



RISK MANAGEMENT POLICY

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BACKGROUND

In an environment of continued volatility, business disruptions, uncertainty and frequent changes, it is imperative for an organization to forecast risks and mitigate and manage them effectively in order to bring stability into business operations and sustain profitable growth. Risk management is an integral part of the Company's management process. This policy is in compliance of provisions of Section 134(3)(n) of the Companies Act, 2013.

OBJECTIVE & PURPOSE OF POLICY

'Risk' is defined as an uncertain event which might cause an adverse impact on the relevant business model, cash flows and reputation of the Company.

In line with the Company's objective towards increasing stakeholder value, a risk management policy has been framed. This shall be the guiding document for identification, evaluation, assessment and prioritization of risks to which the Company is exposed to and shall also define a mechanism to mitigate the identified risks and monitoring thereof. Based on the purpose, a Risk Management Policy has been drawn up.

POLICY

This Policy lays down a framework of appropriate risk management and mitigation process commensurate with the scale and nature of business of the Company.

The Company will identify risks which it is subject to and are significant in nature to threaten its existence. Examples of some of the identified risks are:

1. Operational risk;
2. Technology obsolescence risk;
3. Customer concentration risk;
4. Macro-economic risks including business cycles;
5. Legal and regulatory risk;
6. Employee related risk (including IR, Skill, Talent availability /attrition, legal compliance);
7. Information Technology risk;
8. Original Equipment Manufacturer Product / Platform risk;
9. Competitor risk
10. Foreign Exchange risk;
11. Environment, Health & Safety risk;
12. Strategic risks;
13. Intellectual Property Risk.

14. Financial risks like credit risk, interest rate risk, liquidity risk; fraud
15. Acts of God Risk

The Company will draw up a risk management framework outlining identified risks and the mitigation measures along with the responsibility for effective implementation and monitoring thereof.

This risk management framework will be periodically reviewed by the Company's management for adequacy and utility. The actions pertaining to mitigation measures would be monitored on an on-going basis.

The Board shall be responsible for framing and monitoring of the Risk Management Policy and the Company's Management shall be responsible for implementation of the risk management framework.

ROLE OF THE BOARD

The Board, being the apex body responsible for effective management of the Company, has to ensure development and effective implementation of a Risk Management Policy. The Board will undertake following actions in this regard:

1. Periodically review the efficacy of the Policy in terms of Company's strategic objectives & performance, organization structure and industry trends.
2. Modify/amend the Policy in accordance with changing business scenario to facilitate early detection of significant risks so that timely mitigation measures can be initiated.
3. Periodically evaluate key risks to which the Company is subject to in line with Company's growth strategy, continuously changing business environment and legislative requirement.
4. Evaluate that the risk management system of the Company is adequate given the nature and scale of its operations.
5. Participate in major decisions affecting Company's risk profile.
6. Take preparatory measures, remedial measures on the basis of risk identification and assessment;
7. Ensure that risk management framework is integrated into the Board's report.

Senior Management

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units. Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Board regarding the status and effectiveness of the risk management program.

Employees

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

Review of risk management program

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood. The reporting obligation of Senior Management ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Senior Management and employees responsible for its implementation.

REPORTING

On the basis of the above, the Board shall through their report to the members of the Company report on the working of this policy including the forecasting of risk, identification of elements of risk which in the opinion of the Board may threaten the existence of the business, operations, products and services, cash flows, reputation of the Company.

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