

SANDHAR

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SANDHAR TECHNOLOGIES LIMITED

RISK MANAGEMENT POLICY

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1. PREAMBLE:

To develop organizational wide capabilities in Risk Management so as to ensure a consistent, efficient and effective assessment and management of risk in the achievement of the organization's objectives.

The Policy is formulated in compliance with The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulations') and provisions of the Companies Act, 2013 ("**the Act**"), which requires the Company to lay down procedures about risk assessment and risk minimization.

- (i) The Board of Directors of the Company shall form a Risk Management Committee (hereinafter referred to as "**Committee**") who shall periodically review this Policy of the Company so that the Management controls the risk through properly defined network. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.
- (ii) The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day-to-day basis.
- (iii) The Risk Management Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

2. SCOPE & PURPOSE

As per Regulation 21 of the Regulations, as amended from time to time, top 1000 listed entities (based on market capitalization as calculated as on 31st March of every financial year) are required to constitute a Risk Management Committee which is responsible to formulate a detailed risk management policy. Further, Section 134 of the Act requires that the report of the 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. Since the Company falls within the aforesaid class and is also governed by the Act, it is required to formulate its Risk Management Policy.

3. OBJECTIVE

The objective of the Risk Management Policy is to define the key risk terminology, outline the risk management process and document the roles and responsibilities.

This policy forms part of the internal control and corporate governance process of the company. The aim of this policy is to manage and eliminate the risks involved in the company activities to maximize opportunities and minimize adversity by considering the following:-

- ❖ Identification of risk, define ownership with cleared defined roles and responsibilities;
- ❖ Balance between the cost of managing risk and the anticipated benefits;
- ❖ Contributing to more efficient use/allocation of capital and resources;
- ❖ To encourage and promote a pro-active approach towards Risk Management;
- ❖ Identifying any unmitigated risks and formulating action plans for its treatment through regular review.

To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors as stated above, to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

The key elements of the Company's risk management program are set out below.

4. DEFINITIONS

- (i) "**Act**" means the Companies Act, 2013.
- (ii) "**Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.

5. RISK IDENTIFICATION:

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company majorly focuses on the following types of material risks:

- ❖ Commodity risk;
- ❖ Business risk;
- ❖ Foreign exchange risk;
- ❖ Technological risks;
- ❖ Strategic business risks;
- ❖ operational risks;
- ❖ quality risk;
- ❖ competition risk;
- ❖ cost risk;
- ❖ financial risks;
- ❖ human resource risks;
- ❖ sectoral risks;
- ❖ sustainability risks ;
- ❖ information risks;
- ❖ cyber security risks; and
- ❖ legal/regulatory risks.

6. OVERSIGHT AND MANAGEMENT

Board of Directors

The Board of Directors (“the Board”) are responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Committees and Senior Management. The Committees or Management may also refer particular issues to the Board for final consideration and direction.

Risk Management Committee

As per regulation 21 (2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors.

The day-to-day oversight and management of the Company’s risk management program has been conferred upon the Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board of Directors on the effectiveness of the risk management program in identifying and addressing material business risks. To achieve this, the Committee is responsible for:

- ❖ managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- ❖ setting up internal processes and systems to control the implementation of action plans;
- ❖ regularly monitoring and evaluating the performance of management in managing risk;
- ❖ providing management and employees with the necessary tools and resources to identify and manage risks;
- ❖ regularly reviewing and updating the current list of material business risks;
- ❖ regularly reporting to the Board on the status of material business risks;

- ❖ review and monitor cyber security; and
- ❖ ensuring compliance with regulatory requirements and best practices with respect to risk management.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

Senior Management and Employees

The Company's Senior Management and all employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

Review of risk management program

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood.

The reporting obligation of Senior Management and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Committee, the Senior Management and employees responsible for its implementation.

7. GENERAL

a) Review

This policy will be reviewed (at least once in two years) and updated accordingly by the Board. Any subsequent amendment / modification in the Listing Regulations and or any other laws in this regard shall automatically apply to this Policy.

b) Disclosure of the Policy

This policy will be uploaded on the Company's website www.sandhargroup.com.

c) Effective Date:

Revised by the Board of Directors at its meeting held on 08th February, 2024.
