



## **MAX ESTATES LIMITED**

(CIN : U70200PB2016PLC040200)

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### **RISK MANAGEMENT POLICY**

#### **1.0 Introduction**

- 1.1 Max Estates Limited (“MEL/Company”) considers risk management as an integral part of the management of the Company and a critical component for increasing stakeholder value.
- 1.2 This Risk Management Policy (“the Policy”) outlines the program through which the Company intends to create appropriate risk management framework in order to identify the key events / risks impacting the business of the Company and to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key risks.
- 1.3 The Policy is formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization.

#### **2.0 The Policy**

- 2.1 The Board of Directors of the Company has constituted a Risk Management and sustainability Committee (hereinafter referred to as “Committee”) which shall periodically review this Policy in order to ensure that the Management controls the risk through properly defined framework.
- 2.2 The responsibility for identification, assessment, management and reporting of risks and opportunities primarily rests with the Head of functions as they are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day to day basis.
- 2.3 The Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

#### **3.0 Effective**

- 3.1 The Policy is effective from July 31, 2023.

#### **4.0 Risk Management process**

- 4.1 The Company’s risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

4.2 The key elements of the Company's risk management program are set out below.

- (a) Risk Identification
- (b) Risk Assessment and Control
- (c) Review and Reporting

## **5.0 Risk Identification**

5.1 The Company shall identify the external and internal risk factors that must be managed in the context of business objectives. In order to identify and assess these risks, the risk profiles are assessed in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

5.2 The Company majorly focuses on the following types of risks:

- Business risk;
- Governance risk;
- Compliance risk;
- technological risks;
- strategic business risks;
- operational risks;
- quality risk;
- competition risk;
- realization risk;
- cost risk;
- financial risks;
- human resource risks; and
- legal/regulatory risks.

## **6.0 Risk Assessment and Control**

### **(a) Board of Directors**

The Board of Directors ("the Board") is responsible for reviewing the risk management structure, processes and guidelines which are developed and maintained by Committees and Business Heads. The Committees or Management may also refer particular issues to the Board for final consideration and direction.

### **(b) Risk Management and Sustainability Committee**

The Committee is responsible for the effective management of the Company's risk management program and internal control systems and processes. Further, it reports to the Board of Directors on the effectiveness of the risk management program and any material issues and observation including mitigation measured. The broad responsibilities of the Committee shall include:

- ✓ managing and monitoring the implementation of risk mitigation plans and review progress and effectiveness of these plans;
- ✓ setting up internal processes and systems to control the implementation of action plans;
- ✓ providing guidance to the management and employees to identify and manage risks;
- ✓ periodical review and updation of the identified business risks in view of the evolving business requirements;
- ✓ reporting to the Board on the status of material business risks; and

- ✓ ensuring compliance with regulatory requirements and best practices with respect to risk management.

### **(c) Business Heads**

The Company's Business Heads / Functional Heads are primarily responsible for identifying the business risks and implementing risk management framework with an aim to provide the Company with early warnings of risks. They must implement the action plans developed to address material business risks across the Company and individual business units.

The Business Heads regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management.

They should also report regularly to the Committee regarding the status and effectiveness of the risk management program.

### **(d) Employees**

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate. In addition, they should follow the culture of risk management within the Company and compliance with the internal risk control systems and processes as stipulated by the Board of Directors and the Committee from time to time.

## **7.0 Review and Reporting**

- 7.1 The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Business Heads aim to ensure the specific responsibilities for risk management are clearly communicated and understood.
- 7.2 The reporting obligation of Business Heads and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Committee, the Business Heads and employees responsible for its implementation.

## **8.0 Risk Management Framework**

- 8.1 The Company follows a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:
- Risk Management framework is aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.
  - The Standard Operating Procedures for functions bring robustness to the process of effectively addressing risks.
  - Appropriate structures have been put in place to effectively address inherent risks in businesses with unique / relatively high risk profiles.
  - A strong and independent Internal Audit Function ensures risk focused audits, enabling identification of areas where risk managements processes need to be strengthened.

The Audit Committee of the Company reviews internal audit reports and provides strategic guidance to the management. It also helps in monitoring the internal control environment and ensuring effective implementation of the Internal Audit recommendations.

8.2 The combination of policies and processes as outlined above adequately addresses the various risks associated with the Company's businesses. The Business Heads / Functional Heads of the Company periodically review the risk management framework to effectively address the risks arising due to dynamic business environment.

## **9.0 Business Continuity Plan**

9.1 The Company follows structured plan for business continuity ensuring capability to operate its critical business functions during emergency events that would significantly interrupt its business. This plan includes:

- Risk identification and assessment that identifies and evaluates risks that could interrupt business, providing directions for further planning.
- Risk treatment that explores options for mitigating those risks.
- Business impact analysis that determines order and timeframes for business processes recovery, defines critical data and recovery point objectives.
- Business continuity strategy that defines strategic approaches to resuming operations in event of disruption at an acceptable level and within acceptable timeframes, based on findings in risk identification/treatment and Business impact analysis.
- Training and testing to ensure plans are up-to-date, feasible, reflect strategy requirements, are familiar to personnel with business continuity roles, etc.

## **10.0 Amendment**

10.1 Any change in the Policy shall be approved by the Board of Directors. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

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