

INTERNAL FINANCIAL CONTROLS (“IFC”) POLICY

Date of Implementation of policy	23.05.2015
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ORIENTAL TRIMEX LIMITED

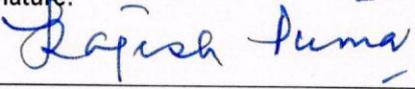
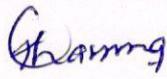


DOCUMENT CONTROL SHEET

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Business Management Sign-off and Distribution List		
Managing Director (Rajesh S Punia)	Date: 23-05-2015	Signature: 
Chief Financial Officer (Om Prakash Sharma)	Date: 23-05-2015	Signature: 

Version History

Version	Date	Owner	Changes and Reasons for change
1.0			Release date

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1. Applicability

This policy is applicable to Oriental Trimex Limited and covers Registered and Corporate office, works of the Company and key corporate functions.

Introduction and Objective

The Internal Financial Controls ("IFC") policy is an integral part of the overall internal financial controls framework of the Company. It supports compliance with requirements of the Companies Act 2013 in relation to Directors' Responsibility Statement. It may be applied for evaluation of internal financial controls by the respective control owners. This would enable them to sign off that the internal financial controls are operating effectively in their respective functional area.

The purpose of this document is to provide a framework to govern and evaluate the process of internal financial controls assessment.

This policy gives guidelines for the procedures to be adopted to identify, report, and remediate deficiencies existing in the company's controls. The framework may be integrated with the Internal Audit Plan.

2. Legal requirements In India

Section 134(3)(n) of the Companies Act, 2013

"Boards' Report to include a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company"

Section 143(3)(i) of the Companies Act, 2013

"The auditor's report shall also state whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls"

Section 134(5)(e) of the Companies Act, 2013

"The Director's Responsibility Statement shall state whether the adequate internal financial controls system are in place and the operating effectiveness of such controls"

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Section 177 of the Companies Act, 2013

“Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of internal financial controls and risk management systems”.

Rule 8(5)(viii) of the Companies (Accounts) Rules, 2014

“The report of the Board shall also contain the details in respect of adequacy of internal financial controls with reference to the Financial Statements”.

Regulation 17(9) of the SEBI (LODR) Regulations, 2015

1. *The listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures.*

2. *The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. “The Managing Director or manager or in their absence, a Whole Time Director appointed in terms of Companies Act, 2013 and the CFO shall certify to the Board that.....:*

3. Internal Financial Controls and Internal Controls over Financial Reporting

3.1 Internal Financial Control (“IFC”)

Internal financial control as defined under **Section 134(5) (e) of the Companies Act, 2013** refers to “the policies and procedures adopted by the company for ensuring

- Orderly and efficient conduct of its business,
- Including adherence to company's policies,
- Safeguarding of its assets,
- Prevention and detection of frauds and errors,
- Accuracy and completeness of the accounting records,
- Timely preparation of reliable financial information. Internal Financial Control is not solely a policy or procedure that is performed at a certain point in time, but rather a continuous process operating at all levels within the Company.”

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It is a process affected by the Board of Directors, Audit Committee, Managing Director / CFO, and all levels of personnel, by which the organization gains assurance that its risks are understood and managed in dynamically changing contexts.

3.2 Internal Financial Control Components ("IFC") and Key Elements

Our framework consists of internal controls defined at following levels:

- Entity Level
- Process Level

1. Entity Level Controls

Entity level controls are the controls that management relies on to establish the appropriate "tone at top." These often have a pervasive impact on the effectiveness of controls at the process and transaction level.

Few examples of entity level controls would include:

- Controls to monitor ethics and integrity within the organization (Code of conduct / Vigil policy)
- Management's risk assessment process with respect to business conditions (external or internal factors)
- Controls to monitor results of operations; (Board of Directors and Audit Committee)
- Period – end financial reporting controls (Finance Statement Closure)
- Approved policies and procedures (Accounting policies and procedures).

