



(Formerly Known as Shaival Reality Private Limited)

CIN: U45201GJ1996PLC029311

A/1, Maharaja Palace, Near Vijay Cross Road, Navrangpura, Ahmedabad – 380009

A background image showing a large, modern building under construction. The building has a grid-like facade with many windows. The sky is overcast and grey.

POLICY ON RISK MANAGEMENT

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1. PREFACE

SHAIVAL REALITY LIMITED is engaged as in providing logistic services for transportation of bulk LPG & Ammonia, since inception. The Company has young and well maintained fleets for transportation services basically for bulk LPG & Ammonia with the motive to provide on time delivery of goods to the customer while maintaining the government norms, road safety rules and regulations. The Company is also engaged in construction business which caters, precast construction of housing projects awarded to us by the Government and private sector. The activities carried on by the Company encounters various internal and external risks.

In this context the policy on preservation of documents has been framed.

2. LEGAL FRAMEWORK

Risk Management Policy is framed as per the following regulatory requirements:

Companies Act, 2013

i) Provisions of Section 134(3): There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include— (n) 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.

ii) Section 177(4) stipulates: Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include, — (vii) evaluation of internal financial controls and risk management systems. iii) Code for Independent Directors -Schedule IV [Section 149(8)] Role and functions (Part II of the Code for Independent Directors) The independent directors shall: (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct; & (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible; B) SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015

Schedule II: Corporate Governance

- i) Part C: Role of the Audit Committee and Review of Information by Audit Committee
A (11): Evaluation of Internal Financial Controls and Risk Management System
- ii) Regulation 4 (2) (f) (ii) (1) Chapter II Key functions of the board of directors- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- iii) Regulation 17 (9) (a) & (b) Chapter II (a) The listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures. (b) The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

3. PURPOSE

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business and to abide by the provisions of the Companies Act 2013 and (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well.

4. DEFINITIONS

- a) **Risk:** Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.
- b) **Risk Management:** Risk Management is the process of systematically identifying, quantifying, m i t i g a t i n g and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.
- c) **Risk Strategy:** The Risk Strategy of a company defines the company's standpoint towards dealing with various risks associated with the business. It includes the company's decision on the risk tolerance levels, and acceptance, avoidance or transfer of risks faced by the company.
- d) **Risk Assessment:** Risk Assessment is defined as the overall process of risk analysis and evaluation.
- e) **Risk Estimation:** Risk Estimation is the process of quantification of risks.

Any other term shall have the same meaning as defined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Companies Act, 2013, Securities Contract Regulation Act or any other applicable law or regulations.

5. ROLES & RESPONSIBILITY

The risk management roles and responsibilities will be as under:

Board	1. Approve risk policy and strategy 2. To ensure that the Risk Management Policy is being followed and effectively contributing to early identification of risks and proper mitigation process. 3. Delegate the review & monitoring of implementation of Risk Management Policy to the Audit Committee
Audit Committee	5. Reviews adequacy and effectiveness of business risk management 6 Advise Business/support functions on Risk initiatives 7. Monitors emerging issues and shares best practice
Risk Officer / Functional Head	8. Responsible for identifying risks 9. Responsible for preparing risk profile 10. Responsible for managing risk
Audit	11. Tests compliance at all relevant levels 12. Quality assurance on risk management process 13. Special investigations as requested
Employees	14. Compliance with requirement of this policy 15. Exercise reasonable care to prevent loss, to maximize opportunity and to ensure that the operations, reputation and assets are not adversely affected

6. IDENTIFICATION AND CATEGORISATION OF RISKS

From the perspective of the Company, the risks can be of following nature:

- i. **Contractual Risk** - Contractual risk refers to the risk of having sub-optimal or erroneous clauses in the contract which could potentially compromise interests and/or provide unintended options/exit routes to other parties.
- ii. **Strategic Risk** - These risks are associated with operating in the particular industry and includes risks arising from demand changes or changes in customers, industry changes, intense competition, change in technology, Research & Development etc. These risks pose threats or opportunities which materially affect the ability of the organization to survive.

- iii. **Compliance Risk** -These risks are associated with the need to comply with laws and regulations etc. They also apply to the need to act in a manner which stakeholders and customers expect.
- iv. **Operational Risk** - Such risks are associated with the company's operational and administrative procedures such as breakdown or failure of equipments used at the project sites, weather conditions, interruption in power supply due to breakdown of power generators, shortage of consumables, performance below expected levels of output or efficiency, natural disasters, obsolescence, labour disputes, industrial accidents, our inability to respond to technological advancements and emerging realty industry standards and practices etc.
- v. **Financial Risk** - These risks are associated with financial structure of the company, its transactions and the financial system in place, liquidity risk, regulatory exposures, Imposition of fresh taxes by the Govt. etc.
- vi. **People Risk** - People risk is related with the understanding the needs of the employees and aligning it to organizational goals. This risk refers to the inadequate staffing in terms of number or skill sets for the work on hand or for projected or contingent work etc.
- vii. **Management Risk**- The risks associated with ineffective, destructive or underperforming management, which hurts shareholders and the company or fund being managed. This term refers to the risk of the situation in which the company and shareholders would have been better off without the choices made by management.
- viii. **Information Technology Risk** - Information technology risk may be described as the risk of Failure of hardware, Failure of software or Failure of the network. IT risk may result in Loss of data, decline in ineffectiveness of management controls, Delay in achieving milestones or Decline in operating efficiency.
- ix. **Sovereign Risk** - Sovereign risk refers to the unanticipated change of laws or adhoc measures adopted by the government resulting in denial of expected/ contracted privileges.
- x. **Environment Risk** - These are associated with release of polluting materials, environmental performance/compliance limits, business opportunities and breach of regulations.
- xi. **Transportation Risks:** It includes risk involved in transport & movement of containers containing hazardous material. Any mishandling of hazardous substances by containers could affect the business adversely. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities.

7. COMPLIANCE AND CONTROL

All the Senior Executives 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 Organization'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 considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those rep

8. CONTINUOUS ASSESSMENT

The Company's Risk Management is continuous process which implies a continuing cycle of implementing, monitoring, reviewing and managing risk management processes and simultaneously also sensitizing the organization against all possible risks.

9. AUTHORITY FOR APPROVAL OF POLICY

The Board shall have the authority for approval of this policy in pursuance to this Regulation.

10. AUTHORITY TO MAKE ALTERATIONS TO THE POLICY

The Board is authorized to make such alterations to this Policy as considered appropriate, subject, however, to the condition that such alterations shall be in consonance with the provisions of the Acts and Regulations.

11. EFFECTIVE DATE

The policy will be effective with effect from the date of approval by the Board.

12. DISCLAIMER

Nothing contained in this Policy shall operate in derogation of any law for the time being in force or of any other regulation in force.

In any circumstance where the terms of this Policy differ from any applicable law governing the Company, such applicable law will take precedence over this Policy and procedures until such time as this Policy is modified in conformity with the Applicable Law.

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