

**INTEGRATED CAPITAL SERVICES LIMITED**  
**(CIN: L74899DL1993PLC051981)**  
**INTERNAL FINANCIAL CONTROL POLICY**

**INTRODUCTION**

Section 134 (5) (e) of the Companies Act, 2013 requires the Board of every Listed Company to lay down Internal Financial Control Policy to be followed by the Company which helps in ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information. As per section 177(4) (vii) of the Companies Act, 2013, the Audit Committee is required to evaluate the Internal Financial Control of the Company.

Section 143(3)(i) of the Companies Act, 2013 requires the Statutory Auditors to make statement in their Auditors Report regarding adequacy of the Company's Internal Financial Control system and operating effectiveness of such controls.

**DEFINITIONS**

"**Audit Committee**" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).

"**Board of Directors**" or "Board" in relation to a Company, means the collective body of Directors the Company. [Section 2(10) of the Companies Act, 2013]

"**Books or Books of account**" as per sub-section (12A) of Section 2 of Income Tax Act, 1961 means "Books or Books of account and includes ledgers, day-books, cash books, account-books and other books, whether kept in written form or as print-outs of data stored in floppy, disc, tape or any other form of electro-magnetic data storage device."

"**Financial Statement**" as per Section 2(40) of Companies Act, 2013 in relation to a Company means a Statement which includes --

- (i) a balance sheet as at the end of the financial year;
- (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
- (iii) cash flow statement for the financial year;
- (iv) a statement of changes in equity, if applicable; and
- (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):

"**Internal Financial Control**" as per Section 134 (5) (e) of Companies Act, 2013 means" the policies and

procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguard of its assets, the prevention and detection of its frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.”

**"Policy"** means “Internal Financial Control Policy.”

## **OBJECTIVES**

The objectives of this Policy are;

- To identify and mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded.
- Financial reporting is accurate and reliable.
- To ensure Company's resources are used prudently and in an efficient, effective and economical manner.
- Resources of the Company are adequately managed through effective internal controls.
- To safeguard the assets of the Company (tangible and intangible).
- A framework for an effective internal control system which conveys to managers that they are responsible for ensuring that internal controls are established, documented, maintained and adhered to across the Company and to all Employees that they are responsible for adhering to those internal controls.
- To ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Company's objectives through operational efficiency.

## **ELEMENTS OF INTERNAL CONTROL FRAMEWORK**

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

- Structure, Environment and Culture of Organization;
- Delegation of Authority;
- Company 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

## **KEYNOTES ON INTERNAL CONTROL POLICY:**

Internal Financial Controls include reviews of the following areas:

- Senior management, to be responsible for establishment of overall policies and active oversight of parameters and controls.
- Internal audit, to review the operations to ascertain results are consistent with the Company's goals, identify the areas to further strengthening the internal controls, review the reliability and integrity of financial and operating information and means used to identify measures, classify and

report such information.

**For Effective Financial Control, The Board Of Directors And Senior Management Shall Ensure:**

- Physical verification of all Fixed Assets at reasonable intervals.
- Adequate Internal Control procedure 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, Goods & Service Tax, Custom 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 10,000/- is made otherwise than by an account payee cheque or account payee bank draft (section 40 A (3) of Income Tax Act 1961).

**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 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
- Treatment of goodwill.
- Valuation of investments
- Valuation of Fixed Assets.
- Treatment of contingent liabilities

**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.