

MANAKSIA COATED METALS & INDUSTRIES
LIMITED

RISK MANAGEMENT POLICY

BACKGROUND

Business constantly involves taking calculated risks with a view to maximize shareholder wealth while being a good / responsible corporate citizen for the society and environment alike. The Board of Directors and the management, in their fiduciary capacity, are expected to ensure that uncertainties impacting the Company's strategies, objectives and goals are identified and adequate proactive steps taken to ensure sustainable growth.

Recent changes in regulations have attempted to formalize this role of the management and Board of Directors and prescribed the role of the Boards, the structure and composition of the apex body in the Company to address risks followed with necessary disclosure requirements.

OBJECTIVE AND PURPOSE

This policy articulates the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of various stakeholders within the Company, the structure for managing risks and the framework for risk management.

This policy and the Internal Financial Controls comprehensively address the key strategic / business risks and operational risks respectively.

DEFINITION AND COMMITMENT

"Risk" is the effect of uncertainty on objectives and Risk Management is the coordinated activities to direct and control an organization with regard to risk.

The Company recognizes that risk is an integral and inevitable part of business and is fully committed to managing the risks in a proactive and efficient manner. The Company has a disciplined process for continuously assessing risks, in the internal and external environment, along with the cost of minimizing the impact of risks and incorporates risk mitigation plans in its strategy and business/ operational plans.

The Company, through its risk management process, strives to contain and minimize the negative effect of an uncertainty within the risk appetite as agreed from time to time with the Board of Directors and strives to capitalize on the positive effect of any uncertainty. The Company realizes that some variables in the external environment may not be fully controllable.

The Company treats risks by either eliminating/ reducing the likelihood and/ or impact of its occurrence, transfer/ share the risks if possible or avoid the risks. In doing so the Company consciously balances the cost and benefits of the risk treatment options and also the business opportunity in taking a particular risk.

RISK IDENTIFICATION AND MITIGATION FRAMEWORK

The management is primarily responsible for instituting a risk management framework and put in policies and processes for implementing the framework.

The Risk Management Committee formed by the Board of Directors, is bound by the charter drawn up by the Board of Directors of the Company which lays down the rights, duties and responsibilities of the Risk Management Committee. The Risk Management Committee is inter alia responsible for oversight of the overall risk management process of the Company and to ensure that key strategic and business risk are identified and addressed by the management. Specifically, RMC is concerned with the identification of internal and external risks faced by the Company, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks, business continuity or any other risk, as may be identified from time to time and ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

Composition of Risk Management Committee shall be as mentioned below, wherever it is applicable and otherwise the Risk Management shall be directly dealt with by the Board.

1. Risk Management Committee will be of All Working Directors, One Member from Technical Experts, One Member from Finance and Company Secretary who will be convener of the meeting.
2. The Chairman of the Committee will be elected from the members.
3. The Risk Management Committee will meet at least Once in a year.
4. The Risk Management Policies are based on philosophy of achieving substantial growth while mitigating and managing risks involved.

Each function starts the risk management exercise by identifying the uncertainties and its effect in the context of its functional objectives. Functional objectives encompass explicit and implicit expectations of various stakeholders concerning the function. The identified uncertainties and their effect are rated on a matrix of likelihood and impact and those that have at least a medium rating in one with a high rating in the other are considered for active treatment and monitoring.

All risk identification, assessment and mitigation exercise is carried out before the annual planning exercise and the specific risk mitigation tasks along with resources are made part of the annual budgets and functional objectives for the coming year(s). These are reviewed periodically by the respective functions and necessary course corrections are made if necessary.

The risk identification, assessment and mitigation process actively involves people at all levels in the management.

COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organization's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

REVIEW OF RISK MANAGEMENT POLICY

This policy will be reviewed at least once in two years to ensure that it meets the expectations laid down by the risk management committee of the board, changes to legislations and any emerging risk management practices found relevant to the Company due to changing industry dynamics and evolving complexity.

AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.