**DIAMOND POWER INFRASTRUCTURE LIMITED**

Corporate Office: A2- 12th Floor, “Palladium”,
Near Orchid Wood, Opp. Divya Bhaskar,
Corporate Road, Makarba,
Ahmedabad 380 051 Gujarat
Website: www.dicabs.com

**COMPANY CIN NO.**
L31300GJ1992PLC018198

# RISK MANAGEMENT POLICY

(Effective from 14th November, 2022 and amended on 10th February, 2025)

## 1. INTRODUCTION

The Risk Management Policy is formulated in accordance with Section 134(3)(n) and 177(4)(vii) of the Companies Act, 2013, and Regulations 4, 17, and 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

This document outlines the Risk Management framework at Diamond Power Infrastructure Limited (referred to as the 'Company') and establishes the corresponding policy. The policy is governed by the authority of the Company's Board of Directors. Its purpose is to identify the risks inherent in the Company's business operations and define the strategies for mitigating these risks, with periodic reviews and updates tailored to the Company's size and complexity.

The primary objective of the Risk Management Policy is to safeguard shareholder value by identifying and mitigating significant internal and external risks across business operations. The Company implements an enterprise-wide risk management framework, ensuring that effective risk management is integrated into the responsibilities of employees at all levels and functions.

## 2. DEFINITIONS

(a) "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
(b) "Company" shall mean Diamond Power Infrastructure Limited.
(c) "Board" means Board of Directors of the Company.
(d) "Directors" mean Directors of the Company.
(e) "Senior Management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the Chief Executive Officer and shall specifically include Company Secretary and Chief Financial Officer.
(f) "Risk Management Committee" means Committee of Board of Directors of the Company constituted under the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 3. APPLICABILITY

The Policy applies to all the departments of the Company.

## 4. PURPOSE

The Risk Management Policy of Diamond Power Infrastructure Limited ("Company") outlines the risk management process being followed by the Company and set outs the responsibilities of the Board, Risk Management Committee , Senior Management and others within the Company in relation to risk management (subject to the applicability of regulations for formation of Risk Management Committee).

## 5. PROCESS AND PROCEDURE

The risk management process consists of the following main elements:

| | | |
|---|---|---|
| Identify | : | The risk management process begins with the systematic identification of potential risks. Timely recognition of these risks is essential for their effective management. To ensure efficient risk identification and subsequent mitigation, it is crucial to have a thorough and consistent understanding of the Company's business objectives and strategies. Additionally, risks may arise due to changes in the internal or external environment in which the business operates. These risks should be identified by the designated Risk Owners as part of their routine business activities. |
| Assess | : | the primary goal is to document the net effect of allidentified risks, by assessing:<br>• Likelihood of risks;<br>• Impact of each risk;<br>• Proximity of risk; and<br>• Prioritization based on scales. |
| Plan | : | preparation of management responses to mitigate therisks. |
| Implement | : | risk responses are actioned. |
| Monitor and review | : | monitor and review the performance of the risk management system and changes to business initiatives. |
| Communicate | : | provide regular reports to / Audit Committee / Risk Management Committee / Board at regular intervals. |

## 6. RISK MANAGEMENT COMMITTEE

As per Regulation 21 of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the top 1000 listed companies by market capitalization are required to form a Risk Management Committee.

As on date the said criteria is applicable to our Company and hence the Board of Directors in its meeting held on May 27, 2024 has formed the Risk Management Committee with the requisite composition as per Regulation 21 of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Terms of reference:**

1) To manage and monitor 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;

2) To set up internal processes and systems to control the implementation of action plans;

3) To regularly monitoring and evaluating the performance of management in managing risk;

4) To provide management and employees with the necessary tools and resources to identify and manage risks;

5) To regularly reviewing and updating the current list of material business risks;

6) To regularly reporting to the Board on the status of material business risks;

7) To ensure compliance with regulatory requirements and best practices with respect to risk management.

8) To evaluate risks related to cyber security and ensure appropriate procedures are placed to mitigate these risks in a timely manner.

9) To access to any internal information necessary to fulfil its oversight role.

10) To take authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

11) To periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

The Role of Risk Management Committee are as follows:

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.

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 overseeing the implementation of the risk management policy including evaluating adequacy of risk management systems;

4) To periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5) To keep regularly reporting to the Board 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.

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.

## 7. RESPONSIBILITY OF RISK MANAGEMENT

**Management:**

Management should perform and monitor day-to-day risk management activity .The Management is responsible for periodically reviewing the group's risk profile, fostering a risk-aware culture and reporting to the Audit Committee/Risk Management Committee on the effectiveness of the risk management framework and of the company's management of its material business risks. More specifically, Management is responsible for:

➢ Promoting Risk Policy Framework;

➢ The design and implementation of cost effective risk management and internal control systems in accordance with the guidelines to manage risk, encourage efficiencies and take advantage of opportunities;

➢ Continuous monitoring and reporting of the effectiveness of risk controls;

➢ Monitoring compliance, investigating breaches, recommending and/or approving improvement opportunities.

