

RISK MANAGEMENT POLICY

Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of an entity's strategic and financial goals. Risk management within the organization is attempting to identify and then manage threats that could severely impact or bring down the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

Legal Framework

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

Risk Strategy

Risk is an integral and unavoidable component of business. The Company is committed to managing the risk in a proactive and effective manner. The Company believes that the risk cannot be eliminated. However, it can be:

- Reduced, by having good internal controls;
- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

Risk Factors

The risk factors can be determined on the basis of their materiality. The following factors have been considered by the company for determining the materiality:

- Some events may not be material individually, but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may have material impact in the future.

Risk Factors identified by the company include, but are not limited to the following area:

- Political environment

Any adverse change in the political environment in the country would have an impact in growth strategies of the company. However, considering the basic political philosophy the company reviews its existing and future investment strategies on a continuous basis.

- Technological obsolescence

The company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis.

Being in the media business and published data about technological improvements in this area being available freely, the Company constantly keeps itself abreast of technological developments to avoid being adversely affected by obsolescence.

- Reporting risks

Changing laws, regulations and standards relating to accounting, are creating uncertainty for companies. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time, as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such corporate governance standards.

The company though unlisted, has subject itself to quarterly review of its financial statements by the audit committee and has ensured the presence of a strong finance team to take care of compliance with all reporting requirements.

- Finance risk

The company in the course of its business places deposits in group entities and also borrows funds. As it may face default risk in the adverse economic conditions and in the event that the business of the borrowing entity does not perform satisfactorily, it also runs the risk of defaulting on its borrowings.

Considering that the exposure is on group entities, the relative risk is minimal.

- Legal and compliance Risk

Legal risk is the risk in which the company is exposed to legal action. The company is governed by various laws and has legal risk exposure.

Management places and encourages its employees to place full reliance on professional guidance and opinion and discuss impact of all laws and regulations to ensure the company's total compliance. Advisories and suggestions from professional agencies, industry bodies and independent directors are carefully studied and acted upon where relevant.

- Human resource management

The company's Human Resource Department (HRD) will add value to all by ensuring that the right person is assigned to the right job and that they grow and contribute towards organisational excellence.

Risk in matters of human resources are sought to be minimised and contained by following a policy of providing equal opportunity to every employee, inculcate in them a sense of belonging and commitment and also effectively train them in spheres other than their own specialisation. Employees are encouraged to make suggestions on innovations, cost saving procedures, free exchange of other positive ideas etc. It is believed that a satisfied and committed employee will give of his best and create an atmosphere that cannot be conducive to risk exposure.

The company follows the following practices to mitigate risk:

- Functioning under a well-defined organization structure.
- Flow of information is well defined to avoid any conflict or communication gap between two or more Departments.
- Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads.

Risk Mitigation / De-risking

The process of mitigation of risk is known as De-risking. The company mitigates risk by:

- Understanding the applicable laws and regulations
- Conducting regular risk assessments
- Enforcing and monitoring code of conduct for key executives
- Deploys strategy and process for implementing the necessary controls
- Creating a favourable atmosphere for auditors and internal auditors in reporting and highlighting any instances of non-compliance or non-adherence to prescribed procedures.

Based on the Risk level determined and reviewed from time to time, the company formulates its Risk Management Strategy which broadly entails choosing among the various options for risk mitigation for each identified risk. The risk mitigation is planned using the following key strategies:

- a) Risk Avoidance: Avoidance of an activity that could carry risk, where possible.
- b) Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.
- c) Risk Reduction: Employing methods/solutions that reduce the severity of the loss
- d) Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained.

Responsibility for Risk Management

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

Compliance and Control

All the Senior Executives under the guidance of the Board of Directors have the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

Approval of the Policy

The Board will be the approving authority for the Company's overall Risk Management System. The Board will therefore monitor the compliance of the Risk Management Policy and any amendments thereto from time to time. The policy will be the guiding document for risk management at the company and will be reviewed as and when required due to the changes in the risk factors/ risk mitigation measures/ risk management strategy and regulations/ standards/ best practices as appropriate.

Policy Approved in the meeting of the Board of Directors held on 09-Feb-2016
--