



Corporate Policy on Internal Controls

Issued on: [Insert Issuance Date Here]

1. Policy Objective

The internal control policy of Stallion India Fluorochemicals Limited (the "Company") is designed to ensure systematic checks and a disciplined framework that promotes efficiency, reduces the risk of asset loss, and helps ensure the reliability of financial statements and compliance with laws and regulations.

2. Policy Scope

This policy extends to all the business and operational units, employees, officers, and directors of the Company.

3. Definitions and Abbreviations

- I. **Internal Control System (ICS)**: A dynamic set of processes that are adapted to the changing business environment and include control activities over financial reporting, operational and compliance controls.
- II. **Significant Financial Controls (SFCs)**: Controls which are essential to the integrity of the financial reporting process.
- III. **General Anti-Fraud Controls (GAFs)**: Controls designed to detect or prevent fraud within the Company.
- IV.

4. Policy Governance

The Board of Directors is responsible for setting the tone at the top by promoting integrity and ethical values, ensuring competent personnel, and providing oversight. The CEO and CFO are responsible for maintaining a robust Internal Control System and certifying the effectiveness of the ICS as part of their sign-off on the annual accounts.

5. Risk Assessment

A formal risk assessment process must be conducted periodically to identify and assess the risks related to the achievement of organizational objectives, including the risk of fraud. SFCs must be identified and documented for each significant process or category of transactions.

6. Control Environment



Corporate Policy on Internal Controls

The Company is committed to an environment where controls are integral to daily activities. The control environment includes the organization's set of standards, processes, and structures that provide the basis for carrying out internal control across the organization.

7. Control Activities

All business units and departments must develop and implement control activities that address the risks identified in the risk assessment process. These activities include appropriate segregation of duties, access controls, authorization controls, and reconciliations.

8. Information and Communication

Relevant and quality information must be identified, captured, processed, and communicated in a form and timeframe that enables employees to carry out their internal control responsibilities.

9. Monitoring Activities

The Company's Corporate Audit Services (CAS) is responsible for the periodic assessment of the effectiveness of the ICS, including monitoring significant financial controls, general anti-fraud controls, and business process controls. Monitoring is to be performed on a continuous basis and includes regular management and supervisory activities.

10. Standard Operating Procedures (SOPs)

Detailed SOPs must be in place for all significant processes and should be updated periodically to reflect process changes.

11. Delegation of Authority

A formal delegation of authority must define limits of authority over business transactions and ensure no single individual has control over all phases of a transaction.

12. Periodic Monitoring



Corporate Policy on Internal Controls

CAS shall conduct periodic audits and report their findings to management, addressing any deviations from established policies and procedures, and ensuring follow-up actions on significant internal control weaknesses.

13. Reporting Mechanism

Each department must maintain documentation to support the operation of controls and compliance with the policy, which will be reviewed by CAS as part of the internal audit process. The CAS will report quarterly to the CEO and CFO regarding action taken on significant control weaknesses.

14. Policy Distribution and Confidentiality

This policy is considered confidential information and is to be distributed to Departmental Heads and above only. Employees within departments may be informed on a need-to-know basis, with strict prohibition against external distribution.

Annexure

(Annexure to include the detailed flow of certifications and reporting from the Operating/Service areas to the CEO/CFO, encompassing CAS reports and action taken.)

Corporate Policy on Internal Controls

Annexure

Flow of Certification

