



NOCIL LIMITED

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Risk Management Policy

For NOCIL LIMITED

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S. R. Deo
Managing Director

(As amended by the Board of Directors at their meeting held on 17th May 2022, based on the recommendations of the Risk Management Committee at its meeting held on 15th April 2022 and formulated pursuant to the amended SEBI (LODR) Regulations, 2015)



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I. Underlying Rationale for adoption of a Risk Management Policy

- a. Risk is an inherent aspect of all Corporate, administrative, and commercial business activities. Every business from time-to-time encounters risks which can impact its operational performance for a period, medium term targets etc. These risks have the potential to disrupt achievement of the Corporate strategic and operational objectives. Sound risk management principles must become part of management functions across any business. NOCIL Ltd (the Company) can be no exception to the said rule. **Considering the increasing importance of the risk management function, a need is thus felt to define the role and responsibilities of the Risk Management Committee as stipulated by the SEBI (LODR) Regulations 2015.**
- b. The Company considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will enable the Company to minimize the adverse effects of such risks encountered from time to time thereby ensuring that the achievement of the Company's strategic and operational objectives is not significantly altered.
- c. The purpose is to identify and to review past events / incidents and implement changes to prevent or reduce future undesirable incidents.
- d. The aim of the policy is not to have risk eliminated completely from Company's activities, but rather to ensure that the Company makes every effort to manage risk appropriately to maximize potential opportunities and minimize the adverse effects of risk.
- e. Considering the multitude of risks faced by the Company), risk management has emerged as a very important function of the Board.





- f. The Company' aims to use risk management to take better informed decisions and improve the performance thereby achieving its strategic and operational objectives.

II. Composition of the Risk Management Committee (RMC)

The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director.

III. Number of RMC Meetings :

The risk management committee **shall meet at least twice in a year** .The meetings of the risk management committee shall be conducted in such a manner **that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.**

IV. Quorum

The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

V. Basic Guiding Principles & Fundamentals for Role and Responsibilities of the RMC

- ✓ While the Primary, Supervisory and Paramount responsibility to manage the risks is on the shoulders of the top management , the role of RMC is limited to advising, counselling, and guiding the Management to install /adopt suitable measures for risk management/control/containment/mitigation.
- ✓ The RMC will only review the status and the improvements made in the systems.





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- ✓ **The RMC members would again depend upon the certification given by the management in this regard, without any means to independently verify or confirm the same.**

- ✓ **Direct Action to enforce the risk management policy is not within the ambit or domain of the RMC 's scope of operations.**



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VI. Terms of Reference :-

S.No	Terms	Actionables
1	Formation of a robust Risk Management Policy	The RMC must lay down a framework for identification of internal and external risks specifically faced by the listed entity, in including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee. Measures for risk mitigation including systems and processes for internal control of identified risks.
2	Enterprise Risk Management(ERP) – Sustainability	Environmental Social Governance (ESG)related risks need to be reviewed as a part of Enterprise Risk. RMC to be periodically apprised of the developments on the ESG front and the Management to periodically upgrade the environmental standards for all the manufacturing locations including ancillary units to ensure that the company's standards are tighter than the threshold limits prescribed by the local regulations. The PRIMARY responsibility to ensure compliance however, rests with the Management . RMC's responsibility extends to ONLY REVIEWING the enterprise risk on a periodic basis and this should include review of the risk profile status of risk response strategies and associated key risk indicators.



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S.No	Terms	Actionables
3	Business Continuity	<i>The Business continuity Plan</i> must be worked out and the risk management framework needs to be integrated with the Business continuity programs and crisis management.
4	Process Technology updates	<p>The RMC shall periodically review the process technology updates and incorporate them from time to time in the Company's operations to ensure that the Company's competitiveness is contemporary in nature.</p> <p>The RMC must review the sectoral risks (including technology obsolescence risk) and their associated response strategies.</p> <p>The role of RMC extends to only providing guidance to the Management , as and when felt necessary about this element of risk.</p> <p>The RMC can only provide guidance and suggestions for improvements in the system.</p> <p>It is the primarily the duty of the Management to ensure that such technology changes are monitored, and corrective action is taken on time.</p>
5	Competitor Action Plans	<p>The Management must ensure that the Company' business plans remain contemporary and not exposed adversely. The Management function includes monitoring competitor actions to make changes (if any) in business plans to ensure that they remain contemporary and not exposed adversely.</p> <p>RMC's role extends to giving its points of view and guide the Management/Board, as and when required/ RMC need not review this risk periodically.</p> <p>The Board may refer to the RMC any such risk for review , as and when necessary, it is the sole responsibility of the Board/Management to periodically review this risk .</p>



