SCAN STEELS LIMITED

"RISK MANAGEMENT POLICY"

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1. Regulatory requirement

Responsibility of the Board: As per Section 134 (n) of the Act, the board of directors' report must include a statement indicating development and implementation of a risk management policy for the Company including identification of elements of risk, if any, which in the opinion of the board may threaten the existence of the Company. Further as per Regulation 17 of the SEBI (LODR) Regulations, listed entity shall lay down procedures to inform members of board about risk assessment and minimization procedures and board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Responsibility of the Audit Committee: As per Section 177 (4)(vii) of the Act, the 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.

Responsibility of the Independent Directors: As per Schedule IV [Part II-(4)] of the Act, Independent directors should satisfy themselves that financial controls and the systems of risk management are robust and defensible.

Listing Regulations: Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, The board of directors 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. (Including Cyber security)

2. Key Definitions

"Company" means "Scan Steels Limited", a Company constituted under the provisions of Companies Act, 1956.

"**Board of Directors**" or "**Board**", in relation to a company, means the collective body of the directors of the Scan Steels Limited (the 'Company').

"**Audit Committee** or **Committee**" means Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and as per SEBI (LODR) Regulations.

"**Policy**" means Risk Management Policy.

"Risk" in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organisation continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

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

3. Company Business

Scan Steels is a fully integrated self-sufficient steel making group having multi-location manufacturing facilities and the various plants comprises of:

a. DRI unit
b. Steel Melting Shop
c. TMT Rolling mills
d. Captive power plant
e. Coal Washery

The first company and also the flagship company of the Group "SCAN STEELS LTD" is located near Rourkela in Odisha and has a production capacity of 300 TPD of TMT Bar under the brand name of "SHRISHTII". It is the largest TMT manufacturing plant in Odisha with total integration.

Scan Steels a name to reckon in the steel industry with diversified steel products with the world class technology & infrastructure. It is self-sufficient in all most all aspects of steel making with own Sponge Iron Plants, Induction Furnace, Rolling Mills, Billet-Caster, & Power Plant.

The Company has been honoured with ISO 9001:2008, ISO: 14001, OHSAS: 180001 & ISI: 1786 Certificates.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative.

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

4. <u>Objective</u>

Risk is an inherent aspect of the dynamic business environment. Scan Steels operates in an interconnected world with stringent regulatory and environmental requirements, increased geopolitical risks and fast-paced technological disruptions that could have a material impact across the value chain of the organisation. In its journey towards risk intelligence, a robust governance structure has been developed across the organisation.

Risk Management Policy helps organizations to put in place effective frameworks for taking informed decisions about risks. 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 Company's business, it minimizes the adverse consequence of risks on business objectives and create and protect shareholders' value by minimizing threats or losses, and identifying and maximizing opportunities.

The guidance provides a route map for risk management, bringing together policy and guidance from Board of Directors. The Board of Directors has also constituted a Committee of the Board called the Risk Management Committee. To ensure adequate systems of risk management of the Company i.e. to identify, assess, report, control, mitigate minimize such expenses to the extent possible and to assure business growth, financial stability.

In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. These include:

1. Providing a framework, that enables future activities in a consistent and controlled manner;
2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
3. Contributing towards more efficient use/ allocation of the resources within the organization;
4. Protecting and enhancing assets and company image;
5. Reducing volatility in various areas of the business;
6. Developing and supporting people and knowledge base of the organization;
7. Optimizing operational efficiency.

Importance of Risk Management
A certain amount of risk taking is inevitable if the organization is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance by contributing to:

- Increased certainty and fewer surprises,
- Better service delivery,
- More effective management of change,
- More efficient use of resources,

- Better management at all levels through improved decision making,
- Reduced waste and fraud,
- and better value for money,
- Innovation,
- Management of contingent and maintenance activities.

