



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

As amended by Board of Directors in its meeting held on 28.01.2019 & 27.07.2021

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 28.01.2019)

- **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**
 - 2) **Dr. K. Sabapathy**
 - 3) **Mr. PL. Murugappan**

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.

(The following clauses have been included as per the Board Resolution dated 27.07.2021)

As per the recommendation of Board, Risk Management Committee will formulate:

- a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, Environmental, Social and Governance related risks), information, cyber security risks or any other risk as may be determined by the Committee.
- (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
- (c) Business continuity plan.

The roles and responsibilities of the Risk Management Committee shall also include the following:

1. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

2. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
3. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
4. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
5. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
6. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.
7. The Risk Management Committee shall 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.

Meetings of Risk Management Committee:

The Risk Management Committee shall have minimum three members with majority of them are members of Board of Directors, including at least one Independent Director. The Risk Management Committee shall meet at least twice in a year with a gap of not more than 180 days shall elapse between two consecutive meetings. 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 atleast one member of the Board of Directors in attendance.