



**ZEN TECHNOLOGIES LIMITED**

# **Risk Management Policy**

**(As approved by the Board on 30th October 2021)**

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**CIN:** L72200TG1993PLC015939

**Zen Technologies Limited** (“the Zen/Company”) considers ongoing risk management to be a core component of the Management of the Company and understands that the Company’s ability to identify and address risk is central to achieving its corporate objectives.

The Company’s Risk Management Policy (“the Policy”) outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance with Regulation 17(9)(b) and 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization.

- i. The Board of Directors of the Company has constituted the Risk Management Committee (hereinafter referred to as “Committee”) who shall periodically review this Policy of the Company so that the Management controls the risk through a properly defined network. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.
- ii. The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day to day basis.

The Risk Management Committee shall provide oversight and will report to the Board of Directors who has the sole responsibility for overseeing all risks.

### **Composition & Membership**

- i. The Committee shall comprise of not less than three members consisting of the Directors and Senior Executives of the Company who may be appointed by the Board, the majority of whom shall be members of the Board of Directors of the Company, including at least one Independent Director.
- ii. The Chairman of the Committee shall be a member of the Board of Directors of the Company.
- iii. The members of the Committee shall be appointed by the Board and may be removed at any time with or without cause and be replaced by the Board. The members of the Committee shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Chairman of the Committee shall be designated by the Board. In the absence of the Committee Chairman, the members attending shall elect one of them to be Chairman for that meeting from amongst the members who are Directors.
- iv. The quorum for meetings of the Committee shall be two members or one-third of the composition whichever is higher, with at least one Director Member who shall chair such meeting.

## **Meetings**

- i. The Committee shall meet at least twice in a year and not more than 180 days shall elapse between the two meetings. The Committee may request any officer or employee of the Company or the Company's outside counsel or other advisors to attend any specific meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- ii. The Committee shall have access to the services of the Company's secretariat function on all Committee matters, including assisting the Committee Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

## **Notice, Proceedings of the Meetings**

- i. Meetings of the Committee shall be convened by the Company Secretary at the request of the Committee Chairman or any of its members.
- ii. Unless otherwise agreed, a notice of each meeting confirming the venue, time and date, together with an agenda of the items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend, no later than seven days before the date of the meeting or can be called with a shorter notice with the consent of at least 95% of the members of the committee. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- iii. The Secretary shall minute the proceedings and the resolutions of all Committee meetings, including the names of those present and in attendance. Other Board members have the right to attend Risk Management Committee meetings, though they shall not be counted in the quorum.
- iv. The Committee is authorized to seek any information it requires from any employee of the Company in order to perform its duties.
- v. The Committee may, with the authorization, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

## **Duties and Responsibilities**

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board. The Committee shall:

- a) Formulate, monitor and implement Risk Management Policy and the Policy;
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d) To periodically review the risk management policy, including by considering the changing industry dynamics and evolving complexity;
- e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- g) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors;
- h) Review the following with management, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
  - Management's tolerance for financial risks;
  - Management's assessment of significant financial risks facing the Company;
  - The Company's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
  - To review with the Company's counsel, legal matters which could have a material impact on the Company's public disclosure, including financial statements; and
- i) Review and undertake all other tasks and responsibilities prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), the Companies Act, 2013 and its amendments thereto

### **Risk Management Program**

The Company's risk management program comprises a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and managing its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors as stated above, to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular communication and review of risk management practice provide the Company with important checks and balances to ensure the efficacy of its risk management program.

The key elements of the Company's risk management program are set out below.

## **Risk Identification**

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company majorly focuses on the following types of risks:

- ❖ Business risk;
- ❖ Market risk;
- ❖ Credit risk;
- ❖ Technological risk;
- ❖ Strategic business risk;
- ❖ Operational risk;
- ❖ Medical risk;
- ❖ Customer Portfolio risk;
- ❖ Quality risk;
- ❖ Geographical risk;
- ❖ Workplace and Information risk;
- ❖ Competition risk;
- ❖ Realization risk;
- ❖ Cost risk;
- ❖ Financial risks;
- ❖ Liquidity risks;
- ❖ Foreign exchange risk;
- ❖ Human resource risks; and
- ❖ Legal/regulatory risks.

## **Oversight and Management**

### **Board of Directors**

The Board of Directors (“the Board”) is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Committees and Senior Management. The Committees or Management may also refer particular issues to the Board for final consideration and direction.

### **Risk Management Committee**

The day to day oversight and management of the Company’s risk management program has been conferred upon the Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board of Directors on the effectiveness of the risk management program in identifying and addressing material business risks. To achieve this, the Committee is responsible for:

- ❖ Managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;

- ❖ Setting up internal processes and systems to control the implementation of action plans;
- ❖ Regularly monitoring and evaluating the performance of management in managing risk;
- ❖ Providing management and employees with the necessary tools and resources to identify and manage risks;
- ❖ Regularly reviewing and updating the current list of material business risks;
- ❖ Regularly reporting to the Board on the status of material business risks;
- ❖ Review and monitor cyber security; and
- ❖ Ensuring compliance with regulatory requirements and best practices with respect to risk management.

### **Senior Management**

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems that identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Risk Management Committee regarding the status and effectiveness of the risk management program.

### **Employees**

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

### **Review of risk management program**

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood.

The reporting obligation of the Senior Management and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of the risk management program, the Committee, the Senior Management and employees responsible for its implementation.

### **Risk Management System**

The Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:

- The Risk Management system is aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.
- A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.
- Appropriate structures have been put in place to effectively address inherent risks in businesses with unique / relatively high-risk profiles.
- A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be improved. The Board reviews Internal Audit findings and provides strategic guidance on internal controls. Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

The combination of policies and processes as outlined above adequately addresses the various risks associated with our Company's businesses. The Senior Management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

**Amendment:**

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment/modification in the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

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