



6. Risk Management Policy:

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6.1 Objectives:

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. Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, including the development of the Risk Matrix, 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 and managed
2. To establish a framework for the company's risk management process and to ensure companywide implementation
3. To ensure systematic and uniform assessment of risks related to investments.



4. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices
5. To assure business growth with financial stability.

6.2 Risk Assessment:

The process of Risk Assessment shall cover the following:

a) Risk Identification and Categorisation – the process of identifying the company’s exposure to uncertainty classified as Strategic / Business / Operational.

b) Risk Description – the method of systematically capturing and recording the company’s identified risks in a structured format

6.3 Identification and Categorization of Risk:

Key characteristics by which risks can be identified are:

- Risks are adverse consequences of events or changed conditions
- Their occurrence may be identified by the happening of trigger events
- Their occurrence is uncertain and may have different extents of likelihood

6.4 Kinds of Risks

Recognizing the kind of risks that company is/may be exposed to, risks will be classified broadly into the following categories:

- 1. Strategic Risk:** include the range of external events and trends that can adversely impact the company’s strategic growth.
- 2. Business Risk:** include the risks associated specifically with the company and having an adverse impact on the company’s capability to execute activities critical for business growth, thereby affecting its near-term performance.
- 3. Operational Risk:** are those risks which are associated with operational uncertainties affecting operations, internal risks like attrition etc.



6.5 Risk Management Committee

- **Members of the Committee**– Chairperson & Managing Director, 1 Director, 1 Independent Director
- **Chief Risk Officer** – Executive Director
- **Convener**– Assistant Company Secretary
- **Periodicity of Convening**– Once in a year.
- **Responsibility/Role of the Committee:**
 1. The Risk Management Committee shall oversee the establishment, implementation and monitoring of the Company's risk management system, in accordance with the policy.
 2. The Risk Management Committee shall evaluate significant risk exposures of the Company and assess management's action to mitigate the exposures in a timely manner and shall ensure that the appropriate systems and controls for risk management are in place.
 3. The Risk Management Committee shall ensure that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly.
 4. The Risk Management Committee shall regularly monitor and evaluate the performance of management pertaining to this policy.
 5. The Risk Management Committee shall report to the Board about any risk which is affecting the operations and business of the company or any other matter as may be deemed prudent by the Risk Management Committee.

6.6 Responsibilities of Chief Risk Officer:

1. Executive Director shall be designated as the Chief Risk Officer. The Chief Risk Officer shall assist the Risk Management Committee to discharge its function and shall work under the direction and supervision of Risk Management Committee.
2. A risk description helps in understanding the nature and quantum of risk and its likely impact and possible mitigation measures. Risk descriptions for each of the risks identified in the Risk Matrix are to be documented and recorded in a structured format in each area where the



risk is identified. A Risk Matrix shall be developed by the Chief Risk Officer including all the risks and their mitigation covered in other policies.

The Chief Risk Officer shall review and update the current list of risks and report to the Risk Management Committee on the status of risks in the following format:

1	Name of Risk	Short description by which the risk may be referred to
2	Scope of Risk	Qualitative description of the events by which the occurrence of the risk may be identified, any measurement indicating the size, type, number of the events and their related dependencies
3	Nature of Risk	Strategic/ Business/ Operational
4	Stakeholders	List of stakeholders affected and impact on their expectations
5	Quantification of Risk	Cost of impact, if risk materialises
6	Risk Tolerance and Trigger	Loss potential and financial impact of risk on the business Value at Risk Probability of occurrence and size of potential losses Objective(s) for control of the risk and desired level of performance to assimilate Risk Trigger
7	Risk Treatment & Control Mechanisms	Primary means by which the risk is currently being managed Levels of confidence in existing control system Identification of protocols for monitoring and review of the process of treatment and control
8	Potential Action for Improvement	Recommendations to reduce the occurrence and/or quantum of adverse impact of the risk
9	Strategy and Policy Developments	Identification of function responsible for developing the strategy and policy for monitoring, control and mitigation of the risk



3. The Chief Risk Officer shall ensure timely compliance with regulatory requirements and best practices with respect to risk management are in place.

The Chief Risk Officer shall also ensure that risk profile of the Company is updated to reflect any material change.

6.7 Role of employees

1. The Heads of Sections shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Chief Risk Officer.

2. In General, every official and staff member of the Corporation is responsible for the effective management of risk including the identification of potential risks, implementation of risk mitigation plans and risk reduction strategies.

6.8 Review:

The policy shall be reviewed at planned intervals, or if significant changes occur, to ensure their continuing suitability, adequacy and effectiveness. Whenever changes are made to the business, the board shall take necessary steps to assess and mitigate various risks as mentioned in the policy.

(The policy will be reviewed every three years or as and when there are changes in RBI guidelines, whichever is earlier.)