



**RISK MANAGEMENT
POLICY**



KESAR TERMINALS & INFRASTRUCTURE LIMITED

Risk Management Policy

I The Need:

In compliance with clause 49 of Listing Agreement, which requires the Company to lay down procedures about the risk assessment and risk minimization, Kesar Terminals & Infrastructure Limited (hereinafter referred to as “KTIL”) based on the recommendation of the Audit Committee and the Board of Directors (hereinafter referred to as “Board”) of KTIL has adopted the Risk Management Policy (hereinafter referred to as “RMP”) which is applicable to all Directors and employees with immediate effect.

II Introduction & Objective:

The basic purpose for any RMP is to benchmark the company’s standards for risk taking for every single activity and provide a guide to each employee for any queries or doubts. It also helps the Company to effectively prevent and detect fraudulent activity and take remedial measures to protect the brand, reputation, assets, employees and stakeholders interest.

III Risk Factor:

Every business is exposed to a certain amount of risk and concerns inherent in it, some of the risks pertaining to the Company’s business are:

a) Price Risk:

Price risks would relate to the risk of incurring loss arising out of changes in market forces.

b) Liquidity Risk:

Liquidity risks refers to the risk of not being able to meet a financial obligation when it becomes due.

c) Competition Risk:

This risk refers to the stiff competition, which the Company may get from its peers by way of lower tankage rates which can have a pressure on the margins of the Company.

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d) Execution Risk:

The Company being mainly into business of Storage and plans to foray into Port related activities like Container Freight Station and Inland storage facilities at land locked states including Multimodal hubs, the timely completion of the Projects and cost escalation due to delay in execution are high.

e) Risk of Fraud:

Fraud may involve:

- a. Misappropriation (theft) or willful destruction (e.g. property, records, etc.) or loss of assets including cash, inventory etc.
- b. Unauthorized personal use of company assets
- c. Bribery and corruption i.e. where someone is influenced by payment in cash or benefit in kind to unreasonably use his or her position to give some advantage to another
- d. Inappropriate relationships with third parties thereby causing conflict of interest
- e. Manipulation, falsification or alteration of financial statements, other records or documents
- f. Suppression or omission of the effects of transactions from records or documents
- g. Recording of transactions without substance
- h. Deliberate misapplication of accounting or other regulations or policies
- i. Disclosing confidential information to third parties without authority
- j. Misconduct involving wrongful, improper, unethical or unlawful conduct in violation of Company's policies, laws or regulations.

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IV The Risk Management Committee (hereinafter referred to as “RMC”)

The primary objective of RMC is to control various risks associated with the operations of the Company and prevent unacceptable losses by effectively identifying, measuring and monitoring the business suitability of risk containment measures and consider the pros and cons and all related factors affecting the same.

The RMC shall consist of the Chairman, Managing Director, Executive Director, Chief Executive Officer and Finance Personnel. The Committee shall be chaired by the Chairman of the Company and shall recommend to the Audit Committee for induction of such additional members into it as and when found necessary. RMC is also authorized to call such other executives, employees and representatives of third parties to appear before it as may be required.

RMC shall as meet as and when the business exigencies demand or at the specific request of any of the members/employees etc.

The RMC functions include:

- ❖ to evaluate and review the guidelines and risk limits set for at regular intervals and decide on the changes to be made, if any.
- ❖ To decide on the risk profile of new projects and its implication on the existing business processes.
- ❖ the power to reject or modify any prior decision if it is felt that the risk profile of any such activity shall be detrimental to the overall risk policy/appetite of the company.
- ❖ To ensure that the above is strictly adhered to and in case of deviation, reasons for such deviations are questioned and remedial measures are immediately taken.
- ❖ The power to modify, alter, revise, amend the RMP in consultation and approval of the Audit Committee and Board.
- ❖ Record all complaints received from employees and third parties on suspected incidents of fraud/misconduct.
- ❖ Conduct reviews, inspections and investigations to identify the facts/ details about the reported incident and identify the perpetrator.
- ❖ Take appropriate disciplinary actions against the perpetrator.
- ❖ Take necessary steps to recover losses and misappropriated assets.
- ❖ Report to the Audit Committee and the Board of Directors periodically.

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V Risk Management Definition:

Risk Management is the set of processes which has to be enforced at every operational and business process level through which management identifies, analyses and where necessary responds appropriately to risks that might adversely affect realization of the organization's business objectives. The response to risks typically depends on their perceived gravity, and involves controlling, avoiding, accepting or transferring them to a third party. The basic idea is to monitor and ensure that risk levels do not exceed the limits set by the management in accordance with the guidelines.

VI Risk Management System:

- a) As a diversified enterprise, the company has always had a system- based approach to business risk management. Backed by strong internal control systems, the current risk management framework consist of the following elements:
 - i. Appropriate structures have been put in place to effectively address the inherent risks in businesses with unique / relatively high risk profiles.
 - ii. A strong and independent Internal Audit Function at the corporate level carries out risk focused audits of the business, enabling identification of areas where risk management processes may need to be improved. The Audit Committee reviews Internal Audit findings, and provides strategic guidance on internal controls. It Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

The combination of policies, processes as outlined above adequately addresses the various risks associated with the Company's business. The senior management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

b) Risk Management & Awareness for Fraud Risk:

Any person with knowledge of suspected or confirmed incident of fraud/misconduct or who is personally being placed in a position by another person to participate in a fraudulent activity must report the case **immediately to the RMC**. The company encourages the use of the following mechanisms for effective and efficient handling of reported incidents:

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All employees will be responsible for reporting suspected or confirmed cases of fraud/misconduct and extend full co-operation during internal checks, reviews or investigations to safeguard KTIL's brand, reputation and assets. Further, employees will:

- Adhere and comply with KTIL's policies and procedures
- Act with highest standards of ethics and integrity
- Ensure propriety and confidentiality of KTIL's resources and information
- Avoid accepting gifts, hospitality or benefits of any kind which compromise integrity and standards of business conduct

All Head of Departments (HoDs) will be responsible for educating their team members on the importance of complying with Company's policies & procedures and identifying / reporting of suspicious activity.

Disciplinary Action:

The RMC in consultation with Audit Committee and Board shall determine the disciplinary action to be taken against the perpetrator in the event of confirmed incident of fraud / misconduct. Disciplinary action may involve suspension or termination of employment, penalty, criminal or civil action etc.
