

Shree Ram Urban Infrastructure Limited

Internal Financial Controls Policy

CIN: L17110MH1935PLC002241

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Legislation and Reference

Section 134(5)(e) of the Companies Act, 2013 requires a Company to have Internal Financial Controls (IFC) Policy. In case of Listed Companies, the Directors of a listed company to state in their Director's Responsibility Statement that they have laid down IFC to be followed by the Company and that such policy is adequate and are operating efficiently. The Act does not prescribe the contents of the Policy, Procedures and Practices.

As per Section 177 of the Companies Act, 2013 the Audit Committee shall review the IFC before their submission to the Board and shall also discuss any related issues with the Internal and Statutory Auditors and Management of the Company.

As per Section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors report shall state whether the Company has adequate IFC systems in place and the operating effectiveness of such controls.

As per Schedule IV of the Companies Act, 2013 the independent directors shall satisfy themselves on the financial information and that financial controls and the systems of risk management are robust and defensible.

Rule 8(5)(viii) of the Companies (Accounts) Rules, 2014 states that the details in respect of adequacy of internal financial controls with reference to the Financial Statements, shall be given in Board Report.

Internal Financial Controls comprises the plan of the Company and all the coordinated methods and measures adopted by the Company which includes the following:

1. Policies and Procedures for ensuring the orderly and efficient conduct of business including adherence to company's policies.
2. Safeguarding of assets of the company.
3. Prevention and detection of frauds and errors.
4. Accuracy and completeness of the accounting records and,
5. Timely preparation of reliable financial information.

1. Policies and Procedures for ensuring the orderly and efficient conduct of business including adherence to company's policies.

Efficient conduct of business is essential to keep pace with the competitive world and to ensure that the Company is working at peak efficiency. Following are some of the components for efficient conduct of business:

Customer/ Supplier Satisfaction

The company satisfies the existing customer's requirement and exploring possibilities of adding new customer(s).

Human Resources Policies

Company firmly believes that success of the Company comes from good human resources. Employees are considered as important assets and key to its success. The company has been constantly reviewing its HR policies and practices to keep abreast with the market changes and embarked upon several initiatives to focus on creative a positive work environment that provides employees ample growth and development opportunities as well as ensuring high levels of motivation and engagement.

Technology

The Company ensures that the technology is updated regularly. The Company uses secure and reliable technology. The use of technology is commensurate with size & nature of operations.

Communication

The Company places top priority on effective communication.

Adherence To Company's policies

The Company has been disseminating all its policies to the concerned persons and whenever possible, feedback is taken to the effect that they have understood the policies and will abide by the same in letter and spirit. The Company also periodically reviews the policies and updates them.

2. 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

- All Building, Plant & Machinery, Furniture, Office Equipment, Stock etc are adequately protected under Insurance Policy with Insurance Company approved by IRDA and review insurance coverage regularly.
- Established security/surveillance cameras for enhancing protection measures for large area where movements of men and machines are there.

Funds, securities, investments and negotiable instruments

- The Company has adequate system in place to protect its fund 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 CEO/ Whole-Time Director. All are made aware of process/procedure to be followed in this regard.
- Accounting of receipts and depositing of cheques, DDs in to the banks should be done on same day.
- Reconciliation with bank statement for receipts side should be done regularly.
- Un-used cheque leafs shall be in safe custody.

Employees

The Company attaches high importance to retain talented employees and continuously upgrade their skill and knowledge by various interactions at all levels of operations. Adequate steps are taken to ensure compliances with requirements of Provident Fund (PF) regulations, Gratuity and also Employees State Insurance Corporation (ESIC) requirements for applicable employees.

3. 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 prevention and detection

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

- o Internal Control
- o Internal Audit mechanism, by an Independent Agency which is modified/upgraded as per the requirements
- o Statutory Audit carried on quarterly and annual basis
- o Mechanism of authorization
- o Reconciliation of all banks accounts regularly.

The company has adequate internal controls to prevent fraud from occurring and detective controls to reveal any inconsistency.

4. 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 has to 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.

5. Timely preparation of reliable financial information.

Under the existing listing agreement with the stock exchange, the Company is required to publish unaudited quarterly financial results and also audited financial results at the end of the year within the time frame prescribed under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The said information is also uploaded on the Company's website. In case of quarterly/yearly results, the same are published in leading newspapers after its approval by the Board of Directors. 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.

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