

ACCRETION PHARMACEUTICALS LIMITED

RISK MANAGEMENT POLICY UNDER COMPANIES ACT, 2013

1. Legal Framework:

Section 134 (3) (n) of the Companies Act, 2013 requires the Company to frame Risk Management Policy to identify various elements of risk and steps taken to mitigate the same. Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improve 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.

2. Objective and Purpose:

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 Company’s business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

3. Key Definitions:

3.1 Risk Assessment:

The systematic process of identifying and analyzing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

3.2 Risk Management:

The systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

3.3 Risk Management Process:

The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risk.

4. **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. Risk Management framework shall primarily focus on following elements:

- 4.1 **Risk to Company Assets and Property** – It is ensured that there is proper security and maintenance of assets and adequate coverage of insurance to facilitate replacement of assets with minimal disruption to operations.
- 4.2 **Employees Related Risks** – Employees constitute the most important assets of the Company. The Human Resources Policies have been evolved over the years with the object of mitigating employee related risks including reducing attrition rate. Adequate legal safeguards have been provided to protect confidential information, and protect the Company from any probable contractual liability on account of misconduct/errors/omissions of employees.
- 4.3 **Risks associated with Non-Compliance of Statutory enactments** - The Company is a legal entity incorporated under the provisions of the Companies Act, 2013 engaged in manufacturing of Medicinal & Pharmaceutical Products. The Company is required to ensure compliance of provisions of various applicable statutory enactments. The Company ensures that qualified professionals are employed to comply with various applicable laws.
- 4.4 **Competition Risks** – Risk of competition is inherent to all business activities. The Company is engaged in construction of residential and commercial premises, there is always an inherent risk of uncertain productivity of resources, weather or seasonal implications and industrial relations problems, financial risks include inflation, availability and fluctuation of foreign exchange, delay in payment, repatriation of funds and local taxes, technical risks, political risks, environment risks. Changes cannot be eliminated, however, by applying risk management in project construction participates are able to improve the construction management.

Our risk management approach is composed primarily of three components:

4.4.1 Risk Governance

4.4.2 Risk Identification

4.4.3 Risk Assessment and Control

4.4.1 Risk Governance:

The functional heads of the Company are responsible for managing risk on various parameters and ensure implementation of appropriate risk mitigation measures. The Risk Management Committee provides oversight and reviews the risk management policy from time to time.

4.4.2 Risk Identification:

External and internal risk factors that must be managed are identified in the context of business objectives.

4.4.3 Risk Assessment and Control:

This comprises the following:

- A. Risk assessment and reporting
- B. Risk control
- C. Capability development

On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the organization. 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.

5. Compliance and Control:

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organization's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

6. Review:

This Policy shall be reviewed at such intervals as may be decided by the Board from time to time to ensure it meets the requirements of legislation and the needs of organization.

7. Amendment:

This Policy can be modified at any time by the Board of Directors of the Company.