

Board's Report

To the Members,

Your Directors are pleased to present their Twenty Eighth Annual Report together with the Audited Financial Statements of your Company ("the Company" or "Redington") for the financial year ended on March 31, 2021.

The Directors feel that it is appropriate to present the consolidated financial performance of the Company in the manner set out below:

₹ in Crores

Particulars	2020-21			2019-20		
	India Consolidated	Overseas Consolidated	Total Consolidated	India Consolidated	Overseas Consolidated	Total Consolidated
Revenue from operations	22,827.4	34,118.5	56,945.9	18,789.7	32,675.5	51,465.2
Other Income	55.7	40.0	95.7	29.8	18.8	48.6
Total Revenue	22,883.1	34,158.5	57,041.6	18,819.5	32,694.3	51,513.8
Total Expenses:						
a) Cost of goods sold	21,581.7	32,219.3	53,801.0	17,608.0	31,040.3	48,648.3
b) Employee Benefits	199.8	632.2	832.0	209.0	574.8	783.8
c) Other Expenses	542.0	427.5	969.5	584.0	426.3	1,010.3
Profit before Interest, Depreciation and Tax	559.6	879.5	1,439.1	418.5	652.9	1,071.4
a) Interest Expenses	54.8	101.7	156.5	122.0	97.0	219.0
b) Depreciation & Amortization Expenses	54.8	93.4	148.2	72.9	82.5	155.4
Profit before Tax and exceptional item	450.0	684.4	1,134.4	223.6	473.4	697.0
Exceptional item						
Exceptional item - Impairment of goodwill and other intangibles	-	6.3	6.3	3.6	1.1	4.7
Profit before tax	450.0	678.1	1,128.1	220.0	472.3	692.3
Tax Expense	204.3	137.2	341.5	82.2	76.2	158.4
Share of loss of associate	-	-	-	-	-	-
Minority Interest	-	30.2	30.2	(1.5)	20.2	18.7
Profit after Tax	245.7	510.7	756.4	139.3	375.9	515.2

Your Directors have made the following appropriations out of the standalone profits of the Company:

₹ in Crores

Surplus in the Standalone Statement of Profit and Loss	
Balance as per the last Balance Sheet as on March 31, 2020	1,391.27
Add: Profit for the financial year 2020-21	263.33
Balance at the end of the year as on March 31, 2021	1,654.60

FINANCIAL PERFORMANCE

The Standalone and Consolidated Financial Statements of the Company for the financial year 2020-21 have been prepared in accordance with the Indian Accounting Standards (Ind AS) as required under the Companies Act, 2013.

The consolidated revenue of the Company for the financial year was ₹ 57,041.6 crores as against ₹ 51,513.8 crores in the previous financial year registering a growth of 10.7%, while the consolidated net profit for the year grew by 46.8% to ₹ 756.4 crores as against ₹ 515.2 crores in the previous financial year.

The Basic Earnings per Share (EPS) on a consolidated basis increased to ₹ 19.44 for the financial year under review as compared to ₹ 13.24 for the previous financial year.

The Statement containing the salient features of the Financial Statements of Subsidiaries and Associate Companies in the prescribed Form AOC 1 is appended as part of this report.

A detailed analysis on the financial performance of the Company is given as part of the Management Discussion and Analysis report, which forms part of this report.

Subsidiaries

As on March 31, 2021, the Company has one direct and two step-down subsidiaries in India, while in overseas, it has two direct and fifty three step-down subsidiaries.

During the year under review, the Company sold its entire shareholding in M/s. Ensure Support Services (India) Limited ("Ensure"), a wholly owned subsidiary of the Company, to M/s. Accel Limited. Ensure was in the business of providing after

sales support services including warranty and out-of-warranty services independently and on behalf of Original Equipment Manufacturers (OEM), and other allied services. Since this business vertical was not strategic to the Company, the entire shareholding in Ensure was divested on July 31, 2020.

The details of the subsidiaries incorporated/acquired and ceased to be subsidiaries during the financial year under review, as applicable, are given as part of notes to the consolidated financial statements.

Dividend

On account of exemplary financial and business performance during the financial year 2020-21, the Board had recommended a final dividend of ₹ 11.60 per equity share (i.e. 580% of the Face Value) including one-time special dividend of ₹ 4 per equity share for the approval of the shareholders. The Company had declared two interim dividends totaling ₹ 4.30 per equity share (i.e. 215% of the Face Value) during the financial year 2019-20.

