

RISK MANAGEMENT POLICY

APPROVED BY THE BOARD OF DIRECTORS ON NOVEMBER 09, 2015

1. Construction and Separation of Duties & Responsibilities:

- i. The Board of Directors ensures that the risk management plans of the Company are formulated, implemented and monitored.
- ii. The Company through its Board has constituted a Risk Management Committee which is responsible for monitoring and reviewing the strategic risk management plans of the Company as a whole and provides necessary directions on the same.
- iii. The scope of the Audit Committee includes, inter-alia, risk management, and reviewing internal audit findings and providing guidance on the overall control of the Company.

2. Procedure to Identify Risks:

- i. The responsibility for management of risks at the overall business vests with the Management.
- ii. The exercise requires all Divisions to identify their top risks and set out Mitigation Plans with timelines and accountability and report the same to the Management.
- iii. The Divisional Head in each Division is made responsible for coordinating and reporting on the risk management activities. Divisional Heads are required to ensure that Standard Operating Procedures for major areas of operations are in place, clearly delineating the accountabilities in the systems / process chains and regularly reviewed for ensuring superior quality thereof.
- iv. Internal Auditors continuously verify adherence to the laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures.

3. Risk Management Process:

The three phases of Risk Management process are as follows:

- a) Risk Assessment
- b) Risk Mitigation
- c) Risk Monitoring and Reporting

Risk Assessment is an on-going process and consists of the following activities:

- a) **Risk Identification**
 - i. This process captures/identifies the significant risks that may have adverse impact on business objectives.

- ii. The Management formally reviews and adopts the risk and provides directions for their mitigation.

b) Risk Prioritization

- i. The identified risks are prioritized on the basis of impact, probability of occurrence and effectiveness of mitigation processes.
- ii. The top risks are identified along with strategies and action plans for mitigation as part of the risk template.

c) Risk Mitigation

- i. Risk mitigation strategies and action plans are drawn up by the Management and entails the following:
 - Root cause analysis to identify the reasons for existence of the risk.
 - Development of mitigation plans with defined responsibilities, action plans, timelines etc.
 - Detailed action and schedule for implementation of the mitigation plans.

d) Risk Monitoring and Reporting:

- i. This process aims to provide assurance to the Risk Management Committee, Audit Committee and the Board of Directors on the effectiveness of risk management system in the Company.
 - The report status of top risks on a quarterly basis through a Risk Mitigation Report, based on a formal and comprehensive review by the Management.
 - This report is placed before the Risk management Committee, which independently reviews and validates the same.
 - In this exercise, Internal Auditors works closely with the Management and assists through independent validation of progress on risk mitigation plans.

5. Communication:


- i. This policy will be uploaded in the website of the Company.

6. Amendment:

- i. Any subsequent amendment(s) to the policy shall be promptly updated and amended policy will be uploaded in the website of the Company.

For and on behalf of the Board of Directors




P V Rao
Managing Director
DIN : 03157581

Place: Hyderabad

Date: November 09, 2015