Alankit Limited

Risk Management Policy

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1 Introduction:

1.1 Objectives

Risk is an inherent aspect of the dynamic business environment In line with the Company's objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify and guide the Board of Directors of the Company the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

The Main objective and scope of this Risk Management Policy is applicable to the Alankit Group, including its subsidiaries, acquired entities and to all processes or functions in such entities.

1.2 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,
- better value for money,
- Innovation,
- Management of contingent and maintenance activities

1.3 Requirement as per Companies Act, 2013:

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.

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.

1.4 Requirement of regulation 17(9) and 21 of the Securities And Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The company through its Board of Directors shall constitute a Risk Management Committee. 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.

1.5 Definitions

“Board of Directors” or “Board” shall have the same meaning as assigned to it under sub-section (10) of section 2 of the Companies Act, 2013;

“Company” means Alankit Limited;

“**Committee**” shall mean any committee constituted by Board of Directors for facilitation of attainment of objective of the Company but not limited to namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Risk Management Committee and Management Committee;

“**Policy**” **or “this Policy”** means Risk Management Policy of the Company;

“Risk”: 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 such as 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;

i. **Strategic Risk** is associated with the primary long-term purpose, objectives and direction ofthe business.

ii. **Operational Risks** are associated with the on-going, day-to-day operations of the enterprise. It arises due to inadequate systems, system capacities, system failure, and obsolescence risk, management failure on account co-ordination, faulty control or human error. Somebest practice against the operational risk includes clear separation of responsibilities with strong internal control and regular contingency planning.

    Operational risk can play a key role in developing overarching risk management programs that include business continuity and disaster recovery planning, and information security and compliance measures. A first step in developing an operational risk management strategy can be creating a risk map-a plan that identifies, assesses, communicates and mitigates risk.

iii. **Financial Risks** are related specifically to the processes, techniques and instruments utilizedto manage the finances of the enterprise, as well as those processes involved in sustaining effective financial relationships with customers and third parties.

iv. **Knowledge Risks** are associated with the management and protection of knowledge and information within the enterprise. (* as defined in Standard of Internal Audit (SIA) 13 issued by the Institute of Internal Auditors)

v. **Inherent Risks:** The risk that an activity would pose if no controls or other mitigating factors were in place (the gross risk or risk before controls). The risk management process focuses on areas of high inherent risk, with these documented in the Risk Register.

vi. **Residual Risks**: Upon implementation of treatments there will still be a degree of residual (or remaining) risk, with the expectation that an unacceptable level of residual risk would remain only in exceptional circumstances.

vii. **Risk Appetite:** Risk appetite is the amount of risk, on a broad level, an organization is willing to accept in pursuit of value.

2 Risk Management Framework

2.1 Process

Risk management is a continuous process that runs 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; andcommunication, documentation, and coordination.

2.2 Steps in Risk Management

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

i. Risk Identification

The primary step involves identification of events that may have negative impact on the Company's ability to achieve goals. The Processes being primary is also continuous in nature. 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.

ii. Risk Assessment

Risk assessment is the process to identify potential risk and its probability of occurrence as well as impact of risk events which have been assessed for the purpose of analyzing 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.

iii. 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.

iv. 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.

v. Control and Monitoring Mechanism

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.

vi. Reporting

(a) Internal Reporting

- Audit Committee
- Board of Directors
- Vertical Heads
- Individuals

(b) External Reporting

To communicate to the stakeholders on regular basis as part of Corporate Governance.

3 ROLES AND RESPOSIBILITIES:

3.1 Board:

The Company's risk management architecture is overseen by the Board of Directors (BOD) and policies to manage risks are approved by the Board

- Ensure that the organization has proper risk management framework
- Define the risk strategy and risk appetite for the company
- Approve various risk management policies including the code of conduct and ethics
- Ensure that senior management takes necessary steps to identify, measure, monitor and control these risks
- evaluates information security and associated risk exposures
- evaluates regulatory compliance program
- evaluates the organization's readiness in case of business interruption
- engages in continuous education and staff development
- provides support to the company's anti-fraud programs

3.2 Audit Committee:

The Audit Committee assists the Board in carrying out its oversight responsibilities relating to the Company's (a) financial reporting process and disclosure of financial information in financial statements and other reporting Practices, b) internal control, and c) compliance with laws, regulations, and ethics (d) financial and risk management policies.

- Setting policies on internal control based on the organization's risk profile, its abilityto manage the risks identified and the cost/ benefit of related controls;

- Seeking regular assurance that the system of internal control is effective inmanaging risks in accordance with the Board's policies.

- Ensure that senior management monitors the effectiveness of internal controlsystem

- Help in identifying risk, assessing the risk, policies / guidance notes to respond its risks and thereafter frame policies for control and monitoring.

3.3 Risk Management Committee:

The Risk Management Committee is the key division which would implement and coordinate the risk function as outlined in this policy on an on-going basis. It would act as the central resource division for administration of Risk management Function

- Developing and communicating organizational policy and information about the risk management program to all staff, and where appropriate to our associates / suppliers / contractors etc.;
- Develop, enhance and implement appropriate risk management policies, procedures and systems
- Work with risk owners to ensure that the risk management processes are implemented in accordance with agreed risk management policy and strategy
- Review risks and risk ratings of each department
- Collate and review all risk registers for consistency and completeness
- Provide advice and tools to staff, management, the Executive and Board on risk management issues within the organization, including facilitating workshops in risk identification
- Oversee and update organizational-wide risk profiles, with input from risk owners.

4 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.

5 AMENDMENT:

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment /modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

6 REVIEW:

This policy shall be reviewed by the Risk management Committee at periodic intervals accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements), 2015 and any other applicable provisions of the Law. In case of any materials changes and updation, the same shall be put up before the Board for their approval.

The Policy has been reviewed, revised and duly approved by the Board of Directors in their meeting held on 11th August, 2023.