2. Process Level Controls

Process level controls are those aimed towards achieving objectives of each process within the Company. Each of these controls will usually address objectives of a particular business function, such as Sales, Purchase, Manufacturing, Supply Chain, Works management, Debtors management, Creditors management, Inventory management, Fixed Assets, payroll, etc. and are placed within operational processes. These controls would primarily impact only the processes within which these are placed.

Few Examples of process level controls:

- Bank reconciliation process
- Monitoring of working capital cycle including debtors, inventory and creditors
- Assessing supply chain process from purchase, manufacturing to inventory / sales
- Authorization limits for approvals

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The key elements of an effective internal financial control framework are:

- Structure and culture of Organization;
- Delegations of Authority;
- Policies and procedures;
- Trained and properly qualified staff;
- Information Technology controls;
- Review process e.g. internal audit;
- Liaison with auditors and legal advisors;
- Senior Management compliance assurance;
- Risk identification and assessment

KEY NOTES ON INTERNAL CONTROL POLICY:

Internal Controls include reviews of the following areas:

- Management team, to be responsible for establishment of overall policies and active oversight of parameters and controls.
- Internal audit, to ensure that independent assessments are made encompassing functioning of various compliances under various statutes and Rules & Regulations framed there under, adequate systems and procedures are at place for physical verification of stocks of raw materials, finished goods, stores, work- in-progress, fixed assets and other assets, proper books of accounts, vouchers along with supports and other documents are maintained, confirmation of balances from debtors, creditors and other parties are obtained periodically/ at year end and proper systems and procedures are at place for internal control at various departments.
- Operational risks, including segregation of duties, checks and balances, protection of systems and data, operations and contingency planning.

4. Internal Financial Controls - Implementation

The process of assessment of IFC would require setting up of an internal controls function in the organization. Management team is responsible to implement and evaluate the design and operating effectiveness of the IFC framework.

- The Structure and roles and responsibilities for effective implementation of Internal Financial Controls are given

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below:

Management Team :

- Managing Director
- Chief Financial Officer

Internal Financial Control team:

- Internal Auditor
- Process team

▪ **Roles and Responsibilities:**

Entity	Responsibility
Management Team	<ul style="list-style-type: none">▪ Monitoring the implementation of this policy across the organization▪ Decide materiality thresholds▪ Review of internal controls▪ Review of the action plans for strengthening the internal controls and place significant deficiencies/material weakness to the Audit Committee▪ Maintain the framework up to date for changes in organizational practices

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Version []

Process and Control Staff	<ul style="list-style-type: none">▪ Process Team Consists of 4 members of Accounts Department▪ Responsible for the implementation and operating effectiveness of the controls▪ Discuss the control deficiencies and agree upon the remediation plans▪ Implement remediation plan
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For Effective Financial Control, The Board Of Directors And Management Team Shall Ensure:

- Physical verification of inventories at reasonable intervals.
- Physical verification of all Fixed Assets at reasonable intervals.
- Adequate Internal Control procedures are at place for maintaining proper records in respect of sale/purchase of goods and services.
- All undisputed statutory dues including provident fund, Investor Education Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Rates and Taxes and other Statutory dues are paid within the prescribed time.
- Funds availed on short term basis are not used for long term investment.
- The funds raised through Public issue, Right issue, Preferential/Private placement shall be used for the purposes as stated in Prospectus/Offer Letter.
- The Company shall comply with all applicable Statutory Laws, Rules and Regulations.
- No loan or deposits exceeding Rs. 20,000/- or more are taken or accepted from any person otherwise than by an account payee cheque or account [payee bank draft (section 269 SS of income tax act 1961)
- No loan or deposits exceeding Rs. 20,000/- or more are repaid otherwise than by an account payee cheque or account [payee bank draft (section 269 T of Income Tax Act 1961)
- No expenditure exceeding Rs. 20,000/- is made otherwise than by an account payee cheque or account payee draft [payee bank draft (section 40 A (3) of Income Tax Act 1961)], other than those circumstances as prescribed in Rule 6DD, in which payment in excess of Rs.20,000/- may be made otherwise than by an account payee cheque or an account payee draft.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

