

## **SIYARAM SILK MILLS LIMITED**

### **RISK MANAGEMENT COMMITTEE MEETING**

#### **Risk Management Policy.**

In terms with the requirements of the Listing Regulations the Company has to frame a Risk Management Policy and lay down procedures for risk assessment and mitigation and keep the Board informed periodically of the same.

### **RISK MANAGEMENT POLICY OF SIYARAM SILK MILLS LIMITED**

#### **Risk Management Policy**

The general aim of the Company's risk management policy is to minimize losses and maximize opportunity, which is closely aligned to improving safety not only physical risk perspective of employees but including financial, asset and property risk of the Company.

The Risk Management Policy of the Company is as mentioned below:

#### **Policy**

- The Company will ensure risk management is an integral part of all decision-making processes.
- The Company will on a continuous basis identify the risk faced by the Company, closely monitor the risk, take steps to manage the risk and lay systems to mitigate the risk.
- The Company will use a structured risk management program to minimize, reasonably foreseeable disruption to operations, harm to people, damage to environment and loss of property or loss of opportunity.
- The Company will identify and take advantage of opportunities as well as minimize adverse effects.
- The Company will implement risk management effectively.
- The Company will create awareness amongst the employees of the risk and educate them on the risk management practices.
- The Company will strive to continually improve our risk management practices.

#### **Monitoring and Review**

- The Departmental Heads are responsible for managing risk in their area of operation and to report the risk faced to the Management for the implementation of the risk management process to mitigate operational risk encountered.
- Company Secretary to periodically place report to the Board.
- The Board will monitor and review the implementation of the risk management program and Policy on an annual basis.
- The Company in terms with amended SEBI Regulations has re-constituted its Risk Management Committee, its role and responsibility to monitor the Risk Management and Mitigation measures taken by the Company from time to time.



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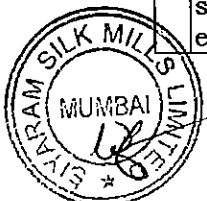
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In line with the Risk Management Policy, the Company has evolved a comprehensive risk management structure to identify, assess, monitor, control and manage/mitigate risk in the following areas:

## Risk Management Structure

The following risks of the business have been identified and actions for mitigation of the risks have been taken.

	Identified Risks & Nature of Risk	Mitigation of Risks
1	<b>Operational Risks</b>	
	<p>a) Procurement</p> <p>The procurement of raw material, machinery, stores, spare parts etc., involve risk as to timely delivery, required quality and quantity etc. Their shortages, inferior quality and delay in supply can cause substantial hardships to the Company in terms of production and financial loss.</p>	<p>The Company's major raw material is synthetic yarn. We are one of the major consumers of synthetic yarn. There are many manufacturers of synthetic yarn in India hence we are in a buyers market.</p> <p><b>Mitigation</b></p> <p>Required raw material are ordered well in advance to mitigate the price fluctuation and short supply, if any.</p> <p>The Company conducts sufficient inquiry and investigation into the credentials of prospective suppliers.</p> <p>The Company also maintains a List of suitable suppliers of each raw material, machine etc., the products of which are suitably tested well in advance. In case of unavailability of material from one source we can fall back to another supplier without delay and cost difference.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b></p> <p>Suitable operational adjustments put in place to overcome the current situation have been effective.</p>
	<p>b) Loss of material in transit and in storage due to fire &amp; other risks</p>	<p>Suitable insurance to cover all the risks have been taken in order to cover ourselves against loss in transit, fire etc. Suitable fire fighting systems are installed at various units and offices of the Company to further mitigate the risk of fire.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b></p> <p>No change in risk perception.</p>
	<p>c) Loss of profit due to closure on account of strike and similar workers related issues etc.</p>	<p>The Company maintains cordial relations with its workers at all its units. All workers related issues are ascertained</p>



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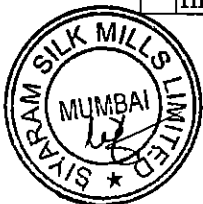
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	and suitably addressed regularly.
	<p><b>Review of Risks under current scenario and mitigation mechanism.</b></p> <p>Risk was mitigated by maintaining cordial relations and full co-operation by workers/employees.</p>
d) Cost escalations in respect of critical raw materials.	<p>The Company has a policy to effect purchases in bulk quantities to cover the requirements for the entire peak season, thereby bargaining better prices and credit terms. This policy helps to mitigate against cost escalations and also against shortages.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b></p> <p>Cost of Raw Material has since stabilized.</p>
e) Technology risk, change in consumer preferences, & fashion etc.	<p>The Company has an in house R &amp; D Department with qualified and capable personnel, which is continuously working on this aspect. This helps the Company to continuously introduce new designs to cater to the latest trends, fashions and changing technology.</p> <p>The Company continuously upgrades its plant by way of expansion and modernization programs thereby ensuring that it operates with modern machines with latest Technology.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b></p> <p>Company has kept pace with Technology change.</p>
f) Health and safety All possible risks associated with fire, accidents and injuries through operations affect the health and safety of the employees.	<ol style="list-style-type: none"> <li>1. Safety methods are adopted by the company in various units /operations and are reviewed from time to time</li> <li>2. Safety training on a regular basis for factory staff in specific areas</li> <li>3. First aid facilities provided for all Units.</li> <li>4. Tie up with hospitals.</li> <li>5. Suitable insurance to cover all the risks have been taken in order to cover all our employees.</li> </ol> <p><b>Review of Risks under current scenario and mitigation mechanism.</b></p> <p>The Company has continued with all Covid-19 protocols issued by the Government like sanitization, social distancing. etc., and have taken additional measures to ensure better safety and health of its employees.</p>
g) Failure of IT system: Impediments due to the failure of the	The Company has employed qualified persons and support personnel in the IT



