

Risk Management Policy

OBJECTIVE & PURPOSE OF POLICY

The Company is prone to inherent business risks. Mahan Industries Limited constantly endeavours to manage its operations that risks associated with the operations are minimum, which helps to protect the interest of various Stakeholders. 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 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. Risk Management Policy is also to ensure the compliance of the legal laws, wherever applicable. 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.

APPLICATION

This policy applies to all areas of the Company's operations.

IMPLEMENTATION :

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 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.

Identification of Risks:

Among various risks, some of the risks as identified by the company includes business operations risk, foreign exchange risks, natural disasters risks, liquidity risks, human resources risk, legal risks, systems risks etc. The Company adopts a specific strategy to deal with these risks.

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.
- The Board shall define the roles and responsibilities of the Heads of Departments for risk management and may delegate monitoring and reviewing of the risk management plan to the Committee 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;
- 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;

REVIEW:

Risk Management Policy may be reviewed by the Board of Directors, from time to time and the Board shall ensure that risk management systems are reviewed at least once in a year.