RISK MANAGEMENT POLICY

INTRODUCTION

Risk management is attempting to identify and then manage threats that could severely impact or bring down the organization. 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. The Securities and Exchange Board of India ("the SEBI") has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations") vide notification no.SEBI/LAD/NRO/GN/2015-16/013, dated 2nd September, 2015, which was effective from 2nd December, 2015 (90 days from the publication in official gazette).

In accordance with Section 134(3)(n) of the Companies Act, 2013, a company is required to 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 and further as per Regulation 17 of the SEBI (LODR) Regulations, the board of directors shall be responsible for framing, implementing and monitoring the Risk management plan for the listed entity.

Accordingly, to mitigate and manage risk at "DATIWARE MARITIME INFRA LIMITED" (hereinafter referred to as the "Company"), the Company has formed the policy (the "Risk management Policy") for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

OBJECTIVE

The Company is prone to inherent business risks. 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 and to guide decisions on risk related issues. The objective of this policy shall be as under:

1. Providing a framework that enables future activities to take place in a consistent and controlled manner;

2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;

3. Protecting and enhancing assets and company image;

4. Developing and supporting people and knowledge base of the organization;

5. Optimizing operational efficiency;

6. Enabling compliance with appropriate regulations, wherever applicable, through the adoption of best practices;

7. Assuring business growth with financial stability.

RISK STRATEGY:

The Company recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner The Company believes that the Risk cannot be eliminated. However, it can be:

- Transferred to another party, who is willing to take risk, say by buying an insuranceϖ policy or entering into a forward contract;
- Reduced, by having good internal controls;
- Avoided, by not entering into risky businesses
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risks

DATIWARE MARITIME INFRA LIMITED is a aquaculture based industry with a object of creating maritime infrastructure and services including building, sale and repairing of ships, yachts and boats, building bulk cargo terminals, offshore storage and warehousing, marina services and secure storage for yachts and vessels, imparting skill and training relating to maritime industry to human resources.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk, etc.
For managing Risk more efficiently the company would need to identify the risks that it faces in trying to achieve the objectives of the firm. Once these risks are identified, the risk manager would need to evaluate these risks to see which of them will have critical impact on the firm and which of them are not significant enough to deserve further attention. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

Risk management Framework Objectives must exist before management can identify potential events affecting their achievement. Enterprise Risk management ensures that management has in place a process to set objectives and that the chosen objectives support and align with the entity's mission and are consistent with its risk appetite. The Objectives of the Company can be classified into Strategic:

- Organizational Growth.
- Comprehensive range of products.
- Sustenance and Growth of Strong relationships with dealers/customers.
- Expanding our presence in existing markets and penetrating new geographic
- Markets. Continuing to enhance our industry expertise.
- Enhance our capabilities through technology alliances and acquisitions.

Operations:

Consistent Revenue growth.

- Consistent profitability.

- High quality production.
- Further develop Culture of Innovation.
- Attract and retain quality technical associates and augmenting their training.

Reporting:
Maintain high standards of Corporate Governance and public disclosure.

Compliance:
Ensure stricter adherence to policies, procedures and laws/ rules/ regulations/standards.

In principle, risks always result as consequence of activities or as consequence of non activities. Risk management and Risk Monitoring are important in recognizing and controlling risks. The entirety of enterprise Risk management is monitored and modifications made as necessary. Risk mitigation is an exercise aiming to reduce the loss or injury arising out of various risk exposures The Company adopts systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. The Company believes that this would ensure mitigating steps proactively and help to achieve stated objectives. The Company has constituted a Risk Assessment and Minimization Committee with functional heads and the Company Secretary as members. The Committee will submit its periodical report to the Board about the measures taken for mitigation of Risk in the organization.
We consider activities at all levels of the organization, viz., Enterprise level; Division level; Business Unit level are considered in the Risk management framework. All these components are interrelated and drive the Enterprise Wide Risk management with focus on three key elements, viz.,
(1) Risk Assessment
(2) Risk management
(3) Risk Monitoring.

Risk Assessment
Risks are analysed, considering likelihood and impact, as a basis for determining how they should be managed. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks
To meet the stated objectives, effective strategies for exploiting opportunities are to be evolved and as a part of this, key risks are identified and plans for managing the same are laid out.

