



UNIPARTS
GROUP

UNIPARTS INDIA LIMITED

RISK MANAGEMENT POLICY

1. Objective

The Company believes in enabling long term sustainable growth by creating a robust risk management framework involving identification, evaluation, management, and reporting of risks by partnering with businesses and its associate functions. The objective of this risk management policy (this “Policy”) is to address risks in a proactive manner to sustain business growth.

The Risk Management policy will outline broadly the framework within which the Company will operate to minimize the risk arising from adverse movements in economy including fluctuation in Foreign Exchange rate, Interest rate, Supply Chain, customer demand, price of raw material & availability and Labour and reputational risk etc. The Risk Management process of the Company will hence manage the uncertainty and volatility of the value of the Company in accordance with the Policy, which will be a set of appropriately determined corporate and financial Objectives.

2. Scope of the Policy

This Policy shall be applicable to the Uniparts Group, including its subsidiaries (present and future) , acquired entities and to all processes or functions in such entities

3. Philosophy & approach for Risk Management Process

The risk management philosophy of the Company is built based on its vision and goal of the organisation. The Company has adopted an integrated approach for risk management wherein it ensures all material risks are identified, monitored, mitigated and reported in real time. The Risk Management Committee shall be reviewing periodically all existing risk and future threatened risk with adequate plan to mitigate and quarterly report to the Board.

The Internal control system is well designed to cope up the challenges or escalate it to the higher in leadership role

For each process of Risk Management there may be sub-committee under the Risk Management Committee and sub policies may be adopted by the sub-committee for managing financial risk, operational risk, hedging risk, foreign exchange risk, cyber risk etc.

4. Risk Management Framework

We believe that risk management is not the function of only top management and to be practiced confidentially. The Company has adequate flow of communication at the real time between the functional heads and the Managing Director/Board of Directors to ensure risk is managed with the solution. The Framework covers the following

- (a) Risk awareness ;
- (b) Risk Identification ;
- (c) Risk communication;
- (d) Risk responsibility;
- (e) Risk measurement and analysis; and
- (f) Risk implementation and integration.

5. Risk Impact Matrix and Risk Reporting guidelines

Risk Impact Matrix and Risk Reporting guidelines is as per Annexure 3

6. Governance

The Risk Management framework shall provide for comprehensive governance detailing the policies, process, system, structure, participants, committees, their terms of reference, roles and responsibilities, periodicity of meetings with agendas and to discussed in these meetings for relevance of all kind of risks.

7. Disclaimer Clause

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.

8. Assessment of Effectiveness

The Audit Committee or Risk Management Committee of the Company, as may be applicable and formed by Board, is responsible for reviewing and analyzing the effectiveness of the risk management framework and the risk management systems and shall report the same to the Board.

9. Regulatory Requirements

As per SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, every listed company is required to define Risk Management Policy covering the framework for management of key business risks. The Board of Directors, the Audit Committee and the Risk Management Committee is responsible to ensure that the company has a robust Risk management framework and monitor its effectiveness on periodic basis. (detailed text of regulatory requirement is given in the Annexure 1)

10. Annexures

Annexure 1-- Regulatory Requirements under SEBI LODR and the Companies Act 2013

Annexure 2 -- Terms of Reference of the Risk management Committee

Annexure 3 -- Risk Impact Matrix and Risk Reporting guidelines

Annexure 1

1. SEBI LODR REGULATIONS 2015

1. The Board of directors of the listed entity shall have the following responsibilities with respect to risk management:
 - a. Review the Risk Policy [Regulation 4 (2) (f) (ii) (1)]
 - b. Ensure integrity of the Risk Management systems [Regulation 4 (2) (f) (ii) (7)]
 - c. The Board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the listed entity to excessive risk. [Regulation 4 (2) (f) (iii) (9)]
2. The listed entity shall lay down procedures to inform members of Board of directors about risk assessment and minimization procedures. [Regulation 17 (9) (a)]
3. The Board of directors shall be responsible for framing, implementing, and monitoring the risk management plan for the listed entity. [Regulation 17 (9) (b)]
4. Risk Management Committee [Regulation 21]
 - a. The Risk Management Committee should have minimum three members with majority of them being members of the board of directors, including at least one independent director.
 - b. 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;
 - c. The Risk Management Committee shall meet at least twice in a year;
 - d. As provided under Part D of Schedule II, the responsibilities of Risk Management Committee include formulating of risk management policy, oversee implementation of the same, monitor and evaluate risks basis appropriate methodology, processes and systems and appointment, removal and terms of remuneration of Chief Risk Officer.
 - e. The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings;
 - f. The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
 - g. The Risk Management Policy shall include framework for identification of financial, operational, sectoral, sustainability (particularly, ESG related risks), information and cyber security risks, measures for risk mitigation including systems and processes for internal control and Business Continuity Plan.

THE COMPANIES ACT 2013

1. Report by its Board of Directors, which 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. [Section 134 (3) (n)]
2. Independent directors should satisfy themselves that the systems of risk management are robust and defensible. [Schedule IV]
3. The audit committee shall act in accordance with the terms of reference specified in writing by the board, which shall, inter alia, include evaluation of risk management systems. [Section 177 (4) (vi)]

Annexure 2 -- Terms of Reference of the Risk management Committee

1. Formulation of a detailed risk management policy which shall include:
 - a. a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, Foreign Exchange, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;
 - b. measures for risk mitigation including systems and processes for internal control of identified risks; and
2. Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. Keep the Board of directors of the Company informed about the nature and content of its discussions, recommendations and actions to be taken;
6. Review of the appointment, removal, and terms of remuneration of the Chief Risk Officer (if any).
7. Coordinate its activities with other committees, in instances where there is any overlap with activities as per the framework laid down by the board of directors.
8. Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under the applicable law, as and when amended from time to time.

Annexure 3 -- Risk Assessment Criteria- Risk Assessment Matrix

Impact Category	Financial Impact (Quantified as % of revenue)	Non-Financial Impact (Qualitative)
High	More than 3% of revenue or PAT	Threat of existence, Reputation Risk, High Monetary Penalties and Criminal actions
Medium	Between 1% to 3% of revenue or PAT	Financial penalties, short term loss of business, decline in market share and any legal dispute
Low	not more than 1% of revenue or PAT	Low or negligible impact on profit, temporary loss in revenue or market share

RISK ESCALATION MATRIX

UNIPARTS INDIA LIMITED and all its subsidiaries

