

RISK MANAGEMENT POLICY

RISK MANAGEMENT COMMITTEE

The Board appoints Members for the Risk Management Committee and defines the roles and responsibilities of the Risk Management Committee which are in pursuance of applicable regulations of SEBI LODR and delegates monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit including but not limited to;

1) Formulate a detailed risk management policy which shall include:

(a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan.

(2) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years by considering the changing industry dynamics and evolving complexity;

(5) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken

(6) Review of the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).

The Risk Management Policy “the Policy” was framed pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI LODR) and was approved in the Board Meeting held on 24 February 2015.

Pursuant to the SEBI (LODR) (second amendment) vide notification No. SEBI/LAD-NRO/GN/2021/22 on 5 May 2021, the Policy stands revised.

SCOPE

Following steps need to be taken to deal with the Organizational Risks:

- Risk Identification
- Risk Assessment and Risk Rating

- Risk Prioritization
- Risk Mitigation
- Risk Reporting and Monitoring
- Internal Controls and Risk Management
- Risk Register
- Policies and Procedures
- Business Planning and Budgeting
- Business Continuity Plan

Risk identification

Risk identification forms the core of the Risk Management system. Multiple approaches for risk identification are applied to ensure a comprehensive Risk Identification process.

The company shall identify sources of risk, areas of impacts, events and their causes with potential consequences. Comprehensive identification is critical, because a risk that is not identified here will be missed from further analysis.

Risk Assessment and Risk Rating

For all key risks identified during the Risk Identification process, a qualitative and quantitative assessment is carried out.

Risk assessment involves different means by which risks are graded in order to assess the possibility of their occurrence and extent of damage their occurrence might cause.

Likelihood rating and impact rating is as per the Rating parameters defined by the Company.

Risk Prioritization

After the risk assessment is complete, it is the responsibility of the Risk Management Function to prioritize the key risks to determine which risks are considered key and need to be addressed on a priority basis.

Prioritization of risks involves using final ratings. The risks are plotted on a 3X 3 matrix, to identify which risks are materials from a corporate perspective.

For this purpose, the materiality scales are used to identify the severity and likelihood of these risks.

All risks that fall in the red zone are considered high risk and require immediate attention in terms of risk management.

The findings of risk prioritization are presented to Senior Management and Business Units.

Risk Mitigation

Once the top or critical risks are prioritized, appropriate risk mitigation and management efforts to effectively manage these risks are identified.

Risk mitigation strategy usually involves identifying a range of options for treating risk, assessing those options, preparing and implementing risk treatment plans. The risk mitigation strategies may include managing the risk through implementation of new internal controls, accepting certain risks, taking insurance, and finally avoiding certain activities that result in unacceptable risks.

Risk Reporting and Monitoring

An enterprise-wide integrated Risk Management Information System (MIS) needs to be implemented by the company.

Such information is needed at all levels of the organization to identify, assess and respond to future occurrences of risk events. Pertinent information from both internal and external sources must be captured and shared in a form and timeframe that equips personnel to react quickly and efficiently.

Action Plan and Status

A risk mitigation action plan is outlined for all priority risks in the high and medium categories. Senior Management and Business Heads design an action plan to mitigate and monitor each of these key risks.

An action plan and status reporting is implemented to log actions proposed to mitigate risks and track status of Evidence, of regular review and monitoring of the profile and action plan.

The action plan and status reporting is reported quarterly to Audit/Risk Committee to update on the status of mitigation efforts.

Internal Controls and Risk Management

Individual Business Units are responsible for establishing effective internal controls within various business processes. Effective design and implementation of the internal control framework is validated by regular internal audits and test of controls for these units.

The Audit Committee is required to report to the Board on internal controls, and to alert it of any emerging issues. The committee is therefore well placed to provide advice to the Board on the effectiveness of the internal control system, including the Company's system for the management of risk.

Detailed Internal Control over Financial reporting forms part of the “Internal Control Systems and Controls” policy.

Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Risk Management Committee.

Risk Register

For the purpose of consolidation of material risks, all the outputs of the various risk identification and assessment processes are reviewed by the internal stakeholders. These are aggregated in a Risk Register capturing the key risk, mitigating controls and other details about the particular risk.

Policies and procedures

Policies and procedures are the foundation for an effective internal control framework that then supports a strong risk management framework. Written procedures support the policies where appropriate.

Business planning and budgeting

The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

Business Continuity Plan

Business continuity plan refers to maintaining business functions or quickly resuming them in the event of a major disruption, whether caused by a fire, flood or any other act of god and natural calamity. A business continuity plan outlines procedures and instructions an organization must follow in the face of such disasters; it covers business processes, assets, human resources and business partners. Succession planning in the organization also forms integral part of the Business Continuity Plan. This also includes expansion of business, roadmap for future, wellbeing of employees and achievement of sustainable growth.

Company has in place, a well documented Business continuity plan for any contingent situation covering all perceivable circumstances. The Business continuity plan may be reviewed and amended by the Risk Management Committee.

APPLICABILITY AND REVIEW

This Policy shall come into force with immediate effect and shall be reviewed by the Risk Management Committee and the Board from time to time as may be necessary.