Risk management and Risk Monitoring
In the management of Risk the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in the following areas

I. Technological obsolescence

   The company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology. Established contacts with leaders in technology, particularly in the areas of the company’s operations, have dividends in our ability to access to newer and evolving processes and their applications in the manufacture of capital goods

II. Political environment

Any adverse change in the political environment in that country would have an impact in growth strategies of the company

III. Competition

The Indian aquaculture industry is one of the most promising industries on global scale. As Indian Carps has gained tremendous popularity among different cuisines, government is taking initiatives to further elevate the demand of Indian aquaculture species. Both the Central and the State Government have undertaken several policy initiatives and measures to boost the growth of fisheries industry of India. As a result, the market competition and Government policies may tend to create threats for the Company's Market Position

IV. Inflation and cost structure

The cost of revenues consists primarily of raw materials including coal, clinker, power; sugarcane etc., the cost of revenues has a very high degree of inflationary certainty. To de-risk, the Company has established specific policies for procurement of long delivery and strategic raw materials and stores and those amenable to just-in time inventories including contacts with exporters of coal and other material. At organizational level, cost optimization and cost reduction initiatives are implemented and are closely monitored. The Company controls costs through budgetary mechanism and its review against actual performance with the key objective of aligning them to the financial model. The focus on these initiatives has inculcated across the organization the importance of cost reduction and control

V. Financial reporting risks

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, Securities and Exchange Board of India (SEBI) rules, and Indian stock market listing regulations are creating uncertainty for companies. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time, as new guidance is provided by regulatory and governing bodies. We are committed to maintaining high standards of corporate governance and public disclosure and our efforts to comply with evolving laws, regulations and standards in this regard would further help us address these issues.

VI. Risk of Corporate accounting fraud

Accounting fraud or corporate accounting fraud are business scandals arising out of Misusing or misdirecting of funds, overstating revenues, understating expenses etc. The Company mitigates this risk by Understanding the applicable laws and regulations

- Conducting risk assessments,
- Enforcing and monitoring code of conduct for key executives
- Instituting Whistleblower mechanisms
- Deploying a strategy and process for implementing the new controls
- Adhering to internal control practices that prevent collusion and concentration of
- checks Scrutinising of management information data

• comparative figures and ratios Creating a favourable atmosphere for internal auditors in reporting

• highlighting any instances of even minor non-adherence to procedures and manualsand a host of other steps throughout the organisation and assign responsibility for leaving the overall effort to a senior individual like Chief Financial Officer.

VII. Legal Risk

Legal risk is the risk in which the Company is exposed to legal action As the Company is governed by various laws and the Company has to do its business within four walls of law, where the Company is exposed to legal risk exposure We have an experienced team of professionals, advisors who focus on evaluating the risks involved in a contract, ascertaining our responsibilities under the applicable law of the contract, restricting our liabilities under the contract, and covering the risks involved so that they can ensure adherence to all contractual commitments.

VIII. Compliance with local laws

The Company is subject to additional risks related to our international expansion strategy, including risks related to complying with a wide variety of national and local laws, restrictions on the import and export of goods and technologies and multiple and possibly overlapping tax structures

IX. Environmental Risk Management:

The Company endeavours to protect the environment in all its activities, as a social responsibility. The legal exposure in this regard is when polluting materials are discharged into the environment by causing danger to fragile environmental surrounding is an offence.

X. Human resource management

Human Resources Development (HRD) Department will add value to all its Units and associate companies by ensuring that the right person is assigned to the right job and that they grow and contribute towards organizational excellence.

Risk in matters of human resources are sought to be minimised and contained by following a policy of providing equal opportunity to every employee, inculcate in them a sense of belonging and commitment and also effectively train them in spheres other than their own specialisation

XI. Culture and values

Managing risk consistently among multi-cultural workforce is very critical. The company has implemented a written code of conduct and ethics for the employees. These policies are disseminated on the Company’s website and affirmations have been obtained from all concerned to ensure compliance.

XII. Cyber Security risk

'**Cyber risk**' means any **risk** of financial loss, disruption or damage to the reputation of an organization from some sort of failure of its information technology systems. The Company is constantly improving cyber security by

1) Train staff: The majority of cyber attacks take the form of phishing and spear phishing, where cyber criminals target individuals rather than computer systems, thus, training employees in basic security practices – such as how to recognize potential threats and what precautions to take – is a must.

2) Secure wireless networks: Wireless networks can be easily exploited by cyber attackers. To prevent this, avoid WEP encryption (which can be cracked in minutes) and use only WPA2, which uses AES-based encryption and provides better security than WPA.

3) Keep software updated: Up-to-date software will help you guard against the latest threats and keep your infrastructure secure.

4) Control access: Administrative access to your systems should only be granted on a need-to-know basis. Keep sensitive data – such as payroll – out of the hands of anyone who doesn't need it to do their job.

5) Back up data: Small businesses can lose data as well as money in a cyber attack. Conducting regular backups will make sure you can still access your data in the event of a breach or event

RISKS SPECIFIC TO THE COMPANY AND THE MITIGATION MEASURES ADOPTED

1) Business dynamics:
Variance in the demand and supply of the product in various areas. Based on experience gained from the past and by following the market dynamics as they evolve, the Company is able to predict the demand during a particular period and accordingly supply is planned and adjusted.

