



POLICY FOR RISK MANAGEMENT
Of
PARADEEP PARIVAHAN LIMITED

Approved by Board on the Meeting held on Dt.05.06.2024

NOTING ADOPTION OF RISK MANAGEMENT POLICY:

1. INTRODUCTION

Risks are events, situations or circumstances which may lead to adverse consequences on the Company's business. Effective risk management process is a key to sustained operations thereby protecting shareholder value, improving governance process, achieving strategic objectives and being well prepared for adverse situations or unforeseen circumstances, if they occur in the lifecycle of the business activities.

Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organization continuously manages various types of risks. Formal and systematic approaches to managing risks are now regarded as good management practice and are also called as Risk Management.

2. RISK MANAGEMENT

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Clause 49 of the Listing Agreement also lays that the board should fulfill certain key functions, including:

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.

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.

3. RISK IDENTIFICATION

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 Managing Director (MD) along with their considered views and recommendations for risk mitigation.

Analysis of all the risks thus identified shall be carried out by MD through participation of the vertical/functional heads and a preliminary report thus finalized shall be placed before the Audit Committee.



Risk Description: To display the identified risks in a structured format.

Name of Risk	
Scope of Risk	Qualitative description of events with size, type, number etc.
Nature of Risk	Strategic, Operational, Financial, Hazard
Quantification of Risk	Significance and Probability
Risk Tolerance/ Appetite	Loss Potential and Financial Impact of Risk
Risk Treatment and Control Mechanism	a) Primary Means b) Level of Confidence c) Monitoring and Review
Potential Action for Improvement	Recommendations to Reduce Risk
Strategy and Policy Development	Identification of Function Responsible to develop Strategy and Policy

4. RISK EVALUATION

After risk analysis, comparison of estimated risks against organization risk bearing capacity is required. It is to be used to make decisions about the significance of risks and whether a specific risk is accepting or treating. (Attached Appendix1–Guiding principles for determining risk exposure)

5. RISK TREATMENT

Treatment of Risk through the process of selecting and implementing measures to mitigate risks.

To prioritize risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. for

Effective and efficient operations.
Effective internal controls.
Compliance with laws and regulations.

6. RISK REGISTERS

Risk Registers shall be maintained showing the risks identified, treatment prescribed, persons responsible for applying treatment, status after the treatment etc. Risk Managers and Risk Officers to be identified for proper maintenance of the Risk Registers which will facilitate reporting of the effectiveness of the risk treatment to MD, Audit Committee and the Board.



7. IMPLEMENTATION

This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

8. REVIEW

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



Place: Paradeep
Date: 05.06.2024