

RISK MANAGEMENT POLICY

CONCEPT

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.

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 the risks which are material in nature and are 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 material risk related issues.

THE SPECIFIC OBJECTIVES OF THE RISK MANAGEMENT POLICY

- ❖ 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 identification of 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.

DISCLOSURE IN BOARD'S REPORT

Board of Directors shall include a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of material risks, if any, which in the opinion of the Board may threaten the existence of the company.

BACKGROUND AND IMPLEMENTATION

Every 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 material risks.

This policy is in compliance with the provisions of Section 134 (n) the Companies Act, 2013 and the regulation 21 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 which requires the Company to lay down procedure for risk assessment and procedure for risk minimization.

The Risk Management Committee shall keep the Board of Directors informed about the nature and content of its discussions, recommendations and action to be taken. The Board of Directors of the Company shall review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

Head of every Department shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to Mr. B Mohan, Chief Risk Officer or to Mr. G Balaji, Company Secretary for onward reporting to the Risk Management Committee.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE

Risk Management Committee shall be constituted by the company consisting of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. The Chairman of the Risk Management Committee shall be a member of the Board of Directors and senior executives of the Company may be members of the Committee.

QUORUM

The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one member of the Board of Directors in attendance.

MEETING

The Risk Management Committee shall meet at least twice in a year. However, the meetings of the Risk Management Committee shall be conducted in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.

ROLE OF RISK MANAGEMENT COMMITTEE

- a) To establish a framework for identification of internal and external risks 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) To measure for risk mitigation including systems and processes for internal control of identified risks.
- c) To ensure Business Continuity.
- d) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- e) To monitor and oversee implementation of the risk management policy including evaluating the adequacy of risk management systems.
- f) To periodically review the risk management policy, at least once in two years including by considering the changing industry dynamics and evolving complexity.
- g) To keep the board of directors informed about the nature and content of its discussions, recommendations and action to be taken.

- h) The appointment, removal and terms of remuneration of the Chief Risk Officer, if any, shall be subject to review by the Risk Management Committee.

APPLICATION

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

ROLE OF THE BOARD

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

The Board shall be responsible for framing, implementing and monitoring the material risk management plan / policy for the company.

The Board shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit, which includes cyber security.

Ensure that the appropriate systems for risk management which are material in nature are in place.

The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of material risk management and satisfy themselves that the systems of risk management are robust and defensible.

Participate in major decisions affecting the organization's material risk profile.

Have an awareness of and continually monitor the management of strategic and material risks.

Be satisfied that processes and controls are in place for managing less significant risks.

Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly.

Ensure risk management is integrated into board reporting and annual reporting mechanisms.

REVIEW

This policy may be reviewed at least once in every two years to ensure it meets the requirements of legislation & the needs of the organization.

This policy is effective from the date of approval by the Board of Directors i.e., 7th August 2024.