➢ Create a positive control environment by setting a positive ethical tone and removing temptations for unethical behavior

➢ Preparing a written code of conduct for employees

➢ Ensure that personnel have/ maintain a level of competence to perform their duties.
➢ Clearly define key areas of authority and responsibility

➢ Establish appropriate lines of reporting

➢ Establish management control policies and procedures based on analysis of risk

➢ Use training, management communications to reinforce the importance of control management

**Employees:**

Employees are accountable for actively applying the principles of risk management within their areas of responsibility and fostering a risk-aware culture. More specifically, Employees are responsible for:

➢ Report to their immediate leader or supervisor, any real or perceived risks that become apparent and may significantly affect the Company's: Commercial viability;

Profitability; Assets; Business continuity; Customers; Regulatory and/or legal obligations; Reputation; and/or People and/ or their safety.

➢ Report to their immediate leader or supervisor, any real or perceived risks that company's operations may significantly affect the broader: Environment; and/or Community.

➢ Look for opportunities to improve operational efficiencies and optimize outcomes.

**Risk Management Committee:**

➢Maintain oversight and monitor the effectiveness of internal controls and risk management activities.

➢ Risk Management Committee assists the Company in overseeing the company's risk profile and is responsible for overseeing the effectiveness of management's actions in the identification, assessment, management and reporting of material business risks.

➢ Ensure independence of Internal Audit from management of subsidiaries & Units.

➢ Any deviations will be reported by Risk Management Committee to Audit Committee.

**Common Internal Control practices:**

➢ Performance indicators are developed &monitored

➢ Secure and safeguard all vulnerable assets

➢ An organization's workforce is effectively trained and managed so as to achieve results

➢ Key duties and responsibilities are divided among people to reduce the risk of error & fraud.

➢ Information processing is controlled Eg. Audit checks of data entry

➢ Access to resources and records is limited to authorized individuals. Accountability for their custody and use is assigned and maintained

➢ Internal control and all transactions and other significant events are clearly documented and the documentation is readily available for examination

➢ Transactions & other significant events are authorized and executed only by authorized person

➢ Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions.

## 8. RISK ORGANIZATION STRUCTURE

To ensure the successful implementation of the risk management framework, it is crucial to appoint senior management personnel to lead the risk management committee. This will help integrate risk management into the overall management processes and ensure its consistent application. Active involvement of senior management will facilitate the ongoing review and constructive monitoring of risks.

**Board of Directors**

↓

**Audit Committee**

↓

**Risk Management Committee**

↓

**Head of Departments (HODs) as Risk Managers**

↓

**Each Employee as Risk Owner**

## 9. AMENDMENTS IN POLICY

Any subsequent amendment / modification in the Listing Regulations / Act in this regard shall automatically apply to this Policy. The same shall be added/amended/ modified from time to time by the Board of Directors of the Company with due procedure. The risk management policy will be reviewed periodically, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

Annexure – Types of Risks

(A) PLANT (BARODA COMPLEX):

1. Availability of Power
2. Availability of Raw Material
3. Vacancies of technical / skilled manpower
4. Availability of critical spare parts
5. Synergy of inter-connected plants
6. Pollution
7. Contamination of FGs (within factory)
8. Statutory compliances related to plant
9. Plant obsolete (wear and tear)

(B) MARKETING

1. Demand forecast

2. Volatility in pricing of some Products
3. Dealers
4. Export and Import of some goods and materials
5. Logistics
6. Credit Risks (receivables)
7. Over dependence on single product/supplier.
8. Compliances related to sale and marketing of products
9. Statutory compliances
10. Contamination of FGs (ex-factory)

(C) PROJECT

1. Cost (inflation, exchange fluctuation, delay)
2. Time
3. deliverables (outdated technology, failure to produce required output, environment and other market factors)

(D) PURCHASE

1. Limited vendors for certain raw materials
2. Limited vendor base
3. Inventory Management
4. Procurement of quality raw material at budgeted price and on timely manner
5. Import
6. Storage space limitation

(E) FINANCE

1. Fixed Cost
2. Exchange risk on foreign currency borrowings
3. Commodity Risk and Hedging Activities *
4. Loss of revenue due to marketing risk
5. Costly procurement
6. Liquidity risk (receivables)
7. Increased cost of borrowings
8. High level of inventory (blockage of working capital)
9. Regulatory risks relating to tax, audit and governance compliances and changesin government policies relating thereto
10. Unbalanced borrowing programs for funding future projects
11. Fraud
12. Treasury operations
13. Volatile insurance cost

(F) HR

1. Litigation risks related to manpower, contract labour etc.
2. strikes, lockouts
3. Statutory Compliances
4. Change in Government Policies on labour reforms
5. Succession Planning
6. Management Bandwidth
7. Over / Under sizing of manpower
8. Deployment of project affected people

(G) IT

1. SAP system Adaptation and its availability
2. Cyber Security Risks :
   a. Anti Spamming
   b. Anti Virus
   c. Intrusion Detection and Prevention
   d. Anti E-mail Spamming

********************