ACCOUNTING POLICIES

- The Financial Statement will be prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention follows (except for certain revalued fixed assets) on the accounting and recognizes

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Version []

income and expenditure on accrual basis except those with significant uncertainties. The Company may adopt Accounting Policies to provide for:

- Methods of depreciation, depletion and amortization.
- Valuation of inventories
- Accounting of Foreign Currency Transactions
- Accounting of investments
- Revenue Recognition
- Accounting of fixed assets & impairment of assets
- Treatment of contingent liabilities
- Accounting of taxes on income

BALANCE SHEET

The balance Sheet and Statement of Profit and Loss of the Company shall be in accordance with Schedule III of Companies Act, 2013.

FINANCIAL STATEMENTS

The Financial Statements of the Company shall be prepared in accordance with schedule III of Companies Act, 2013.

Adherence to Company's policies

The Company shall take necessary steps for disseminating all its policies to the concerned persons and whenever possible, acknowledgements are taken to the effect that they have understood the policies and will abide by the same in letter and spirit.

The Company shall also periodically review the policies and update them.

Safeguarding of Assets

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

Company's assets include:

- Tangible & Intangible (if any) Assets
- Inventory, cash and bank balance
- Computer systems and data therein

Tangible & Intangible Assets

All Building, Plant & Machinery, Furniture, Office Equipment, Stock, etc. are adequately safeguarded including protection for various perils as deem fit with Insurance Company approved by IRDA.

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 Outside Workplace



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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.



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SALES & INVOICING

- Prices for invoicing shall be driven by masters or pre-approved sale orders.
- Invoice generation should be system driven and online.
- System of obtaining acknowledgement for invoices should be in place wherever possible.

- Establish price approval policy, discounts approval policy with proper authorisation to vary rules.

- Without valid invoices, despatching of goods shall not be made.

RECEIVABLES MANAGEMENT

- Credit sales shall not be done without proper reference or to the customers who are not the part of the trade.

- Establish regular reporting and follow-up on aging accounts

- Segregation of duties of employees in accounts receivable and receipt accounting

- Review credit balances in customer account regularly.

- Payments viz., cheques / DDs should be banked without any delay.

- Debit notes are to be raised for bank charges on dishonour of cheques.

- Bank guarantee, LC expiry to be reviewed and monitored regularly.

- Quarterly/annually statement of accounts to be sent to all customers promptly.

- System of monitoring acknowledgements from customers.

PURCHASE OF GOODS & SERVICES

- All procurements of goods & services shall be at competitive prices.

- Procurement decisions shall be evaluated and monitored by cross functional team at all levels.

- Vendors shall be pre-approved by Corporate Office before first transaction.



Internal Financial Control Policy

Version []

- Ordering for purchase of goods & services shall be backed by Purchase orders (PO) or work order (WO) duly signed by two authorised officers; one shall be mandatorily by a person at the location with knowledge in accounting.
- All POs, WOs shall be pre-approved by the duly authorised official with appropriate delegated financial authority.

PAYABLES MANAGEMENT

- Authorization for payment of the invoice after adhering to the terms and conditions of the POs / WOs or agreed verbally.
- Payments of Invoices shall be based on original invoice as per the terms of approved PO / WO.
- Vendor payments shall be made through e-payments. Other mode of payment is only second option.
- Vendor ledger to be reconciled on a quarterly basis and control account are to be cleared up by following up for the pending items.
- Confirmation of balance in writing from all vendors is must for at least once in a year.

EMPLOYEE PAYMENTS

- All payments to employees are to be governed by pre-approved policies.
- Maintain accurate employee attendance, leave records.
- Segregate duties for maintenance of personnel records and running of pay roll.
- Employee payments shall be made through e-payment to respective bank accounts.
- All payroll control accounts are to be reviewed and reconciled on a monthly basis.
- Maintain confidentiality about individual employee's earnings unless it is required for statutory purposes.