5. Risk Organization Structure

For successful implementation of risk management framework, it is essential to nominate senior management individuals to lead the risk management teams. 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. Periodic workshops will be conducted to ensure awareness of the policy and the benefits of following them. This will ensure that risk management is fully embedded in management processes and consistently applied. Senior management involvement will ensure active review and monitoring of risks on a constructive 'no-blame' basis.

Risk Management Committee consist of 3 Members, whole time Director of the Company will chair the Committee and one Independent Director and Chief Financial Officer will be part of the said committee. Risk Management Committee will periodically report to Board of Directors on review of Risk Management and Mitigation Strategies.

Role of Board

1. The Board shall be responsible for framing, implementing and monitoring the Risk Management Plans for the company.
2. 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.
3. The Board's role to ensure having in place, systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased approach during the Board's deliberations on making risk management systems very strong and effective and check on Audit Committee's role, to evaluate the risk management systems.
4. Have an awareness of and continually monitor the management of strategic risks;

Role of the Risk Management Committee

(1) To formulate a detailed risk management policy and review the policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
(2) Review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value; review the extent to which management has established effective enterprise risk management at the Company;
(3) Review the Company's portfolio of risk and consider it against its risk appetite by reviewing integration of strategy and operational initiatives with enterprise-wide risk exposures to ensure risk exposures are consistent with overall appetite for risk; and
(4) Review periodically key risk indicators and management response thereto.
(5) Evaluate risk exposure and tolerance;
(6) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
(7) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems and mitigation plan of the Company;

(8) To keep the board of directors informed about the effectiveness of the risk management framework and process of risk management, nature and content of its discussions, recommendations and actions to be taken;
(9) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Review reports and significant findings of Risk and Compliance and the Internal Audit Department with respect to the risk management and compliance activities of the Corporation, together with management's responses and follow-up to these reports, and

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors. Also, they can seek information form any employee and even obtain legal and other professional advice and attendance of outsiders with relevant expertise, if consider necessary.

Composition of committee

The composition of the Risk Management Committee is as under:

#	Mr. Ankur Madaan	– Chairman & WTD
#	Mrs. Debjani Sahu	- Member & Women Independent Director
#	Mr. Gobinda Chandra Nayak	- Member & Chief Financial Officer

Frequency of committee meeting

The meeting of the Risk Management Committee shall be held Twice in a year. (With maximum time gap of 180 days)

Quorum 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.

6. Risk Assessment

Risk Assessment – The systematic process of identifying and analysing risks.

Risk is an event which can prevent, hinder and fail to further or otherwise obstruct the enterprise in achieving its objectives. A business risk is the threat that an event or action will adversely affect an enterprise's ability to maximize stakeholder value and to achieve its business objectives. Risk can cause financial disadvantage, for example, additional costs or loss of funds or assets. It can result in damage, loss of value and /or loss of an opportunity to enhance the enterprise operations or activities. Risk is the product of probability of occurrence of an event and the financial impact of such occurrence to an enterprise.

Risks are analyzed, considering the likelihood impact, as a basis for determining how they should be managed. Risk Assessment consists of a detailed study of threats, vulnerability and resultant exposure to various risks on other areas of the company. Key risks are identified and accordingly plan for managing the same are prepared.

There are internal risk factors like Project execution, hurdles in optimum use of resources, quality assurance, environmental management, culture and values, In the management of Risk, the probability of risk assumption is estimated with available data and market information and appropriate risk treatments is worked out in the following few areas:

Risk 1: Regulatory Risks

Regulatory risks arise from the change in Govt. policies, law relating to industry, business, foreign policies and commitments to other countries etc. Non – compliance to increasing stringent regulatory norms may result in liabilities and damage to reputation.

Our preparation of financialstatements in conformity with Indian GAAP and in accordance with the Accounting Standards issued by ICAI, requires us to make true and fair estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period.

Mitigation strategy would be to focus on compliance, Dialogue with regulatory authorities for greater clarity and availing legal consultations for timely clearances, working with industry associations towards simplifications of rules, a predictive policy regime and transition time for regulatory changes.

