RISK MANAGEMENT POLICY

Background:

The provisions of Section 134 (3) of the Companies Act, 2013 ("the Act") requires statement to be included in the Board's Report of the Company, on development and implementation of risk management policy of the Company including identification of risk factors which in the opinion of the Board may threaten the existence of the Company.

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

Further, Regulation 17 of SEBI (LODR) Regulations, as amended from time to time ("Listing Regulations") mandates the Company to lay down procedures to inform the Board about risk assessment and minimization procedures and made the Board responsible for framing, implementing and monitoring the risk management plan for the Company.

Purpose and Scope:

The purpose of the policy is

- To ensure protection of shareholder value through establishment of an integrated risk management framework for identifying, assessing, mitigating, monitoring, evaluating and reporting of all risks.

- To provide clear and strong basis for informed decision making at all levels of the organization.

- To continually strive towards strengthening the Risk Management & Compliance System through continuous learning and improvement.

Applicability:

This policy applies to all employees of Company including management of the Company.

Key Definitions:

- Risk Assessment: The systematic process of identifying and analyzing risks. The risk assessment consists of comprehensive study of threats and vulnerability and resultant exposure to various risks.

- Risk Management: The structured way of protecting business and financial resources from risks and threats so that the objectives of the Company can be achieved without obstacles.

- Risk Management Process: The application of management policies, procedures and practices to the tasks of establishing the context, identifying, analyzing, evaluating, monitoring and communicating risk.

Risk Management and key Activities:

Risk management, by and large involves reviewing the operations of the organization followed by identifying potential threats to the organization including cyber security and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

The basic activities in any risk management system are.

(I) Risk identification.
(II) Risk assessment.
(III) Risk control.

Each of the risk needs to be assessed by the enterprise for its impact on profit and cash flow. Likelihood of occurrence and scope for mitigation or reduction including those relating to cyber security.

Constitution of Risk Management Committee:

Pursuant to the provisions of Regulation 21 of the Listing Regulations, the Company is required to constitute a Risk Management Committee consisting of the members of the Board and Senior Executives of the Company. The Chairperson of the Committee shall be member of the Board.

Composition of the Committee:

S.No	Name of the member	Designation
1	Shri K Jalandhar Reddy	Chairman
2	Shri B V Rama Rao	Member
3	Shri L B Reddy	Member
4	Smt G C Rekha	Member
5	Shri S Vaikuntanathan	Member
6	Shri V Narasimha Ramana	Member

The Committee shall meet twice a year and the gap between two meetings shall not exceed 180 days or such other timelines as may be prescribed by the Act or Listing Regulations.

Terms and reference

The Committee shall

a) Approve and periodically review the risk management policies of the Company's operations.

b) Review significant reports from regulatory agencies relating to risk management and compliance issues, and management's responses.

c) Policies and procedures establishing risk management governance, risk management procedures and risk control infrastructure for operations

d) Review significant risk exposures and steps, including policies and procedures, that management has taken to identify, measure, monitor, control, limit and report such exposures including, without limitation, credit, market, fiduciary, liquidity, reputational, operational fraud, strategic, technology (data security, information, business continuity risk etc) and risks associated with incentive compensation plans;

e) Evaluate risk exposure and tolerance;

f) Review and evaluate the corporation's practices with respect to risk assessment and risk management;

g) Review reports and significant findings of risk and compliance and internal Audit Department with respect to the risk management and compliance activities of the corporation, together with the management's responses and follow-up to these reports;

h) To evaluate various risks of the business and to draw out risk management plan for the Company;

i) To take steps to identify and mitigate Information technology and cyber security risks that the Company is or may be exposed to on regular basis;

j) To inform Board on the effectiveness of the risk management framework and process of risk management.

Risk Assessment and Control:

The Risk Management Committee shall on periodic basis assess the external and internal risk factors across the organization. The risks are identified and formally reported through mechanism such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management.

Certain identified risks are as follows:

i) Broad market trends and other factors beyond Company's control significantly reducing and harming the business, financial condition and results of operations.
ii) Failure in implementing its current and future strategic plans.
iii) Damage to reputation of the Company
iv) Risk management methods and insurance policies not being effective or adequate.
v) Changes in government policies relating to sector in which the Company operates.
vi) Changes in interest rates.
vii) Security risk and cyber attacks
viii) Insufficient systems capacity and system failures.

Review of policy:

The Board shall review the policy as and when required and ensure the policy to be in line with the regulatory requirements.

**Amended policy approved at the Board meeting held on 12th August 2021*