PRECISION WIRES INDIA LIMITED

(CIN: L31300MH1989PLC054356)

RISK MANAGEMENT POLICY

(Approved in Board meeting dated 07.02.2022)

1. INTRODUCTION

Risk Management is a very crucial aspect of the Management of the Company. The Company understands that the its ability to identify and address risk and manage uncertainty in the internal and external environment is an important part of achieving its objectives which aims to improve the governance practices across the Company's activities.

The RMP is formulated in compliance with LODR Regulation 17(9)(b) of SEBI 2015 and provisions of the Companies Act 2013 which requires the Company to lay down a framework for risk assessment, management and minimization.

The Board of Directors of the Company has formed a Risk Management Committee (hereafter referred to as the "Committee") who shall periodically review this Policy so that the Risk is Managed through a properly defined framework.

2. RISK MANAGEMENT FRAMEWORK

A. Risk Assessment:

Risk assessment is a process that is, in turn, made up of three processes: risk identification, risk analysis, and risk evaluation.

Risk identification is a process that is used to find, recognize, and describe the risks that could affect the achievement of objectives.

Following are the Risks already identified:

1. Financial Risk

a. Liquidity Risk,
b. Credit Risk,
c. foreign exchange Risk
d. Fraud

2. Operational Risks

a. Raw Material Pricing
b. Availability of Raw Material
c. Customer Satisfaction
d. Warranty Claims
e. Asset Risk
f. Disruption in Production
g. Demand Fluctuation
h. Fire and Safety Risk

3. Information and Cyber Security Risk

4. Environmental, Sustainability and governance Risk

a. Environmental
b. Labour Relation/Industrial relations

c. Legal/Regulatory

5. Any other risk which may be identified by the Committee

Risk analysis is a process that is used to understand the nature, sources, and causes of the risks that you have identified and to estimate the level of risk. It is also used to study impacts and consequences and to examine the controls that currently exist.

Risk evaluation is a process that is used to compare risk analysis results with risk criteria in order to determine whether or not a specified level of risk is acceptable or tolerable.

Senior Management to interact regularly with Risk Personnel (RP's), who have been given the authority to manage a particular risk as per the above process and is accountable for doing so. Risk Personnel (RP's) would in turn depend on all the employees, who are all therefore responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate

The Committee to be briefed by the Senior Management/RP's on half yearly basis and to monitor and oversee the implementation of the Risk Management Policy including evaluating the adequacy of the Risk Management Systems.

The Risk Assessment and Evaluation process can be considered to be qualitative or quantitative in nature. It should take into account two contributing factors – the probability of occurrence of the event and the impact of such an occurrence.

Scale	1	2	3	4	5
Risk Probability	Very Low	Low	Moderate	High	Very High
Risk Impact	Very low	Low	Moderate	High	Very High

Each risk is given Risk Probability score and Risk Impact score and overall Total Risk Score is assigned for each risk on scale of 1 to 10.

B. Risk Reporting:

Once all the risks are identified and evaluated, they need to be recorded. This process of recording all the risks that can be perceived to impact the business in a Risk Register is called Risk Reporting. The Risk Register has to be populated by the Risk Personnel and this Risk Register should be presented to Risk Management Committee, whenever the register is updated and required.

It should also be decided in this step, what is the best way taking Corrective Action for dealing with the risk. The different ways to handle or treat risks are:

1. Avoidance
2. Reduction
3. Alternate Actions
4. Share or insure
5. Accept

C. Risk Mitigation and Monitoring

Risk Mitigation and Monitoring is the process of selecting and implementing measures to modify/ reduce the risk and putting in place internal controls to monitor the risk regularly. The effectiveness of the internal control gives the degree to which the risk will be eliminated or reduced by the specific control measure.

An effective Risk Management process requires a good reporting and review mechanism. The risks are identified, assessed and evaluated, reported, and a risk mitigation plan implemented. Regular audits of policies and the systems in place are required to ensure compliance with the mitigation plan and the risk management policy. The business operates in a dynamic environment and this means that there must be change management process in place to check and implement changes to policies and processes as there are changes in the environment.

3. Business Continuity Plan

Business continuity plan refers to maintaining business functions or quickly resuming them in the event of a major disruption, whether caused by a fire, flood or any other act of god. A business continuity plan outlines procedures and instructions an organization must follow in the face of such disasters; it covers business processes, assets, human resources, business partners and more.

The Company shall have Business continuity plan for any contingent situation covering all perceivable circumstances. The Business continuity plan may be reviewed and amended by the Risk Management Committee.

4. Risk Management Committee

The Risk Management Committee shall consist of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. The Chairperson of the Risk management Committee shall be a member of the Board of Directors and senior executives of the listed entity may be members of the committee:

Following is the composition of Risk Management Committee:
a. Mr. Milan M Mehta, Managing Director
b. Mr. Ashwin Kothari, Independent Director
c. Mr. Deepak M. Mehta, Whole Time Director

Meetings:

The Risk Management Committee should meet at least two times in a year and not more than 180 days shall elapse between two consecutive meetings. The Quorum for the meeting of the Committee shall be a minimum of two members or one-third of the Members of the Committee, whichever is higher, including at least one member of the Board.

Role of Committee:

1. To formulate a detailed risk management policy
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

Review of the policy

The Board of Directors of the Company shall review the policy once in every two years or earlier as may be required.

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