

**THE POLICY ON RISK MANAGEMENT  
OF  
SHRI DINESH MILLS LTD., PADRA ROAD, VADODARA – 390 020**

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**1. About this Document:**

This policy is framed considering the requirements of Clause 49 of the Listing Agreement with BSE Ltd which has been approved by the Board of Directors of the Company (herein after referred to as “the Company”).

**2. Purpose:**

As the constitution of the Risk Management Committee is not applicable to the Company pursuant to Clause 49 of the Listing Agreement as per the SEBI circular dated 17<sup>th</sup> April, 2014. However, the Risk Management Policy is to be framed, implement and monitor by the Board so as to assess various risks which may affect the company and also take appropriate steps to minimize the adverse impact of such risks.

**3. Risk Context:**

The Company recognizes that risk is dynamic and is inherent in all external and internal operating environments and the Company is committed to manage all risks effectively. Effective risk management is a means for achieving competitive advantage and is pivotal to enabling the ongoing growth, success and sustainability of the business of the Company.

The Company is manufacturing woolen & worsted fabrics and felts. We appreciate that to continue to strengthen our position, we need to understand the opportunities and challenges being faced by our business.

The environment in which the Company operates has changed significantly over the past decade, predominantly as a result of introduction of new competitive markets, globalization and changes in the Laws. This, in turn, has resulted in to considerable changes in internal operations, including our risk profile.

As our operating environment continues to be transformed, embedding risk management principles and practices into strategy development and day to day business processes is critical to achieve robust and proactive commercial outcomes – a balance between mitigation threats and exploiting opportunity; creating and protecting value.

Risk management is essential to good corporate governance and is a fundamental component of good management practice.

**4. Scope :**

The Policy is applicable to all businesses and operations of the Company and all level within the Company.

## **5. Objectives:**

Effective risk management within the Company has followings objectives:

- Promote an organization wide approach by integrating risk management processes with:
  - Business strategy; project management; manufacturing process and decision making;
  - Audit, insurance and specific risk functions; and
  - Legal & statutory compliances and general governance functions.
- Promote consistency and transparency in methodology, assessment and management processes.
- Promote proactive recognition of external factors and anticipate uncertainties that may affect the achievement of strategy.
- Build confidence in operations, management decisions and certainty regarding expected outcomes.
- Protect and interest of stakeholders of the Company.
- Provide assurance to customers, employees and the community.
- Encourage innovation and maximize value from assets, ventures and opportunities.
- Recognize that risk is embedded in all our activities and that the underlying risk appetite is key to effective decision making.
- Provide appropriate, consistent and transparent ownership and accountability around risk mitigation.
- Enable the design and implementation of control that:
  - Are structured to promote effective realization of objectives;
  - Provide appropriate assurance; and
  - Are cost effective.
- Recognize that timely and accurate monitoring, review, communication and reporting of risk is critical to:
  - Providing early warning mechanisms for the effective management of risk occurrences and consequences;
  - Providing assurances to management, the Board and stakeholders;
  - Providing a solid platform for growth and sustainability.

## **6. Accountabilities and Reporting Framework:**

### **(A) Board of Directors:**

As the Constitution of the Risk Management Committee is not applicable to the Company and therefore, the Board has ultimate responsibility for overseeing the performance of the Company, including monitoring of risk management and internal control systems.

To assist it in discharging its responsibilities relating to Risk Management, the Board hereby authorizes the Managing Directors of the Company to take appropriate step for maintaining and overseeing a sound system of internal controls so as to identify, assess, monitor and manage the risks that are significant to the fulfillment of the business objectives of the Company.

**(B) Management:**

Management, at all levels, is responsible for;

- Implementing the Risk Policy, framework and expectations for the management of risk throughout the organization;
- Keeping abreast of factors in the internal and external environments that may affect the achievement by the Company of its strategic objectives and /or operating targets;
- Identifying risk and defining mitigation actions and plans;
- Provision and support of appropriate resources to manage risk in accordance with the Policy & Framework;
- Escalating risks, issue and opportunities in accordance with the Risk Management & Assessment Framework;
- Reporting to the Managing Director(s) on the risks and compliance issues.
- Continuous monitoring and reporting of the effective of risk controls;
- Monitoring compliance, investigating breaches, non compliances or deviations, if any, recommending and/or approving improvement opportunities.

**(C) Employees:**

It is the responsibility of all employees of the Company to:

- Report to their immediate leader or supervisor, any real or perceived risks that become apparent and may significantly affect Company's:
  - Commercial viability;
  - Profitability;
  - Assets;
  - Business continuity;
  - Customers;
  - Regulatory and /or legal obligations;
  - Reputation; and
  - People and their safety.'
- Report to their immediate leader or supervisor, any real or perceived risks that may significantly affect the operations of the Company:
  - Environment; and/or
  - Community.
- Look for opportunities to improve operational safety

**(D) Reviewing and Maintaining the Policy:**

This policy is administered by the Managing Director & Senior Management Personnel of the Company. The Policy is to be reviewed from time to time by the Board of Directors of the Company. The amendments to this policy can be made with the approval of the Board of Directors of the Company.

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