

## RISK MANAGEMENT POLICY

### **1. LEGAL FRAMEWORK**

The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

The Board of Directors of the Company shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

### **2. INTRODUCTION**

Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the Company’s activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

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.

### **3. APPLICABILITY**

This policy applies to all areas of the Company’s operations.

### **4. OBJECTIVE & PURPOSE OF POLICY**

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

- To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the company’s risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

## 5. KEY ASPECTS

### ➤ **Risk Assessment –**

The systematic process of identifying and analysing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

### ➤ **Risk Management –**

The systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

### ➤ **Risk Management Process -**

The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

## 6. RISK FACTORS

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

### ➤ **External Risk Factors**

- ✓ Economic Environment and Market conditions
- ✓ Political Environment
- ✓ Competition
- ✓ Revenue Concentration and liquidity aspects-  
Each products has specific impact on profitability and liquidity. The risks are therefore associated on each business segment contributing to total revenue, profitability and liquidity. Since the projects have inherent longer time-frame, they carry higher risks for profitability and liquidity.
- ✓ Inflation and Cost structure-  
Inflation is inherent in any business and thereby there is a tendency of costs going higher. Further, the project business, due to its inherent longer timeframe, as much higher risks for inflation and resultant increase in costs.
- ✓ Technology Obsolescence –  
The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.

- ✓ Legal –  
Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk.

➤ **Internal Risk Factors**

- ✓ Project Execution
- ✓ Contractual Compliance
- ✓ Operational Efficiency
- ✓ Hurdles in optimum use of resources
- ✓ Quality Assurance
- ✓ Environmental Management
- ✓ Human Resource Management
- ✓ Culture and values
- ✓ Leak of internal research and development activity of the Company.

**7. RESPONSIBILITY FOR RISK MANAGEMENT**

Generally every staff member of the Organization is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

**8. COMPLIANCE AND CONTROL**

All the Senior Executives under the guidance of the Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

**9. REVIEW**

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.

**10. AMENDMENT**

This Policy can be modified at any time by the Board of Directors.