SANGAM (INDIA) LIMITED

RISK MANAGEMENT POLICY

BACKGROUND:

This document lays down the framework of Risk Management at Sangam (India) Limited (hereinafter referred to as the 'Company') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risk inherent in any business operations of the Company and provides guidelines to define, measure, report, control and steps to mitigate the identified risk.

This policy has been amended with the approval of the Board of Directors on 28th May, 2019 and shall be effective from the same date.

LEGAL FRAMEWORK:

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain 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.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company

PURPOSE AND SCOPE OF THE 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 risk associated with the Company's business. 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. The specific objectives of this Policy are:

- To identify and assess various business risk arising out of internal and external factors that affect the business of the Company

- To work out methodology for managing and mitigating the risk.

- To establish a framework for 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.

RESPONSIBILITIES:

The primary responsibility for implementation of the risk management policies shall lie upon the Board of Directors. However, with a view to ensure effective and efficient implementation of the policies, the Board may delegate authority and responsibility on various departmental heads. The Company shall periodically review the risk associated with the Company and procedures for managing the same.

RISK PROFILE:

The company considers that the below stated risk are materialistic, which have a direct impact on its viability of business and thus the same should be included in its risk profile. We have divided the risk into three broad categories, namely:

1) **BUSINESS OPERATIONAL RISK**
- Business dynamics risk
- Market risk / Industry risk
- Political Environment Risk
- Technological obsolescence

2) **FINANCIAL RISK**
- Liquidity Risk
- Credit Risk
- Foreign Exchange Risk

3) **OTHER RISK**
- Human Resources Risk
- Environmental Risk Management
- Legal Risk
- System Risk

RISK MANAGEMENT FRAMEWORK:

The Board has to review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analyzing and mitigating all the material risk.

Risk mitigation is also an exercise aiming to reduce the loss or injury arising out of various risk exposures. The Company will adopt a systematic approach to mitigate risk associated with

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accomplishment of objectives, operations, revenues and regulations. The Company believes that this would ensure mitigating risk proactively and help to achieve stated objectives.

The Company will consider activities at all levels of the organization and its Risk Management with focus on three key elements:

1. **Risk Assessment-** detailed study of threats and vulnerability and resultant exposure to various risk.

2. **Risk Management and Monitoring-** the probability of risk assumption is estimated with available data and information.

3. **Risk Mitigation-** Measures adopted to mitigate risk by the Company.

COMPLIANCE AND CONTROL:

All the Senior Executives and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organization 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.

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.

REVIEW:

The policy shall be reviewed by Audit Committee and Board from time to time as may be necessary.

AMENDMENT:

This policy may be amended subject to the approval of Board of Directors, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto

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