

V-MARC INDIA LIMITED

RISK MANAGEMENT POLICY

1. FOREWORD

1.1. Objective

The main objective of this Risk Management Policy ("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, including the development of the Risk Register, in order to guide decisions on risk evaluating & mitigation related issues. This Policy has been formulated in accordance with Regulation 17(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions of the Companies Act, 2013., as amended which requires the Company to lay down procedures about risk assessment and risk minimization.

Section 134(3)(n) of the Companies Act, 2013 ("Act") states that there shall be attached to statements (i.e. financial statements) laid before a company in general meeting, a report by its Board of Directors, which shall 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.

Section 177(4) (vii) stipulates that every Audit Committee shall act in accordance with terms of reference mentioned by the Board which shall include – Review of the Internal Financial Control of the Companies and Risk Management System.

Schedule IV of Companies Act 2013, Section 149 (8) Code of Independent Directors. Independent Directors shall bring in independent judgment to bear on Board deliberation especially on the issues of Strategy, performance, risk management, resources and key appointments. Satisfy themselves on the Integrity of Internal Financial controls and systems of risk management are robust and defensible.

This policy lays down the framework of Risk Management at the Company.

1.2. Applicability

This Policy applies to every part of V-MARC India Limited (the "Company") business and functions.



V-MARC India Limited

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2. **Definitions**

- 2.1. "Company" means V-MARC India Limited.
- 2.2. "Risk" means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.
- 2.3. "Risk Management" is the process of systematically identifying, quantifying, and managing all Risks and opportunities that can affect achievement of a corporation's strategic and financial goals.
- 2.4. "Risk Management Committee" means the Committee formed by the Board.
- 2.5. "Risk Assessment" means the overall process of risk analysis and evaluation.
- 2.6. "Risk Register" means a tool for recording the Risks identified under various operations

3. **RISK MANAGEMENT COMMITTEE:**

The Risk Management Committee shall have minimum three members with majority of them being members of the Board of Directors, including at least one Independent Directors.

The Risk Management Committee shall meet at least twice in a financial year in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.

The quorum for the Risk Management Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one independent director.

4. **Role of the Committee:**

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the committee shall, inter alia, include the following:

- To frame, monitor and oversee implementation of the risk management policy, including evaluation of the adequacy of risk management plans.
- To periodically review the risk management policy, at least once in two years.

- To periodically review the risk management plan.
- To keep the board of directors informed and make recommendations and actions to be taken;
- To recommend the appointment or removal of a Chief Risk Officer (if any), and fix such terms of remuneration.
- To oversee the framework for identification, mitigation, and internal controls of information and cyber security risks.
- To ensure that a robust Business Continuity Plan (BCP) and Disaster Recovery (DR) framework are formulated, implemented, and periodically tested.

5. Role of the Board:

- 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 strategic risks.
- Be satisfied those 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.

6. Risk Management

Principles of Risk Management

- 6.1. The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses.
- 6.2. All concerned process owners of the company shall be responsible for identifying & mitigating key Risks in their respective domain.
- 6.3. The occurrence of Risk, progress of mitigation plan and its status will be monitored on periodic basis.

7. Risk Appetite Statement

The Board of Directors shall determine and periodically review the Company's risk appetite, taking into consideration its strategic objectives, business environment, financial position, regulatory requirements and stakeholders' interests. The risk appetite shall define the nature and extent of risks that the Company is willing to accept in pursuit of its business objectives.

The Company shall seek to maintain an appropriate balance between risk and reward by accepting only those risks that are within the approved risk appetite and tolerance levels. Any material risks that exceed the approved risk appetite shall be promptly escalated to the Risk Management Committee and the Board of Directors, along with appropriate mitigation measures for their review and necessary directions.

8. Risk Management Procedures

8.1. General

Risk management process includes four activities: Risk Identification, Risk Assessment, Risk Mitigation and Monitoring & Reporting.

8.2. Risk Identification

The purpose of Risk identification is to identify 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 Committee and identify all other events that can have an adverse impact on the achievement of the business objectives. All Risks identified are documented in the form of a Risk Register. Risk Register incorporates risk description, category, classification, mitigation plan, responsible function / department.

8.3. Risk Assessment

Assessment involves quantification of the impact of Risks to determine potential severity and probability of occurrence. Each identified Risk is assessed on two factors which determine the Risk exposure:

- Impact if the event occurs
- Likelihood of event occurrence

Risk Categories: It is necessary that Risks are assessed after taking into account the existing controls, so as to ascertain the current level of Risk. Based on the above assessments, each of the Risks can be categorized as – low, medium and high.

9. Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

All identified Risks should be mitigated using any of the following Risk mitigation plan:

- Risk avoidance: By not performing an activity that could carry Risk. Avoidance may seem the answer to all Risks but avoiding Risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.
- Risk transfer: Mitigation by having another party to accept the Risk, either partial or total, typically by contract or by hedging / Insurance.
- Risk reduction: Employing methods/solutions that reduce the severity of the loss e.g. having adequate software in place to prevent data leak.
- Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.

10. Monitoring and reviewing Risks

The Risk Management Committee shall formulate policies for the effective identification, monitoring and mitigation of risks. The Company Secretary shall act as the Secretary to the Committee and shall maintain the Risk Register.

Audit committee reviews the Risk Register once a year and adds any new material Risk identified to the existing list. These will be taken up with respective functional head for its mitigation.

The Committee shall report to and appraise the Board of Directors after every committee meeting or at least on a half-yearly basis.

11. Amendment

Any change in the Policy shall be approved by the board of directors ("Board") of the Company. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

12. Communication of this Policy

This Policy shall be posted on the website of the Company i.e. www.v-marc.com



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13. Review of this Policy

This Policy shall be reviewed by the Risk Management Committee periodically, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

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