

# La Opala RG Ltd- RISK MANAGEMENT POLICY

## LEGAL FRAMEWORK

This is in compliance with Section 134 (3) (n) of the Companies Act, 2013 and Clause 49 (VI) of the Listing Agreement which requires the Company to develop and implement a Risk Management Policy and to lay down risk assessment and minimization procedures.

## 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, in order to guide decisions on risk related issues.

The objectives of the Company can be classified into

### **Strategic:**

- Organizational Growth.
- Comprehensive range of products.
- Sustenance and Growth of Strong relationships with dealers/customers.
- Expanding our presence in existing markets and penetrating new geographic markets.
- Continuing to enhance our industry expertise.
- Enhance our capabilities through technology alliances.

### **Operations:**

- Consistent Revenue growth.
- Consistent profitability.
- High quality production.
- Further develop Culture of Innovation.
- Attract and retain quality technical associates and augmenting their training.

### **Reporting:**

- Maintain high standards of Corporate Governance and public disclosure.

### **Compliance:**

- Ensure stricter adherence to policies, procedures and laws/ rules/ regulations/ standards.

## RISK MANAGEMENT

This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

The Board of Directors of the Company, its Audit Committee and executive management should collectively identify the risks impacting the Company's business and 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 the Department shall be responsible for implementing of the risk management systems may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

## **RISK PROFILE**

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The areas of risk include,

- a. Raw Material Risk
- b. Quality Risk
- c. Technology Risk
- d. Competition Risk
- e. Financial Risk including Foreign Exchange Risk
- f. Realization Risk
- g. Cost Risk
- h. Legal Risk
- i. Unfavorable Government policies.

The above list is not exhaustive.

The key risk management process would include

- i. Risk Identification
- ii. Assessment of identified risk
- iii. Risk measurement
- iv. Risk mitigation
- v. Monitoring of the risk mitigation efforts
- vi. Risk reporting and disclosures
- vii. Integration with strategy and business plan

## **ROLE OF AUDIT**

A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be improved. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. It also monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented

## **ROLE OF THE BOARD**

- The Board will undertake the following actions to ensure risk is managed appropriately:
- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
- 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;
- Have an awareness of and continually monitor the management of strategic risks;
- Be satisfied that processes and controls are in place for managing less significant risks;
- Be satisfied 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
- Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

### **CONTINUOUS IMPROVEMENT**

The Company's risk management system is always evolving. It is an ongoing process and it is recognised that the level and extent of the risk management system will evolve commensurate with the development and growth of the Company's activities. The risk management system is a "living" system and the documentation that supports it will be regularly reviewed and updated in order to keep current with Company circumstances.

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