TREASURY OPERATIONS

- No cash receipts from any customers without prior approval in writing.

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Version []

- Accounting of receipts and depositing of cheques, DDs in to banks shall be on same day.
- Reconciliation with bank statement for receipts side should be done daily.
- Cash balance should be counter checked by supervisory officer on a daily basis.
- Segregation of duties to ensure cash handling is separated from the finance manager.
- Un-used cheque leafs shall be in safe custody.
- Authorised cheque signatories shall not sign blank cheques under any circumstances.
- Rotation of cheque signatories for payments is encouraged.
- Independent direct confirmation of bank balances from banks by internal audit.
- Transactions involving forex shall be governed by a policy.

TAXES AND DUTIES

- Remittance of statutory liability & filing of prescribed returns on or before due date is the primary responsibility of the concerned accounts head.
- Tax ledgers and control accounts are to be reconciled before remittance of taxes, duties based on the applicable laws and regulations.
- All signatories to any statutory remittances or return or appeal or application or correspondence in whatever manner shall have appropriate authorisation in writing including for digital signatory.
- Develop a monitoring & reporting system for ensuring compliance of all statutory obligation mapped to its time schedule.
- Develop a monitoring & reporting system for systematic review of all disputes in appeals before quasi-judicial, judicial fora relating to all statutory compliance or obligations.

FIXED ASSETS

- Keep all smaller valuables in a safe.



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Version []

- Maintain an asset register with all relevant details of each asset.
- Establish physical security protection measures such as locks on premises.
- Establish security / surveillance cameras for enhancing protection measures for large area where movements of men and machines are there.
- Take out appropriate insurance cover for all types of assets to cover relevant perils associated to it.
- Review insurance coverage details regularly.
- Perform periodical asset register audit with physical count.
- Establish safeguarding measures to protect those assets from misuse or encroachment or theft where such assets are located away from the normal business premises.

INVENTORIES

- Storage areas for inventories shall be properly secured with proper security arrangements. It shall be regularly reviewed for improvements.
- Inventories shall be properly organised and stored for smooth access for both verification & delivery.
- Segregation of administrative duties for material procurement and warehouse management should be in place.
- Establish paperless e-authorisation for issuance of materials from warehouse.
- Raw Material/Finished Goods classification of inventory management system shall be followed.
- Physical verification of inventory is to be carried out for all classes of items (i.e. Raw Material/Finished goods) for the pre-set time schedule for each category.
- Cross functional team should conduct the physical verification of inventories.

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Version []

- Adequate transit insurance cover should be in place for all types of risks for inventories.
- Establish systematic review process for initiation of insurance claims for damaged inventories during transit.
- Periodical review of obsolete, non-moving inventories to design a plan for periodical disposal.

GENERAL LEDGER CONTROLS

- Segregation of duties with regard to creation & authorisation of entries.
- Systematic work flow enabled authorisation of journal vouchers.
- Statistical analysis for reasoning of cancelled / deleted entries periodically.
- Reconciliation of control accounts and review system for monitoring.
- Systematic quarterly period closure of books.
- Systematic review of GL for Revenue, Expenses, Assets and Liabilities should in place.
- Centrally controlled master data management of chart of Accounts.
- Budget controls for expenditure.
- Systematic review of each and every component of financial statements.
- Third party assessment certifications of inventory to be used to corroborate closing stocks on selective items.
- Access control of GL to authorised users and surveillance system for monitoring unauthorised access.
- Establish disaster recovery system in place and evaluate its fail-safe capabilities.

Internal Control for Financial Reporting is framed as per the regulatory requirements, and some of the key requirements are given in Annexure.

5. Engaging with external auditors for IFC opinion

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As per the recent Companies Act 2013 and other related regulation, the external auditor is required to state in auditor's report about the adequacy and the operating effectiveness of the Internal Financial controls of a company.

In exercising the duties and forming opinion, the external auditor would seek help in understanding the financial process and controls around it. In this regard Internal Financial Control team will make the organization ready to face the audit on internal controls and also assist auditor to understand controls and form their opinion on design and operating effectiveness.

