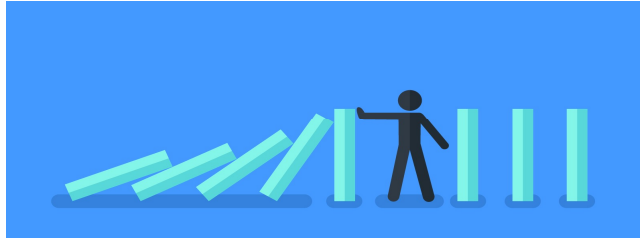


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## ***RISK ASSESMENT AND MANAGEMENT POLICY***

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### **INTRODUCTION:**

*Oxford Dictionary defines the term “risk” as a chance or possibility of danger, loss, injury or other adverse consequences.*

Risk management is attempting to identify and then manage threats that could severely impact or bring down the organization in terms of turnover, market share, goodwill, profitability, competition, technology obsolescence, investments, environment, human resources, and such other factors.

### **1. POLICY OBJECTIVE:**

The primary objectives of this policy are:

- (i) to identify risks impacting Company’s Business through systematic process of risk identification by Board or audit committee of executive management;
- (ii) To formulate Risk Assessment and Management Policy including risk minimization and risk optimization;
- (iii) To implement the policy and report the resultant impact.

### **2. RISK MANAGEMENT STRATEGY:**

The Company recognizes that risk is an integral and unavoidable component of business and is committed to manage the risk in a proactive and effective manner. The Company believes that the Risk cannot be eliminated. However, it can be:

- (a) Assigned to another party, who is willing to take risk like an Insurer.
- (b) Reduced, by having good internal controls;
- (c) Avoided, by not entering into risky businesses;
- (d) Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- (e) Shared, by following a middle path between retaining and assigning risk.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

### **3. RISK MANAGEMENT FRAMEWORK:**

Risk Management Framework includes Objectives of the Company, Risk Assessment, Risk Management and Risk Monitoring. The Company carries on activities at various levels of the organization, viz., Enterprise level; Division level; Business Unit level; Subsidiary and Joint Venture level. All these components are interrelated and drive the Enterprise Risk Management Framework

The Objectives of the Company can be classified into:

#### **Strategic:**

- Organizational Growth;
- Comprehensive range of project verticals;
- Sustenance and Growth of Strong professional relationships ;
- Expansion of existing markets share and penetrating new geographic markets;
- enhance industry expertise;
- Enhance capabilities through technology alliances and acquisitions.

#### **Operational:**

- Consistent Revenue growth;
- Consistent profitability;
- Effective and timely execution of projects;
- Further Innovations;
- Attract and retain quality technical associates.

#### **Reporting:**

- Maintain high standards of Corporate Governance.

#### **Compliance:**

- Ensure adherence to policies, procedures and laws/ rules/ regulations/ standards.

With focus on three key elements, viz.

- (1) Risk Assessment;
- (2) Risk Management;
- (3) Risk Monitoring

### **4. RISK ASSESSMENT:**

Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks. To meet the stated objectives, effective strategies for exploiting opportunities are to be evolved and as a part of this, key risks are identified and plans for managing the same are laid out.

## **5. RISK MANAGEMENT AND RISK MONITORING:**

In the management of Risk, the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in the following areas:

- (i) Economic Environment and Market conditions;
- (ii) Fluctuations in Foreign Exchange;
- (iii) Political Environment;
- (iv) Competition;
- (v) Revenue Concentration;
- (vi) Inflation and Cost Structure;
- (vii) Technological Obsolescence;
- (viii) Financial Reporting;
- (ix) Legal;
- (x) Compliance with Local Laws;
- (xi) Project Management;
- (xii) Environmental conditions and changes;
- (xiii) Human Resource Management.

### **Risk Management Measures adopted in general by the Company:**

The Company has adopted various measures to mitigate the risk arising out of various areas described above, including but not limited to the following.

- A well-defined organization structure.
- Defined Flow of information to avoid any conflict or communication gap Hierarchical support personnel to avoid work interruption in absence/ non-availability of functional heads.
- Discussion and implementation on financial planning with detailed Annual Business Plans.
- Detailed discussion and analysis of periodic budgets
- Cash management services to avoid any loss of interest on collections;
- Measures to protect loss in Foreign Exchange transactions due to undue fluctuations in rates etc.
- Systems for assessment of creditworthiness of existing and potential contractors/sub-contractors/ dealers/vendors/ end-users.
- Provision for bad and doubtful debts Recovery management and follow up.
- Raw materials from different sources at competitive prices.
- Alternative sources for uninterrupted supply of required raw materials.
- Documented recruitment policy Well defined appraisal system on a periodical basis
- Employees training and development programmes.
- Redressal of Labour grievances by negotiations and conciliation.
- Employees and Workmen welfare activities including ESI, EPF, Gratuity Schemes
- Vigil Mechanism Policy (Whistle Blower Policy).
- Fixed assets Insurance with periodical review of adequacy, rates and risks covered under professional advice.
- Usage of Licensed software, IT related maintenance repairs and upgradation of the systems on a continuous basis, Protection for data integrity by access control & restriction.
- Vetting, review and finalization of all legal and contractual documents by internal as well as external legal experts, consultants.
- Internal control systems to detect, resolve, avoid any frauds.

## **6. DISCLAIMER CLAUSE**

The Management cautions that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Therefore, it is requested to exercise own judgment in assessing various risks associated with the Company.

For and on behalf of

**M/s. Titan Biotech Limited**

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Naresh Kumar Singla