



# SS Infrastructure

## **RISK MANAGEMENT POLICY**

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**S.S. Infrastructure Development Consultants Limited**

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## RISK MANAGEMENT POLICY

### FRAMEWORK

Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the Company’s activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

The Board of Directors (“the Board”) of S.S. Infrastructure Development Consultants Limited (“the Company”) has adopted the following policy and procedures with regard to Risk Management as defined below in the Board Meeting held on April 11, 2018. The Board may review and amend this policy from time to time.

### DEFINITIONS

- i. **‘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.
- ii. **‘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 realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.
- iii. **‘Risk Assessment’** is 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.

### OBJECTIVE & PURPOSE OF 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 business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, to guide decisions on risk related issues. The specific objectives of the Risk Management Policy are:

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

## BACK GROUND AND IMPLEMENTATION

- The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.
- This policy is in compliance with Section 134 (3) (n) of Companies Act 2013 and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires the Company to develop and implement a policy identifying elements of risks, 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.
- This policy lays down procedure for risk assessment and risk minimization.
- As Regulation 21 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company as the Company is listed on SME Exchange, the Risk Management Committee is not constituted.
- The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.
- Head of Departments of the Company 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.
- This policy applies to all areas of the Company's operations.

## RISK FACTORS

The objectives of the Company are subject to both external and internal risks that are enumerated below

### i. External Risk Factors

- **Economic Environment and Market conditions**
- **Political Environment**
- **Competition**
- **Revenue Concentration and liquidity aspects-** Each business area of services concerning projects has specific aspects on profitability and liquidity, the risks are therefore associated on each business segment contributing to total revenue, profitability and liquidity. Since the projects have inherent longer time-frame and milestone payment requirements, they carry higher risks for profitability and liquidity.
- **Inflation and Cost structure-**Inflation is inherent in any business and thereby there is a tendency of costs going higher. Further, the project business, due to its inherent longer timeframe, has much higher risks for inflation and resultant increase in costs



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- **Technology Obsolescence** -The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.
- **Legal** - Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk.
- **Fluctuations in Foreign Exchange**-The Company has limited currency exposure in case of sales, purchases and other expenses. It has natural hedge to some extent. However, beyond the natural hedge, the risk can be measured through the net open position i.e. the difference between un-hedged outstanding receipt and payments. The risk can be controlled by a mechanism of "Stop Loss" which means the Company goes for hedging (forward booking) on open position when actual exchange rate reaches a particular level as compared to transacted rate.

### ii. Internal Risk Factors

- Project Execution
- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources
- Quality Assurance
- Environmental Management
- Human Resource Management
- Culture and values

## ROLE OF THE BOARD

The Board will undertake the following actions to ensure risk is managed appropriately:

- The Board shall identify, evaluate and estimate risks at regular intervals
- The Board may delegate monitoring and reviewing of the risk management plan and such other functions as it may deem fit.
- Ensure that the appropriate systems for risk management are in place.
- The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;
- Participate in major decisions affecting the organization's risk profile;
- Monitor the management of strategic risks;
- Ensure that the processes and controls are in place for managing less significant risks;
- Ensure that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into Board reporting and annual reporting mechanisms;

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- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
- Convene any board-committees meeting that are deemed necessary to ensure risk is adequately managed and resolved where possible.

### **DISCLOSURE IN BOARD'S REPORT**

Board of Directors shall include 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.

### **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.

### **REVIEW AND AMENDMENT**

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

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

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