Risk 2: Economic environment and Market Conditions

Strategically, we seek to continuously expand the customer base, to maximize the potential sales volumes and at the same time securing additional volumes from existing customers on the basis of our record of satisfactory performance in our earlier dealings. The efforts need to be enhanced in quality of products and upgrading their performance parameters to be aimed at deriving optimum value from the existing customer base and targeting a larger customer profile. Historically, the strength of our relationships has resulted in significant recurring revenue from existing customers.

To counter pricing pressures caused by strong competition, the Company will be focusing on increasing operational efficiency and continued to take initiatives to move up the quality control scale besides cost reduction and cost control initiatives.

Risk 3: **Operational Risk**

These Risk are associated with the on-going, day-to-day operations of the enterprise. The steel industry is prone to high proportion of fixed costs and volatility in the prices of raw materials and energy. Limitations or disruptions in the supply of raw materials could adversely affect the Company’s profitability, Failure of critical information systems/ servers that control the Company’s manufacturing plants may adversely impact business operations.

To mitigate such operational Risk company would focus on enhancing in-house capability and leverage from past learning and expertise, establish sources of supplies from alternate geographies.

Risk 4: Market Risk

Steel is a cyclical industry and excess volatility in the steel and raw material markets may adversely impact the Company’s financial condition, Competition from substitute materials, or changes in manufacturing processes, may lead to a decline in product demand, resulting in loss of market share, Product liability claims could have an adverse impact on the Company’s finances.

To counter such issues Company would make development of value-added products and work towards giving better services and solutions and strengthen contractual agreements.

Risk 5: Competition

We believe that we are strongly positioned in our designated market commanding a premium for Companies product. But to mitigate the competitive risk efforts to be made to bring down the cost of production to be implemented by an optimum workforce backed by high-end production technology, and establishment of captive power generation.

Risk 6: Revenue Concentration

We have adopted prudent norms based on which we monitor and prevent undesirable concentration in a geography, industry, or customer. Concentration of revenue from any particular segment of industry is sought to be minimized over the long term by careful extension into other activities, particularly in areas the company has some basic advantage such as availability of land, technical or manpower resources.

Risk 7: Industry and Safety Risk

Measures will be taken to avoid any mishap or incident during the operations of the plant.

Precautions by company will be taken for disaster/crisis related to safety, accidents Natural Disaster and Safety and Hazard prevention department at each works should be expected to be vigilant.

Risk 8: 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 time-frame, as much higher risks for inflation and resultant increase in costs, cost of revenues has a very high degree of inflationary certainty.

To de-risk, the Company must carefully decide for procurement of long delivery, strategic raw materials and stores and those amenable to just-in-time inventories. Further at organizational level, cost optimization and cost reduction initiatives are to be implemented and closely monitored. Company must control costs through continuous review against actual performance with the key objective of aligning them to the financial model.

Risk 9: Legal Risks for non-compliance of statutory obligations

Legal risk is the risk in which the Company is exposed to legal action for non-compliance of statutory obligations as per various applicable laws and rules. Because the Company is governed by various laws Company has to undertake its business within four walls of law, where the Company is exposed to legal risk exposure which entail stringent penalties and, in some cases, criminal liabilities.

To mitigate such Risk company would hire an experienced team of professionals, advisers who focus on evaluating the risks involved in a contract, ascertaining our responsibilities under the applicable law of the contract, restricting our liabilities under the contract, and covering the risks involved so that they can ensure adherence to all contractual commitments. In turn, Management places and encourages its employees to place full reliance on professional guidance and opinion and discuss impact of all laws and regulations to ensure company's total compliance. Advisories and suggestions from professional agencies, legal firms and industry bodies, chambers of commerce etc. are carefully studied and acted upon where relevant.

Risk 10: Financial Reporting Risks

We are committed to maintain high standards of corporate governance and public disclosure and our efforts to comply with evolving laws, regulations and standards in this regard would further help us address these issues.

