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RISK MANAGEMENT POLICY

(Amended in Board Meeting held on 06.02.2023)

I. INTRODUCTION:

Risk management is an integral component of good corporate governance and fundamental in achieving the company's strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder value.

Although not mandatory, the Company has constituted a Risk Management Committee and desires to refine its organizational wide capabilities in risk management so as to ensure a consistent, efficient and effective assessment of risks in the achievement of the organization's objectives. It views risk management as integral to its objective of creating and maintaining business continuity, shareholder value and successful execution of its strategies.

The Company's risk management policy provides the framework to manage the risks associated with its activities. It is designed to identify, assess, monitor and manage risk.

II. STATUTORY REQUIRMENTS:

Requirement as per Companies Act, 2013 ('the Act'):

Responsibility of the Board: As per Section 134(3) of the Act, requires the Board of Directors of a Company, as part of the Board's Report, to furnish a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

Responsibility of the Audit Committee: As per Section 177(4) of the Act, every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include evaluation of internal financial controls and risk management systems.

Requirement as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"):

Regulation 17(9) requires the Company to lay down procedures about risk assessment and risk minimization.

Regulation 21 requires the Board to constitute Risk Management Committee.

III. OBJECTIVES:

The key objectives of the Policy:

a) Maintain highest possible integrity for services provided by the Company.
b) Create an environment where all employees understand and accept the important of Risk Management.
c) Improve incident Management and reduce in loss and the cost of risk.
d) Achieve a more confidant and rigorous basis for decision making and planning.
e) Improve the Company's ability to be proactive rather than reactive in risk management.
f) Improve compliance with relevant legislation.
g) Demonstrate better corporate governance through transparent and responsible risk management processes aligned with accepting best practice standards and methods.
h) Evaluating the likelihood and impact of major adverse events.
i) To formulate Business Continuity Plan.
j) To measure risk mitigation including systems and processes for Internal Control of identified risks.

IV. RISK MANAGEMENT COMMITTEE:

Applicability:

The requirement to constitute Risk Management Committee is on top 1000 listed entities determined on the basis of market capitalization as at the end of the immediate preceding financial year.

Composition:

The Risk Management Committee shall consist of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. The Chairperson of the Risk management Committee shall be a member of the Board of Directors and senior executives of the listed entity may be members of the committee.

Meetings:

The Risk Management Committee should meet at least twice in a year and not more than 180 days shall elapse between two consecutive meetings. The Quorum for the meeting of the Committee shall be a minimum of two members or one-third of the Members of the Committee, whichever is higher, including at least one member of the Board.

Role of Committee:

- Formulate a detailed risk management policy.
- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- The appointment, removal and terms of remuneration of the Chief Risk Officer (as and when required) shall be subject to review by the Risk Management Committee.

V. RISK MANAGEMENT PROCESS:

Risk Management is a term used to describe the processes which aim to assist organization to identify, understand, evaluate and take action on their risks with a view to increasing the probability of their success and reducing the impact and likelihood of failure. Effective risk management gives comfort to shareholders, customers, employees, other stakeholders and society at large that a business is being effectively managed and also helps the company or organization confirm its compliance with corporate governance requirements. Risk Management is iterative process.

The process of risk management consists of the following logical and sequential steps:

1. ***Risk Identification:***

Risk identification is the first stage of the risk management strategy. The origin/source of the risk is identified. The ultimate purpose of risk identification is to minimize the negative impact of threats, and to maximize the positive impact of opportunities. Identification of risks, risk events and their relationship are defined on the basis of discussion with the risk owners and analysis of related data, previous internal audit reports, past occurrences of such events etc.

2. *Risk Analysis:*

Risk Analysis is to be conducted taking the existing controls into consideration. Risk events assessed as "high" or "very high" criticality may go into risk mitigation planning and implementation; low and medium critical risk to be tracked and monitored on a watch list.

3. *Risk Assessment:*

When assessing risks, it's important to determine whether the risk is - inherent risk, residual risk, or both. Inherent risk is the risk to an entity in the absence of any actions/ preventions management might take to alter either the risk's likelihood or impact. Residual risk is the risk remaining after management's response to the risk. Various category of risks are mentioned below:

Risk Category	Description
Strategic Risk	• Market Strategy, Organization Growth- Market Penetration, Market share, loss of reputation • Globalization and Technological obstacles • Loss of intellectual Property and Trade secret • Uncertainty surrounding political leadership in Domestic Market • Economic condition of the market, Environmental Issues
Operational Risk	• Consistent revenue growth • Cost optimization • Manpower Retention • Disaster Management and Data Security • Inefficient working Capital Management
Compliance Risks	• Volatility in Currency, funding & Credit risk • Maintaining high standard of Corporate Governance and public disclosures

4. *Risk Mitigation:*

The essential components of an effective risk mitigation strategy are identifying likely risks, prioritizing risk preparation and responses, and monitoring and updating the risk mitigation plan.

5. *Risk Reporting:*

The reporting of risk management can be Internal or External. Internal Reporting is with Board of Directors, Senior Management and Functional Heads. External Reporting is with stakeholders of the Company.

VI. RESPONSIBILITY OF BOARD:

Risk management being one of the key functions of board where responsibility is cast upon the Board to

- Review and amend Risk Policy
- Ensure that appropriate system of control are in place, in particular, risk management system.
- Ensure that, while rightly encouraging positive thinking, it does not result in over optimism that either leads to significant risks not being recognized or expose the company to excessive risk
- Have ability 'to step back' to assist executive management by challenging the assumptions underlying risk appetite.
- Review and take steps for cyber security.
- Oversee the development and implementation of risk management framework and maintain an adequate monitoring and reporting mechanism.
- Identify and assess internal and external risks in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk that may impact the Company in achieving its strategic objectives or may threaten the existence of the Company

VII. ROLE OF AUDIT COMMITTEE:

The following shall serve as the role of the Audit Committee authorized to evaluate the effectiveness of the risk management framework:

- To evaluate Internal Financial Controls and risk management system;
- Review of the strategy for implementing risk management policy;
- To examine the organization structure relating to Risk Management;
- Evaluate the efficacy of Risk Management Systems – Recording and Reporting;
- To review all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management systems;

VIII. AMENDMENT:

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. However, no such amendment/modification shall be inconsistent with the applicable provisions of any law for the time being in force.