

# **TIMESCAN LOGISTICS (INDIA) LIMITED**

## **RISK MANAGEMENT POLICY**

### **INTRODUCTION:**

Risk is an inherent aspect of the dynamic business environment. Risk Management Policy helps organizations to put in place effective frameworks for taking informed decisions about risks. To minimize the adverse consequence of risks on business objectives the Company has framed this Risk Management Policy.

### **Objective of the Policy**

In line with the Company's objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

### **Purpose of the Policy**

- The policy forms part of the company's Internal control & Governance arrangements.
- The policy explains the approach of the Company to risk management, documents the roles & responsibilities of the Board/ Audit Committee/ Corporate Level Risk Steering Committee/ Chief Risk officer/ Risk Owners etc.
- It also outlines the key aspects of the risk management process & identifies the reporting procedures.
- This policy shall operate in conjunction with other business and operating / administrative practices.

### **Definitions**

**"Act"** shall mean the Companies Act, 2013.

**"Audit Committee"** shall mean Committee of the Board of the Company constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**"Board"** means the Board of Directors of Timescan Logistics (India) Limited

**"Company"** or **"TSL"** means Timescan Logistics (India) Limited formerly known as Timescan Logistics (India) Private Limited.

Words and expressions used in this Policy but not defined shall have the meaning as given in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Any subsequent modification and/or amendments brought about by SEBI in the SEBI (Listing Obligations

& Disclosure Requirements) Regulations, 2015 shall automatically apply to this Policy.

### **Importance of Risk Management**

A certain amount of risk taking is inevitable if the organization is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance by contributing to:

- Increased certainty and fewer surprises,
- Better service delivery,
- More effective management of change,
- More efficient use of resources,
- Better management at all levels through improved decision making,
- Reduced waste and fraud,
- Better value for money,
- Innovation,
- Management of contingent and maintenance activities.

### **Requirement as per Companies Act, 2013**

Responsibility of the Board: As per Section 134 (n) of the Act, the board of directors' report must include a statement indicating 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.

Responsibility of the Audit Committee: As per Section 177 (4)(vii) of the Act, the Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include evaluation of internal financial controls and risk management systems.

Responsibility of the Independent Directors: As per Schedule IV [Part II-(4)] of the Act, Independent directors should satisfy themselves that financial controls and the systems of risk management are robust and defensible.

### **Requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 17(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Listed Entity shall lay down the procedure to inform the members of the Board of Directors about the risk assessment and minimization procedures.

### **RISK MANAGEMENT POLICY**

The primary responsibility for implementation of the risk management policy shall lie upon the Board of Directors. However, with a view to ensure effective and efficient implementation of the policies, the Board may delegate authority and responsibility on various departmental heads. The Company shall periodically review the risks associated with the Company and procedures for managing the same. As and when deemed necessary, necessary changes shall be made to this Policy.

The Risk Management policy of the Company shall primarily focus on identifying, assessing and managing risks in the following areas:

- Company assets and property
- Employees
- Foreign Currency Risks
- Operational Risks
- Non-compliance of statutory enactments
- Competition risks
- Contractual risks
- IT Risk

### **RISK IDENTIFICATION**

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company majorly focuses on the following types of material risks:

- Commodity risk;
- Business risk;
- foreign exchange risk;
- technological risks;
- strategic business risks;
- operational risks;
- quality risk;
- competition risk;
- realization risk;
- cost risk;
- financial risks;
- human resource risks; and
- legal /regulatory risks.

### **RISK MANAGEMENT COMMITTEE**

The day to day oversight and management of the Company's risk management program has been conferred upon the Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board of Directors on the effectiveness of the risk management program in identifying and addressing material business risks. To achieve this, the Committee is responsible for:

- managing and monitoring 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;
- setting up internal processes and systems to control the implementation of action plans;
- regularly monitoring and evaluating the performance of management in managing risk;

- providing management and employees with the necessary tools and resources to identify and manage risks;
- regularly reviewing and updating the current list of material business risks;
- regularly reporting to the Board on the status of material business risks;
- review and monitor cyber security; and
- ensuring compliance with regulatory requirements and best practices with respect to risk management.

