

VRL LOGISTICS LIMITED

RISK MANAGEMENT POLICY

PREAMBLE

Risk Management encompasses the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the corporate environment. Risk is inherent in all administrative and business activities. Every member of the Organisation continuously manages risk. Formal and systematic approaches to managing risk have evolved and they are now regarded as good management practices. As a consequence we acknowledge that the adoption of a strategic and formal approach to risk management will improve decision-making, enhance outcomes and accountability. The aim of this policy is not to eliminate risk, rather to evolve and consistently review a methodology to improve the operations of the Organization, identify potential threats to the Organization and manage the risks involved in all business activities to maximize opportunities and minimise adversity by taking appropriate steps to address the most likely challenges.

The Risk Management Committee ("Committee") is constituted pursuant to and in accordance with the applicable provisions of Companies Act 2013 and the Securities and Exchange Board of Securities (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended from time to time. . The primary objective of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to the risk appetite of the Company, Company's risk management framework, and the governance structure that supports it.

Section 134 (3)(n) of the Companies Act, 2013 requires every company to attach to its Board Report a statement indicating development and implementation of a Risk Management Policy for the Company including identification therein of element of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Given the complexity involved in the operations of the company emanating out of sheer geographical presence, nature and number of transactions and the diverse possibilities arising out of every interaction, it is felt that the Committee ought to comprise of a majority of members who have ground level knowledge of all internal business processes and transactions.

EFFECTIVE RISK MANAGEMENT REQUIRES:

- A strategic focus,
- Forward thinking and proactive approaches to the Management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that mission critical threats are realised.
- Strengthen corporate governance procedures

- Make informed decisions; Achieve business objectives and strategic goals
- Avoid exposure to significant reputational or financial loss;
- Have methodical and pragmatic approach in achieving its goals.

Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

SCOPE

This Policy, as a standard aims to set out the detailed requirements and minimum levels of achievement necessary to implement the risk management elements of the business. This policy seeks to facilitate management of risks associated with our activities and minimize the impact of undesired and unexpected events which covers all verticals/locations in the Organization. Taking and managing appropriate levels of risk is an integral part of all our business activities. Risk Management, performed rigorously and comprehensively, creates stability, indirectly contributes to profit and is a key element of reputation management.

KEY DEFINITIONS

The key definitions for this policy follow:

- **Risk**

The chance of something happening that will have an adverse impact on the achievement of the Organisation's objectives. Risk is measured in terms of consequences and likelihood.

- **Risk Assessment**

The systematic process of identifying and analyzing risks. . Risk Assessment consists of a comprehensive study of threats and vulnerability and resultant exposure to various risks involved. To meet the stated and expected 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**

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

- **Risk Management Process**

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

RISK FACTORS

The business of the Company is subject to risks that are external and internal as enumerated below.

External Risk Factors	Internal Risk Factors
Economic Environment and Market conditions	Financial Reporting Risks
Political Environment	Compliance with Local & National laws
Competition	Dynamic Operating Environment
Inflation and Cost structure....	Human Resource Management....

To Mitigate the identified risks involved in the business, the Company has adopted various measures like a well-defined organization structure, Cash management services to avoid any loss of interest on collections, Redressal of Labour grievances by negotiations and conciliation, Vigil Mechanism Policy, Usage of Licensed software, IT related maintenance repairs and upgradation of the systems on a continuous basis, Protection for data integrity by access control & restriction, Internal control systems to detect, resolve, avoid any frauds, discussion and implementation on financial planning with detailed Annual Business Plans and several other methods suitably.

POLICY STATEMENT

We will maintain procedures to provide the Organisation with a systematic view of the risks faced in the course of our administrative and business activities. This will require the Company to:

- **Establish a context.** This is the strategic, organisational and risk management context against which the rest of the risk management process in the Organisation will take place. Criteria against which risk will be evaluated should be established and the structure of the risk analysis defined.
- **Identify Risks.** This is the identification of what, why and how events arise as the basis for further analysis.
- **Analyse Risks.** This is the determination of existing controls and the analysis of risks in terms of the consequence and likelihood in the context of those controls. The analysis should consider the range of potential consequences and how likely those consequences are to occur. Consequence and likelihood are combined to produce an estimated level of risk.
- **Evaluate Risks.** This is a comparison of estimated risk levels against pre-established criteria. This enables risks to be ranked and prioritized.
- **Treat Risks.** For higher priority risks, the Organisation is required to develop and implement specific risk management plans including funding considerations. Lower priority risks may be accepted and monitored.
- **Monitor and Review.** This is the oversight and review of the risk management system and any changes that might affect it. Monitoring and reviewing occurs concurrently throughout the risk management process.

- **Communication and Consultation.** Appropriate communication and consultation with internal and external stakeholders should occur at each stage of the risk management process as well as on the process as a whole.

RESPONSIBILITY FOR RISK MANAGEMENT

General

Every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

There is legislation in place for the management of specific risks such as Occupational Health and Safety, Equal Opportunity. The Risk Management policy does not relieve the Organisation's responsibility to comply with other legislation.