6. Role of Internal Auditor in Internal Financial Controls

- Internal Audit and Internal Financial Control are both component of management controls, established for achieving the identical objectives.
- The audit plan of the Internal Audit may be integrated to cover the design and operating effectiveness of the respective processes which may form a basis for Audit Committee/Board to comment on adequacy and the operating effectiveness of the Internal Financial controls.

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Version []

Key responsibility is on the Internal Auditors for reporting any issues/concern on the Internal control system of the Company to the Audit Committee while laying the Internal Audit Report. Audit Committee to further report the same to the Board.

ANNEXURE

REGULATORY FRAMEWORK/REQUIREMENTS

Internal Control Policy is framed as per the following regulatory requirements:

Relevant Extracts from Listing Agreement:

49 I (C) Disclosure and Transparency

The Company shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company:

- Information should be prepared and disclosed in accordance with the prescribed standard of accounting, financial and non- financial disclosure. [Clause 49 I (C)(a)]
- The Company should implement the Accounting standards in letter and spirit in the preparation of financial Statements taking in to consideration the interest of all stakeholders and should also ensure that the Annual Audit is conducted by an independent, competent and qualified auditors. [Clause 49 I (C)(d)]

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Version []

Regulation 30: As per this Regulation, the Company shall ensure timely and accurate disclosure on all material matters, events and information as per Schedule III of Part A of Para A and B as such information such as eligible to disclosure with relevant authority in prescribed manner.

Regulation 4 (2) (f):

(i) Disclosure of information:

(1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.

(2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors-

(1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.

(2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.

(3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.

(4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.

(5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.

(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

(7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards.

(8) Overseeing the process of disclosure and communications.

(9) Monitoring and reviewing board of director's evaluation framework.

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Regulation 18:

Role of Audit Committee:

The role of the audit committee shall include the following:

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;



Internal Financial Control Policy

Version | |

- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1). (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Regulation 21: Risk Management: The Company shall lay down procedures to inform the Board Members about the Risk Management and minimization procedures. The Company through its Board of directors constitutes a Risk Management Committee (if applicable). The Board shall define the Role and responsibilities of the Risk Management Committee (if

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applicable) and may delegate monitoring and reviewing of the Risk Management Plan to the Committee and such other functions as it may deem fit.

Regulation 23: Related Party Transaction:

All Related Party Transactions shall require prior approval of Audit Committee. However Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to following conditions:

(a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy of Related Party Transactions of the Company and such approval shall be applicable in respect of transactions in respect of transactions which are repetitive in nature.

(b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in interest in the company.

(c) Such omnibus approval shall specify

(i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,

(ii) the indicative base price/ current contracted price and the formula for variation in the price if any and

(iii) such other conditions as the Audit Committee may deem fit: Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding as per prescribed amount per transaction.

(d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

(e) Such omnibus shall be valid for a period not exceeding one year and shall require fresh approvals of after the expiry of One year.

Regulation 30: Disclosure of events:

(1) Every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

(2) Events specified in Para A of Part A of Schedule III Companies Act 2013 are deemed to be material events and listed entity shall make disclosure of such events. As other term applicable.

Regulation 33: Financial Statements:

(1) The financial results shall be prepared on the basis of accrual accounting policy and shall be in accordance with uniform accounting practices adopted for all the periods as applicable.



Internal Financial Control Policy

Version | |

(2) Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.

Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.

Companies Act 2013:

"Books of Account" as per Section 2(13) of Companies Act, 2013 defines: "Books of account" includes records maintained in respect of— (i) all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place; (ii) all sales and purchases of goods and services by the company; (iii) the assets and liabilities of the company; and (iv) the items of cost as may be prescribed under section 148 in the case of a company which belongs to any class of companies specified under that section;

Provision of the Section 128 of Companies Act, 2013:

Every company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year and such books shall be kept on accrual basis and according to the double entry system of accounting Provided that all or any of the books of account aforesaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide and where such a decision is taken, the company shall, within seven days thereof, file with the Registrar a notice in writing giving the full address of that other place:

Provided further that the company may keep such books of account or other relevant papers in electronic mode in such manner as may be prescribed. [Sub-section (1) of Section 128].