The dividend pay-out to the shareholders for the financial year under review, subject to approval by the shareholders, is expected to be around ₹ 451.6 crores as compared to ₹ 167.3 crores for the previous financial year.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Board has approved and adopted a Dividend Distribution Policy, detailing the parameters to be considered by the Board for recommendation or declaration of dividend. The Dividend Distribution Policy of the Company is available on the Company's website and also enclosed as Annexure J to this report.

BUSINESS PERFORMANCE

India business (Standalone)

Discussion on the Company's Standalone business performance in India forms part of the Management Discussion and Analysis Report, which is annexed to this Annual Report.

Indian Subsidiary - Proconnect Supply Chain Solutions Limited

ProConnect Supply Chain Solutions Limited (ProConnect) is the wholly owned Indian subsidiary of Redington (India) Limited. ProConnect is a leading 3PL player providing customized tech-based supply chain solution to its clients. Today, ProConnect has established itself in the Indian integrated supply chain market with a robust distribution network and reputed client base.

ProConnect has been on a consolidation mode to bring all its businesses under One ProConnect. In this direction, Auroma Logistics Private Limited (erstwhile subsidiary) was merged with ProConnect under the Scheme of Amalgamation vide Order of Regulator dated January 20, 2021. This Order was effective from April 1, 2020. The Board of Directors of ProConnect have considered and approved the proposal for merger of Rajprotim

Supply Chain Solutions Limited with ProConnect and the merger is currently under process.

During FY 2020-21, ProConnect also undertook the integration of its frontend and backend operations by use of technology. It has been streamlining its focus into six key verticals – IT and Telecom, E-Commerce, Healthcare and Pharma, FMCG, FMCD and Value-Added Services.

ProConnect foresees huge potential in the organized supply chain solutions market in India led by digitalization, and government initiatives such as Atma Nirbhar Bharat Abhiyaan and Make in India.

ProConnect aims to be a technology driven company and is geared up to become a premium vertical specialist, offering value added supply chain solutions.

Indian Associate

Redington (India) Investments Limited (RIIL), an associate company of Redington, was operating Apple retail stores in South India through its wholly owned subsidiary, Currents Technology Retail (India) Limited (Currents). Since Currents was making continuous loss, it has completely exited its business. Accordingly, restructuring options including proposal for winding up of RIIL and Currents is underway.

Overseas Operations

Redington's overseas operations are carried out through its two wholly-owned subsidiaries, Redington International Mauritius Limited, Mauritius (RIML) and Redington Distribution Pte Limited, Singapore (RDPL). The business performance of the two entities is covered in the Management Discussion and Analysis.

RIML address the Middle East, Turkey, Africa (META) region, which contributes to 55.4% of the consolidated revenue of Redington. RIML continues to remain agile readjusting its strategy to meet the uncertainties and fast-changing market dynamics in the region. The COVID-19 pandemic has thrown open challenges as well as opportunities for the Company and the business is realigning itself to remain relevant and focused. Some of the key trends that have emerged over the last year include strong push towards Cloud, Enterprise services and Mobility.

RDPL addresses the South Asian region comprising of Sri Lanka, Bangladesh, Nepal and Maldives markets. With the changing business dynamics of its major customers, RDPL has been re-strategizing its market focus. There has been a shift in the business from hardware to software, subscription and services in the region. Moreover, the change in the taxation structure in India has led to OEMs/vendors changing their billing model from dollars to Indian Rupees. This has impacted the business opportunities for RDPL that can be done out of Singapore. However, this has created new opportunities for our India distribution business. Bangladesh and Sri Lanka are seen as the future growth markets for RDPL.

Overall, the Enterprise business alongside demand for Cloud and Mobility services led the growth of Redington's overseas business. Some of the key product segments that saw significant demand pull include network infrastructure, Cloud, Cyber security, software and licensing. This demand was led by significant IT infrastructure and software upgrade spending by companies to fast track digital transformation in the wake of the COVID-19 pandemic that disrupted supply chain and businesses across the region we operate in.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Upon the recommendations of Nomination and Remuneration Committee, at the meeting held on June 11, 2020, the Board had approved the change in the role and responsibility of Mr. Ramesh Natarajan from "Joint Chief Operating Officer" to "Chief Executive Officer – India Distribution Business" with immediate effect.

The Board of Directors, taking cognizance of recommendation of Nomination and Remuneration Committee about succession planning, took the following decisions:

- A. Mr. Raj Shankar (DIN: 00238790), Managing Director, was elevated as Vice-Chairman and Managing Director of the Company with effect from April 1, 2021.
- B. Mr. Rajiv Srivastava (DIN: 03568897) was appointed as Additional Director and Joint Managing Director for a period of five years with effect from April 2, 2021, subject to the approval of shareholders.

