



EKI Energy Services Limited

RISK MANAGEMENT POLICY

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INTRODUCTION

Risk Management is a mechanism for dealing with various aspects of associated risks in managing any business activity. It is a structured approach to manage risk resulting from all kinds of threats and involves treatment of risk, embracing both the analysis and handling of risks, using appropriate forms of risk control. Therefore, in the broadest terms, Risk Management is concerned with the planning, organizing and controlling of activities and resources in order to minimize the impact of risks.

LEGAL FRAMEWORK

1. Section 134(3) of the Companies Act, 2013 ('the Act') requires the Board of Directors of a Company, as part of the Board's Report, to furnish 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. Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.
3. Section 177(4) of the Act states: 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.
4. SCHEDULE IV of the Act [Section 149(8)] - Code for Independent Directors

II. Role and functions: The independent directors shall:

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

5. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also laid greater stress on Risk Management Policy being one of the vital functions of Board including formulation of Risk Management Committee and has also provided for the roles and responsibilities of the RMC in Part D of Schedule II of the said regulations.

6. The Audit Committee will carry out the evaluation of risk management systems.

DEFINITIONS

"Audit Committee" means Committee of Board of Directors of the Company constituted under the provisions of Companies Act, 2013 and Listing Obligations & Disclosure Requirements (LODR).

"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)

"Company" means EKI Energy Services Limited.

"Policy" means Risk Management Policy.

"SEBI" means Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

"LODR" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

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

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation, including any amendment or modification thereof, as may be applicable.

OBJECTIVE AND PURPOSE

The prime objective of this Risk Management Policy and Procedure is to ensure sustainable business growth with stability and establish a structured and intelligent approach to Risk Management at EKI Energy Services Limited. This would include the process for development and periodic review of the unit-wise Risk Registers and Databases in order to guide decisions on business risk issues. This would promote a proactive approach in analysis, reporting and mitigation of key risks associated with the business in order to ensure a sustainable business growth.

To ensure the highest standards of Corporate Governance in the context of the exponential organizational growth, the Company seeks to establish a formal risk management policy.

The risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

This Policy defines the approach towards risk management and the objective is to embed risk management as part of the culture of the organisation where the shared understanding of risk leads to well informed decision making.

The specific objectives of the Risk Management Policy are:

- To identify internal and external risks of the Company;
- To ensure that all the current and future material risk exposures including cyber security of the company are continuously identified, assessed, quantified, appropriately mitigated and managed; i.e., to ensure adequate systems for risk management and internal controls;
- To establish a framework for the company's risk management process and to ensure company-wide implementation;
- To address the responsibilities and requirements of the management of the company as they fulfill their risk management duties;
- To enable compliance with reference to risk management, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability;
- To formulate the Business continuity plan;
- To address the responsibilities and requirements of the management of the company as they fulfill their risk management duties;
- To enable compliance with reference to risk management, wherever applicable, through the adoption of best practices.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

The policy has been presented to the Board is subject to on-going review when conditions warrant and at least on an annual basis. The Risk Management Policy does not replace any of the existing policies or compliance programs.

Risk Philosophy and Principles.

Risk is defined as any event that will impact achievement of the Company's objectives or, the level of exposure to uncertainties and level of vulnerability that the Company must understand and effectively manage as it achieves its objectives.

Risk will manifest itself in many forms and has the potential to impact the health and safety, environment, community, reputation, regulatory, operational, market and financial performance of the Company and, thereby, the achievement of the Corporate Objectives.

Risk Management is a continuous interplay of actions that invade the Company. It is effected by the Company's Board of Directors, management and other personnel. The risk management process of the Company aims at providing reasonable assurance regarding achievement of the Company's objectives.

By understanding and managing risk we provide greater certainty and confidence for our shareholders, employees, customers and suppliers, and for the communities in which we operate.

The internal as well as external risks for the Company can be broadly categorized into:

1. Liquidity Risk – Financials, Key Ratios
2. Technology Risk – IT Risk, Product Risk
3. Human Risk – Attrition
4. Operational Risk – Regulatory, Competition, Global Scenario.

