

# **RISK MANAGEMENT POLICY OF ASSOCIATED POWER STRUCTURES LIMITED**

*The policy is adopted by the Board of Directors in their meeting held on 28/08/2025.*

## **I. INTRODUCTION**

### **I.1 Objectives**

The Risk Management Policy is intended to enable Associated Power Structures Limited ('Company') to adopt a defined process for managing its risks on an ongoing basis. Risk is an inherent aspect of the dynamic business environment. Risk Management Policy helps organizations to put in place effective frameworks for taking informed decisions about risks. To minimize the adverse consequence of risks on business objectives the Company has framed this Risk Management Policy. The guidance provides a route map for risk management, bringing together policy and guidance from Board of Directors.

A certain amount of risk taking is inevitable if the organization is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance by contributing to:

- Increased certainty,
- Better service delivery,
- More effective management of change,
- More efficient use of resources,
- Better management at all levels through improved decision making,
- Reduced waste
- Better value for money,
- Management of contingent and maintenance activities.

### **I.2 Requirement as per Companies Act, 2013**

**Responsibility of the Board:** As per Section 134 (n) of the Act, the Directors' report must include a statement indicating development and implementation of a risk management policy for the Company including identification of elements of risk, if any, which in the opinion of the board may threaten the stability of the Company.

**Responsibility of the Audit Committee:** As per Section 177 (4)(vii) of the Act, the Audit Committee shall act in accordance with the terms of reference specified by the Board which shall, inter alia, include evaluation of internal financial controls and risk management systems.

**Responsibility of the Independent Directors:** As per Schedule IV [Part II-(4)] of the Act, Independent directors should satisfy themselves that financial controls and the systems of risk management are robust and defensible.

### **I.3 Requirement of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015**

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.

### **I.4 Definitions**

- a. **Company:** Associated Power Structures Limited
- b. **Audit Committee:** Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Listing agreement / Regulation.
- c. **Board of Directors / Board:** As per Section 2 of "The Companies Act, 2013", in relation to a Company, means the collective body of Directors of the Company.
- d. **RMP / Policy:** Risk Management Policy
- e. **Risk\*:** Risk is an event which can prevent, hinder and fail to further or otherwise obstruct the enterprise in achieving its objectives. A business risk is the threat that an event or action will adversely affect an enterprise's ability to maximize stakeholder value and to achieve its business objectives. Risk can cause financial disadvantage, for example, additional costs or loss of funds or assets. It can result in damage, loss of value and /or loss of an opportunity to enhance the enterprise operations or activities. Risk is the product of probability of occurrence of an event and the financial impact of such occurrence to an enterprise.
  - Strategic Risk are associated with the primary long-term purpose, objectives and direction of the business.
  - Operational Risks are associated with the on-going, day-to-day operations of the enterprise.
  - Financial Risks are related specifically to the processes, techniques and instruments utilized to manage the finances of the enterprise, as well as those processes involved in sustaining effective financial relationships with customers and third parties.
  - Knowledge Risks are associated with the management and protection of knowledge and information within the enterprise.

(\*as defined in Standard of Internal Audit (SIA) 13 issued by the Institute of Internal Auditors)

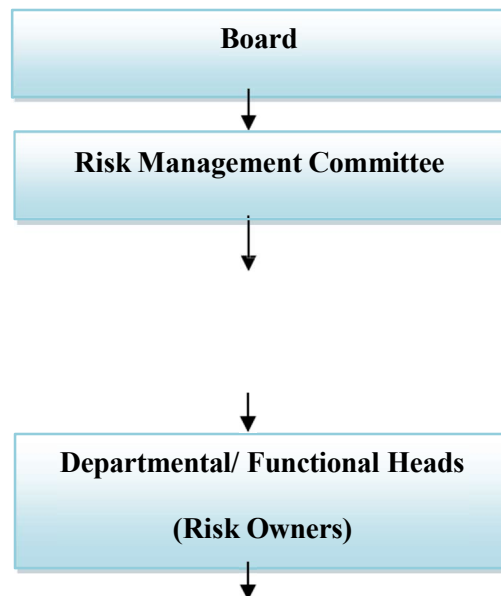
- f. **Inherent Risks:** The risk that an activity would pose and could not be mitigated unless

- new technology is innovated or introduced to prevent the same. The risk management process focuses on areas of high inherent risk.
- g. **Residual Risks:** Upon implementation of treatments there will still be a degree of residual (or remaining) risk, with the expectation that an unacceptable level of residual risk would remain only in exceptional circumstances.
  - h. **Risk Appetite:** Risk appetite is the amount of risk, on a broad level, an organization is willing to accept in pursuit of value.

## II. APPLICABILITY

This Risk Management Policy applies to the whole of the Company and includes all units, divisions and functions.

## III. RISK ORGANIZATION STRUCTURE



The Functional Heads of various Departments of the Company are responsible for identifying and managing risks and implementing risk mitigation measures.

## IV. RISK MANAGEMENT FRAMEWORK

### IV.1 Process

Risk management is a continuous process that is accelerated throughout the existence of a Company. It is an organized methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations; and tracking the implementation to ensure successful risk reduction. Effective risk management depends on risk management planning; early identification and analyses of risks; early implementation of corrective actions; continuous monitoring and reassessment; and communication, coordination & documentation.

