

RISK MANAGEMENT POLICY

**Adopted by the Board of Directors at their meeting held on 12th March, 2015
[Section 134 of the Companies Act, 2013 read with Clause 52].**

INTRODUCTION:

Risk can be defined as the combination of the probability of an event and its consequences. Oxford Dictionary defines the term “risk” as a chance or possibility of danger, loss, injury or other adverse consequences. Risk Management is attempting to identify and then manage threats that could severely impact or bring down the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

Risk may also be defined as the possibility that an event will occur and adversely affect the achievement of the Company’s objectives and goals. A business risk is the threat that an event or action will adversely affect an organization’s ability to achieve its business objectives/targets. Business risk arises as much from the possibility that opportunities will not be realized as much from the fact that certain threats could well materialize and that errors could well be made.

RISK MANAGEMENT:

Risk Management is a structured, consistent and continuous process, applied across the organization for the identification and assessment of risks, control assessment and exposure monitoring.

The objective of the risk management framework of Silverpoint Infratech Limited comprises the following:

- To identify, assess, prioritize and manage existing as well as new risks in a planned and coordinated manner.
- To increase the effectiveness of internal and external reporting structure.
- To develop a risk culture that encourages employees to identify risks and associated opportunities and respond to them with appropriate actions.

OBJECTIVE AND PURPOSE:

The main objective of this policy is to ensure sustainable 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 Company has identified following initiatives to achieve its risk management objectives:

- Review and assess the quality, integrity and effectiveness of the risk management systems.
- To establish a framework for the Company's risk management process and to ensure its implementation.
- Review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work.
- To enable compliances with appropriate regulations, wherever applicable, through the adoption of best practices.
- Review the processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level.
- Continuous monitoring and management to an acceptable level of the potential impact.
- Integration of risk management into the Company's day-to-day operations.
- To ensure business growth with financial stability.

BACKGROUND AND IMPLEMENTATION:

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, evaluation, monitoring and minimization of identifiable risks.

This policy is in compliance with the Clause 52 of the Listing Agreement which requires the Company to lay down procedure for risk assessment and procedure for risk minimization.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE:

Risk Management Committee shall be constituted by the company consisting of such number of directors (executive or non-executive) as the Company thinks fit.

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.

APPLICATION:

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

ROLE OF THE BOARD:

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.

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- Ensure that the appropriate systems for risk management are in place.
- 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.

RISK MANAGEMENT PROCESS:

The main elements of the risk management process are:

a) **Establish the Context:**

Establish the strategic, organisational and risk management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established and the structure of the analysis defined.

b) **Identify Risks:**

Identify what, why and how things can arise as the basis for further analysis.

c) **Analyse Risks:**

Determine the existing controls and analyse risks in terms of consequence and likelihood in the context of those controls. The analysis should consider the range of potential consequences and how likely those consequences are to occur. Consequence and likelihood may be combined to produce an estimated level of risk.

d) **Evaluate Risks:**

Compare estimated levels of risk against the pre-established criteria. This enables risks to be ranked so as to identify management priorities. If the levels of risk established are low, then risks may fall into an acceptable category and treatment may not be required.

e) **Treat Risks:**

Accept and monitor low-priority risks. For other risks, develop and implement a specific management plan which includes consideration of funding.

f) **Monitor and Review :**

Monitor and review the performance of the risk management system and changes which might affect it.

g) **Communicate and Consult:**

Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.

h) **Risk Assessments:**

The objective of any risk assessment process is to establish a consistent and comparable basis for quantifying and measuring risk across Council's operations. These risk levels can then be compared to Council's acceptable level of risk, as determined by the General Manager, to identify an appropriate strategy for treatment.

SUPPORTING DOCUMENTS:

The members of audit committee will ensure adequate support documents are developed for use by staff in support of this policy. These documents include a risk register that records all identified risks, a risk management action plan that identifies actions to be taken to mitigate risks and a risk management framework that outlines the entire framework within Council for risk management.

RISK REGISTRATION, TREATMENT AND REPORTING:

Council's risk register requires managers to record, as a minimum, the risk description, an assessment of that risk, the responsible officer for managing that risk and treatment plans.

This information provides a useful tool for managers and staff to consider in both strategic and operational planning and is available to managers and staff.

The risk management group will monitor the risk profile of the organisation with particular regard to those risks that exceed an acceptable risk level.

The management of risk will be integrated into Council's existing planning and operational processes and will be recognised in the funding and quarterly reporting mechanisms, on the basis of the evaluation of the level of risk and Council's exposure.

REVIEW:

This policy shall be reviewed at a minimum at least every two years to ensure it meets the requirements of legislation and the needs of Council.