

**TRADE RECEIVABLE GUIDANCE POLICY
OVAL PROJECTS ENGINEERING LIMITED**

EFFECTIVE DATE: 01-04-2025

PREPARED BY: FINANCE & ACCOUNTS DEPARTMENT

1. Purpose

This document sets out general guiding principles and recommended practices for managing trade receivables within the context of Engineering, Procurement, and Construction (EPC) projects. It is intended to promote prudent financial discipline, improve cash flow efficiency, and facilitate timely receivable collections while allowing flexibility to adapt to individual project requirements and business dynamics.

2. Applicability

This policy serves as a reference for project teams, finance and accounts personnel, and business unit heads involved in invoicing, client billing, and receivables monitoring. It is indicative in nature and subject to adaptation based on the specific contractual terms, project conditions, and operational considerations.

3. General Principles

- Trade receivables should be managed in line with project-specific cash flow schedules and billing milestones.
- Credit terms agreed in the client contract should be the basis for all internal actions.
- Invoices should be raised promptly, with complete documentation and proactive client coordination.

4. Recommended Practices

4.1 Invoicing & Documentation

- Invoices may be raised as per milestone completions and contract schedules.
- Supporting documents should accompany each invoice.
- A master log of issued and acknowledged invoices should be maintained and reconciled monthly.

4.2 Monitoring Receivables

- An integrated ERP or joint tracking register should reflect receivables with proper aging classification (e.g., 0-30, 31-60, 61-90, 91+ days).
- Receivables exceeding 90 days should be reviewed jointly by the project and finance teams for resolution.
- Follow-ups may begin after 15-30 days past due, with escalation protocols for delays beyond 60 days.

4.3 Client Risk Assessment

- During bid or negotiation phases, commercial teams should assess the client's payment history, funding model, and past interactions.
- Where risk is evident, tighter payment terms (e.g., advances or stage-wise payment triggers) should be negotiated.

4.4 Disputes & Retention

- Retention amounts and invoices under dispute should be tracked distinctly.
- Client-side disputes should be documented in writing and resolved within a reasonable period (ideally 30-45 days).
- Legal action or escalation to dispute resolution mechanisms should be a last resort.



Ganjam Debnam

OVAL Projects Engineering Limited

Regd. Office : Milan Chakra (Near Prajapita Brahmakumari Centre) **Formerly Known as :** OVAL Projects Engineering Pvt. Ltd.

P.O. - A. D. Nagar, Agartala, Tripura (West), Pincode : 799003

Telephone : +91-3812371011, +91-7085049473

GSTIN : 16AABC09053D1ZL

www.ovalprojects.com

CIN No. : U74900TR2013PLC008465

An ISO Certified Company

5. Provisioning & Write-offs (Indicative Guidelines)

To maintain conservative accounting, the following provisioning matrix may be referred to during reviews:

Age of Receivable	Suggested Provision
0-180 days	Nil (if contractually valid)
181-270 days	10% (if unresolved)
271-365 days	25%
>365 days	50% (unless legally enforceable)

Note: These are indicative provisions and may be adjusted based on facts, legal advice, or management discretion.

6. Reporting & Oversight


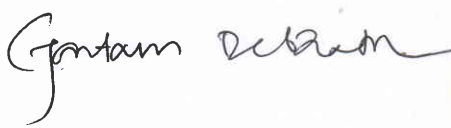
- A monthly MIS on trade receivables and aging may be prepared by the Finance team and shared with senior management.
- Long-pending or high-risk receivables should be highlighted in project review meetings.
- A quarterly summary may be submitted to the Audit Committee, if applicable.

7. Flexibility Clause

This policy is advisory in nature and not binding on the Company. The practices outlined herein are subject to modification based on project-specific scenarios, client contractual terms, and the evolving business environment. In case of any inconsistency, the terms of the client contract shall override this document. The Company reserves the right to modify or depart from this policy at its sole discretion and without prior notice.

8. Review & Updates

This document shall be reviewed periodically and updated based on changes in industry practices, internal processes, audit observations, or business requirements.



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