POLICY NAME: RISK MANAGEMENT POLICY

1. INTRODUCTION

The Board of the Company is responsible for overseeing the establishment and implementation of risk management systems by the management and reviewing its effectiveness.

Section 134 (3) (n) of the Companies Act, 2013 requires the Company to frame Risk Management Policy to identify various elements of risk and steps taken to mitigate the same. 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.

2. DEFINITION

"Risk" Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.

"Risk Management" Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

"Risk Strategy" The Risk Strategy of a company defines the company's standpoint towards dealing with various risks associated with the business. It includes the company's decision on the risk tolerance levels, and acceptance, avoidance or transfer of risks faced by the company.

"Risk Assessment" Risk assessment is defined as the overall process of risk analysis and evaluation.

"Risk Estimation" It is the process of quantification of risk.

3. OBJECTIVE OF POLICY

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Name	Mrs. Shanky Handa	Mr. Anil Sehgal	Mr. Karan Sehgal
Designation	Company Secretary	Whole Time Director MT Autocraft Systems Limited	Managing Director
Sign/ Date	Shanky		MT Autocraft Systems Limited Director

In line with the Company's objective towards increasing stakeholder value, a Risk Management Policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

The specific objectives of the Risk Management Policy are:

a) To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed.

b) To establish a framework for the company's risk management process and to ensure companywide implementation.

c) To improve decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.

d) To ensure systematic and uniform assessment of risks related with construction projects and operational power stations.

e) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices

4. 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, in order to guide decisions on risk related issues. Risk Management framework shall primarily focus on following elements:

A) Risk to Company Assets and Property –It is ensured that there is proper security and maintenance of assets and adequate coverage of insurance to facilitate replacement of assets with minimal disruption to operations.

B) Employees Related Risks- Employees constitute the most important assets of the Company. The Human Resources Policies have been evolved over the years with the object of mitigating employee related risks including reducing attrition rate. Adequate legal safeguards have been provided to protect confidential information, and protect the Company from any probable contractual liability on account of misconduct/errors/omissions of employees.

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MT Autocraft Systems Limited

MT Autocraft Systems Limited

Director

Director

C) **Risks associated with Non-Compliance of Statutory enactments** -The Company is a legal entity incorporated under the provisions of the Companies Act, 2013. The Company is required to ensure compliance of provisions of various applicable statutory enactments. The Company ensures that qualified professionals are employed to comply with various applicable laws.

D) **Competition Risks** -Risk of competition is inherent to all business activities. The Company is engaged in construction of residential and commercial premises, there is always an inherent risk of uncertain productivity of resources, weather or seasonal implications and industrial relations problems, financial risks include inflation, availability and fluctuation of foreign exchange, delay in payment, repatriation of funds and local taxes, technical risks, political risks, environment risks. Changes cannot be eliminated, however, by applying risk management in project construction participates are able to improve the construction management.

E) **Other risks:**

a. Supplier and Vendor Risks
b. Logistics and transportation Risks
c. Demand and Planning risks
d. Internal Operational risks
e. External and macro environment risks
f. Technology and Cyber security risks
g. Regulatory and Compliance Risks
h. Reputational and Brand risks
i. Crises management and business continuity Plans

5. APPROACH TO MITIGATE RISK

Conscious that no entrepreneurial activity can be undertaken without assumption of risks and associated profit opportunities, the Company operates on a risk management process /framework aimed at minimization of identifiable risks after evaluation so as to enable management to take informed decisions.

Broad outline of the framework is as follows:

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a) Risk Identification: Management identifies potential events that may positively or negatively affect the Company's ability to implement its strategy and achieve its objectives and performance goals. Potentially, negative events represent risks and are assigned a unique identifier. The identification process is carried out in such a way that an expansive risk identification covering operations and support functions are put together and dealt with.

Risks can be identified under the following broad categories. This is an illustrative list and not necessarily an exhaustive classification.

(i) Internal Risk including:

- Strategic Risk: Competition, inadequate capacity, high dependence on a single customer/vendor.
- Business Risk: Project viability, process risk, technology obsolescence/ changes, development of alternative products.
- Finance Risk: Liquidity, credit, currency fluctuation.
- Environment Risk: Non-compliances to environmental regulations, risk of health to people at large.
- Personnel Risk: Health & safety, high attrition rate, incompetence.
- Operational Risk: Process bottlenecks, non-adherence to process parameters/ pre-defined rules.
- Reputation Risk: Brand impairment, product liabilities.
- Regulatory Risk: Non-compliance to statutes, change of regulations.
- Technology Risk: Innovation and obsolescence.
- Information and Cyber Security Risk: Cyber security related threats and attacks.

(ii) External risks including:

- Sectoral Risk: Unfavorable consumer behavior in relation to the relevant sector etc.
- Sustainability Risk: Environmental, social and governance related risks.
- Political Risk: Changes in the political environment, regulation/ deregulation due to changes in political environment.

b) Risk Evaluation:

After risk identification, comparison of estimated risks against organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk to be accepted or treated.

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c) Risk Estimation:

Can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

Impact level on performance/profit – Both Threats and Opportunities

REPORTING

1. Internal Reporting

a) Risk and Audit Committee
b) Board of Directors
c) Vertical Heads
d) Individuals

2. External Reporting

To communicate to the stakeholders on regular basis as part of Corporate Governance

BOARD APPROVAL

The Action Plan and guidelines shall be approved by the Board before communication to the personnel for implementation.

The Board shall approve the Risk Management (including Risk Treatment) strategy, control structure and policy guidelines and delegate authority and accountability for risk management to the Company's executive team.

The guidelines shall include prescription on:

- **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

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includes risk control/ mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. for

a) Effective and efficient operations

b) Effective Internal Controls

c) Compliance with laws & regulations

Risk Treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

6. DISCLOSURES RELATING TO RISK MANAGEMENT

A statement must be enclosed in the Annual report which shows the development and implementation of risk management policy of the Company.

a) Introduction
b) Meaning and Definitions of Risk Management
c) Types of risks
d) Risk Management
e) Risk Assessment
f) Risk Identification activities
g) Risk Handling
h) Monitoring and Reporting
i) Conclusion

7. Review / Amendments to Policy:

The Policy would be reviewed on an annual basis by the Board of Directors. In case, there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended with due approval from the Board of Directors. However, the amended regulatory requirements will supersede the existing Policy till the time Policy is suitably amended.

8. **Communication and Disclosure:** Adoption of this policy shall be disclosed on the website of the Company i.e. https://mtautocraft.com/.

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