RISK MANAGEMENT POLICY

BACKGROUND

Across Industries and Organizations, there is now a recognition that risks are no longer hazards to be avoided, but, in many cases, opportunities to be embraced. Risk, therefore, needs to be understood, priced and managed. Business needs should, therefore, seek to analyse critical risks and balance them with business objectives for improved returns and to drive value.

OBJECTIVE

In order to enhance stakeholder value and improve Corporate Governance, a structured Risk Management approach has to be introduced in the Company. This Policy will more than meet the mandatory requirement of Risk Management under Clause 49 of the Listing Agreement.

RISK MANAGEMENT PROCESSES:

Risk strategy:

a. A risk strategy will be framed to minimise the risk and to align further to the objective of the company.
b. Action points/risk response will be developed for top risk. Risk response will range between avoidance, sharing, reduction or acceptance.

Formulation of Risk Processes:

a. Managing Director shall validate existing risk processes and formulate new risk processes, wherever necessary. Managing Director along with Internal Audit Department, will be responsible for formulating the said risk processes.
b. All company personnel have a responsibility for maintaining good internal control and managing risk in order to achieve personal, team and corporate objectives. Hence, it is essential that every responsible person in the organisation is aware of the risk they are empowered to take, risk which needs to be avoided and needs to be reported upwards.
c. In order to enhance risk structure, the Company will have a document of delegated powers in order to define responsibilities and authorities at various levels of management.

Identification and Assessment of Risks:

a. Managing Director shall consider all relevant questions for identification and assessment of risks.
b. An understanding of the objectives and associated critical factors will be gained through a review of business plans. External factors covering aspects of risks such as economy, technology, natural environment, political and social risk and internal factors covering risk of infrastructure, personnel and process technology will be covered through interviews with management personnel at all levels.

Quantification of Risks:

a. All the significant recurring and abnormal risks and opportunities identified would be presented before Management in order to gain acceptability and to arrive at a consensus score for likelihood and impact and to establish accountability for risk mitigation.

Monitoring / Reporting Process:

a. A risk register providing all details of risk and action plans will be maintained by the Company.
b. Risk management is a continual activity. For ease of implementation and convenience, risk review will be carried out on half yearly basis and reports also will be tabled before audit committee every six months for subsequent action.

Training:

a. To ensure widespread understanding, Internal Auditors would make a presentation before the Management, to elucidate and clarify the concept of risk management.
b. Internal Auditors would undertake training programme for its business/operational managers to acquaint them with the risk management concept.

Legal Compliances:

In order to ensure an appropriate legal compliance, the following procedure will be followed:

a. The Internal Auditor of the Company will undertake a Due Diligence as part of their Internal Audit Programme that the Certification at the operating level and functional level is being adhered to.
b. The Internal Auditor would prepare a report of non-compliance for every function and send copy of the report to the CEO / MD of the Company, and Company Secretary along with action plans with responsibility and time frame for implementation. This will be tabled before the Board.

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