

RISK MANAGEMENT POLICY

(Approved and adopted on the Board meeting of the Company dated 31.01.2017)

1. BACKGROUND

Kedia Construction Company Limited (the Company) is engaged in the business of Investments. The business activities of the Company carry various internal and external risks.

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organisation continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

This document lays down the framework of Risk Management at Kedia Construction Company Limited (hereinafter referred to as the 'Company') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and lays down the mitigation methods which are periodically reviewed and modified in a manner commensurate with the size and complexity of the business.

2. OBJECTIVE

The objective of Risk Management task at Kedia Construction Company Limited is to preserve shareholder value to the extent practically feasible by identifying and mitigating major operating, and external business risk. An enterprise-wide risk management framework is applied in a manner such that the effective management of risks at different levels and different functions is an integral part of every employee's job.

3. REGULATORY FRAMEWORK :

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain 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. Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems. In line with the above requirements, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company.

4. PURPOSE AND SCOPE OF THE 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 Company's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of this Policy are:

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.

To establish a framework for the company's risk management process and to ensure its implementation.

To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

To assure business growth with financial stability.

5. KEY DEFINITIONS

Risk Assessment

The systematic process of identifying and analysing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks

Risk Management

The systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

Risk Management Process

The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

6. POLICY

Broad Principles

The Board has to review the business plan at regular intervals and develop the Risk Management Policy which shall encompass laying down guiding principles on proactive planning for identifying, analyzing and mitigating all the material risks, both external and internal. We have sought to classify the types of risk as external business and operational.

Communication of Risk Management Strategy to various levels of management for effective implementation is essential.

Risk Identification is obligatory on all vertical and functional heads who with the inputs from their team members are required to report the material risks to the Business Process and Risk Management Committee along with their considered views and recommendations for risk mitigation.

Analysis of all the risks thus identified shall be carried out by an empowered management committee under the leadership of the MD (MD, CFO, Company Secretary and Chief Internal Auditor) through participation of the vertical/functional heads and a preliminary report thus finalized shall be placed before the Business Process and Risk Management Committee.

7. RESPONSIBILITY FOR RISK MANAGEMENT

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

8. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

9. REVIEW

This policy shall evolve by review by the Risk Management Committee and the Board from time to time as may be necessary. This policy shall also be reviewed by the Audit Committee.

10. COMMUNICATION

This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company.