

LYKA LABS LIMITED

RISK MANAGEMENT POLICY

LEGAL FRAMEWORK

- Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the Company’s activities.
- Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.
- 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.

DEFINITION

- **"Policy"** means Risk Management Policy.

OBJECTIVE & PURPOSE OF POLICY

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

- To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e to ensure adequate systems for risk management.
- To establish a framework for the company’s risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.
- To create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities.
- Contributing towards more efficient use/ allocation of the resources within the organization.

REGULATORY FRAMEWORK & REQUIREMENT

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

- Companies Act, 2013

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-



a) 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.

- Provisions of the Section 177(4) 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.
- Schedule IV [Section 149(8)] - Code for Independent Directors

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 strategy, performance, risk management, resources, key appointments and standards of conduct;

(2) satisfy themselves on the integrity of financial information and those financial controls and the systems of risk management are robust and defensible;

Lyka Labs Limited being a listed company, is required to adhere to the regulations made both by the Companies Act, 2013 and Clause 49 of the Listing Agreement 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.

DISCLOSURE IN BOARD'S REPORT

- Board of Directors shall include 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.

BACK GROUND AND IMPLEMENTATION

- The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.
- This policy is in compliance with the amended Clause 49 of the Listing Agreement (w.e.f 1 st October 2014) which requires the Company to lay down procedure for risk assessment and procedure for risk minimization.
- The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.
- Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.



CONSTITUTION OF RISK MANAGEMENT COMMITTEE

- The majority of Committee shall consist of members of the Board of Directors. Senior executives of the company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors.
- The Board shall define the roles & responsibilities of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

MEETINGS AND QUORUM

- The quorum necessary for transacting business at a meeting of the Committee shall be two members.

APPLICATION

- This policy applies to all areas of the Company's operations.

ROLE OF THE BOARD

The Board will undertake the following actions to ensure risk is managed appropriately:

- The Board shall be responsible for framing, implementing and monitoring the risk-management plan for the company.
- The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other fun as it may deem fit.
- Ensure that the appropriate systems for risk management are in place.
- The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;
- Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks;
- Be satisfied that processes and controls are in place for managing less significant risks;
- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into board reporting and annual reporting mechanisms;
- Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.



REVIEW

- This policy shall evolve by review by the Risk Management Committee and the Board from time to time as may be necessary.
- This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company.

Place: Mumbai

Date: 13th November, 2014


N.I. Gandhi
Managing Director
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