

# **PSP PROJECTS LIMITED**

## **RISK MANAGEMENT POLICY**

### **BACKGROUND**

This document lays down the framework of Risk Management at PSP Projects Limited (hereinafter referred to as the '**Company**') and defines the policy for the same. 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.

### **OBJECTIVE**

The objective of Risk Management at PSP Projects is to create and protect shareholders value to the extent practically feasible by identifying and mitigating major operating, and external business risk. An enterprise-wide risk management framework is applied in a manner such that the effective management of risks at different levels and different functions is an integral part of every employee's job.

### **REGULATORY**

Risk Management Policy is framed as per the following regulatory requirements:

A. Companies Act, 2013:

1. Provisions of the Section 134(3)

"There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—

(n) 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."

2. Section 177(4) stipulates:

"Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—

(vii) Evaluation of internal financial controls and risk management systems."

3. Schedule IV [Section 149(8)] :

Code for Independent Directors:

II. Role and functions:

"The independent directors shall:

(1) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of.....risk management....

(4) Satisfy themselves that the ..... Systems of risk management are robust and defensible."

B. Regulation 4 & 17 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015:

Key functions of the Board

- The board should fulfil certain key functions, including:
- Reviewing and guiding risk policy
- Ensuring the integrity of the company's system for risk management
- Lay down procedure to inform members of Board of Directors about risk assessment and minimization procedure.
- responsible for framing, implementing and monitoring the risk management plan for the Company
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

Role of the Audit Committee (Regulation 18(3))

Evaluation of internal financial controls and risk management systems

PSP Projects Limited being a listed company is required to adhere to the regulations made both by the Companies Act, 2013 and Listing Obligations and Disclosures Requirements) Regulations, 2015 governed by the Securities and Exchange Board of India (SEBI). Where any stipulation is common between the regulations, more stringent of the two shall be complied with.

## **APPROACH**

The approach used by PSP Projects shall be based on ensuring that each of its projects and the company:

- Identify and generate a comprehensive list of all potential risk and hazard exposures which covers all possible outcomes under the various risk categories;
- Develop an understanding of the risk and hazard which involves consideration of the causes and sources, their positive and negative consequences and the likelihood those consequences can occur; existing controls and their effectiveness and efficiency are also considered;
- Prioritise the list of risks and hazards related to the overall PSP Projects environment and flag for treatment;
- Consider options to treat significant and high risk and hazard exposures, evaluate the options and develop and document a risk management strategy or plan for implementation.

Everyone at PSP Projects is responsible for the effective management of risk. All managers and workers are responsible for identifying potential risks, hazards, developing risk mitigation plans, and implementing risk reduction strategies. Key roles include: PSP Projects Management Team is ultimately responsible for the overseeing and implementation of the organisation's system of risk management and the development, maintenance and distribution of the Risk Management Framework.

PSP Projects is committed to the effective management of risk and will allocate the necessary resources to those responsible for managing this process.

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