# RISK MANAGEMENT POLICY

## KERALA COMMUNICATORS CABLE LIMITED

**<u>Approved By:</u>**
**The Board of Directors on:**

# RISK MANAGEMENT POLICY

## I. BACKGROUND

- Section 134(3) of the Companies Act, 2013 stipulates that there shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which 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.
- 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 internal financial controls and risk management systems.
- In line with the above requirements, the Company has framed and adopted a Risk Management Policy ("Policy").

## II. OBJECTIVES

The objective of Risk Management is to ensure sustainable business growth with stability to create and protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities. The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, assessment, monitoring and minimization of identifiable risks.

## III. DEFINITIONS

- "Company" means Kerala Communicators Cable Limited.
- "Board of Directors" or "Board" means the Board of Directors of Kerala Communicators Cable Limited, as constituted from time to time.
- "Audit Committee/Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013

## IV. SCOPE

This Policy applies to all areas of the Company's operations. This policy covers all the events within the company and events outside the company which have a bearing on the company's business.

## V. POLICY

The risk management process involves identifying the risks an organization is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action. The Board shall be responsible for framing, implementing and monitoring the risk management strategy for the company.

- The basic activities in risk management are:

  1. Risk identification
  2. Risk assessment
  3. Risk control

- The Board of Directors shall review the business plan at regular intervals and develop/review the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analysing and mitigating all the material risks, both external and internal viz. Environmental, Business, Operational, Financial and others. The Board shall communicate Risk Management Strategy to various levels of management for effective implementation.

- The Board, with the assistance of the functional heads, shall identify the external and internal risk factors in the context of business objectives. The risks shall be identified and formally reported through mechanisms such as review meetings and committee meetings.

- The Board shall apply an organized approach to effectively anticipate and mitigate the probable or realistic risks that could endanger achievement of key objectives.

- The Board shall ensure systematic risk assessment, evaluation, categorization and prioritisation, thereof to assign relative importance to identified risks to determine where appropriate management attention is required.

- The Board shall practice the highest level of control measures by ensuing the involvement of all managerial personnel and functional heads across the organisation, to ensure that all applicable legal, regulatory and business requirements are up to date and met and take appropriate corrective action when required.

- The Board shall develop alternative courses of action for critical risks and control the probability of occurrence of risk, keeping ready contingency plans for selected risks where the consequences of the risk is determined to be high.

- The Board shall review on periodical basis:
  a) strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
  b) operational risks;
  c) financial and reporting risks;
  d) compliance risks;
  e) 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;
  f) the extent to which management has established effective enterprise risk management at the Company;
  g) effectiveness of existing risk management strategy in identifying, assessing and controlling the risks
  h) key risk indicators and management response thereto

- The Board shall obtain, whenever required or desirable, the advice, opinion and assistance from outside legal, accounting, or other advisory, as necessary, to aid informed decision making.

## VI. MODIFICATION AND AMENDMENT

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time. Any modification, amendment and alterations to the Policy shall be subject to the approval of the Board of Directors.

If at any point a conflict of interpretation between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail. In case of any amendment to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date of such amendment.

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