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	<p>system be it due to virus, power failures resulting halting in the operations or loss of valuable data.</p>	<p>Department who oversee areas of concern. The Company has made sufficient investments in anti-virus packages and also on disaster recovery system.</p> <p>Critical Servers are co-located in Data Centres with Guaranteed service level agreement of above 99% w.r.t. power and data connectivity and data gets relocated to Disaster Recovery site on real time basis.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b> No change is risk perception.</p>
2	<p><b>Sales and Marketing Risk</b></p> <p><b>Competition</b> The Industry is highly fragmented, the Company could face competition from existing players both from organized as well as unorganized sector and also new entrants.</p>	<p>The Company is in existence for around 5 decades. The Company has deep penetrated marketing network and popular Brands. The Company incurs expenditure in creation of new brands from time to time and is also continuously spending on popularizing its existing brands through Advertisements, by engaging popular brand ambassadors and other promotional activities.</p> <p>In the popular range of fabrics, the Company is a market leader. The Company being a major player is in a position to withstand competition.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b> The Company has continued with its newly introduced sales and marketing strategies implemented during the Covid Pandemic which had delivered desired performance and has continued with Online marketing technology effectively.</p>
3	<p><b>Regulatory Risk</b> The Company is governed by many rules, regulations, laws and acts. Compliance with regulatory requirements is critical for long-term survival of any organization. Non compliance with regulatory requirement can expose an organization to reputation risk arising out of strictures passed by the regulators or fines / penalties levied by them or suspensions or cancellation of licenses order by them in extreme case. In today's era of corporate governance and intense scrutiny by media, regulators &amp; investors, no organization can take the risk of non-compliance with regulations.</p>	<p>The Company has put in place experienced and qualified persons with clear responsibilities for ensuring compliance with all rules, regulations and laws and for interaction with regulators. The Compliance is continuously reviewed and necessary declarations are obtained at regular intervals and placed before the Board.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b> No change is risk perception.</p>



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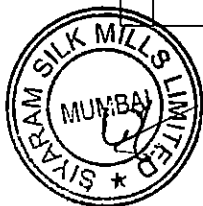
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4	Financial Risk-	
	<p>a) Exchange risk: The Company Imports raw material and has availed Loans in Foreign Currencies and hence is exposed to exchange fluctuation risk.</p>	<p>The Company tracks movements of foreign currency. Foreign currency loans have been fully covered till its repayment to mitigate any Exchange Fluctuation Risk.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b> The Company has limited foreign exchange exposure and the Company's management has through proper monitoring been able to mitigate Exchange Risk.</p>
	<p>b) Interest rate risk Interest rates, undergo a change from time to time; sometimes several times in a year. In this situation, the profitability and liquidity may be affected.</p>	<p>The Company borrows by way of working capital facilities like Cash Credit, Packing credit, bill discounting facilities etc, Term Loans, TUF Loans as well as Short Term Loan which has different rates of interest and security thus maintaining proper balance to reduce cost/risk. The Company in order to keep interest cost at acceptable levels borrows by way of short term loan at interest rates lower than the rates charged by consortium Banks.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b> The Company through stringent working capital management measures was able to reduce its borrowing, borrow fund at cheaper rate of interest, reduce its interest cost and also maintain liquidity.</p>
5	Project Risk	
	<p>The company incurs major capital expenditure for expansion and modernization programs comprising expansion in capacities and up gradation of its manufacturing facilities. The projects may face the usual risks of costs and time over runs. The slippage in schedule will delay the commencement of operations on the capital expenditure incurred.</p>	<p>Our Managing Director(s)/ Executive(s) aided with suitable professional team for implementation and monitoring of progress take measures to mitigate the risks.</p> <p><b>Review of Risks under current scenario and mitigation mechanism.</b> In view of the current scenario the Company has not undertaken any major capital expenditure.</p>
6	Company's Assets and Property	
	<p>The Company has sufficiently large investments in Assets and Property viz Machinery, Building, furniture, fixtures and fittings, Investments etc. The nature of risk involved in relation to assets and property are on account of damage and destruction by natural calamities, operations, human factors and wear &amp; tear.</p>	<p>The Company mitigates against the risk by</p> <ol style="list-style-type: none"> <li>Suitable insurance cover.</li> <li>Regular repairs and maintenance.</li> <li>Training of personnel on operations and safety measures.</li> <li>Provisions for Depreciation in book of accounts to provide necessary funds for speedy replacement of old and obsolete assets and property.</li> <li>Provisions on account of impairment.</li> </ol> <p><b>Review of Risks under current scenario</b></p>



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		<b>and mitigation mechanism.</b> No change is risk perception.
7	COVID-19. COVID-19 has brought with it increased risk to business operations and human life.	The battle against Covid -19 Pandemic is almost over and the People at large have accepted it as a new normal.
8	Reputation Risk The Company being in the Textile and Fashion business is exposed to risk of loss of reputation.	The Company has over the years created well-known Registered Brands like Siyaram's, Oxemberg, J. Hampstead, Mistair, Cadini etc., and by maintaining good quality for its products has created a strong Brand image in the market place.  <b>Review of Risks under current scenario and mitigation mechanism.</b>  The Company has been spending sizable amounts in its Brand building exercise and also on research, development, and designs for its Products, thereby mitigating against Reputation Risk.
9	Succession Planning Proper Succession Planning mitigates against risk of sudden vacant in key position in the Organisation.	The Company has involved the next generation of Promoters in the operations of the Company both at Board level as well as Management Level.

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<b>Last modified by</b>	William Fernandes, Company Secretary
<b>On (date)</b>	30/03/2023
<b>Approval by</b>	Risk Management Committee on 10/03/2023



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