Our preparation of financial statements in conformity with Indian GAAP and in accordance with the Accounting Standards issued by ICAI, requires us to make true and fair estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting period.

We follow declared accounting policies consistently, qualify and disclose the effect of changes in that wherever required. Our accounting and financial reports are based on Accounting Standards issued by the Institute of Chartered Accountants of India, New Delhi.

Risk 11: Commodity Price risk / Foreign Exchange risk and hedging activities

Company purchases Iron ore and other raw materials that are used in the manufacturing operations from domestic suppliers. The total procurement of materials is sourced from the domestic market and therefore do not have foreign exchange fluctuation risks.

The Company has Risk Management framework to pro-actively mitigate the impact through measures like cost-based price increases, cost reduction measures, portfolio rationalization, renegotiate procurement contracts etc. The Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification.

The company does not have any foreign currency exposure hence there are no risk associated with Currency Hedging.

Risk 12: Financial Risks

Such Risks are related specifically to the processes, techniques and instruments utilized to manage the finances of the enterprise, as well as those processes involved in sustaining effective financial relationships with customers and third parties. The market volatility on prices of raw material, finished products, foreign exchange fluctuations impact the financials of our industry and the business, Substantial amount of debt on the balance sheet may have an adverse impact on the Company's ability to raise finance at competitive rates. Also Changes in assumptions underlying the carrying value of certain assets may result in the impairment of such assets.

Key Mitigation Strategy would be to Maximising operational cashflow, Terming out debt and refinancing debt with favourable covenants, integration of business planning and cashflow projections with liquidity management.

Non-Financial Risks

Compliance, Tax, Reputation and Ethical Risk factors can be managed through risk self-prevention system (RMS).

Risk 13: Cyber Security Risks

A **cyber security risk** assessment identifies the various information assets that could be affected by a **cyber-attack** (such as hardware, systems, laptops, customer data and intellectual property), and then identifies the various **risks** that could affect those assets. It includes any **risk** of financial loss, disruption or damage to the reputation of an organization resulting from the failure of its information technology systems, Deliberate and unauthorized breaches of security to gain access to information systems. Unintentional or accidental breaches of security

Cyber security is the protection of internet-connected systems, including hardware, software and data, from cyber-attacks. In a computing context, **security** comprises **cyber security** and physical **security** -- both are used by Company to protect against unauthorized access to data centers and other computerized systems.

Key points for Cyber Risk analysis:

1. Identify threat sources.
2. Identify threat events.
3. Identify vulnerabilities and the conditions needed to exploit them.
4. Identify the likelihood such attacks would succeed.
5. Identify the potential impact.

Risk 14: Excellence in Innovation

There are number of issues around the review of new Products and technologies, to investigate in long-term business relationships, which helps to develop new products and technologies, to make efforts in Research and Development (R&D) because it combines continuous innovation with state- of-the-art technology, enabling company to deliver best products, solutions and services. With a core team of researcher's and research and development policy, it keeps the group's long-term interests in view and helps in anticipating the needs of the future. It is committed to modernization and encourages it in every field.

Risk 15: Political Risk

The business of the company is in constant expansion plans, the geo-political and economic conditions in the country are also frequently discussed at senior management level with the help of media, agents.

The likely impact of any political disturbance or instability within the country or in neighboring countries impact economy and consequently business and industry. The geo-political and economic conditions anywhere in the world are also risks the business strategies frequently.

The impact of change in government policy would always be a potential risk, however there were specific events, such as elections, which would trigger a need to review the risk. In terms of actions to mitigate the risks, the ongoing foresighted activities to be undertaken for the nature of this risk.

Four strategies can help you minimize your political risk:

1. Manage your credit **risk**. A government's inability to honor its financial obligations can quickly spread to the private sector. ...
2. Ensure your supply chain can withstand unplanned disruptions. ...
3. Prepare and protect your people. ...
4. Use your **risk** management dollars wisely.