In order to fulfill the objectives of this policy and lay a strong foundation for the development of an integrated risk management framework, the policy outlines the following guiding principles of Risk Management:

- We acknowledge that all activities have an element of risk and that not all risks can or should be transferred.
- Since many risks can impact our reputation, all risks must be evaluated in terms of the potential impact on our reputation.
- We do not intend to engage in speculative activities which are defined as a profit-seeking activity unrelated to our primary business objective.
- Risk issues will be identified, analysed and ranked in a consistent manner. Common systems and methodologies will be used.
- All business decisions will be made with the acknowledgement and acceptance of risks involved.
- The Risk Management Policy shall provide for the enhancement and protection of business value from uncertainties and consequent losses.
- All employees of the company shall be made aware of risks in their respective domains and their mitigation measures.
- The risk mitigation measures adopted by the company shall be effective in the long-term and to the extent possible be embedded in the business processes of the Company.
- Risk tolerance levels will be regularly reviewed and decided upon depending on the change in company's strategy.
- The occurrence, progress and status of all risks will be promptly reported and appropriate actions be taken thereof.

Risk Management Organization

A robust organizational structure for managing and reporting on risks is a pre-requisite for an effective risk management process.

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.

The structure and roles and responsibilities of the risk organization will be as follows:

A. Role of Board of Directors:

The Company's Board of Directors has the responsibility for framing, implementing and monitoring the risk management plan for the Company.

Also, the Board has to ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk. Also, the Board shall challenge the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus. The Board shall review the performance of the risk management committee annually.

B. Role of Risk Management Committee:

The Company through its Board of Directors has constituted a Risk Management Committee.

The Board of Directors shall define the role and responsibility 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.

The Committee is authorized to:

1. To periodically assess risks to the effective execution of business strategy and review key leading indicators in this regard.
2. To formulate a detailed Risk Management Policy which shall also include:
 - A framework for identification of internal and external risks specifically faced by the Company, in particular including Liquidity Risk, Technology Risk, Human Risk and Operational Risk or any other risk as may be determined by the Committee;
 - The measures for risk mitigation including systems and processes for internal control of identified risks; and
 - Business continuity plan.
3. To formulate and ensure that appropriate methods, processes and systems are in place to monitor and evaluate the risks associated with the business of the Company.
4. To monitor and oversee the implementation of the risk management policy, including evaluating the adequacy of risk management systems.
5. To review the Risk Management Policy including by considering the changing industry dynamics and evolving complexity, atleast once in two years.

6. To approve the Risk Management Framework of the Company annually.
7. To periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
8. To 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).
9. To coordinate its activities with the Audit Committee or any other committee formed by the Board, in instances where there is any overlap with any of the activities like audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
10. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
11. The Risk Management Committee may form and delegate authority to subcommittees when appropriate.
12. To make regular reports to the Board, including with respect to risk management and minimization procedures.
13. To review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
14. To have access to any internal information necessary to fulfill its oversight role. The Risk Management Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
15. The role and responsibilities of the Risk Management Committee shall include such other items as may be prescribed by applicable law or the Board in compliance with applicable law, from time to time.
16. To approve the appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
17. The Risk Management Committee shall also have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

C. Other Terms for Risk Management Committee

- 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.

- The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.
- The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the Company may be members of the committee.
- The risk management committee shall meet at least twice in a year.
- The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

Limitation and Amendment

The Board of Directors may in their discretion and on recommendation of the Risk Management Committee, make any changes/modifications and/or amendments to this Policy from time to time.

In the event of any conflict between the provisions of this Policy and of the Act or LODR Regulations, 2015 or any other statutory enactments, rules, the provisions of such Act or LODR Regulations, 2015 or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

Any subsequent amendment/modification in the Act, SEBI Listing regulations and/or other applicable laws in this regard shall automatically apply to this Policy. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions herein and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
