



## **AMRUTANJAN HEALTH CARE LIMITED**

### **RISK MANAGEMENT POLICY (RMP)**

#### **I. Introduction:**

In today's challenging and competitive environment, strategies for identifying potential risks and mitigating them in a timely manner would help avoid loss of shareholders' wealth and loss of reputation apart from other undesirable consequences. The types of corporate risks include – compliance, fraud, talent, IT, etc.

Risk management is the ongoing process of identifying risks and implementing plans to address them. Often, the number of assets potentially at risk outweighs the resources available to manage them. It is therefore important to know where to apply available resources to mitigate risk in a cost-effective and efficient manner. It is the process of identifying, analyzing and evaluating risk and selecting the most effective way of managing business risk.

The purpose of risk management is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed to manage adverse impacts on achieving objectives.

#### **II. Objectives:**

The objective of risk management is not to eliminate risk, but to understand it so that the company can minimize the downside and take advantage of the upside. This requires clarity on what risks the company is prepared to take, how much, and ensure that the company has the processes in place to manage these risks.

This Policy lays the framework for a formal risk management system by establishing responsibility for risk identification and analysis for all the three divisions, viz., OTC, Fruitnik and Pain Care Management, review of mitigating controls, updating the risk registers and reporting & managing the risks so identified.

#### **III. Risk Management Policy:**

This policy is intended to support and assist the Organization in achieving its business objectives by providing minimum standards for identifying, assessing, evaluating and managing its business risks in an efficient and cost effective manner; at the same time

ensuring the effective monitoring and accurate reporting of these risks to all stakeholders. The key elements of this policy are discussed below in detail:

#### Principles of Risk Management:

1. The risk management system should be able to add value and be an integral part of the organizational process and align with the internal culture;
2. When dealing with risk it is important to keep the organizational objectives in mind. The risk management process should explicitly address the uncertainty. This calls for being systematic and structured and keeping the big picture in mind.
3. In risk management, communication is the key. The authenticity of the information has to be ascertained. Decisions should be made on best available information and there should be transparency and visibility regarding the same.
4. Risk Management has to be transparent and inclusive. It should take into account the human factors and ensure that each one knows his/her roles at each stage of the risk management process.
5. Keep track of early signs of a risk translating into an active problem. This is achieved through continual communication by one and all at each level. It is also important to enable and empower each to deal with the threat at his/her level.
6. Keep evaluating inputs at each step of the risk management process - Identify, assess, respond and review.

#### Risk Management Approach:

Risk management process is under-pinned by the above-said set of principles. It shall be supported by a process that is appropriate to the organisation and its external environment or context. The risk management initiative should be proportionate to the level of risk in the organisation as related to the size, nature and complexity, aligned with other corporate activities, comprehensive in its scope, embedded into routine activities and dynamic by being responsive to changing circumstances. This approach will enable a risk management initiative to deliver outputs, including compliance with applicable governance requirements, assurance to stakeholders regarding the management of risk and improved decision making. The impact and benefits associated with these outputs include more efficient operations, effective tactics and efficacious strategy. These benefits need to be measurable and sustainable.

#### Risk Management Process:

The Risk Management Process may involve the following activities:

- Determination of adequacy of risk identification and classification.
- Determination of adequacy of Risk Register content
- Review of mitigating controls and control ownership

- Updating the Risk Register to bridge the adequacy gaps identified as above
- Updating the Risk Register with Risk Control Matrix
- Sample review to check existence of the mitigating controls
  - Risk Register content review and its update on periodical and on need basis.
  - Risk identification, assessment and review to be done at least once in a quarter and will cover strategic, business, operational and financial risks.

#### **IV. Applicability:**

This policy applies to every part of Amrutanjan’s business and functions. The policy complements the corporate governance initiatives of Amrutanjan and does not replace other existing compliance programs, such as those relating to environmental, quality, and regulatory compliance matters.

#### **V. Responsibility of 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.

#### **VI. Compliance and Control**

All the Senior Executives under the guidance of the Chairman and Board of Directors have the responsibility of implementing risk management processes which involve identifying, assessing and monitoring risks associated with Organisation’s business operations and the maintenance of 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.

#### **VII. Review**

This Policy may be reviewed and modified at any time by the Board of Directors of the Company to ensure that it meets the requirement of legislation and the needs of the organization.