

CHANDRA PRABHU INTERNATIONAL LIMITED



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Risk Management Policy

The 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.

1. Legal Framework

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 on opportunities.

2. Statutory Requirement

The Securities Exchange Board of India (SEBI) vide Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“Listing Regulations”) mandates the board of directors of a listed company to frame, implement and monitor the risk management plan for the company.

3. 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.

As per the requirement of aforesaid provisions of the Listing Regulations, the board of the Company in its efforts to identify, monitor and mitigate the associated / inherent risks, has formulated this Risk Management Policy (“Policy”).

The Policy lays down:

- 3.1) a framework for identification of internal and external risks specifically faced by the Company in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the board.
- 3.2) measures for risk mitigation including systems and processes for internal control of identified risks.
- 3.3) business continuity plan.

4. Definition of Terms

The definitions of the terms used in this Policy are given below:

- 4.1) “Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- 4.2) “IT” means Information Technology.
- 4.3) “Company” means the Chandra Prabhu International Limited.
- 4.4) “Board” or “Board of Director” means collective body of Directors of the Company.

5. Framework for Identification of Risks

The board of directors of the Company shall identify, evaluate and mitigation of strategic, operational, external, environment and cyber security risks and fulfill its corporate governance responsibilities. The board of directors for ensuring the implementation of this Policy and / or performance of all duties and responsibilities as may be required under the applicable law for the effective management of the identified risks, including risk disclosure statements in any public documents or disclosures. The board shall monitor the compliance with this Policy.

The first step in creating an effective risk-management system is to understand the qualitative distinctions among the types of risks that the Company faces and developing a continuous process of identification and modification of risks and/or elements of risks, which may affect the Company in short, medium and long period.

Following are different types of risks which may be internal or external to the Company:

- 5.1) Operating Risks
- 5.2) Financial Risks
- 5.3) Strategic Risks
- 5.4) Regulatory Risks
- 5.5) IT and Information Security Risks / Cyber Security Risks
- 5.6) Foreign Exchange Fluctuation Risks
- 5.7) External Environment Risks

6. Internal Processes for Measurement and Mitigation of Risks

Once the risks to which the Company is exposed have been identified, the next step is the measurement and mitigation of risks according to the likelihood of exposure and the potential downside from an incident. The Company shall have internal control systems wherein roles and responsibilities have been defined as follows for the purpose of measurement and mitigation of risks:

6.1) Role of the Board of Directors

- (a) The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
- (b) Ensure that the appropriate systems for risk management are in place.
- (c) 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;
- (d) Participate in major decisions affecting the organization's risk profile;
- (e) Have an awareness of and continually monitor the management of strategic risks;
- (f) Be satisfied that processes and controls are in place for managing less significant risks;
- (g) Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- (h) Ensure risk management is integrated into board reporting and annual reporting mechanisms;

7. Business Continuity Plan

A business continuity plan ensures that personnel and assets are protected and are able to function quickly in the event of a disaster.

The Company shall define business continuity processes and disaster management plans, for unforeseen exigencies and keeping the organization constituents, prepared to appropriately and adequately deal with all kind of risks associated with such circumstances or under eventuality of such happenings and thus making it an important part of Company's risk management system.

8. Review / Revision

The Policy shall be reviewed internally by the Management periodically. However any change in the Policy shall be proposed only in the event of change in relevant regulations.

9. Approval

The proposed change by the Management in the Policy shall be submitted with the Board of Directors of the Company for necessary approval.

10. Delegation of Authority

The board of directors can delegate the powers by appointing Risk Champions and giving them the task to identify the potential risks of their own area and have the mitigation plans to minimize the impact of the same.

11. Document Control & Retention Period

Legal and Secretarial Department shall maintain and retain the document prepared under this policy for the period as may be decided by Board of Directors of the Company or specified under any law or for at least 3 years.

All the documents shall be maintained in the hard copy or in any form specified by law for the period specified above. However, after the expiry of the retention period of the document the same may be destroyed after taking appropriate approval.

12. Disposal of Documents

The Company shall preserve and dispose the documents as per Policy on Preservation and Archival of Documents adopted by the Company pursuant to the provisions of SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

13. Confidentiality & Ownership

In order to ensure and apply appropriate confidentiality control over the developed documents and records, all concerned departments including employees of the Company shall take requisite and reasonable precautions to avoid unauthorized, inappropriate, incidental disclosures or any misuse or adverse effect etc.

All the documents prepared or mentioned in the policy should be maintained with high level of confidentiality. The ownership of the maintaining the confidentiality of the documents is with the Legal and Secretarial Department.

14. Limitation

In the event of any conflict between the provisions of Companies Act, 2013, the Listing Regulations, other applicable laws and provisions of this Policy, the provisions of Companies Act, 2013, the Listing Regulations, other applicable laws shall prevail. Further, any subsequent amendment / modification in provisions of Companies Act, 2013, the Listing Regulations, other applicable laws, in this regard, shall automatically apply to this Policy.