Based on the terms of appointment, Mr. Tu Shu-Chyuan (DIN: 02336015) Non-Executive Director of the Company, is liable to retire by rotation, and being eligible, has offered himself for re-appointment.

The resolutions for above appointment / reappointment are included in the Notice calling for the Annual General Meeting. A Brief profile of the Directors recommended for appointment or reappointment are furnished as Annexure to the Notice.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors of the Company, after due enquiry, confirm that:

- a) In the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards read with the requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date;

- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Annual Accounts have been prepared on a 'going concern' basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDITORS

Statutory Auditors

At the 24th Annual General Meeting of the Company held on July 29, 2017, the members of the Company had approved the appointment of M/s BSR & Co. LLP (BSR), Chartered Accountants (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company, until 29th Annual General Meeting of the Company.

The Statutory Auditors have issued their reports on the Standalone and Consolidated Financial Statements of the Company and these are appended here to this report. The Statutory Auditors' Reports on the Standalone and Consolidated Financial Statements do not contain any qualifications, reservations or adverse remarks.

Secretarial Auditors

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with relevant rules made thereunder, the Company had appointed M/s. R Bhuvana & Associates, Practising Company Secretary, to conduct secretarial audit of the Company. The secretarial audit report in Form MR-3 is enclosed as Annexure G to this report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in her report.

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor have reported any instances of fraud committed against the Company to the Board/Audit Committee under Section 143(12) of the Companies Act, 2013.

Cost records and Cost Audit

Maintenance of Cost Records and requirement of Cost Audit as prescribed under Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

OTHER REPORTS

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, reports on the Corporate Governance, Business Responsibility and Management Discussion and Analysis are attached to this Annual Report

DISCLOSURES

Board and its committees

The details of the composition of the Board and its committees and various meetings held during the financial year are given in the Report on Corporate Governance that forms part of this Annual Report.

Independent Director Declaration

All the Independent Directors of the Company have given declaration that they fulfil “independence” criteria, stipulated in the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Internal Financial Controls

The Company has prepared a comprehensive document on Internal Financial Controls (IFC) in line with the requirements under the Companies Act 2013, which included Entity Level Controls (ELC), Efficiency Controls, Risk Controls, Fraud Preventative Controls, Information Technology General Controls (ITGC) and Internal Controls on Financial Reporting (ICFR). A brief note on IFC including ICFR is enclosed to this Report as Annexure A.

The Company has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including safeguarding of its assets, prevention and detection of fraud, error reporting mechanism and ensuring accuracy and completeness of financial statements. Based on the results of assessments carried out by Management, no reportable material weaknesses or significant deficiencies in the design or operation of internal financial controls were observed. The Board opines that the internal controls adopted and implemented by the Company for preparation of financial statements are adequate and sufficient.

Risk Management

The Risk Management Committee monitors the Risk management practices of the Company. The Committee meets periodically and reviews the potential risks associated with the Company’s business and discusses steps taken by the management to mitigate the same.

The Board of Directors reviewed the risk assessment and procedures adopted by the Company for risk control and management and is of the opinion that there are no risks which may threaten the existence of the Company.

Details of Employee Benefit Scheme

During the year, 1,31,522 equity shares of ₹ 2/- each were allotted to employees including employees of Subsidiary Companies under Redington Stock Appreciation Right Scheme, 2017.

The disclosure as required under Regulation 14 of SEBI (Share Based Employee benefits) Regulations, 2014 is enclosed to this Report as Annexure B. A Certificate from the Statutory Auditors of the Company will be made available during the Annual General Meeting stating that Redington Stock Appreciation Right Scheme, 2017 have been implemented in accordance with SEBI (Share Based Employee benefits) Regulations, 2014 and as per the resolutions passed by the shareholders.

Information on Conservation of Energy and Technology Absorption

A. Conservation of Energy:

The operations of your Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy by way of optimizing usage of power and virtualization of Data Centre.

B. Technology Absorption:

Effort made towards technology absorption:

Your Company continues to use the latest technologies for improving the quality of services it offers. Digitalization and adoption of cloud technology, virtualization and mobility resulted in better operational efficiencies and Turnaround Time (TAT). Business Intelligence (BI) and Analytics facilitate key decisions and improves process efficiency. During the Pandemic, your company has seamlessly and securely able to shift to Work from Home model and have been able to provide all Employees with relevant technology tools and connectivity to carry out the work without any interruption.

Import of Technology:

The Company has not imported any technology during the year.