Risk 16: Inability to retain, attract and develop key Personnel/ Human Resource Management

Progress should be included as mitigation for the inability to retain, attract and develop key Personnel. Company needs to consider resource levels and competitive salaries as part of this risk. the risk may need to be reframed to include emerging HR risks, including gender pay issues and by providing equal opportunity to every employee, inculcate in them a sense of belonging and commitment and also effectively train them in spheres other than their own specialization.

Employees are encouraged to make suggestions on innovations, cost saving procedures, free exchange of other positive ideas relating to manufacturing procedures etc. It is believed that a satisfied and committed employee will give of his best and create an atmosphere that cannot be conducive to risk exposure. Succession planning for senior management to ensure continuity in business.

Employee-compensation is always subjected to fair appraisal systems with the participation of the employee and is consistent with job content, peer comparison and individual performance. Packages are inclusive of the proper incentives and take into account welfare measures for the employee and his family.

Risk 17: shortage of Labour

In Steel industry rate of labour turnover is higher which impact the efficiency of the human resource. Human Resource risk generally impact the productivity and quality of the products. steel Industry is highly labour intensive and is subject to stringent labour laws. Company retains the experienced and qualified workforce to reduce the labour turnover. Progress should be included as mitigation for the inability to retain Labour / Taskforce. risk may need to be reframed to include emerging risks related to retaining day to day labours.

Risk 18: Inability to successfully implement strategic developments

Management processes and mitigating actions should be sufficient to manage the risk, which can be mitigate by focusing on quality and strength of its products. And to initiate steps to explore new markets in addition to developing existing ones.

Risk 19: Risk Related to Technological Obsolesce

In the world of competition technology plays important roles for business development and growth. Technological obsolescence is a practical reality, Technological obsolesce risks the replacement of exiting Plant and machinery, which may cost heavily and impact profitability.

to mitigate such Risk Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.

The Company's policies also include a favorable dispensation for replacement of Machinery and Equipment on a constant basis to take advantage of such technological movements. All the manufacturing plants and R&D equipment's are to be continuously updated to make them relevant as per latest standards of inspection and regulatory audits.

Risk 20: Financial Arrangements

senior management reviews the requirement of funds for projects under implementation periodically and after assessing the financial market, decisions are taken to identify the lenders. A part of fund requirement is arranged by way of borrowing from Banks on competitive terms and balance is met from internal accruals. Finance department is working at Bhubaneswar & Factory establishment and is manned by qualified and experienced personnel.

Company works on prior arrangements regarding getting Terms Loan Facility and Working Capital Requirements and check all financial transactions and financial reports periodically that are to be sent to the senior management. And check if controls are in place and audit is conducted regularly.

Company regularly makes sure of Confirmations of compliance with appropriate statutory requirements are obtained from the respective units/divisions and Corporate Governance Policy clearly laying down roles, duties and responsibilities of various entities in relation to risk management is in place.

Risk 21: ESG Risk

ESG risks include those related to climate change impacts mitigation and adaptation, environmental management practices and duty of care, working and safety condition, respect for human rights, anti-bribery and corruption practices, and compliance to relevant laws and regulations.

To mitigate such risk Company will Review and develop internal processes for **ESG** Due Diligence. Produce guidance documents and checklists covering all relevant aspects. Support planning for due diligence activities. Conduct holistic or topic-based training and build in-house capacity.

7. Risk Management

Risk management is a continuous process that is accomplished throughout the life cycle of a Company. It is an organized methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations; and tracking the implementation to ensure successful risk reduction. Effective risk management depends on risk management planning; early identification and analyses of risks; early implementation of corrective actions; continuous monitoring and reassessment; and communication, documentation, and coordination.

Risk management is a shared responsibility. The risk management process model includes the following key activities, performed on a continuous basis:

- **Risk Identification**
  This involves continuous identification of events that may have negative impact on the Company's ability to achieve goals. Processes have been identified by the Company and their key activities have been selected for the purpose of risk assessment. Identification of risks, risk events and their relationship are defined on the basis of discussion with the risk owners and secondary analysis of related data, previous internal audit reports, past occurrences of such events etc.

