely preparation of reliable financial information.

Under the existing listing agreement with the stock exchange, the Company is required to publish unaudited quarterly/yearly financial results and also audited financial results at the end of the year within the time frame prescribed under the listing agreement.

The said information is also uploaded on the Company's website. In case of quarterly results, the same are published in leading newspapers within 48 hrs of its approval by the Board of Directors. The company also update its track record of transactions on regular basis on its website as required under SEBI regulations.

The Company has inbuilt mechanism for timely preparation of reliable financial information within given time and the company has a track record of doing the same without undue delay.

Review of the policy by Audit Committee

The above policy has been reviewed by the Audit Committee in terms Section 177 of the Companies Act, 2013.