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S.No	Terms	Actionables
6	IT /Cyber Risks	<p>The RMC could once in a year review the efficacy of the IT/Cyber security systems and examine any specific risk in this regard , as may be referred to by the Board.</p> <p>The RMC can only review what the management has put up in respect of I.T/ Cyber security</p> <p>However, the Management of the company has the primary and paramount task of ensuring that the company has strong I.T systems in place , its data is safe and secure and that there is adequate safety mechanism to combat any cyber-attacks.</p>
7	Forex Risk	<p>The PRIMARY responsibility of managing the FOREX risk lies on the shoulders of the management, while the RMC can only suggest guidelines in this direction. It is the management's discretion to accept the guidelines in whatever form ,which works best in the surrounding circumstances. The management is also expected to be very dynamic while dealing with the FOREX risk.</p> <p>An annual review of how effectively the FOREX risk was managed by the Company during the year under review and the resultant benefits which accrued to the company, may be put up to the RMC.</p> <p>The Management can always bank upon the RMC to give suitable guidance for improvements in the system to manage this risk.</p>



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S.No	Terms	Actionables
8	Legal & Statutory compliances in respect of Operations	<p>It is the Audit committee prerogative to periodically review the status of managing the risks relating to statutory compliances by the company and oversee compliance with the std operating procedures in this regard.</p> <p>RMC 's responsibility in this regard extends to only guiding the management on the best course of action to ensure installation of a robust mechanism to monitor, control and drive statutory compliances across the company. The RMC may review this status once in a year.</p> <p>While the Audit Committee will periodically review the efficacy and strength of the internal control systems/dedicated tools and mechanism to manage the Compliance, Regulatory and Secretarial functions related risks , an annual review of how effectively this risk was managed may be put up to the RMC.</p>
9	Role of Chief Risk Officer (CRO)	<p>The appointment, removal, and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee; RMC to consider and recommend appointment of the Chief Risk Officer (CRO) who shall be a dedicated functionary conversant with the intricacies of business operations and the associated risks for ensuring control and monitoring of the implementation of the Policy. The CRO shall not be simultaneously holding or leading any specialized full-fledged function viz as a CFO , which would result in conflict with his role as CRO.</p>



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S.No	Terms	Actionables
10	Human Capital and Succession Planning	<p>This is purely within the domain of the Nomination & Remuneration Committee subject to final concurrence/approval by the Board. It is the management function to create adequate organizational structure at all levels commensurate with the business plans.</p> <p>RMC can only review the risks emanating from not having a succession plan in place and guide the management to install a viable succession plan.</p>
11	Exploration of diversification opportunities in related areas of strength from time to time to ensure that business vulnerabilities are not dependent on a single segment.	<p>The Management has the primary responsibility to explore the diversification opportunities . The RMC will review the strategy related risks (including risk of business diversification) and associated response strategies . TMC is responsible to review the assumptions in strategic business decisions and associated risks of strategy and risks to strategy.</p>
12	To review periodically program of investment proposals under implementation and to take corrective action wherever necessary to minimize time and/or cost overruns	<p>The RMC will review the key risks identified with respect to investment proposals (<u>exceeding a defined threshold</u>) and their associated response plans.</p> <p>The Board and the Management would review the investment proposals under implementation to take corrective action to minimize time and/or cost over -runs.</p>

**VII. Regular updation of the Board**

RMC to keep the Board informed about the nature and content of their discussions and recommendation, as well as the actions to be taken. Quarterly Risk Assessment Reports that are currently being presented to the Board for review should continue to be presented to the Board and referred to the RMC ONLY if the Board has a concern on a particular 'risk(s)' and expects the RMC to examine the same.

VIII. Power to seek further Information

RMC shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

IX. Periodic review of the Policy

The RMC may periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexities.

X. Subsequent amendment in the applicable Law(s)/Regulations /Rules and impact on THE RMC Policy

Any amendments brought about by the Ministry of Corp Affairs /SEBI/ Any other Govt Body or Regulatory authority in the applicable Law(s) / Rule(s) /Regulations(s) having an impact on this RISK MANAGEMNT POLICY would be treated in the following manner :





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- (i) In any of any *interse* conflict, the provisions of the amended Laws/Rules/Regulations would prevail and the same would deemed to have been a part of this Policy from the date of such amendment. The Management would take further steps to give effect to the amended provisions in this Policy after seeking prior confirmation from the RMC and then putting up the same to the Board.
- (ii) In case the amendment(s) necessitate any modifications/improvements etc. in the Policy, the Management would take further steps to give effect to the amended provisions in this Policy after seeking prior confirmation from the RMC and then putting up the same to the Board. However, in the meantime any such modifications/improvements would be deemed to have a part of this Policy on and from the date of such amendment(s).

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Managing Director