

INTERNAL FINANCIAL CONTROL POLICY

1. Background

This document lays down the framework of Internal Financial Control Policy at Geospatial Delhi Ltd (hereinafter referred to as the "GSDL") and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to define policies and procedures to be 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.

2. Definitions

- i. "**Board of Directors**" or "Board" in relation to a Company means the collective body of Directors of the Company. [Section 2(10) of the Companies Act, 2013]
- ii. "**Books and paper**" and "**Books or paper**" as per section 2(12) of the Companies Act, 2013 'Books and paper' and 'Books or paper' include books of account, deeds, vouchers, writings, documents, minutes and registers maintained on paper or in electronic form.
- iii. "**Books of account**" as per section 2(13) of the Companies Act, 2013 '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;
- iv. "**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 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) 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)

v. **"Internal Financial Controls"** 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."

vi. **"Policy"** means "Internal Financial Controls Policy."

3. Objective

- i. To mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded.
- ii. Financial reporting is accurate and reliable.
- iii. To ensure companies resources are used prudently and in an efficient, effective and economical manner.
- iv. Resources of the company are adequately managed through effective internal controls.
- v. 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.
- vi. To ensure the propriety of transactions, information integrity, compliance with regulations and achievements of company's objective through operational efficiency.

4. Policy Scope

Policy is basically a process which encompasses systems, policies and procedures that protect the assets of the Company, create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations. These systems are not only related to accounting and reporting but also relates to the organization's culture, communication process both internal and external, which include, handling of funds received and expenditure incurred by the Company, preparing appropriate and timely financial report to the Board and Officers, conducting the annual audit of the Company, Company's financial statements, evaluating staff and progress, maintaining records of its properties and maintaining personal and conflict of interest policies.

5. Key Element of Internal Financial Control Policy.

Company shall create and maintain accounting records and shall establish control framework in the following operational areas:

- a. Rendering/ Sale of Services & Invoicing.
- b. Receivables Management.
- c. Purchase of Goods & Services.
- d. Payables Management.
- e. Employee Payments
- f. Treasury Operations
- g. Taxes and Duties.
- h. Fixed Assets.

a. Rendering/ Sale of Services & Invoicing

- i. Services shall be rendered only on the receipt of work order or advance payment from the departments/ users.

- ii. Departments paying the annual fee shall be rendered services on annual basis and Invoice shall be raised at the end of the Financial Year.
- iii. Departments/ user availing the services may be persuaded for entering into the contract/ MoU detailing the role and responsibility of both parties and payment terms.
- iv. Invoice shall be raised as per the mutually agreed terms on the completion and acceptance of services by the Department/ User.

b. Receivables Management

- i. Department shall be regularly followed for the payment after completion of services and rising of Invoice.
- ii. Credit balances in customer account shall be reviewed regularly for timely realization.
- iii. Cheques / DDs shall be banked without any delay.
- iv. Balance confirmations from the departments/ user shall be made periodically.
- v. Realizations and revenue recognized shall be reconciled periodically.

c. Purchase of Goods & Services

- i. Purchase of goods and services shall be done with the approval of competent authority and competitiveness shall be ensured in the procurement process.
- ii. Procurement decisions shall be evaluated and monitored by Local Purchase Committee as approved by competent authority.
- iii. Ordering for purchase of goods & services shall be backed by Purchase orders (PO) or work order (WO) duly signed by authorized officers.

d. Payables Management

- i. Payment shall be made as per the terms and conditions of POs / WOs issued by GSDL.
- ii. Payments shall be made on the basis of original Invoice.
- iii. Payments to the vendor shall be made through e-payments at first instance and other mode of payment shall be only secondary option.
- iv. Ledger of vendors shall be reconciled on periodic basis.
- v. Vendors shall be asked for confirmation of balance at least once in a year.

e. Employee Payments

- i. Payments to employees shall be governed by terms and conditions of their deputation/ employment contract.
- ii. Attendance, leave and other records pertaining to the employee shall be maintained accurately.
- iii. Employees payments shall be made through e-payment to respective bank accounts of the employee.

f. Treasury Operations

- i. No payment shall be received in cash and all receipt transaction shall be through the banking mode.
- ii. Accounting of receipts and depositing of cheques, DDs in banks shall be on the same day.
- iii. Bank Reconciliation w.r.t. each Bank account shall be done on monthly basis.
- iv. Un-used cheque leafs shall be kept in the safe custody.
- v. No blank cheque shall be signed under any circumstances.
- vi. Transactions involving foreign currency shall be governed by a policy laid down by Government of India from time to time.

g. Taxes And Duties

- i. Deposit of statutory liability & filing of prescribed returns shall be made on or before due date.
- ii. Tax ledgers shall be reconciled on regular basis.
- iii. Developing a monitoring & reporting system for ensuring compliance of all statutory obligations.
- iv. Developing a monitoring & reporting system for systematic review of all disputes in appeals before quasi-judicial, judicial forum relating to all statutory compliance or obligations.

h. Fixed Assets

- i. Maintain an asset register with all relevant details of each asset.
- ii. Fixed assets physical verification shall be done annually.

- iii. Establish safeguarding measures to protect those assets from misuse or encroachment or theft.

6. Prevention and Detection of Fraud

Company shall take following measures for prevention and detection of fraud:

- i. Establishment of Internal Control in the process.
- ii. Undertaking of Internal Audit by an Independent Agency.
- iii. Appointment of Statutory Auditor for the audit on annual basis.
- iv. Mechanism of authorization for all transactions.
- v. Reconciliation of all banks accounts regularly.

7. Review and Amendments:

- i. This policy may be reviewed by the Audit Committee and the Board from time to time as may be required.
- ii. This Policy will be communicated to all functional heads and other concerned persons of the Company. This policy as approved by the Board will also be hosted on the official website of GSDL.
- iii. This policy may be amended subject to the approval of Board of Directors, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.

S.K. Taneja)
Company Secretary & F.O.