C. Expenditure on Research and Development:

Since your Company is involved in the Wholesale Distribution of Technology Products, there is no expenditure incurred on research and development.

Foreign Exchange earnings and outgo

The details of Foreign Exchange earnings and expenditure during the year are given below:

Earnings in Foreign Currency:

Particulars	₹ in Crores
Rebates & discount	101.6
FOB value of exports	0.3
Others	0.4
Total	102.3

Expenditure in foreign currency:

Particulars	₹ in Crores
CIF value of imports	3,016.7
Royalty (cost of software included under purchase)	12.7
Director's sitting fee	0.1
Director's commission	0.6
Others	3.2
Total	3,033.3

Policy on Appointment and Remuneration of Directors

The Board, on the recommendation of the Nomination and Remuneration Committee, has laid down a policy on appointment of Directors and remuneration for the Directors, Key Managerial Personnel and Other Employees. The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain independence of the Board and separate its functions of governance and management. The same is enclosed to this report as Annexure C.

Performance evaluation of the Board and Committees

The evaluation of all the Directors, Committees and the Board as a whole was conducted based on the criteria and framework approved by Nomination and Remuneration Committee. The details of annual evaluation made by the Board of its own performance and that of its committees and individual Directors and performance criteria for Independent Directors laid down by Nomination and Remuneration Committee are enclosed to this report as Annexure D.

Particulars of Employees

The Particulars of employees required under Section 197 (12) of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in Annexure E appended hereto and forms part of this report.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of loans given and investments made are given under Notes 17 and 8 respectively to the Standalone Financial Statements. The Company has neither given guarantees nor provided security under Section 186 of the Companies Act, 2013.

Corporate Social Responsibility

Redington primarily carries out Corporate Social Responsibility (CSR) activities through its trust, Foundation for CSR @ Redington, by supporting its projects in the areas of education, employability skills training for the underprivileged and specially abled, healthcare and environmental sustainability. The Corporate Social Responsibility

Committee has formulated and recommended to the Board a policy on CSR indicating the activities to be undertaken by the Company. The Report on CSR is enclosed as Annexure F to this report.

Vigil Mechanism

The Company believes in the conduct of affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The Company has implemented a vigil mechanism/ whistle blower policy, to provide a framework for the Company's employees and Directors to promote responsible and secure whistle blowing in the organization across levels. It also provides protection to whistle blowers who raise concerns on serious irregularities within the Company. The details of establishment of vigil mechanism are made available in the website of the Company. A brief summary of the vigil mechanism implemented by the Company is enclosed to this report as Annexure H.

Extract of Annual Return

Annual Return of the Company is available in our website under Shareholders' information.

Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of the Companies Act, 2013 read with Investor Education and Protection Fund [IEPF] Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the unpaid or unclaimed dividend and shares in respect of which dividend entitlements are remaining unpaid or unclaimed for a period of seven consecutive years or more by any shareholder, to IEPF. Accordingly, the Company has transferred the unclaimed dividend of ₹ 32,029 to the IEPF and 519 shares to the demat account of the IEPF authority. The details of the shares due to be transferred to IEPF during the financial year 2021-22 is available in our website under Shareholders' information.

Others

- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- The Company has not received any deposits as defined under the Companies Act, 2013 during the financial year under review.
- The Board decided not to transfer any profit to general reserve.
- None of the transactions with related parties falls under the scope of section 188(1) of the Act. Information on transactions with related parties pursuant to section 134(3) (h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure I in Form AOC-2.

- There are no material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2021 and the date of this report.
- The Company has complied with applicable secretarial standards.

Web links

Particulars	Web link
Policy on Related Party Transaction	https://redingtongroup.com/wp-content/uploads/2018/12/Policy-on-dealing-with-Related-Party-Transactions.pdf
Policy for determining Material Subsidiaries	https://redingtongroup.com/wp-content/uploads/2019/04/Policy-on-dealing-with-Material-subsidiaries-final.pdf
Details of Familiarization Programmes	https://redingtongroup.com/wp-content/uploads/2018/12/Familiarisation-programme.pdf
Criteria of Making payment to Non- Executive Directors	https://redingtongroup.com/india/wp-content/uploads/sites/4/2018/05/PolicyonpaymenttoDirectors.pdf
Policy on appointment of Directors and remuneration for the Directors, Key Managerial Personnel and Other Employees	https://redingtongroup.com/wp-content/uploads/2018/12/NOMINATION-AND-REMUNERATION-POLICY.pdf
Details of establishment of Vigil mechanism	https://redingtongroup.com/india/wp-content/uploads/sites/4/2018/05/DetailsofVigilMechanismestablishedbytheCompany.pdf
Dividend Distribution Policy	https://redingtongroup.com/india/wp-content/uploads/sites/4/2018/05/DividendDistributionPolicy.pdf
Annual Return for FY 2020-21	https://redingtongroup.com/wp-content/uploads/2021/07/Annual-Return.pdf

