

RISK MANAGEMENT POLICY

INTRODUCTION

Every company, Atlanta Electricals Limited (“the Company”) is exposed to various risks that could jeopardize the achievement of its corporate objectives. One of the key tasks of the Risk Management Policy is to identify, minimize and monitor internal and external risks on an ongoing basis to ensure the corporate objectives are fulfilled and business continuity is maintained. This also allows an integrated and harmonized Risk Reporting to all relevant stakeholders of the Company.

The owner of this Risk Management Policy is the Risk Management Committee of the Company, as constituted in accordance with the Listing Regulations.

As risk management is vital part for any businesses, it has been a part of the core management principles since long. Pursuant to the recent changes in Regulation 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (referred as ‘Listing Regulations’), as amended, this ‘Risk Management Policy’ of Atlanta Electricals Limited (the “Policy”) is formulated to align with Company’s risk management framework.

DEFINITIONS

The terms referred to in the policy will have the same meaning as defined under the Companies Act and the Rules made thereunder, the Listing Regulations.

POLICY

a. Objectives and Scope

The objective of the Risk Management Policy is to define and establish a sustainable program leading to an integrated and harmonized risk reporting to relevant stakeholders. Furthermore, the policy aims to:

- Focus on key risks that impact management’s key strategic priorities using a top-down and risk-based approach.
- Establish a sustainable and lean risk & control governance structure with a major focus on preventative measures and consulting.

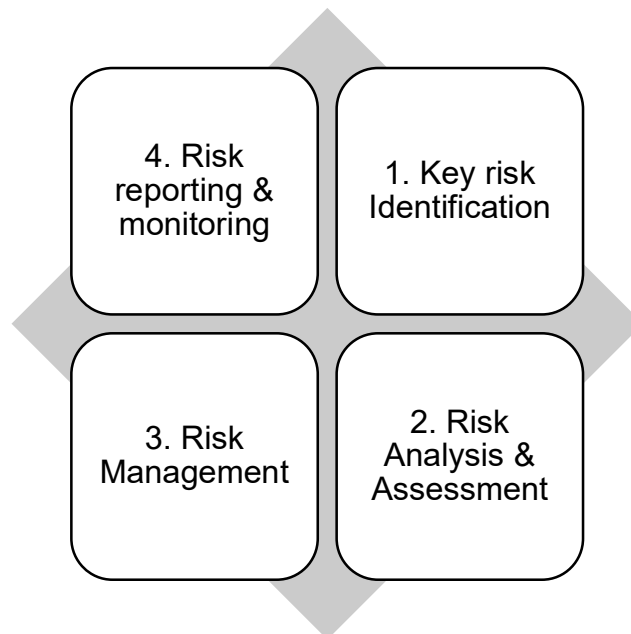
- Enable well informed and faster decision-making through an integrated risk reporting to facilitate oversight and management of risks and maintain business continuity.
- Assign responsibility where the risks are managed

b. Risk Management System / Process

The risk management process shall be carried out on periodical basis as follows:

- Identify key risks for the organization for each functional area on quarterly basis
- Identify / develop mitigating action taken/planned
- Review risks and monitor progress on quarterly basis
- Report all of above to internal Risk Committee on quarterly basis
- Report and discuss with Risk Management Committee on half-yearly basis

The process is intended to define relevant responsibilities and tasks and provides relevant information on the Company’s risk management methodology and business continuity plan. As shown in the figure below, the risk management process is divided into four main phases:



The first phase is the ***risk identification*** phase. The main objective of this phase is pre-emptive identification of key risks in each business function that may impact business performance and business continuity.

During the ***risk analysis and assessment*** phase, the risks are assessed on inherent level using likelihood and impact before mitigation action as per the process and risk severity to be decided by the management.

The aim of the ***risk management phase*** is to define appropriate remediation activities and/or mitigation measures and timelines, wherever possible, for specific risks. Furthermore, the continuous evaluation of the operating effectiveness of all risk management measures is part of this phase.

The last phase is ***risk reporting and monitoring***. The management evaluates the risk and control action plan on a quarterly basis. The Risk Management Committee then receives and reviews the risk and control report and presents to the Board.

The Company focuses on each function and area of business and identifies risks based on severity of impact on the business and in particular including financial, operational, sectoral, sustainability related risks, information, cyber security risks.

c. Composition of the Risk Management Committee, meetings and its quorum

Composition of the Committee

The Risk Management Committee shall report to the Board of Directors. The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director. Further, the Chairperson of the Risk management committee shall be a member of the Board of Directors and senior executives of the Company may be members of the committee. The details of composition of the Committee shall be provided / shared appropriately as may be required under the Rules.

Meetings

The Risk Management Committee shall meet at least twice in a year such that the gap between two consecutive meetings shall not exceed one hundred and eighty days.

Quorum

The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, with at least one member of the Board of Directors in attendance.

d. Role of the Risk Management Committee

The Board of Directors shall define the role and responsibility 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, in accordance with the applicable provisions under Listing Regulations and Companies Act.

The role / terms of reference of the Risk Management Committee are stated below and the same may be revised from time to time by the Board of Directors:

- (i) To formulate a detailed risk management policy which shall include:
 - framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, Environmental, Social and Governance (ESG) related risks), information, cyber security risks or any other risk as may be determined by the Committee;
 - Measures for risk mitigation including systems and processes for internal control of identified risks; and
 - Business continuity plan.
- (ii) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (iii) To review and recommend potential risk involved in any new business plans and processes;
- (iv) To review the Company's risk-reward performance to align with the Company's overall policy objectives;
- (v) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (vi) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (vii) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

- (viii) The appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee.
- (ix) To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- (x) Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
- (xi) Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions, including cyber security; and
- (xii) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Risk Management Committee or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.”

LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of the Act or Listing Regulations or statutory enactments, rules shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

REVIEW

The Board of Directors will review and may amend this policy from time to time, depending on the requirements.

In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed by the Board of Directors and amended at the next possible opportunity. However, the amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.