



Vardaan Biotech Limited

(Formerly Known as Vardaan Biotech Pvt. Ltd.)

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Ref. No.

RISK MANAGEMENT POLICY

OF

VARDAAN BIOTECH LIMITED

(Formerly Vardaan Biotech Private Limited)

Date

1. PREFACE:

In accordance with Section 134(3)(n) of the Companies Act, 2013, a Company is required to include 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 and further as per Regulation 17 of the SEBI (LODR) Regulations, the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Accordingly, to mitigate and manage risk at "VARDAAN BIOTECH LIMITED (Formerly Vardaan Biotech Private Limited)" (hereinafter referred to as the "Company"), the Company has formed the policy (the "Risk Management Policy") for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

2. OBJECTIVE:

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 Company's business and to create and protect shareholders' value by minimizing threats or losses, and identifying and maximizing opportunities. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

These include:

1. Providing a framework, that enables future activities in a consistent and controlled manner;
2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
3. Contributing towards more efficient use/ allocation of the resources within the organization;
4. Protecting and enhancing assets and company image;

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5. Reducing volatility in various areas of the business;
6. Developing and supporting people and knowledge base of the organization;
7. Optimizing operational efficiency.

3. APPLICABILITY

This Policy applies to all areas of the Company's operations.

4. KEY DEFINITIONS:

"**Company**" means "VARDAAN BIOTECH LIMITED (Formerly Vardaan Biotech Private Limited)", a Company constituted under the provisions of Companies Act, 2013.

"**Board of Directors**" or "**Board**", in relation to a company, means the collective body of the directors of the VARDAAN BIOTECH LIMITED (Formerly Vardaan Biotech Private Limited) (the 'Company').

"**Audit Committee** or **Committee**" means Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and as per SEBI (LODR) Regulations.

"**Policy**" means Risk Management Policy.

"**Risk**" in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organisation continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

"**Risk Management**" is the systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

5. RISK FACTORS:

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

External Risk Factors

- Economic Environment and Market conditions
- Political Environment
- Competition
- Inflation and Cost structure:

- Inflation is inherent in any business and thereby there is a tendency of costs going higher. Further, the project business, due to its inherent longer time-frame, as much higher risks for inflation and resultant increase in costs.
- Technology Obsolescence:
- The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.
- Legal:

Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk.

Internal Risk Factors

- Project Execution
- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources
- Quality Assurance
- Environmental Management
- Human Resource Management
- Culture and values

6. RISK MANAGEMENT FRAMEWORK:

Before proceeding to the policy attention is drawn to the roles that the Board and Audit Committee are required to play under the above regulations governing Risk Management:

- The Board's role to ensure framing, implementing and monitoring risk management plan, having in place, systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased approach during the Board's deliberations on making risk management systems very strong and effective.
- The Audit Committee's role, is to evaluate the risk management systems.
- This policy shall complement the other policies of VARDAAN BIOTECH LIMITED (Formerly Vardaan Biotech Private Limited) in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are being effectively mitigated.

7. IDENTIFICATION AND RISK ANALYSIS:

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

8. 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 Organisation'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 reports.

9. REVIEW:

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.

10. AMENDMENT:

This Policy can be modified at any time by the Board of Directors of the Company.