

**POLICY FOR RISK MANAGEMENT**  
**OF**  
**MANORAMA INDUSTRIES LIMITED**

**Approved on November 01, 2021.**

**OBJECTIVE:**

At Manorama Industries Limited, we believe that an effective Risk management process is the key to sustained business operations thereby protecting shareholders value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if occur in the lifecycle of the business activities.

Risk Management is a key aspect of the “**Corporate Governance Principles and Code of Conduct**” which aims to improve the governance practices across the Company’s activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize the opportunities.

In today’s challenging and competitive environment, strategies for mitigating inherent administrative and business risks in accomplishing the growth plans of the Company are imperative. Effective Risk management requires:

- Identification of Risk
- Measurement of Risk for internal processes to control & mitigate Risk
- Monitoring and review of Risk
- Strategic focus
- Forward thinking and proactive approach
- Contingency planning for adverse situations or uncertainty

**LEGAL FRAMEWORK:**

Section 134(3)(n) of the Companies Act, 2013 (‘the Act’) requires the Board of Directors of the Company, as part of the Board’s Report, to give 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 and Part C of Schedule II of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 and amendment thereto, that Audit Committee to evaluate Risk Management systems of the Company.

Additionally, Regulation 17 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, and amendment thereto, lays greater emphasis on Risk Management being one of the key functions of Board where responsibility is cast upon the Board on framing, implementing and monitoring the Risk Management plan for the listed entity, lay down procedures to inform members of Board of Directors about Risk Assessment and Minimization procedures.

The Board of Directors shall constitute and define the role and responsibility 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. The Risk Management Committee shall report to the Board, periodically on the outcome of monitoring and management of Risk.

#### **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 risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

- To ensure that all current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- 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.

#### **ROLE OF THE BOARD**

The Board will undertake the following actions to ensure risk is managed appropriately:

- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company.
- 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.
- Ensure that the appropriate systems for risk management are in place.
- The Independent Directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;
- Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks;
- Be satisfied that processes and controls are in place for managing less significant risks;
- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into Board reporting and annual reporting mechanisms;

- Convene any Board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

**ROLE OF THE BOARD COMMITTEE**

- Risk Assessment and Minimization report shall be reviewed periodically by the Audit Committee and Risk Management Committee.
- The Audit Committee and Risk Management Committee shall evaluate and ensure internal risk management process in the Company.
- Risk assessment and information shall be communicated to the concerned risk owners on immediate basis.
- Shall take any steps required to mitigate the potential Risk

**RISK FACTORS:**

Business Risk is a threat that an event or action will affect an enterprise's ability to maximize shareholder value and to achieve its business objectives. The objectives of the Company are subject to both external and internal Risks. The Risks can be broadly classified into:

Risk Category	Description
Strategic Risk	Market Strategy Political Environment Organizational Growth- Market Penetration, Market Share, Loss of reputation Globalization and Technological Obsolescence Inflation and Cost structure Volatility in Commodity Market Loss of Intellectual property and Trade secret Uncertainty surrounding political leadership in Domestic and International markets Economic condition of the market, Global recession and Environmental Issues Legal Competition

	Global Health Challenges/Pandemic
Operational Risk	Consistent Revenue Growth Cost Optimization Manpower retention Disaster Management and Data Security working capital Management Inventory Contractual Compliance Quality Assurance Health & Safety Environmental
Compliance Risks- Law framed by Government of India, Chhattisgarh Government, Securities and Exchange Board of India, Reserve Bank of India, Institute of Chartered Accountant of India.	Ensure stricter adherence to laws / rules / Regulations/standards, Adherence of Company Policies and Procedure, Maintaining high standards of Corporate Governance and Public disclosures.
Financial Risks	Volatility in Currency, Foreign Exchange, interest, Funding & Credit Risk, sustaining effective financial relationships with customers and third parties.

Other than above, any other risk factor as may be assessed by the Risk Management Committee and/or Board as and when required.

**CONSTITUTION OF RISK MANAGEMENT COMMITTEE:**

Pursuant to the Regulation 21 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, and amendment thereto the Risk Management Committee shall be constituted by the Company consisting minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. The constitution of Risk Management Committee shall be compulsory if the Company falls under top 1000 listed entities as per market capitalisation. The Board shall define the roles & responsibilities of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

In line with the above requirement, the Board at the Board meeting held on June 14, 2021 constituted Risk Management Committee to identify and assess key risks and formulate strategies for mitigation of risks identified in consultation with the Board.

**IDENTIFICATION AND RISK ANALYSIS:**

Generally every staff member of the Company is responsible for the effective management of Risk including the identification of potential Risks. Management is responsible for the development of Risk mitigation plans and the implementation of Risk mitigation strategies. Risk management processes should be integrated with other planning processes and management activities.

The “Risk Owners” shall be individual business process owners or business heads taking ownership for the control effectiveness, mitigation plan and will be responsible for the actual management of Risk. Their main roles and responsibilities includes:

- (i) Identify Risks by participating in meetings and workshops
- (ii) develop initial level of controls & implement the controls/mitigation plan for both Operational & Functional Risks
- (iii) Reporting to the Risk Management Committee and ensure completeness and accuracy of such information on a half yearly basis

**COMPLIANCE AND CONTROL:**

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management’s processes and results in identifying, assessing and monitoring risk associated with Organisation’s 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.

**APPLICATION:**

This policy applies to all areas of the Company’s operations.

**POLICY REVIEW:**

This Policy shall be reviewed by the Risk Management Committee and the Board as and when required to ensure it meets the requirements of legislation and the needs of organization.

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