Provision of the Section 129 of Companies Act, 2013:

The financial statements of the Company shall give a true and fair view of the state of affairs of the Company and shall comply with the accounting standards as notified under section 133 and shall be in the form as may be provided in Schedule III. [Sub-section (1) of Section 129].

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Internal Financial Control Policy

Version []

Without Prejudice to sub-section (1) where the financial statements of the Company do not comply with the accounting standards referred to in sub-section (1), the company shall disclose in its financial statements, the deviation from the accounting standards, the reasons for such deviation and the financial effects, if any, arising out of such deviation.[subsection(5) of Section 129]

Provisions of the Section 134 of the Companies Act, 2013:

- (1) The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board at least by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director and the Chief Executive Officer, if he is a director in the company, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, for submission to the auditor for his report thereon.
- (2) The auditors' report shall be attached to every financial statement.
- (3) There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include—
 - (a) the extract of the annual return as provided under sub-section (3) of section 92;
 - (b) number of meetings of the Board;
 - (c) Directors' Responsibility Statement;
 - (d) a statement on declaration given by independent directors under subsection (6) of section 149;
 - (e) in case of a company covered under sub-section (1) of section 178, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;
 - (f) Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made— (i) by the auditor in his report; and (ii) by the company secretary in practice in his secretarial audit report;
 - (g) particulars of loans, guarantees or investments under section 186;
 - (h) particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form;
 - (i) the state of the company's affairs;
 - (j) the amounts, if any, which it proposes to carry to any reserves;
 - (k) the amount, if any, which it recommends should be paid by way of dividend;
 - (l) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;
 - (m) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;
 - (n) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;

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Internal Financial Control Policy

Version []

- (o) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;
- (p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors;
- (q) such other matters as may be prescribed.

(4) The report of Board of Directors shall be attached to the financial statements under this sub-section.

(5) The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) shall state that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The directors had prepared the annual accounts on a going concern basis; and

(e) The directors had devised proper systems to ensure compliance with the Provisions of all applicable laws and that such systems were adequate and operating effectively.

(6) A signed copy of every financial statement, including consolidated financial Statement, if any, shall be issued, circulated or published along with a copy each of—

- (a) any notes annexed to or forming part of such financial statement;
- (b) the auditor's report; and
- (c) the Board's report referred to in sub-section (3).

RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

The Board's Report shall be prepared based on the stand-alone financial statements of the company and the report shall contain a separate section wherein a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented. [Rule 8(1)]

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Internal Financial Control Policy

Version []

The details in respect of adequacy of internal financial controls with reference to the Financial Statements.[Rule (5) (viii)]

Provisions of the Section 177 of the Companies Act, 2013: The Audit Committee assists the Board in the discharge of its duties regarding the Group's financial statements, accounting policies and the maintenance of proper systems of risk management and internal control. Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include—

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters. The Audit Committee may call for the comments of the auditors about internal control, scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

INTERNAL AUDIT

Provisions of the Section 138 of the Companies Act, 2013: Company shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.

FINANCIAL REPORTING REVIEW (FRR) / GOVERNANCE, RISK AND COMPLIANCE (GRC) SYSTEM

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements.

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Internal Financial Control Policy

Version []

Internal Financial Controls over financial reporting comprises the plan of the Company and all the coordinated methods and measures adopted by the Company in order to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to the prescribed managerial policies, prevention and detection of frauds & errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information.

Hitherto, the Company had a review system of all GL accounts by designated persons with all the documentations maintained in paper mode.

The statutory compliance are being monitored on daily basis through an established system viz-a-viz Governance, Risk and Compliance (GRC). All the compliance calendar due dates for the statutory acts that are applicable to the company, are being updated in the system on real time basis. Employee who had been assigned responsibility has to upload the necessary document /authorize such transaction, upon completion of such compliance on or before due date. Necessary communication and reminders are being sent to authorized persons prior to the due date and deviation if any, to the management for taking immediate action.

