

Damodar Industries Limited

Reg. Off. 19/22 & 27/30, Madhu estate, Pandurang Budhkar Marg, Worli, Mumbai – 400013

Corporate Identity Number: L17110MH1987PLC045575

Tel: +91 – 022 -49763203

●E-mail:cs@damodargroup.com●www.damodargroup.com

RISK MANAGEMENT POLICY

Date of Implementation of policy	April 25,2014
Last amended Date	October 11, 2020

Damodar Industries Ltd. (the Company) is engaged in the manufacturing and exporting of Cotton, Polyester and Polyester Blended Value Added Yarn in India. The Group specializes in manufacturing of Linen like Yarns, Silk like Yarns, Slub Yarns, and Neps Yarn in 100% Cotton, 100% Polyester, Poly/Viscose and other special Blends. The business activities of the Company exposed to various internal and external risks.

Risk management involved, identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risk management's objective is to assure uncertainty does not deflect the company's endeavour from its business goals.

Effective Risk Management requires:

- A strategic focus.
- Forward thinking and Pro active approaches by the management.
- Balance between the cost of managing risk and the anticipated benefits.
- Contingency planning in the event that critical threats are realised.

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The new Companies Act, 2013 and the Clause 49 of the Equity Listing Agreement have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

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. Regulation 17(9) of the SEBI (LODR) Regulations requires that the Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the company, reviewing the risk policy and ensuring that systems of risk management are in place. It also mandates that the company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) for the Company.

PURPOSE AND SCOPE OF THE 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 THIS 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.

APPLICATION

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.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE:

Risk Management Committee shall be constituted by the company consisting of such number of directors (executive or non-executive) as the Company thinks fit. The Board shall define the roles & responsibilities of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

The Board and Audit Committee regularly oversees the risk management process in the Company.

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 that risk is managed appropriately:
- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company and 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 and 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 and Participate in major decisions affecting the organization's risk profile and 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 and Ensure risk management is integrated into board reporting and annual reporting mechanisms;
- Convene any board-committees that are deemed necessary to ensure that risk is adequately managed and resolved wherever possible.

REVIEW

This policy shall be reviewed at least once in a year to ensure that it meets the requirements of the legislation & the overall needs of organization.

AMENDMENT

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