

# Risk Management Policy

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**MINDPOOL TECHNOLOGIES LIMITED**

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## INTRODUCTION

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise 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.

Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources. Effective risk management requires:

- A strategic focus.
- Forward thinking and active approaches to management.
- Balance between the cost of managing risk and the anticipated benefits.

## LEGAL FRAMEWORK

The Companies Act, 2013 and the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015, requires the board of directors to devise a proper system in relation to Risk Management policy, procedure and practices. As per Regulation 17(9) of the SEBI LODR, 2015, the listed entity shall:

(a) lay down procedures to inform members of board of directors about risk assessment and minimization procedures.

(b) The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Section 134(3)(n) of the Companies Act, 2013 requires a statement to be included in the report of the board of directors 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.

## APPLICABILITY

This policy applies to all areas of the Company's operations.

## DEFINITIONS

### **Risk**

Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.

### **Risk Management**

Risk management Process can be defined as the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities.

### **Impact**

The degree of consequences to the organization should the event occur.

### **Likelihood**

The likelihood of the event occurring expressed as an indicative annual frequency.

### **Consequence**

Potential resulting events that could be affected by the key group risk.

### **Risk Source**

Element which alone or in combination has the intrinsic potential to give rise to risk.

### **Policy**

Policy means the risk management policy of the company.

## 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 material 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.

### ROLE OF THE BOARD

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

1. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
2. Ensure that the appropriate systems for risk management are in place.
3. 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.
4. Participate in major decisions affecting the organization's risk profile.
5. Have an awareness of and continually monitor the management of strategic risks.
6. Be satisfied that processes and controls are in place for managing less significant risks.
7. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly.
8. Ensure risk management is integrated into board reporting and annual reporting mechanisms.
9. Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

## **RISK MANAGEMENT PROCESS**

### **i. Risk Identification**

This involves continuous identification of events that may have negative impact on the Company's ability to achieve goals. Processes / Areas / Activities should be identified by the Company for the purpose of risk assessment. Identification of risks / risk events should be done by analysis of related data, previous internal audit reports, past occurrences of such events etc.

### **ii. Risk Assessment**

Risk assessment is the process of risk prioritization or profiling. Likelihood and Impact of risk events have been assessed for the purpose of analyzing the criticality.

### **iii. Risk Analysis**

Risk Analysis is to be conducted taking into consideration its likelihood and Impact. Risk events assessed as / with "high" or "very high" criticality may go into risk mitigation planning and implementation; low and medium critical risk to be tracked and monitored.

### **iv. Risk Treatment**

Risk mitigation options are considered in determining the suitable risk treatment strategy. For the risk mitigation steps, the cost benefit analysis should to be evaluated. Action plans supporting the strategy should be implemented with defined timelines.

### **v. Control and Monitoring Mechanism**

Risk management uses the output of a risk assessment and implements counter measures to reduce the risks identified to an acceptable level. This policy provides a foundation for the development of an effective risk management system, containing both the definitions and the guidance necessary for the process of assessing and mitigating risks identified within functions and associated processes. In circumstances where the accepted risk of a particular course of action cannot be adequately mitigated, such risk shall be continuously monitored and periodically presented to Risk Management Committee and Audit Committee.

## **DISCLOSURE IN BOARD'S REPORT**

Board of Directors 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.

## REVIEW

The policy shall be reviewed by the Board from time to time as may be necessary.

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