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## RISK MANAGEMENT POLICY

### 1. Preamble

The Board of Directors has adopted the following policy and procedures with regard to risk management. This document lays down the framework of Risk Management at D.K. ENTERPRISES GLOBAL LIMITED (hereinafter referred to as the '**Company**') and defines the policy for the same. It seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

### 2. Objective

The main objective of this Risk Management Policy ("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, including the development of the Risk Register, in order to guide decisions on risk evaluating & mitigation related issues. The Policy is in compliance with the Regulation 17(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") and provisions of Companies Act, 2013, as amended which requires the Company to lay down procedures about risk assessment and risk minimization.

### 3. Definitions

"**Audit Committee**" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "**Listing Regulations**")

"**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of directors of the Company [Section 2(10) of the Companies Act, 2013]

"**Policy**" means the Risk Management Policy

"**Risk**" means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.

"**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 Management Committee**" means the Committee formed by the Board.

"**Risk Assessment**" means the overall process of risk analysis and evaluation.

"**Risk Register**" means a tool for recording the Risks identified under various operations.

### 4. Applicability

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

## **5. Risk Management Principles of Risk Management**

- a. The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses.
- b. All concerned process owners of the company shall be responsible for identifying & mitigating key Risks in their respective domain.
- c. The occurrence of Risk, progress of mitigation plan and its status will be monitored on periodic basis.

## **6. Risk Management Framework**

Risk management process includes four activities: Risk Identification, Risk Assessment, Risk Mitigation and Monitoring & Reporting.

- **Risk Identification**

The purpose of Risk identification is to identify internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Committee and identify all other events that can have an adverse impact on the achievement of the business objectives. All Risks identified are documented in the form of a Risk Register. Risk Register incorporates risk description, category, classification, mitigation plan, responsible function /department.

Broadly the Risks are identified into two categories strategic Risks at Corporate Level and Operational risks at Different Segments / Unit Level.

- Risks at Corporate Level shall be monitored by the Top management and a report on the risks identified in respect of various risks and the measures taken shall be periodically reported to the Board.
- Broad Categories of Risks at Company Level are:
  - Changes in the applicable laws, regulations and policies of the Government.

- Financial Risks of Investments, Direct Taxation Laws and Internal financial controls and
  - policies.
  - Foreign currency fluctuation risks
  - Market Developments and
  - Information Technology
  - Human Resources Practices
  - Intellectual Property, Trademarks
- **Risks at Business Segment/ Unit** Level shall be monitored by the concerned unit, a report on the risks identified in respect of operational parameters will be identified and mitigation mechanism finalized. The report of the potential risks areas and action plan is shared with Risk Management Committee on periodic basis as per applicable laws.
- **Risk Assessment**

Assessment involves quantification of the impact of Risks to determine potential severity and probability of occurrence. Each identified Risk is assessed on two factors which determine the Risk exposure:

- A. Impact if the event occurs
- B. Likelihood of event occurrence

- **Risk Categories:** It is necessary that Risks are assessed after taking into account the existing controls, so as to ascertain the current level of Risk. Based on the above assessments, each of the Risks can be categorized as – low, medium and high.
- **Risk Mitigation**

All identified Risks should be mitigated using any of the following Risk mitigation plan:

- a) Risk avoidance: By not performing an activity that could carry Risk. Avoidance may seem the answer to all Risks but avoiding Risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

b) Risk transfer: Mitigation by having another party to accept the Risk, either partial or total, typically by contract or by hedging / Insurance.

c) Risk reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.

d) Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.

## **7. Risk Management Committee**

The Risk Management Committee as formed shall have the following duties:

1. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
2. To implement and monitor policies and/or processes for ensuring cyber security;
3. To frame, devise and monitor risk management plan and policy of the Company;
4. To review and recommend potential risk involved in any new business plans and processes;
5. To review the Company's risk-reward performance to align with the Company's overall policy objectives;
6. Monitor and review regular updates on business continuity;
7. Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority

## **8. Review of this Policy**

Any change in the Risk Management Policy shall be approved by the board of directors ("**Board**") of the Company. The Board shall have the right to withdraw and/or amend any part of this Risk Management Policy or the entire Risk Management Policy , at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy. The risks outlined above are not exhaustive and are for information purposes only.

Management is not an expert in assessment of risk factors, risk mitigation measures and in having a complete / proper management's perception of risks. The Management cautions the readers to exercise their own judgment in assessing various risks associated with the Company.

**9. Dissemination of Policy**

The policy shall also be uploaded on the website of the Company at <http://www.dkenterprises.co.in>