The Compliance in the FRR system / GRC system are monitored regularly at Corporate Office to ensure that no deviation occurs in the internal controls over financial reporting.

Risk Factor

Constructive Overview of Credit Extension Risks to Buyers:

The Company embraces a strategy of extending credit to buyers, which is vital in driving business growth and nurturing strong customer relationships. While beneficial, this approach comes with certain risks associated with credit exposure that must be carefully managed.

To assess risk factors for both new and existing clients regarding credit, we focus on the following key areas:

1. Historical Payment Behaviour: Analysing customers' payment history with our company and other industry players is a fundamental criterion for evaluating credit risk effectively.
2. Credit Period Norms: The typical credit period in our industry is 90 to 180 days, which we also adhere to when receiving goods on credit.
3. Long-Term Partnerships: We have fostered enduring partnerships with many companies over the past two decades. These partnerships allow us to extend credit for up to 180 days with minimal risk, reinforcing mutual trust and collaboration.
4. Post-Dated Cheques: To enhance security, we may request post-dated cheques when uncertainties arise, ensuring they are securely held until payments are successfully processed.
5. Legal Action: In the event of persistent defaults, we are prepared to take action under Section 138 of the Negotiable Instruments Act to protect our interests.

Our commitment to monitoring customer creditworthiness remains strong. We implement robust credit evaluation procedures

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Internal Financial Control Policy

Version []

before extending credit, and credit limits are thoughtfully established based on comprehensive customer profile assessments.

While these preventative measures are in place, we recognise that economic fluctuations, sector-specific challenges, or liquidity issues can influence a buyer's payment capacity. Such circumstances may lead to increased defaults or delays in collections, posing potential risks to our profitability and financial stability. Thus, managing buyer credit risk remains a pressing focus for the Company, as it plays a significant role in our overall economic health and success



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Internal Financial Control Policy

Version []

Amendment in Internal Financial Control ("IFC") Policy

Amendment refers to Audit Committee meeting dated 29.05.2017

Modification in Internal Management control pertaining to GST

That from financial year 2017-18, the account shall be prepared in accordance with Indian Accounting Standard (IND AS) as specified in Section 133 of Companies Act, 2013. Since, it is applicable on our company, the date of transition to IND AS is April 1, 2017.



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Internal Financial Control Policy

Version []

Amendment in Internal Financial Control ("IFC") Policy

Amendment refers to Audit Committee meeting dated 14.11.2017

That with the introduction of GST with effect from 1st July, 2017, the company have registered themselves following:

<u>State</u>	<u>GST Registration No</u>
Uttar Pradesh	09AAACO1556G1ZJ
Delhi	07AAACO1556G1ZN
Tamilnadu	33AAACO1556G1ZS
Odisha	21AAACO1556G1ZX
West Bengal	19AAACO1556G1ZI
Haryana	06AAACO1556G1ZP
Rajasthan	08AAACO1556G1ZL

HSN Code:

ROUGH MARBLE SLABS	25151220
FINISHED MARBLE	68022190
GRANITE	68022190
KOTA STONE	25151100
IDOL FROM MARBLE	68
MARBLE BLOCK	25151210
SAND STONE	25162000
SAC CODE	
LOADING & FREIGHT	9965

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Internal Financial Control Policy

Version []

Amendment in Internal Financial Control ("IFC") Policy

Amendment refers to Audit Committee meeting dated 21st June, 2017

The MCA (Ministry of Corporate Affairs) had made these amendments to align Financial with auditor's reporting requirements in Companies (Auditors and Report Order) 2020 and the Companies (Indian Accounting Standards) Amendment Rules, 2020.

These amendments will be effective from 01.04.2021. The main aim of the amendment MCA is increasing stringency in compliance and adding numerous additional disclosures in Financial Statement, Directors Report and Audit Report.

Lafesh  *Sharma*