

## **RISK MANAGEMENT POLICY**

### **1. BACK GROUND**

The Securities and Exchange Board of India (“the SEBI”) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations”) vide notification no. SEBI/LAD/NRO/GN/2015-16/013, dated 2nd September, 2015, which was effective from 2nd December, In accordance with Section 134(3)(n) of the Companies Act, 2013, a company is required to 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 and further as per Regulation 21 of the SEBI (LODR) Regulations, the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. Accordingly, to mitigate and manage risk at “**Supershakti Metaliks Limited**” (hereinafter referred to as the “Company”), the Company has formed the policy (the “Risk Management Policy”) for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

### **2. OBJECTIVE**

The objective of the Risk Management Policy of the Company is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. This Risk Management Policy is being applied in order to ensure that effective management of risks is an integral part of every employee’s job. These include:

- a) Providing a framework, that enables future activities in a consistent and controlled manner;
- b) Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
- c) Contributing towards more efficient use/ allocation of the resources within the organization;
- d) Protecting and enhancing assets and company image;
- e) Reducing volatility in various areas of the business;
- f) Developing and supporting people and knowledge base of the organization;
- g) Optimizing operational efficiency

### **3. RISK MANAGEMENT**

A. The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

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

C. The company will also constitute a Risk Management Committee or other committee as it may deem fit. 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.

### **4. DEFINITIONS**

The following words shall have the meanings as provided in the policy, unless otherwise mentioned in the Act:

In this Policy, unless the context otherwise requires:

"**Audit Committee or Committee**" means Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and as per SEBI (LODR) Regulations.

"**Company**" means "Supershakti Metaliks Limited, a Company constituted under the provisions of Companies Act, 1956.

"**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of Directors of the Company. (Section 2(10) of the Companies Act, 2013)

"**Policy**" means Risk Management Policy of the Company

### **5. RISK MANAGEMENT FRAMEWORK**

Before proceeding to the policy attention is drawn to the roles that the Board and Audit Committee are required to play under the above regulations governing Risk Management:

1. The Board's role to ensure framing, implementing and monitoring risk management plan, having in place, systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased approach during the Board's deliberations on making risk management systems very strong and effective.

2. The Audit Committee's role, is to evaluate the risk management systems.

3. This policy shall complement the other policies of Supershakti Metaliks Limited in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are being effectively mitigated.

## **6. BROAD PRINCIPLES**

The Board is required to review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analyzing and mitigating all the material risks, both external and internal including environmental, business, operational, financial, and political and others. Communication of Risk Management Strategy to various levels of the management for effective implementation in the Company.

## **7. IDENTIFICATION & RISK ANALYSIS**

Risk Identification is obligatory on all vertical and functional heads who with the inputs from their team members are required to report the material risks to the chairman and whole time directors of the Company along with their considered views and recommendations for risk mitigation.

Analysis of all the risks thus identified shall be carried out by Mr. Ajay Kumar Bajaj, Whole time Director of the Company through participation of the vertical/functional heads and a preliminary report shall be placed before the Risk Management Committee.

### **The following steps to be taken:**

**Risk identification:** To identify organization's exposure to uncertainty, risks may be classified in the following:

1. Strategic
2. Operational
3. Financial (Including Forex)
4. Hazard
5. Political

### **Risk Description:**

To display the identified risks in a structured format.

### **Risk Evaluation:**

After risk analysis, comparison of estimated risks against organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk to be accepted or treated.

**Risk Estimation:**

It can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

Impact level on performance/profit – Both Threats and Opportunities

**Reporting**

## 1. Internal Reporting

a) Risk Management Committee

b) Board of Directors

c) Vertical Heads

d) Individuals

## 2. External Reporting

a) To communicate to the stakeholders on regular basis as part of Corporate Governance.

**Development of Action plan**

The Board has constituted a Risk Management Committee consisting of the following members and defined the Committee's role and responsibility:-

<b>Sr. No.</b>	<b>Name of Members</b>	<b>Designation</b>
1.	Mr. Ajay Kumar Bajaj	Chairman
2.	Mr. Dilipp Agarwal	Member
3.	Mr. Deepak Agarwal	Member
4.	Mr. Shyam S Somani	Member
5.	Mr Sudipto Bhattacharya	Member

The Committee shall not only assist in implementation of the Risk Management Plan of the Board but also monitor its implementation and review.

The members of the Risk Management Committee shall discharge the role of and their collective suggestions to the Board for periodic updation of the Risk Management Plan.

The Risk Management Committee shall critically examine the report of Mr. Ajay Kumar Bajaj, Whole time Director and each identified risk shall be assessed for its likely impact vis a vis the resources at the Company's disposal.

### **Guidelines to deal with the risks**

Business Plan including Capital Expenditure and Fund Flow Statement for each segment together with SWOT analysis, data on Production Planning, Materials Management, Sales & Distribution, Delivery Schedules, Assets, Accounts Receivables and Payables as well as Regulatory Regime applicable shall be reviewed in the light of the material risks identified. Through deliberations of the Committee a comprehensive plan of action to deal with the risks shall be developed and guidelines flowing from such plan shall be communicated to the employees concerned for mitigation of the risks.

## **8. BOARD APPROVAL**

The Action Plan and guidelines decided by the Risk Management Committee shall be approved by the Board before communication to the Key Managerial Personnel for implementation.

The Board shall approve the risk management (including risk treatment) strategy, control structure and policy guidelines and delegate authority and accountability for risk management to the Company's executive team.

## **9. RISK TREATMENT**

Risk Treatment includes the process of selecting and implementing measures to mitigate risks and to prioritize risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. for

- a) Effective and efficient operations
- b) Effective Internal Controls
- c) Compliance with laws & regulations

Risk treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective

## **10. RISK REGISTERS**

Risk registers may be maintained showing the risks identified, treatment prescribed, persons responsible for applying treatment and status after the treatment etc.

Risk Managers and Risk Officers to be identified for proper maintenance of the risk registers maintained if any which will facilitate to report of the effectiveness of the risk treatment to the Risk Management Committee, Audit Committee and the Board.

The Board shall have the discretion to deal with certain risks (may be called key or highly sensitive risks) in the manner it may deem fit. Mitigation of such highly sensitive/key risks and effectiveness of their mitigation measures and review of the strategy may be directly discussed by the Board members with Audit Committee.

## **11. ROLE OF AUDIT COMMITTEE**

The following shall serve as the role and responsibility of the Audit Committee authorized to evaluate the effectiveness of the risk management framework:

- a) Evaluation of internal financial controls and risk management systems;
- b) Review of the strategy for implementing risk management policy;
- c) To examine the organization structure relating to Risk management;
- d) Evaluate the efficacy of Risk Management Systems – Recording and Reporting;
- e) To review all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management Policy and relevant regulatory guidelines;
- f) To define internal control measures to facilitate a smooth functioning of the risk management systems;
- g) Ensure periodic review of operations and contingency plans and reporting to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems.

## **12. INTEGRATION OF RISK MANAGEMENT STRATEGY**

The risk management strategy of the Company is to be integrated with the overall business strategies of the organization and its mission statement to ensure that its risk management capabilities aid in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives

The Policy shall be amended as required from time to time in case of any changes in the Act and the rules made there-under.