

# SESHAASAI TECHNOLOGIES LIMITED

## POLICY ON PRESERVATION OF RECORDS

Under Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulation**")

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## 1. PREAMBLE

Section 134(3)(n) of the Companies Act, 2013 requires that the report by the Board of Directors laid at the general meeting shall include a statement on the development and implementation of a risk management policy for the company. Section 177(4)(vii) of the Companies Act, 2013 provides that Audit Committee shall evaluate the internal financial controls and risk management systems of the company. Regulation 17(9) (a) of SEBI LODR, inter alia, mandates laying down the procedures for risk assessment and minimization. Further Regulation 17(9)(b), provides the Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the company.

The Board of Directors (the "**Board**") of Seshaasai Technologies Limited has adopted the following policy and the Risk Management committee may amend this policy from time to time, as approved by the Board.

## 2. DEFINITIONS

- a. "**Company**" means Seshaasai Technologies Limited.
- b. "**Risk**" means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.
- c. "**Risk Management**" is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.
- d. "**Senior Management**" means officers and personnel of the Company who are members of its core management team comprising all members of management one level below the Chief Executive Director or Managing Director or Whole Time Director or Manager, including the functional heads and shall specifically include company secretary and Chief Financial officer. "**Risk Management Committee**" means the Committee formed by the Board as under Regulation 21 of the Listing Regulations.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the SEBI LODR, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Companies Act, 2013 and rules and regulations made thereunder.

### 3. RISK MANAGEMENT COMMITTEE

The Risk Management committee shall comprise of

- a. Members:** Minimum three (3) members with majority of them being members of the board of directors, including at least one (1) independent director. Senior executives of the Company may also be appointed as the members of the Risk Management Committee
- b. Chairperson:** Shall be a member of Board of Directors
- c. Meeting:** The Committee shall meet at least twice in a year on a continuous basis and not more than two hundred and ten days shall elapse between any two consecutive meetings.
- d. Quorum:** Shall be either 2 members or 1/3<sup>rd</sup> of the members of the Committee whichever is higher, including at least 1 member of the Board to be present.

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

### 4. ROLES AND RESPONSIBILITIES

The Risk Management Committee shall be responsible for framing, implementing and monitoring the risk management policy for the company. The Audit Committee shall review risk management systems on an annual basis and ensure that adequate risk management systems are in place.

## 5. RISK MANAGEMENT SYSTEM/PROCESS

The Risk Management process involves the following phases:

- a. Risk identification
- b. Risk analysis
- c. Risk assessment
- d. Risk mitigation

### A. Risk Identification

Risk identification involves identification of sources of risk, areas of impacts, events (including changes in circumstances), their causes and their potential consequences. The aim of this step is to generate a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives. It is important to identify the risks associated with not pursuing an opportunity. Comprehensive identification is critical, because a risk that is not identified at this stage will not be included in further analysis.

All Head of Departments shall identify all possible risks associated with their area of operation and report the same to Chairperson of the Risk Management Committee or Chief Risk Officer, if any. All identified risks will be documented for evaluation.

### B. Risk Analysis

Risk analysis involves:

- consideration of the causes and sources of risk
- the trigger events that would lead to the occurrence of the risks
- the positive and negative consequences of the risk
- the likelihood that those consequences can occur

Factors that affect consequences and likelihood should be identified. Risk is analyzed by determining consequences and their likelihood, and other attributes of the risk. An event can have multiple consequences and can affect multiple objectives. Existing controls and their effectiveness and efficiency should also be taken into account.

## C. Risk Assessment

Management considers qualitative and quantitative methods to evaluate the likelihood and impact of identified risk elements. Likelihood of occurrence of a risk element within a finite time is scored based on polled opinion or from analysis of event logs drawn from the past. Impact is measured based on a risk element’s potential impact on revenue, profit, balance sheet, reputation, business and system availability etc. should the risk element materialize. The composite score of impact and likelihood are tabulated in an orderly fashion. The Company has assigned quantifiable values to each risk element based on the “impact” and “likelihood” of the occurrence of the risk on a scale of 1 to 4 as follows. Impact Score.

Impact	Risk Level	Likelihood
Minor	1	Low
Moderate	2	Medium
High	3	High
Critical	4	<u>Critical</u>

## D. Risk Mitigation

Risk treatment involves selecting one or more options for modifying risks and implementing those options. Once implemented, treatments provide or modify the controls.

Risk treatment involves a cyclical process of:

- Assessing a risk treatment;
- Deciding whether residual risk levels are tolerable;
- If not tolerable, generating a new risk treatment; and
- Assessing the effectiveness of that treatment.

Based on the Risk level, the company should formulate its Risk Management Strategy. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. Risk

treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Following framework shall be used for risk treatment:

**a. Risk Avoidance** (eliminate, withdraw from or not become involved)

Risk avoidance implies not to start or continue with the activity that gives rise to the risk.

**b. Risk Reduction** (optimize - mitigate)

Risk reduction or “optimization” involves reducing the severity of the loss or the likelihood of the loss from occurring. Acknowledging that risks can be positive or negative, optimizing risks means finding a balance between negative risk and the benefit of the operation or activity; and between risk reduction and effort applied.

**c. Risk Sharing** (transfer - outsource or insure)

Sharing, with another party, the burden of loss or the benefit of gain, from a risk.

**d. Risk Retention** (accept and budget)

Involves accepting the loss, or benefit of gain, from a risk when it occurs. Risk retention is a viable strategy for risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible. This may also be acceptable if the chance of a very large loss is small or if the cost to insure for greater coverage amounts is so great it would hinder the goals of the organization too much.

## 6. RISK REPORTING

Periodically, key risks are reported to the Board or risk management committee with causes and mitigation actions undertaken/ proposed to be undertaken.

The internal auditor carries out reviews of the various systems of the Company using a risk based audit methodology. The internal auditor is charged with the responsibility for completing the agreed program of independent reviews of the major risk areas and is responsible to the audit committee which reviews the report of the internal auditors on a quarterly basis.

The statutory auditors carries out reviews of the Company's internal control systems to obtain reasonable assurance to state whether an adequate internal financial controls system was maintained and whether such internal financial controls system operated effectively in the company in all material respects with respect to financial reporting.

On regular periodic basis, the Board will, on the advice of the audit committee, receive the certification provided by the Chief Risk Officer and the Chief Financial Officer ("CFO"), on the effectiveness, in all material respects, of the risk management and internal control system in relation to material business risks.

The Board shall include a statement indicating the 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 existence of the Company.

## 7. REVIEW OF THIS POLICY

This Policy shall be reviewed by the Risk Management Committee periodically, at least once in two years, including by considering the changing industry dynamics and evolving complexity.



## 8. EFFECTIVE DATE

Provisions of the regulations under this policy shall be applicable to the company from the date when the securities of the company are listed on Stock Exchanges