



SHETRON LIMITED

THE NAME BEHIND THE NAMES

RISK MANAGEMENT POLICY

(Approved on Board Meeting dated 02.02.2015)

Registered Office:

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CIN: L21014KA1980PLC003842

RISK MANAGEMENT POLICY

LEGAL FRAMEWORK:

Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the Company’s activities. Risk Management Policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

OBJECTIVE & PURPOSE OF POLICY:

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. 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.

The specific objectives of the Policy are:

- To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e to ensure adequate systems for risk management.
- To establish a framework for the company’s risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

DISCLOSURE IN BOARD’S REPORT:

Board of Directors shall include a statement indicating development and implementation of a Risk Management Policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

BACK GROUND AND IMPLEMENTATION:

The Company is prone to inherent business risks. This document is intended to formalize a Risk Management Policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

This policy is in compliance with the amended Clause 49 of the Listing Agreement (w.e.f 1st October 2014) which requires the Company to lay down procedure for risk assessment and procedure for risk minimization.

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.

APPLICATION:

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

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 Risk Management Committee 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;
- Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

CHARTER OF THE RISK MANAGEMENT COMMITTEE:

Charter of the Risk management Committee shall be as follows:

Purpose:

The purpose of the Committee of the Board of Directors of the Company shall be to assist the Board with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks. The Committee has overall responsibility for monitoring and approving the risk policies and associated practices of the Company.

The Committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

Composition:

The majority of Committee shall consist of members of the Board of Directors. Senior executives of the company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors.

Meetings and Quorum:

The quorum necessary for transacting business at a meeting of the Committee shall be two members.

Authority:

The Committee shall have free access to management and management information. The Committee, at its sole authority, may seek the advice of outside experts or consultants where judged necessary.

Terms of reference:

- The Committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.
- The Committee shall ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- The Committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).
- The Committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- The Committee shall make regular reports/ recommendations to the Board.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

This Policy will be communicated to all concerned persons of the Company and shall be placed on the website of the Company.

Date: 02.02.2015

Place: Bangalore

Diwakar S Shetty
Chairman