- **Risk Assessment**
  Risk assessment is the process of risk prioritization or profiling. Likelihood and Impact of risk events have been assessed for the purpose of analysing the criticality. The potential Impact may include:

  - Financial loss;
  - Non-compliance to regulations and applicable laws leading to imprisonment, fines, penalties etc.
  - Loss of talent;
  - Health, Safety and Environment related incidences;
  - Business interruptions / closure;
  - Loss of values, ethics and reputation.

  Risk may be evaluated based on whether they are internal and external, controllable and non-controllable, inherent and residual.

- **Risk Analysis**
  Risk Analysis is to be conducted using a risk matrix for likelihood and Impact, 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.

- **Risk Treatment - Mitigation**
  Risk mitigation options are considered in determining the suitable risk treatment strategy. For the risk mitigation steps, the cost benefit analysis needs to be evaluated. Action plans supporting the strategy are recorded in a risk register along with the timelines for implementation.

- **Control and Monitoring Mechanism**
  All the Senior Executives under the guidance of the Chairman and 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.

Risk management uses the output of a risk assessment and implements countermeasures to reduce the risks identified to an acceptable level. This policy provides a foundation for the development of an effective risk register, containing both the definitions and the guidance necessary for the process of assessing and mitigating risks identified within functions and associated processes.

In circumstances where the accepted risk of a particular course of action cannot be adequately mitigated, such risk shall form part of consolidated risk register along with the business justification and their status shall be continuously monitored and periodically presented to Risk Management Committee and Audit Committee.

8. Risk Reporting

Risks to be reported to Audit Committee

While the Company will be monitoring, evaluating and responding to risks. Only significant risks (or those that could become significant) need to be reported to the Audit Committee and Board.

Significant risks include those risks that have a high likelihood or significant impact or where there is limited ability for mitigation by the Company. These risks are identified and assessed based on the Company's expertise, judgement and knowledge.

Risks with high-risk score or exposure rating will be identified and summarized in Consolidated Risk Register.

Risk Management Officer (if any) will place Consolidated Risk Register to the Audit Committee and Risk Management Committee. However, Risk Management Officer can present all the identified risk to the Audit Committee as per the need.

Process of risk reporting

The Report on Risk Identification will be used to highlight emerging risks or add new risks to the risk register throughout the year. On an ongoing basis, when a new or emerging risk is identified, Risk owners of respective department will notify to Risk Management Committee by submitting their Reports.

And after discussion it will be decided by the committee that whether the risk contained in this report warrants inclusion in the risk register.

Board's responsibility statement

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.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company, so that the Management controls the risks through risk management framework.

The Chief Financial Officer (CFO) shall provide quarterly a statement to the Board in writing, that the Company's financial reports present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is established on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

The Company has a control processes in place to help ensure that the information presented to senior management and the Board is both accurate and timely. The control processes include, among other things:

- Annual audit and interim review by the Company's external auditor;
- Planned review by internal auditors reviewing the effectiveness of internal processes, procedures and controls;
- Monthly review of financial performance compared to budget and forecast.

Internal Audit (IA)

The Audit Committee is responsible for approving the appointment of the internal auditor and approving the annual internal audit plan.

Internal Audit function is independent of the external auditor and to ensure its independence, has direct access to audit committee.

Any deviations from the Company's policies identified through internal audits are reported to responsible management for action and to the Audit Committee for information or further action.

9. Business Continuity

Incident management reviews and update the process. Senior Management timely review the risk of business interruption and reframe working procedures to get timely Approvals and remove procedural difficulties.

10. Review and amendment

i. The Risk Management Committee or the Board may review the Policy as and when it deems necessary but at least once in two years.

ii. The Risk Management Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.

iii. This Policy may be amended or substituted by the Risk Management Committee with the approval of Board as and when required where there are any statutory changes necessitating the change in the policy. The Policy was Last amended in the Board Meeting Held on 30.06.2021

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