



RISK MANAGEMENT POLICY

INTRODUCTION:

Risk Management is an organization-wide approach towards identification, assessment, communication and management of risk in a cost effective manner - a holistic approach to managing risk. 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.

This policy describes Deep Industries Ltd's risk management principles and expectations, applicable to all types of risk in all activities undertaken by or on behalf of the Company. It also outlines roles and responsibilities for the Board of Directors, the Managing Director, Functional heads and all staff.

STATUTORY REQUIREMENT:

This policy on Risk Management is framed by the Company keeping in mind Clause 49 (VI) A of the Listing Agreement that prescribes that the Company shall lay down procedures to inform Board Members about the risk assessment and minimization procedures and Section 134(3)(n) of the Companies Act, 2013, which requires the Board of Directors to include a statement in their report to the shareholders regarding development and implementation of risk management policy for the Company including identification therein of elements of risks, if any, which in their opinion might threaten the existence of the Company.

RISK MANAGEMENT POLICIES:

The primary responsibility for implementation of the risk management policies lie upon the Board of Directors. However, with a view to ensure effective and efficient implementation of the policies, the Board may delegate authority and responsibility on various departmental heads. The Company shall periodically review the risks associated with the Company and procedures for managing the same. As and when deemed necessary, necessary changes shall be made to this document.

The Risk Management Policy of the Company shall primarily focus on identifying, assessing and managing risks in the following areas:

1. Company assets and property
2. Employees
3. Foreign Currency Risk
4. Operational Risk
5. Environmental Risk



6. Non-compliance of statutory enactments
7. Competition Risk
8. Contractual Risk

Policy for managing risks associated with Company Assets and Property:

The Policy deals with nature of risk involved in relation to assets and property, objectives of risk management and measures to manage risk.

The Risk Management Policy relating to assets aims at ensuring proper security and maintenance of assets and adequate coverage of insurance to facilitate speedy replacement of assets with minimal disruption to operations. The role and responsibilities of the departments shall be identified to ensure adequate physical security and maintenance of its assets.

Policy for managing risk relating to employees:

The employees constitute the most important assets of the Company. The Risk Management Policy relating to employees is therefore necessary to cover all risks related to employees and their acts/omissions. The policy deals with the nature of risk involved in relation to employees, objectives of risk management and measures to manage risk. In particular, the objective of employee related risk management policy aims at reducing attrition rate, providing adequate security to employees in relations to life, disability, accident and sickness, providing adequate legal safeguards to protect confidential information, and protecting the Company from any contractual liability due to misconduct/errors/omissions of employees.

Hedging Policy:

In order to reduce the uncertainty arising on account of exchange rate movements and currency movement on foreign exchange exposures, Company has in place the hedging policy to secure forex exposures either naturally or otherwise so that the volatility does not impact the core business of the Company. The policy aims at monitoring the market condition for favourable development and minimising the risk arising out of forex fluctuations with minimum cost of hedging.

Operational Risks:

The Company is constantly working to limit the operational risks that run through all facets of operations. This requires the combined efforts of all business and support units, and the tools required continue to be developed. The start up database of loss events is populated from internal audit reports. Apparent trends are analysed, and various operating groups combine into task forces to address these. The business continuity plan is reviewed annually by each unit. In all of these efforts, the use of technology is harnessed for more control.

**Environmental Risks:**

The Company endeavours to protect the environment in all its activities, as a social responsibility.

Risks associated with Non-Compliance of Statutory enactments:

The Company being a legal entity is a service provider company and listed on one or more stock exchange(s). In view of the same, the Company is required to ensure compliance of provisions of various applicable statutory enactments. Failure to comply one or more such provisions may render strict penalties as may be prescribed under such statutory enactments. The Company shall ensure that qualified professionals are employed to comply with various laws. In addition to the statutory audits, the Company shall promote undertaking of internal audit/s at different levels periodically to ensure timely check on the statutory compliances.

Competition Risks:

Risk of competition is inherent to all business activities. The Company faces competition from the existing players in the domestic operating in the segment in which the company operates. The Company strategy shall be to leverage its investments in its own high-margin service verticals, thereby leading to consolidation and value creation.

Contractual Risks:

There may be instances of defaults in fulfilling contractual obligations as a result of which the Company may face financial losses. Similarly, defaults by the Company in fulfilling one or more contractual obligations due to reasons such as misrepresentations, breach of warranties etc can not be ruled out. The Company shall ensure that proper drafting of the contract and adequate indemnity clauses are incorporated in the contracts entered into with one or more parties. In addition, internal controls from technical team and strict supervisions and checks on execution of contracts and service delivery be undertaken.

Disclaimer Clause:

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Readers are requested to exercise their own judgement in assessing various risks associated with the Company.