



K.P.R. MILL LIMITED
RISK MANAGEMENT POLICY

Risk Management Policy

Approved by the Audit Committee on: 27.04.2015

Approved by the Board of Directors on: 05.05.2015

Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them or responding to them. The company considers that a sound framework of risk management policies, procedures and controls produces is fundamental to good corporate governance.

KPR Mill Limited adopts a comprehensive Risk Management Policy with the following Objectives:

- Systematic Identification and management of risk to the attainment of Business objectives.
- Equipping employees to take responsibility for managing risk and be trusted to make risk management decisions;
- Follow effective systems to monitor and manage risks; and
- Ensure proper reporting systems and effective internal controls, including major risks and key mitigation strategies to the Board and Audit Committee.

Following are some of the key policies, and measures adopted by the Company to achieve the above Objectives:

Following an effective Risk Management Process that develops mitigation plans for the major risks involved in the Business, the Company deals with.

- Regular reporting to the Board and Audit Committee of the key strategic, operations, and the risks, if any, envisaged therein.
- a planning process involving the preparation of business plans, budgets and comparison of performance with prior periods and Budget
- Monthly analysis and review of financials and significant balance sheet Data and comparing them with budget and forecast.
- **an** internal audit function with a reporting line direct to the Management and to the Chairman of the Audit Committee;
- a comprehensive internal audit program designed to review the quality and effectiveness of internal processes, procedures and controls;
- Periodical audit by the Statutory auditor;
- management review of the financials and internal control environment;
- monitoring of the company's fund and cash flows and the status of renewals of finance facilities;
- maintaining an appropriate and adequate insurance program;
- Maintaining policies and procedures in relation to treasury operations through a corporate treasury department, which evaluates and exercises independent control over the entire process of Forex market risk management. It recommends risk management objectives and policies which are approved by senior management. The activities of this department include borrowing strategies, implementing hedging strategies for foreign currency exposures, management of cash resources and ensuring compliance with market risk limits and policies on a daily basis.
- issuing and revising standards and procedures in relation to environmental and health and safety matters
- Periodical reporting of litigation and Forex exposures to the Audit Committee and Board;
- capital investment processes containing requirement of approvals at appropriate levels; and
- Detailed accounting policies and procedures with ongoing monitoring to ensure consistent application across all entities.

(The following clauses have been included as per the Board Resolution dated 28.1.2019)

- Cyber Security: Suitable system and data security policies and procedures supported by periodical system audit to ensure cyber security.

'Risk Management Committee' for the Company has been constituted comprising the following Members:

- 1) Mr. P. Nataraj –Managing Director**
- 2) Dr. K. Sabapathy – Independent Director**
- 3) Mr. PL. Murugappan- Chief Financial Officer**

The roles and responsibilities of the Risk Management Committee shall be as per the provisions of Regulation 21(4) of SEBI (LODR), as amended from time to time and that the committee shall meet at least once in a year.

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