

SHILCHAR TECHNOLOGIES LIMITED

RISK MANAGEMENT POLICY

1. PREAMBLE

Pursuant to Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 134(3) of the Companies Act, 2013, this Risk Assessment and Management Policy ("Policy") establishes the philosophy of Shilchar Technologies Limited (the "**Company**") towards risk identification, analysis & prioritization of risks, development of risk mitigation plans and reporting on the risk environment of the Company. This policy has been adopted by the Board on April 30, 2024.

Risk: Risk is an event which can prevent, hinder or fail to further or otherwise obstruct the company in achieving its objectives. A business risk is the threat that an event or action will adversely affect company's ability to maximize stakeholder value and to achieve its business objectives. Risk can cause financial disadvantage, for example, additional costs or loss of funds or assets. It can result in damage, loss of value and /or loss of an opportunity to enhance the enterprise operations or activities. Risk is the product of probability of occurrence of an event and the financial impact of such occurrence to an enterprise.

2. SCOPE

This policy is applicable to all the functions, departments and geographical locations of the Company. The purpose of this Policy is to define, design and implement a risk management framework across the Company to identify, assess, manage and monitor risks. Aligned to this purpose is to identify potential events that may affect the Company and manage the risk within the risk appetite and provide reasonable assurance regarding the achievement of the Company's objectives. This will present a wide approach to ensure that key aspects of risk that have a wide impact are considered in its conduct of business.

3. POLICY OBJECTIVES

The objective of this policy is to manage the risks involved in all activities of the Company to maximize opportunities and minimize adversity. This policy is intended to assist in decision making processes that will minimize potential losses, improve the management of uncertainty and the approach to new opportunities, thereby helping the Company to achieve its objectives.

The key objectives of this policy are:

- (i) Safeguard the Company property, interests, and interest of all stakeholders.
- (ii) Lay down a framework for identification, measurement, evaluation, mitigation & reporting of various risks.

- (iii) To protect and enhance the corporate governance;
- (iv) Evolve the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects, which the business and operations of the Company are exposed to.
- (v) Balance between the cost of managing risk and the anticipated benefits.
- (vi) To create awareness among the employees to assess risks on a continuous basis & develop risk mitigation plans in the interest of the Company.
- (vii) Provide a system for setting of priorities when there are competing demands on limited resources.
- (viii) To align and views of risk across the enterprise.

4. Approach to Risk Management:

The following methodology will be adopted to identify and mitigate risks to which they are subjected.

- (i) **Identification of Risks:** This would envisage identification of the potential list of events/ perils/ risks/ factors that could have an adverse impact on the achievement of business objectives. Risks can be identified under the following broad categories. This is an illustrative list and not necessarily an exhaustive classification.
 - **Strategic Risk:** Competition, inadequate capacity, high dependence on a single customer/vendor.
 - **Business Risk:** Project viability, process risk, technology obsolescence/changes, development of alternative products.
 - **Finance Risk:** Liquidity, credit, currency fluctuation.
 - **Environment Risk:** Non-compliance to environmental regulations, risk of health to people at large.
 - **Personnel Risk:** Health & safety, high attrition rate, incompetence.
 - **Operational Risk:** Process bottlenecks, non-adherence to process parameters/pre-defined rules.
 - **Reputation Risk:** Brand impairment, product liabilities.
 - **Regulatory Risk:** Non-compliance to statutes, change of regulations.
 - **Technology Risk:** Innovation, obsolescence.
 - **Political Risk:** Changes in the political environment, regulation/ deregulation due to changes in political environment
- (ii) The Board should identify certain risks, which cannot be quantified in monetary terms and as such not possible to rank them. In such cases, the consequences of the risk need to be evaluated.

The following could be used as criteria to identify such risks:

- Impact on fatality or irreversible disability/impairment to human life.

- Impact on the environment
- Impact on the Brand Equity including public litigation

Internal Auditors:

Internal auditors will guide the Company/Board of Directors to ensure that risk management processes are adequately followed by the Company and statutory requirements (such as adherence to the Company Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Listing Agreement etc.) are complied with.

Responsibilities of Board:

- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
- Ensure that the appropriate systems for risk management are in place.
- 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;
- Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks;
- Be satisfied that processes and controls are in place for managing less significant risks;
- The Board shall obtain advice and assistance from internal or external legal, accounting or other advisors to implement the policy
- 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;
- Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

Treat Risks:

For high priority risks, the Board with the help of Industry Expert, Financial Expert or any other professionals should develop and implement specific risk management/ mitigation plans. Low priority risks may be accepted and monitored.

The Board should evaluate avoiding risk or eliminating or radically reducing the risk by considering alternatives to current or proposed activities and ensure the adoption of control measures to be initiated against the identified risks from the designated personnel after analyzing cost v/s benefits.

Monitor and Review:

The Board shall be responsible for overall monitoring of the risk management processes.

To support the Board of Directors, Key Managerial Personnel and other employee not below a Manager level is identified from each business department should be deputed to ensure compliance to this policy, timely identification of risks and development of risk mitigation plan, along with the concerned personnel.

Reporting:

Quarterly reporting of risks, their exposure and the risks mitigation plan devised by the Company should be presented to the Audit Committee / Board. The designated Key Managerial Personnel should submit quarterly report on the compliance of the risk assessment and management policy to the Audit Committee or the Board of Directors.

Implementation Review:

To ensure adequate and complete implementation of this policy, internal audit reviews should be carried out at least annually.

Policy Review:

The policy shall be reviewed from time to time, for modification based on change in business environment and practices by the Board of Directors.
