

Elpro International Limited

RISK MANAGEMENT POLICY

Pursuant to the Companies Act, 2013 and Clause 49 of the Listing Agreement

Regd. Office: Elpro International Limited, 'Nirma', 17th Floor,
Nariman Point, Mumbai 400021



ELPRO INTERNATIONAL LIMITED
RISK MANAGEMENT POLICY

1. Introduction

The Board of Directors of Elpro International Limited ('the Company') has adopted the following policy and procedures with regard to risk management as defined below. The Company is in the process of forming a Risk Management Committee. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective from February 13, 2015.

2. Objective

This policy is framed based on Listing Agreement entered by the Company with the Stock Exchanges and to facilitate setting up a framework for risk assessment and minimization procedures.

The specific objectives of the Risk Management Policy are:

- a. 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.
- b. To establish a framework for the company's risk management process and to ensure its implementation.
- c. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- d. To assure business growth with financial stability.

3. Definitions

"**Audit Committee**" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Listing agreement.

"**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of Directors of the Company. [Section 2(10) of the Companies Act, 2013]

"**Policy**" means Risk Management Policy.



4. Regulatory framework/ requirement

Risk Management Policy is framed as per the following regulatory requirements:

4.1. Clause 49 of the Listing Agreement

Key functions of the Board

The Board should fulfill certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, **risk policy**, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.

- g. Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for **risk management**, financial and operational control, and compliance with the law and relevant standards.

49 (III) D. Role of Audit Committee

The role of the Audit Committee shall include the following:

- 11. Evaluation of internal financial controls and **risk management** systems;

49 (VI). Risk Management

- A. The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

- B. The Board shall be responsible for framing, implementing and monitoring the **risk management** plan for the company.

- C. The company shall also constitute a **Risk Management** Committee. The Board shall define the roles and responsibilities of the **Risk Management** Committee and may delegate monitoring and reviewing of the **risk management** plan to the committee and such other functions as it may deem fit.



49 (II) D- Information to be placed before Board of Directors (Annexure - X the Listing Agreement)

14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

4.2. Companies Act, 2013

1. Provisions of the Section 134(3)

There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include –

(n) 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.

2. Provisions of the Section 177(4)

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include, –

(vii) evaluation of internal financial controls and **risk management** systems.

3. Schedule IV [Section 149(8)] - Code for Independent Directors

II. Role and functions:

The independent directors shall:

(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, **risk management**, resources, key appointments and standards of conduct;

(4) satisfy themselves on the integrity of financial information and that financial controls and the systems of **risk management** are robust and defensible;



Elpro International Limited being a listed company is required to adhere to the regulations made both by the Companies Act, 2013 and Clause 49 of the Listing Agreement governed by the Securities and Exchange Board of India (SEBI). Where any stipulation is common between the regulations, more stringent of the two shall be complied with.

5. Charter of the Risk Management Committee

Charter of the Risk management Committee shall be as follows:

5.1. Purpose

The purpose of the risk management committee of the Board of Directors of Elpro International Limited (the "Company") shall be to assist the Board with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks. The Committee has overall responsibility for monitoring and approving the risk policies and associated practices of the Company.

The risk management committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

5.2. Composition

The majority of Committee shall consist of members of the Board of Directors. Senior executives of the company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors.

5.3. Meetings and Quorum

The quorum necessary for transacting business at a meeting of the Committee shall be two members.

5.4. Authority

The Committee shall have free access to management and management information. The Committee, at its sole authority, may seek the advice of outside experts or consultants where judged necessary.

5.5. Terms of reference

- The risk management committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.
- The risk management committee shall ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- The risk management committee shall evaluate significant risk exposures of the



Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).

- The risk management committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- The risk management committee shall make regular reports/ recommendations to the Board.
- The risk management committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

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