

Risk Management Policy of **Innovassynth Investment Limited**

The scope of the activities of Risk Management policy is as set out in Clause 49 of the Listing Agreements with the Stock Exchange. The terms of reference of the Risk Management Policy are broadly as follows:

1. LEGAL FRAMEWORK:

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improve the governance practices across the business activities of any organisation. The new Companies Act, 2013 and the Clause 49 of the Equity Listing Agreement have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain 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 risk management systems.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company.

2. OBJECTIVE & PURPOSE OF 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:

1. To ensure that all the current and future financial and compliance risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability.

3. CONSTITUTION OF RISK MANAGEMENT COMMITTEE

Composition of the Committee:

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

The Board has constituted a Committee called Risk Management Committee on 8th November 2014. Following are the members in this Committee:

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| 1. Mr. K. Ramasubramanian | Chairman |
| 2. Mr. Shyam B. Ghia | Member |
| 3. Mr. Bhabatosh Kamallochan Sahu | Member |

Committee meetings:

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet one time each year.

Role and responsibilities:

The primary role of the Risk Management Committee shall be:-

- ❖ To determine and to assess business risk.
- ❖ To confirm mitigating actions to reduce risk to acceptable levels.
- ❖ To report yearly to the board of directors and to make propositions for further improvement of the risk management.

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4. APPLICABILITY:

This Policy is applicable from 3rd February, 2015.

5. ROLE OF THE BOARD

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

- ❖ The Board shall be responsible for framing and implementing 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.
- ❖ Have an awareness of and continually monitor the management of Compliances and financial risks;
- ❖ Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;

6. DELEGATION OF POWER:

The fundamental policy of the Innovassynth Investment Limited is to control risks arising in the course of business operations within the limits of its risk appetite (according to criteria based on the Company business strategy, and financial position). In accordance with this policy, the Executive Management Board has delegated the power of monitoring and reviewing of risk management policy to the Risk Management Committee of the Company.

7. REVIEW:

This policy shall be reviewed at a minimum at least every year to ensure it meets the requirements of legislation & the needs of organization.

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