



## **RISK MANAGEMENT POLICY**

### **Sonam Clock Limited**

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## RISK MANAGEMENT POLICY

### FRAMEWORK

- 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.

### KEY DEFINITIONS:

**“Company”** means “Sonam Clock Limited”, a Company constituted under the provisions of Companies Act, 1956.

**"Board of Directors" or "Board"**, in relation to a company, means the collective body of the directors of the Sonam Clock Limited (the ‘Company’).

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and as per SEBI (LODR) Regulations.

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

**“Risk”** in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organization continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

**“Risk Management”** is the systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

### 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 main objectives of the Risk Management Policy are:

1. 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.
2. To establish a framework for the company’s risk management process and to ensure its implementation to minimize the risk.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability.
5. To reduce the volatility in various areas of Business

### 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.

## **IMPLEMENTATION**

- Section 134(3) of the Companies Act, 2013 requires a statement to be included in the report of the board of directors ("Board") of Sonam Clock Limited (the "Company"), 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.
- Furthermore, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.
- 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 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. Board of directors 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.

## **RISK MANAGEMENT PROCESS**

- (i) Identification – Recognition / anticipation of the risks that threaten the assets and earnings of the Company
- (ii) Evaluation / Assessment – Estimation of the likely probability of a risk occurrence and its likely severity, categorization of risk and rating of risk
- (iii) Prevention & Control – Measures to avoid occurrence of risk, limit its severity and reduce its consequences, selecting the risk management technique by category and individual risk
- (iv) Financing – Determining the cost of risk likely to be and ensuring that adequate financial resources are available, implementing the selected technique
- (v) Measure and Monitor effectiveness of controls and respond according to the results and improving the program
- (vi) Reviewing and reporting on the Risk Management process at appropriate intervals, at least annually

## **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 to mitigate the Risk and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions 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;
- To 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 committee that is deemed necessary to ensure risk is adequately managed and resolved where possible.

**APPLICATION**

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

**AMENDMENT TO THE POLICY**

- The Board of Directors may review or amend this policy, in whole or in part, from time to time.