



M&B Engineering Ltd.

RISK MANAGEMENT POLICY

1. Foreword

1.1 Objective

This Risk Management Policy (“**Policy**”) has been approved and adopted by the Board of M&B Engineering Limited (“**Company**”) on 7th March, 2024. 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 of the Company and to attempt to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks. In order to achieve the key objective, the Policy establishes a structured and disciplined approach to Risk Management in order to guide decisions on risk evaluating & mitigation related issues. The Policy is in compliance with the Regulations 17(9) and 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**SEBI Listing Regulations**”) and Section 134(3) of Companies Act, 2013, as amended (“**Companies Act**”) which requires the Company to lay down procedures about risk assessment and risk minimization.

1.2. Applicability

This Policy applies to whole of the Company including subsidiaries, branches and functions.

2. Definitions

- 2.1. “**Board**” means the Board of Directors of the Company.
- 2.2. “**Company**” means M&B Engineering Limited.
- 2.3. “**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.
- 2.4. “**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.
- 2.5. “**Risk Management Committee**” means the Committee formed by the Board in accordance with the Regulation 21 of the SEBI Listing Regulations.
- 2.6. “**Risk Assessment**” means the overall process of risk analysis and evaluation.

3. Risk Management

Principles of Risk Management

- 3.1. The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses.
- 3.2. All concerned process owners of the company shall be responsible for identifying & mitigating key Risks in their respective



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3.3 The occurrence of Risk, progress of mitigation plan and its status will be monitored on periodic basis.

4. Risk Management Procedures

4.1. General

Risk management process includes four activities: Framework for Risk Identification, Risk Assessment, Measures for Risk Mitigation and Monitoring & Reporting.

4.2. Framework for Risk Identification

The purpose of framework of Risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives. All Risks identified are documented and shall include internal and external risks including financial, operational, sectoral, sustainability (particularly ESG related risks), information, cybersecurity risks or any other risks as may be determined. Risk documentation shall include risk description, category, classification, mitigation plan, responsible function / department.

4.3. Risk Assessment

Assessment involves quantification of the impact of Risks to determine potential severity and probability of occurrence. Each identified Risk is assessed on two factors which determine the Risk exposure:

A. Impact if the event occurs

B. Likelihood of event occurrence

Risk Categories: It is necessary that Risks are assessed after taking into account the existing controls, so as to ascertain the current level of Risk. Based on the above assessments, each of the Risks can be categorized as – low, medium and high.

Measures for Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

All identified Risks should be mitigated using any of the following Risk mitigation plan:

- I. Risk avoidance: By not performing an activity that could carry Risk. Avoidance may seem the answer to all Risks but avoiding Risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.
- II. Risk transfer: Mitigation by having another party to accept the Risk, either partial or total, typically by contract or by hedging / Insurance.
- III. Risk reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.
- IV. Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.
- V. Develop systems and processes for internal control of identified risks.
- VI. Business continuity plan



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5. Monitoring and reviewing Risks

The Company shall record the framework and processes for effective identification, monitoring, mitigation of the Risks. The Audit Committee shall be responsible for the evaluation of internal financial controls and Risk Management systems.

Risk Management Committee to review the Risks at least once a year and add any new material Risk identified to the existing list considering changing industry dynamics and evolving complexity. These will be taken up with respective functional head for its mitigation. The Risk Management Committee shall ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company. The Risk Management Committee shall monitor and oversee implementation of the Policy, including evaluating the adequacy of Risk Management systems periodically review the Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity. The Risk Management Committee shall also keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken in relation to the Risks.

Appraised by the Risk Management Committee to Board on an annual basis including recommendations made by the Committee and actions taken on it.

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. Further, the Committee shall review appointment, removal and terms of remuneration of Chief Risk Officer, if any.

6. Review, Amendment and Enforcement

Any change in the Policy shall be approved by the board of directors (“**Board**”) of the Company. The Board 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 in this respect shall be final and binding. The Audit Committee and the Board will periodically review the Policy and the procedures set out thereunder. Any subsequent amendment/modification in the Companies Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy. This Policy shall be made enforceable immediately on listing of equity shares of the company on any stock exchange.

7. Communication of this Policy

This Policy shall be hosted on the website of the Company i.e. www.mbel.in

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