### IV.2 Steps in risk management

Risk management is a shared responsibility. The risk management process model includes the following key activities, performed on a continuous basis:



#### IV.2.1 **Risk identification**

This involves continuous identification of events that may have negative impact on the Company's ability to achieve goals. Processes need to be identified by the Company and their key activities to be selected for the purpose of risk assessment. Identification of risks, risk events and their relationship are defined on the basis of discussion with the risk owners and secondary analysis of related data, previous internal audit reports, past occurrences of such events, etc.

#### IV.2.2 **Risk assessment**

Risk assessment is the process of risk prioritization. Likelihood and Impact of risk events need

to be assessed for the purpose of analyzing the criticality. The potential Impact may include:

Type of Risk	Velocity of Risk
Financial loss	Very High
Non-compliance to regulations and applicable laws leading to imprisonment, fines, penalties etc.	Very High
Physician Strategy and Relations	Very High
Service Excellence	Very High
Quality and Accreditations	Very High
Facilities & Equipments	Very High
Human Resource	High
Information Technology	High
Marketing/Business Development	Very High
Corporate Governance	Very High
Corporate/External communication	High
Market/Environmental impact assessment	Very High
Loss of talent	High
Health, Safety and Environment related incidences	Very High
Business interruptions / closure	Very High
Loss of values, ethics and reputation	Very High
Other Risks as may be identified	Very High/ High/Medium/Low- as may be categorized

Risk may be evaluated based on whether they are internal and external, controllable and non-controllable, inherent and residual.

#### IV.2.3 Risk analysis

Risk Analysis should be conducted using a risk matrix for likelihood and Impact, taking the existing controls into consideration. Risk events assessed as “high” or “very high” criticality may go into risk mitigation planning and implementation; low and medium critical risk to be tracked and monitored on a watch list.

#### IV.2.4 Risk treatment - mitigation

Risk mitigation options are considered in determining the suitable risk treatment strategy. For the risk mitigation steps, the cost benefit analysis needs to be evaluated. Action plans supporting the strategy along with the timelines for implementation.

#### IV.2.5 Control and monitoring mechanism

Risk management uses the output of a risk assessment and implements countermeasures to reduce the risks identified to an acceptable level. This policy provides a foundation for the development of an effective risk management, containing both the definitions and the guidance necessary for the process of assessing and mitigating risks identified within functions and associated processes.

In the situation where the accepted risk of a particular nature cannot be adequately mitigated, such risk shall form part of consolidated risk along with the business justification and their status shall be continuously monitored and periodically presented to Risk Management Committee and Audit Committee.

## **V. Risk reporting**

While the Company will be monitoring, evaluating and responding to risks, the significant risks (or those that could become significant) need to be reported.

- **Internal Reporting**

- a. Audit Committee
- b. Independent Directors
- c. Board of Directors
- d. Departmental Heads
- e. Individuals

- **External Reporting**

To communicate to the stakeholders on regular basis as matter of Corporate Governance

## **VI. Board Approval**

The Action Plan and guidelines shall be approved by the Board before communication to the personnel for implementation.

The Board shall approve the Risk Management (including Risk Treatment) strategy, control structure and policy guidelines and delegate authority and accountability for risk management to the Company's executive team.

The guidelines shall include the following:

- **Risk Treatment**

Treatment of Risk through the process of selecting and implementing measures to mitigate risks. To prioritize risk control actions in terms of their potential to benefit the organization. Risk

treatment includes risk control/ mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. for:

- a. Effective and efficient operations
- b. Effective Internal Controls
- c. Compliance with laws & regulations

Risk Treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

## **VII. Monitoring and Review**

This policy may be reviewed and monitored by the Audit Committee, Independent Director and the Board from time to time in the following manner:

- a. **Review by the Risk Management Committee** – The Risk Management Committee may identifies every year, certain risks that are strategic from the corporate perspective which if not adequately addressed can have a major impact on the corporate performance. Such risks are reviewed by the Risk Management Committee.
- b. **Review by the Audit Committee** – The Audit Committee shall also review the overall risk that the company faces.
- c. **Review by the Board of Directors** – Update on mitigation measures against key risks shall be submitted to the Board of Directors by the Chief Financial Officer (CFO).
- d. **Review with the Risk Owners, Commercial Heads and the CFO** – All the risks are reviewed on monthly basis in detail along with formulation of revised mitigation plan wherever required.

Key benefits from various monitoring and review processes are as follows:

- a. Defined accountabilities, responsibilities, authorities and documentation protocol.
- b. Measurement of actual progress of mitigation action against milestones.
- c. Providing KRI performance metrics to measure performance of mitigation measures of individual risks.
- d. Industry benchmarking
- e. Identification of new emerging risks. Ensure that the risk mitigation measures are



effective, efficient and economical.

This Policy will be communicated to all departmental heads and other concerned persons of the Company.

This Policy may be amended or substituted by the Board on recommendation of the Risk Management Committee, whenever required.

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