

Risk Management Plan



BACK GROUND & LEGAL FRAMEWORK

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.

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.

This policy is in compliance of Section 134, 177 and Schedule IV of Companies Act, 2013, Regulations 4, 17, 21 and Schedule II of Part C of SEBI (LODR) Regulations, 2015 as amended and made applicable from time to time and the Standard Listing Agreement entered into with the listed stock exchanges which requires the Company to lay down procedure for risk assessment and procedure for risk minimization.

This plan was originally approved by the Board of Directors at its meeting held on January 30, 2017 and revised on June 29, 2021.

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:

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

CATEGORIES OF RISK & THEIR IDENTIFICATION

Risks may be broadly categorized as under:

- Strategic risks - which may affect the Company and its long term growth prospects.
- Operational risks – essentially risks associated with day to day operations.
- Financial risks - risks facing the Company in terms of internal systems, planning, funding etc.
- People risk – manpower availability for operations
- Reporting risk – external/ internal reporting relating to financial and non-financial information
- Compliance risks - legislative framework within which the Company operates

All employees of the Company, and more specifically the process and functional heads, shall have responsibility to identify and assess risks within their area of operation and report to the Management, which would ensure that adequate controls are in place to appropriately mitigate the risk.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE

Risk Management Committee shall be constituted by the company consist Minimum 3 members with majority to be members of Board of Directors with atleast 1 independent director. The provisions of regulation 21 of SEBI LODR, Reg is applicable to top 1000 listed entities only or as amended from time to time and is applicable to the Company.

The Board shall define the roles and responsibilities 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.

ROLES & RESPONSIBILITIES OF THE RISK MANAGEMENT COMMITTEE

- To formulate a detailed risk management policy which shall include:
 - a. A framework for identification of internal and external risks specifically faced by the listed entity, 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. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business continuity plan.

- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- The committee shall evaluate significant risk exposures include cyber security of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- The committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- The committee shall make regular reports/ recommendations to the Board of directors and to keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
- The committee shall review and reassess the adequacy of this Policy and recommend any proposed changes to the Board for approval.
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary

IMPLEMENTATION

Process owners and functional heads shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Managing Director who shall communicate to the Risk Management Committee.

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 risk management plan for the company.
- § The Board shall define the roles and responsibilities 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 including cyber security.

- § Ensure that the appropriate systems for risk management are in place.
 - § The directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;
 - § Participate in major decisions affecting the Company's risk profile;
 - § Have an awareness of and continually monitor the management of strategic 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;
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- § Ensure risk management is integrated into board reporting and annual reporting mechanisms;

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 risk, if any, which in the opinion of the Board may threaten the existence of the company.

SCOPE

This policy applies to all business units and locations of the Company's operations.

This plan was amended by the Board of the Directors at its meeting dated June 29, 2021 and shall come into immediate effect.

Kizhakkambalam
29.06.2021

(Chairman - Board of Directors)