Chairman/ Directors

The Chairman / Directors are accountable for ensuring that a risk management system is established, implemented and maintained in accordance with this policy. Assignment of responsibilities in relation to risk management is the prerogative of the Chairman / Managing Director.

Senior Executives

Senior Executives are accountable for strategic risk management within areas under their control including the devolution of the risk management process to operational managers. Collectively the Senior Executives are responsible for:

- The formal identification of strategic risks that impact upon their respective function;
- Allocation of priorities;
- The development of strategic risk management plans; and

Senior Executives will review progress against agreed risk management plans and will communicate this to the Board of Directors.

President, Vice-Presidents, General Managers, Senior Managers and Operation Heads- Locations:

President, Vice-Presidents, General Managers, Senior Managers and Operation Heads- Locations are accountable to the Chairman / Directors for:

- Implementation of this policy within their respective areas of responsibility;
- Periodic reporting at the senior management meetings on the status their respective local planning and review processes;

- Ensuring compliance with risk assessment procedures as directed by Head office.

Chief Financial Officer and Accounting & Finance Head

In addition to the functions as an Office Head, this officer will be accountable for the Organisation financial stability and will ensure that a risk management plan is completed for each commercial venture. Advice will be sought, as required, from the concerned internal functional head on risk management issues in relation to these matters.

Human Resources- Head

In addition to the functions as an Office Head, this officer will remain accountable for the occupational health and safety and workers compensation portfolio, procedures and administration. Advice will be sought, as required, from the concerned functional head on risk management issues in relation to these matters.

Internal Audit/Risk Manager

The Internal Audit/Risk Manager will be accountable for the implementation of this policy across the branches of the Company, maintaining a programme for risk assessment and a follow-up registers for the branch inspection. Key areas will flow from the internal audit plan developed by Senior Executives under the guidance of the Audit Committee. The Internal Audit/Risk Manager will escalate risk events to the management on risk management matters pertaining to the Organisations' operational stability and to occupational health and safety and workers' compensation issues.

RISK MANAGEMENT COMMITTEE: Risk Management Committee constitutes the following members:

SL.NO	NAME OF THE COMMITTEE MEMBERS	DESIGNATION	POSITION IN THE COMMITTEE
1	Dr. Vijay Sankeshwar	Chairman and Managing Director	Chairperson
2	Mr. Shankarasa Ladwa	Independent Director	Member
3	Mr. K N Umesh	Executive Director	Member
4	Mr. L R Bhat	Executive Director	Member
5	Mr. Sunil Nalavadi	Chief Financial Officer	Member
6	Mr. Raghavendra Malgi	Vice President Accounts	Member
7	Mrs. Medha Pawar	Independent Director	Member

Aim

The aims of our Risk Management Committee are to:

- promote employee, stakeholder, and public safety;
- protect personnel, assets and intellectual property;
- encourage better quality service delivery;
- minimise loss and insurance costs, and
- improve contingency planning for dealing with risks and their impact.

Principles

Operating principles that support this Risk Management Committee are summarized below:

1. To formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks
 - c) Business continuity plan.
 - d) Oversee regulatory and policy risks related to climate change, including review of state and Central policies
 - e) Oversee of risks, such as strategic, financial, credit, market, liquidity, technology, security, property, IT, legal, regulatory, reputational, and other risks
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
7. To review and approve Company's risk appetite and tolerance with respect to line of business
8. To review and monitor the effectiveness and application of credit risk management policies, related standards and procedures to control the environment with respect to business decisions
9. To review and recommend to the Board various business proposals for their corresponding risks and opportunities
10. To obtain reasonable assurance from management that all known and emerging risks has been identified and mitigated and managed
11. To carry out any other function as is referred by the Board from time to time or enforced by any statutory notification/ amendment or modification as may be applicable

COMPLIANCE AND CONTROL

All the Senior Executives along with Internal Audit/Risk Managers 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 Organisation'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 along with Internal Audit/Risk Managers considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of the external Auditor's report to management on internal control and action taken or proposed resulting from those reports.

The risk management and internal control systems within organization encompass all policies, processes, practices and procedures established by management and/or the Board to provide reasonable assurance that:

- Established corporate and business strategies and objectives are achieved;
- Risk exposure is identified and adequately monitored and managed;
- Resources are acquired economically, adequately protected and managed efficiently and effectively in carrying out the business;
- Significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- There is an adequate level of compliance with policies, standards, procedures and applicable laws and regulations.

AMENDMENTS:

This policy may be amended subject to the approval of Board of Directors, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.

REVIEW OF COMMITTEE CHARTER

The adequacy of this charter shall be reviewed and re-assessed by the Committee, as and when required and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about to the regulatory framework or policy changes, from time to time.

GENERAL

The decision of the Board of Directors of the Company with regard to any or all matters relating to this policy shall be final and binding on all concerned. The Board of Directors of the Company shall have the power to modify, amend or replace this policy in part or full as may be thought fit from time to time in their absolute discretion.