

# **RISK MANAGEMENT POLICY AND PROCEDURES**

## **1. Context**

**Suditi Industries Limited (SIL)** is a well known knitted hosiery fabric and garment manufacturer. It has also set up Retail Brands in the name of “RIOT” and since last three to four years. Our continued growth and success can be sustained only if we develop and strengthen our ability to understand and respond to the challenges of an uncertain and changing world. As a part of this complex textile sector, this uncertainty generates risk, with the potential to be a source of both opportunities and threats. By understanding and managing risk, we provide greater certainty and confidence for all our stakeholders.

The risk inherent in our business environment creates the need to think about the ways and means to protect from and manage the risks in an informed way. Explicit and effective risk management is a source of insight and competitive advantage. As such, forward-looking risk management must be a basis of our decision-making. To this end, SIL is committed to the ongoing development of a strategic and consistent enterprise-wide approach to risk management, underpinned by a risk-aware culture.

Each and everyone in the company has a role in managing risk by enhancing opportunities and minimizing threats, so that together we achieve our common goals – growing our business sustainably, enhancing value for customers and shareholders, contributing to our communities and environment where we are operating to develop the company into an institution which stands for human values and growth.

## **2. Scope:**

This is a group-wide policy and applies to all units in the organization including subsidiaries. The policy is administered by the Risk Management Committee.

## **3. Purpose:**

This policy is a statement of the overall approach to risk management in the company. The overriding purpose of risk management is to ensure proper decision making and implementation of company’s policies and procedures for the achievement of the company’s objectives and goals by operating within the legal and regulatory framework.

## **4. Principles:**

The effective management of risk is vital to the continued growth and success of any organisation. For risk management to be effective, all operations must apply the following principles to the context of their particular business and its objectives:

- Risk management must create and protect value
- Risk management is integrated into organizational processes

- Explicit risk management helps decision-makers make informed choices
- Risk management is focused on the sources of uncertainty around the achievement of Objectives
- Risk management must be tailored to the context and fit for purpose
- Risk management is dynamic, iterative and responsive to change.

## **5. Process:**

We believe that an effective Risk Management process is the key to sustained operations thereby protecting shareholder value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities.

We shall ensure implementation of effective Enterprise Risk management by:

1. Putting in place Risk Management framework and processes.
2. Identifying risks and promoting a pro-active approach to treating such risks.
3. Allocating adequate resources to mitigate and manage risks and minimize their adverse impact on outcomes.
4. Optimizing risk situations to manage adverse exposure on deliverables and bring them in line with acceptable Risk Appetite of the company.
5. Striving towards strengthening the Risk Management System through continuous learning and improvement.
6. Providing clear and strong basis for informed decision making at all levels of the organization on an ongoing basis, having duly elevated like risks and their mitigation plan being controllable and within risk appetite.
7. Delineating Business continuity Processes and Disaster management Plans, for unforeseen exigencies and keeping the organization constituents, prepared to appropriately and adequately deal with such circumstances, under eventuality of such happenings.
8. Complying with all relevant laws and regulations across its areas of operation.
9. Communicating this policy to the required stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment.

## **6. Responsibility:**

Responsibility for risk management is shared across the organization. Key responsibilities include:

- The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented an effective risk management framework. Detailed work on this task is delegated to the Audit and Risk Management Committee (ARMC) and reviewed by the Board. The other board Committees also assists the Board in this role.

- The ARMC assists the Board in overseeing the group's risk profile and is responsible for overseeing management's actions in the identification, management and reporting of the material business risks.
- Senior Management is responsible for periodically reviewing the group's risk profile, fostering a risk-aware culture and reporting to the ARMC on the effectiveness of the risk management framework and of the company's management of its material business risks.
- The Risk Management committee is responsible for making recommendations for any changes in the risk management framework, ensuring that risk management activities are integrated, consistent and systematically managed on an enterprise wide basis, and receiving and reviewing risk management reports.
- Business Units are responsible for the effective identification, management, reporting and control of risk within their areas of responsibility, and for developing a risk aware culture
- Group Risk Management committee is responsible for implementing the Enterprise Risk Management Program
- Business Review (internal audit) provides independent assurance on the effectiveness of internal controls and the risk management framework.

## **7. Review:**

This policy will be reviewed every two years or earlier if required by a change in circumstances

For and on behalf of the Board of Suditi Industries limited

Pawan Agarwal  
Chairman & Managing Director

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