

**POLICY ON INTERNAL FINANCIAL
CONTROLS**

PREAMBLE

Section 134 (5) (e) of the Companies Act, 2013, requires a Company to have Internal Financial Controls(IFC) 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..

Internal Financial Control includes the following:

- Policies and Procedures for ensuring the 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 and;
- Timely preparation of reliable financial information

INTENT

Internal Financial Control is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks).

Internal Financial Control is all of the policies and procedures management uses to achieve the following objectives:

- Safeguard Assets - well designed internal controls protect assets from accidental loss or loss from fraud;
- Ensure the Reliability and Integrity of Financial Information - Internal controls ensure that management has accurate, timely and complete information, including accounting records, in order to plan, monitor and report business operations;
- Ensure Compliance - Internal controls help to ensure that the Company is in compliance with all the laws and regulations affecting the operations of our business;
- Promote Efficient and Effective Operations - Internal controls provide an environment in which managers and staff can maximize the efficiency and effectiveness of their operations;
- Accomplishment of Goals and Objectives - Internal controls system provide a mechanism for management to monitor the achievement of operational goals and objectives.
- Identify and Manage the Risks- To look at all the risks facing an organization and manage those risks proactively. These risks may be in the form of reputational risk, operational risk, strategic risk, market risk and so on

DEFINITIONS

“Act” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“Audit Committee” means a Committee of the Board of Directors of the Company, constituted as per the provisions of Section 177 of the Companies Act, 2013.

“Board of Directors” or “Board” in relation to a Company means the collective body of the Directors of the Company.

“Company” means SECUREKLOUD TECHNOLOGIES LIMITED.

“Listing Agreement” means Equity Listing Agreement of the Company with the Stock Exchange.

“Policy” means the current policy on Internal Financial Control, including amendments, if any, from time to time

“**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.”

FRAMEWORK FOR INTERNAL CONTROL

The framework of a good Internal Control System includes:

- **Control Environment:** A sound control environment is created by management through communication, attitude and example. This includes a focus on integrity, a commitment to investigating discrepancies, diligence in designing systems and assigning responsibilities.
- **Risk Assessment:**
 - Risk Assessment is the process that the Board and management use to identify and analyze risks which could keep the Company from achieving planned objectives. The assessment should help determine what the risks are, how they should be managed and what controls are needed.
 - i. The Company shall identify risks to the achievement of its objectives across the entity and analyzes them as a basis for determining how these risks should be managed.
 - ii. The Company shall consider the potential for fraud in assessing risks to the achievement of objectives.
 - iii. The Company shall identify and assesses changes that could significantly impact the system of internal controls.
 - iv. The Company shall specify objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
- The Company faces variety of risks that must be recognized and continually assessed. From an internal control perspective, a risk assessment should identify and evaluate the internal and external factors that could adversely affect achievement of its performance, information and compliance objectives.

- Internal factors include complexity, nature and size of operations, quality of personnel, employee turnover, objectives and goals etc. External factors include fluctuating economic conditions, changes in the industry, technological advances, degree of aggressiveness of the market and competition faced by the market participants etc. The risk identification should be done across the full spectrum of the activities, addressing measurable and non-measurable aspects of risks. Monitoring and Reviewing: The system of internal control should be periodically reviewed by management. By performing a periodic assessment, management assures that internal control activities have not become obsolete or lost due to turnover or other factors. They should also be enhanced to remain sufficient for the current state of risks.
- Information and Communication: The availability of information and a clear and evident plan for communicating responsibilities and expectations is paramount to a good internal control system.
- Control Activities: These are the activities that occur within an internal control system.

ROLE OF THE AUDIT COMMITTEE

Section 177 of the Companies Act, 2013 requires the Audit Committee to evaluate the Internal Financial Control Systems while performing its duties. This can be achieved by the Committee through increased involvement in the Company's Internal Controls Assessment process. For this, the Audit Committee may:

- Actively participate in the risk assessment process;
- Understand major risks faced by the company and key controls; Define the role of internal audit and actively participate in the annual internal audit planning;
- Meet with the internal audit head on a regular basis;
- Seek test results and other relevant information on Internal Financial Control on a real time basis;
- Understand how management addresses the risks highlighted by test of internal controls.

For the Audit Committee to demonstrate that it has taken necessary steps to evaluate the Internal Financial Control systems, it may call for the comments of the Internal Auditors and the Statutory Auditors about the Company's Internal Control Systems, scope of audit, etc, as this would give them additional insights on the assessment of such controls.

The Committee may, if required, also seek external help or expert advice and guidance for the evaluation of Internal Financial Controls.

Accordingly, in order for internal controls to be effective, an appropriate control environment shall demonstrate the following behaviors;

- i. Board and management promote high ethical & integrity standards and establish a culture that emphasizes and demonstrates to all levels of personnel the importance of internal controls.
- ii. Board approves and periodically reviews overall business strategies & policies of the Company and ensures that these are implemented.
- iii. Board monitors effectiveness of internal control system.
- iv. An independent internal audit function that directly report to the Board Audit Committee (BAC), which periodically tests and assess compliance with internal control policies /

procedures and reports the instances of non-compliance.

- v. Board ensures that appropriate remedial actions have been taken when instances of non-compliance are reported and internal control system has been improved to avoid recurring errors/mistakes.
- vi. Management information system provides adequate information to the Board and they are provided with requisite information, if need arises.
- vii. All procedures in force should ensure that transactions are correctly processed, authorized, completed, and recorded to provide an acceptable audit trail. Procedures should also prevent accidental or intentional damage to processing systems and records.
- viii. The hiring process should be strictly in compliance with the approved HR policies
- ix. Training needs are periodically assessed and extended to enhance the skill set of employees.
- x. All information systems and activities should be strictly subject to Company's approved IT Security Policy.
- xi. Exercising internal controls is the responsibility of every individual employee of the Company and violation to set policies & procedures are subject to accountability.

Reporting of Internal Controls

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has to have 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, the Board's Report to contain the details in respect of adequacy of internal financial controls with reference to the Financial Statements.

*Amended with effect from March 28, 2025