2) Business Operations Risks:
These risks relate broadly to the company's organisation and management, such as planning, monitoring and reporting systems in the day to day management process namely:
• Organisation and management risks,
• Production, process and productivity risks,
• Business interruption risks,
• Profitability

Risk mitigation measures:
• The Company functions under a well defined organization structure.
• Flow of information is well defined to avoid any conflict or communication gap between two or more Departments.
• Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads.
• Proper policies are followed in relation to maintenance of inventories of raw materials, consumables, key spares and tools to ensure their availability for planned production programmes.
• Effective steps are being taken to reduce cost of production on a continuing basis taking various changing scenarios in the market.

3) Liquidity Risks:

• Financial solvency and liquidity risks
• Borrowing limits
• Cash management risks

Risk Mitigation Measures:
Proper financial planning is put in place with detailed Annual Business Plans
• discussed at appropriate levels within the organisation. Annual and quarterly budgets are prepared and put up to management for
• detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc. These budgets with Variance Analysis are prepared to have better financial
• planning and study of factors giving rise to variances. Daily and monthly cash flows are prepared, followed and monitored at
• senior levels to prevent undue loss of interest and utilise cash in an effective manner. Cash management services are availed from Bank to avoid any loss of interest
• on collections Exposures to Foreign Exchange transactions are supported by LCs and Bank
• guarantees and steps to protect undue fluctuations in rates etc.

4) Disaster Risks:
Natural risks like Fire, Floods, Earthquakes, etc.

Risk Mitigation Measures:
• The properties of the company are insured against natural risks, like fire, flood, earthquakes, etc. with periodical review of adequacy, rates and risks covered under professional advice.
• Fire extinguishers have been placed at fire sensitive locations.
• First aid training is given to watch and ward staff and safety personnel.
• Workmen of the company are covered under ESI, EPF, etc., to serve the welfare of the workmen.

IMPLEMENTATION

The Board of Directors 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/Senior Managerial personnel shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report during Internal Review Meeting any material risks and discrepancy arising in the system.

The Chairman of the Audit Committee shall be responsible to take such matters immediately to the Committee and Board in case of necessity otherwise shall report to the Board annually on the actions taken by them.

Step I: Risk identification

To identify organization's exposure to uncertainty, risk may be classified in the following:

1. <u>Financial Performance Risks:</u>
   (i) Market Risk

(ii) Credit Risk
(iii) Liquidity Risk
(iv) Insurance Risk
(v) Supplier Performance Risk

2. Stakeholder Relationship Risks:
(i) Customer Satisfaction & Reputation Risk
(ii) Banking Relationships Risk (iii)Employee Engagement Risk
(iv) Government Policy, Regulation and Compliance Risk
(v) Investor Relations Risk

3. Risks to Safety, Environment and Reliability:
(i) Safety Risk
(ii) Environmental Risk

Step II: Risk Evaluation

To analyze the identified risks in a structured format:

Name of Risk	
Scope of Risk	Qualitative description of events with size,type, number etc
Nature of Risk	
Quantification of Risk	Significance & Probability
Risk Tolerance/Appetite	Loss Potential & Financial impact of Risk
Risk Treatment and Control Mechanism	Primary means Level of Confidence Monitoring & Review
Potential Action for Improvement	Recommendations to Reduce Risk
Strategy and Policy Development	Identification of Function responsible to develop strategy & Policy

Step III: Risk management

Business Plan including Capital Expenditure and Fund Flow Statement for each segment together with SWOT analysis, Assets, Accounts Receivables and Payables as well as Regulatory Regime applicable shall be reviewed in the light of the material risks identified.
Efforts shall be taken to mitigate the risk identified during the Internal Review Meeting based on action plan approved by the Chairman and Managing Director of the Company and chairman of Audit Committee. However, in case the risk identified is material in nature then the same shall be informed to the Audit Committee and Board for approving Action plan.

The Board shall approve the Risk Management (including Risk Treatment) strategy, control structure and policy guidelines and delegate authority and accountability for risk management to the Company's executive team.

The guidelines shall include prescription on Risk Treatment. It shall consider prioritizing risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/ mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. for

1. Effective and efficient operations
2. Effective Internal Controls
3. Compliance with laws and regulations

Risk Treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

Step IV: Risk Reporting

The Chairman of Audit Committee shall submit a periodical report to the Audit Committee and Board about the measures taken for mitigation of material risk based on the outcome.

REVIEW

This policy shall be reviewed by the Audit Committee and the Board of Directors from time to time as may be necessary.

This Policy will be communicated to all heads of department/Senior Managerial Personnel of the Company.

AMENDMENT

This Policy can be modified at any time by the Audit Committee of the Company

DISCLAIMER CLAUSE

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

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