

## **RISK MANAGEMENT POLICY:**

### **INTRODUCTION**

In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. This policy sets out the Company's approach to risk management.

### **OBJECTIVES**

The objective of the policy is to make an effective risk management system to ensure the long term viability of the company's business operations. Pursuant to Section 134 (3) (n) of the Companies Act 2013, the company is required to frame, implement and monitor the risk management plan of the Company.

The Board of Directors in their meeting held on 10.08.2016 has authorized Audit Committee to comply with all the objectives as per the requirement of the law and this policy shall give the frame work for the same.

### **ROLES & RESPONSIBILITIES**

#### **A. Board of Directors**

The Board will undertake the following actions to ensure that the risk is managed appropriately:-

- i). The Board of directors shall be responsible for framing, implementing and monitoring the risk management policy for the company.
- ii). Be satisfied that process and controls are in place for managing less significant risks.
- iii). Ensure risk management is integrated into board reporting and annual reporting mechanisms.

#### **B. Audit Committee**

Key roles & responsibilities of the Audit Committee shall be as under:

- i) To evaluate the risk management system followed by the Company.
- ii) To monitor the Corporate Governance frame work and ensure its compliance
- iii) To highlight any of the serious risk issues to the Board of Directors
- iv) To monitor strategies and action plans which have been enacted by the business units.

#### **C. Internal Auditors**

To access and check the effectiveness of the risk management system of the Company.

### **RISK PROFILE**

The Company considers that the below stated risks are materialistic which have a direct impact on its viability of business and thus the same should be included in its risk profile.

The same can be broadly categorized as follows :

- \* Selling market related risk including fluctuations in prices.
- \* Raw material Availability & price related risks.
- \* Risk related to price & availability of power.
- \* Human capital related risks.
- \* External Environment including political risks
- \* Financial Risks
- \* Legal and compliance risks
- \* Business operational risks
- \* Natural Calamity risks

## **RISK MANAGEMENT PLAN**

The risk management plan which shall be followed by the Company shall comprise of the following 5 steps:

- i) Identification of risk
- ii) Defining the risk in detail
- iii) Analyzing the risk
- iv) Evaluating various aspects linked to the risk
- v) Treatment of risk

The above procedure is being described as below:

### **(I) Identification of Risk.**

The Company has carried out a study with the help of its senior management and after analyzing its legal, social, political, financial and investment environment, it has accordingly identified its various areas of potential risk. The same are listed under risk profile of this policy.

### **(II) Defining risk in detail.**

This includes looking at various aspects connected with the identified risks in order to review all issues arising out of both internal and external environments. The risk evaluation criteria shall be established at this stage.

### **(III) Analysis of Risk.**

This analysis will look at the source of the risk, the impact of the risk and likelihood that the risk will arise. This will also involve assessing any existing control procedures to determine how effective they are in managing the risk. This analysis shall consider the range of potential consequences which may occur.

### **(IV) Evaluation of Risk**

Risk shall be evaluated based on its priority so as to focus on those risks that are the most significant in nature and may have the maximum impact on the set achievements and objectives of the organization. Such evaluation of the priority of risk shall be done at this stage.

### **(V) Treatment of Risk.**

Once the above evaluation is done, the Management shall decide whether the risk is within the acceptable parameters or whether any additional actions are required to further mitigate the risk.

## **DISCLOSURE IN BOARD'S REPORT**

- Board of Directors shall include a statement indicating development and implementation of 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.
- Disclosure under "Risk and Concerns" head of Management Discussion and Analysis Report under Annual Report.

## **DISCOLSURES/AMENDMENT**

This policy as amended from time to time shall be made available at the website of the Company.

The right to amend/interpret/modify this policy vests in Board of Directors of the Company.