COMPLIANCE WITH OTHER REGULATIONS

Downstream Investment

With regard to the downstream investments in Indian Subsidiaries, the Company is in compliance with applicable Rules and Regulations of Foreign Exchange Management.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has constituted Internal Complaints Committees as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to consider and resolve all sexual harassment complaints. Your Company has framed a policy on Sexual Harassment of Women to ensure a free and fair enquiry process on complaints received from the women employee about Sexual Harassment, also ensuring complete anonymity and confidentiality of information. Adequate workshops are conducted and awareness on the policy is also created by sending group mailers to the employees. No complaint was reported by any employee pertaining to Sexual Harassment, during the year under review.

ACKNOWLEDGMENT

Your Directors take this opportunity to gratefully acknowledge the co-operation and support received from the shareholders including the principal shareholders, suppliers, vendors, customers, bankers, business partners / associates, channel partners, bankers, financial institutions, Regulatory / Government authorities to the Company. The Directors record their appreciation for the contributions made by employees of the Company, its subsidiaries and associates, for their hard work and commitment, towards the success of the Company. Their dedication and competence has ensured that the Company continues to be a significant and leading player in the industry.

On behalf of the Board of Directors

J. Ramachandran
Chairman
DIN: 00004593

Place: Bengaluru
Date: May 27, 2021

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ANNEXURE A

NOTE ON INTERNAL FINANCIAL CONTROLS

The Companies Act, 2013 has laid down responsibility on the Directors with respect to Internal Financial Control (IFC). The Institute of Chartered Accountants of India has issued a Guidance Note which prescribes the framework and risk that needs to be covered by a company regarding IFC.

The Company has envisaged the necessity for a good financial control environment much ahead of the requirement envisioned under the Companies Act, 2013. The Company has an existing framework of IFC which has been documented and tested, based on the results of such assessments carried out by Management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls were observed.

Some of the key controls are:

Entity Level Controls (ELCs):

ELCs are imperative to an organization as it fosters a culture which sets the tone for a sound control environment within the organization. Support of management is essential to build and sustain an effective control environment. The Company has perceived this necessity and has demonstrated its intention and commitment by adopting COSO Principle (Committee of Sponsoring Organizations of the Treadway Commission), which is followed across the globe, in framing its IFC.

Entity-level controls include

- Controls related to the control environment;
- Controls over management override

Efficiency Controls:

Over the years, the Company has built up a reservoir of knowledge in the field of distribution which has evolved into discrete business intelligence. The business intelligence is leveraged to assist in the decision-making process by way of efficiency controls.

The Company believes that efficiency controls are essential for long term sustenance of the Company. Hence, higher emphasis is placed on coverage and completeness of efficiency controls. Influence of market trends, geography, the economy and vendor policy are considered in formulating efficiency controls.

Risk Controls:

The Company has a defined process for risk management. Risks are identified based on internal and external factors. Risks are then analysed and managed based on appetite, transfer, mitigation and avoidance.

Insurance coverage, Accounts Receivable factoring etc., is resorted to wherever the risk can be transferred. Risks are mitigated when it is not avoidable. Risks are avoided when it cannot be transferred or mitigated and the returns are not commensurate with the rewards.

Fraud Deterrence Controls:

The Company has identified certain key areas where possibility of fraud could occur. Checks & balances are built into the system during transaction processing to deter fraud. Areas prone to frauds are subject to constant review and audit by the external and the in-house internal audit team.

Information Technology General Controls (ITGCs):

ITGCs is an integral part of control environment of the Company. ITGCs are broad controls over general IT activities, such as security and access, computer operations, systems development and system changes.

Emphasis is placed on preventive controls and internal checks through the IT system. The company implemented SAP ERP for its operation. The controls were reassessed and fine-tuned to suit the SAP.

Internal Control on Financial Reporting (ICFR):

The Company has developed robust controls for financial reporting. The controls hovers around two parameters, one, based on information generated by the Company through its operations, and two, requirements specified under various statutes.

The controls are designed from the point of view of “What could go wrong” or the inherent risk associated with the particular transaction or account that could distort the financial statement. The Institute of Chartered Accountants of India has issued a Guidance Note which is considered for detailing the inherent risk associated with a particular account in addition to the risk perceived by the Company.