

RISK MANAGEMENT POLICY
MARINE ELECTRICALS (INDIA) LIMITED

1. BACKGROUND AND CONTEXT APPLICABILITY:

This document lays down the framework of Risk Management at the Marine Electricals (India) Limited. This document shall be under the authority of the Board of Directors of the Company. 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.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain 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.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.

Furthermore, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

2. OBJECTIVE AND SCOPE OF THE POLICY:

The objective of Risk Management at Marine Electricals (India) Limited is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise wide risk management framework is applied so that effective management of risks is an integral part of every employee's job.

The specific objectives of this Policy are:

(a) 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.

(b) To establish a framework for the company's risk management process and to ensure its implementation.

(c) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

(d) To assure business growth with financial stability.

3. APPLICABILITY

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

4. RISK FACTORS

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

External Risk Factors

Economic Environment and Market conditions
Political Environment
Competition

Revenue Concentration and liquidity aspects-

Each business area of products such as Marine, Industry segments of electric panels and solar projects has specific aspects on profitability and liquidity. The risks are therefore associated on each business segment contributing to total revenue, profitability and liquidity. Since the projects have inherent longer time-frame and miles to payment requirements, they carry higher risks for profitability and liquidity.

Inflation-

Inflation is inherent in any business and thereby there is a tendency of costs going higher.

Technology Obsolescence-

The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.

Legal-

Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business with in four walls of law, the Company is exposed to legal risk.

Fluctuations in Foreign Exchange-

The Company has limited currency exposure in case of sales, purchases and other expenses. It has natural hedge to some extent. However, beyond the natural hedge, the risk can be measured through the net open position i.e.the difference between un-hedged outstanding receipt and payments. The risk can be controlled by a mechanism of “Stop Loss” which means the Company goes for hedging (forward booking)on open position when actual exchange rate reaches a particular level as compared to transacted rate.

Internal Risk Factors

Project Execution
Contractual Compliance
Operational Efficiency
Hurdles in optimum use of resources
Quality Assurance
Environmental Management
Human Resource Management
Culture and values

Risk Evaluation:

After risk analysis, comparison of estimated risks against organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk to be accepted or treated.

Risk Estimation:

Can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

Impact level on performance/profit—Both Threats and Opportunities

Reporting

1. Internal Reporting
 - a) Risk and Audit Committee
 - b) Board of Directors
 - c) Vertical Heads
 - d) Individuals
2. External Reporting

To communicate to the stakeholders on regular basis as part of Corporate Governance

5. RISK MANAGEMENT

The risk management process involves reviewing of operations, identifying the risks an organization is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action.

- i) The Board, its Audit Committee and its Executive Management should collectively identify the risks impacting the company's business and document their process of risk identification, risk minimization, risk optimization as apart of a risk management policy or strategy.
- ii) The Company's Executive 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.

iii) The Board should also affirm and disclose in its report to members that it has put in place critical risk management framework across the company, which is overseen once every six months by the Board. The disclosure should also include a statement of those elements of risk, that the Board feels, may threaten the existence of the company.

It has therefore become mandatory for the listed Companies to prepare a comprehensive framework of risk management for assessment of risks and determine the responses to these risks so as to minimise their adverse impact on the organization.

6. REVIEW

This policy shall evolve by review by Board from time to time as may be necessary.

This Policy will be communicated to all vertical / functional heads and other concerned persons of the Company.

This Policy may be amended or substituted by the Board as and when required. However, no such amendment or modification will be binding on the Directors and employees unless the same is communicated in the manner described as above.