#### **POLICY FOR MANAGING RISKS ASSOCIATED WITH COMPANY ASSETS AND PROPERTY**

The policy deals with nature of risk involved in relation to assets and property, objectives of risk management and measures to manage risk.

The risk management policy relating to assets aims at ensuring proper security and maintenance of assets and adequate coverage of insurance to facilitate speedy replacement of assets with minimal disruption to operations. The roles and responsibilities of the departments shall be identified to ensure adequate physical security and maintenance of its assets.

#### **POLICY FOR MANAGING RISK RELATING TO EMPLOYEES**

The employees constitute the most important asset of the Company. The risk management policy relating to employees is therefore necessary to cover all risks related to employees and their acts/omissions. The policy deals with the nature of risk involved in relation to employees, objectives of risk management and measures to manage risk.

In particular, the objectives of employee related risk management policy aim at providing adequate security to employees in relation to life, disability, accident and sickness, providing adequate legal safeguards to protect confidential information, and protecting the Company from any contractual liability due to misconduct/ errors/ omissions of employees.

#### **POLICY FOR MANAGING FOREIGN CURRENCY RISK**

The Company operates both in the domestic and international market. Having our global presence with freight forwarding, the Company is subject to currency rate fluctuation which may result in gains or losses. The objective of foreign currency risk management is to protect cash flows and profit margins from volatility on account of fluctuations in exchange rates. The policy for foreign currency risk management ensures that the finance department continuously tracks movement of foreign currencies and avails services of experts, etc.

#### **OPERATIONAL RISKS**

The Company is constantly working to limit the operational risks which requires the combined efforts of all business and support units, and the tools required continue to be developed. Apparent trends are analyzed, and various operating groups combine into task forces to address these. The business continuity plan is reviewed annually by each unit.

#### **RISKS ASSOCIATED WITH NON-COMPLIANCE OF STATUTORY ENACTMENTS**

The Company is a legal entity, engaged in Freight Forwarding, Customs Clearance and Logistics business and is listed on the SME segment of the Stock Exchange. In view of the same, the Company is required to ensure compliance of provisions of various applicable statutory enactments. Failure to comply one or more such provisions may render strict penalties as may be prescribed under such statutory enactments.

The Company shall ensure that professionals are employed to comply with various laws. In addition to the statutory audits, the Company shall promote undertaking of internal audits at different levels periodically to ensure timely check on the statutory compliances.

### **COMPETITION RISKS**

Risk of competition is inherent to all business activities. The Company faces competition from the existing players operating in the segment in which the company operates. Considering that the logistics sector is in the high growth phase, there is always an inherent risk that the existing competition may further get acute with the advent of new players. The Company's management should keep a tap of the market conditions, competitor's strategy, introduction of new rules/ regulations by the concerned statutory authorities etc., and accordingly take informed decisions.

### **CONTRACTUAL RISKS**

There may be instances of defaults by Customer's in fulfilling contractual obligations as a result of which the Company may face financial losses. Similarly, defaults by the Company in fulfilling one or more contractual obligations due to reasons such as misrepresentations, breach of warranties, etc., cannot be ruled out.

The company shall ensure that proper drafting of the contract and adequate indemnity clauses are incorporated in the contracts entered into with one or more parties. In addition, internal controls from technical team and strict supervisions and checks on execution of contracts and delivery be undertaken.

### **INFORMATION TECHNOLOGY RISK**

The policy deals with the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise.

The Company shall ensure that professionals are employed at various levels to constantly monitor and upgrade the use and its operation. In addition, the Company shall also ensure that adequate safeguards and security systems are in place to protect and preserve the systems and data for the smooth and efficient functioning of the enterprise.

### **AMENDMENT**

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees 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 or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

**REVIEW**

The Company's risk management system is always evolving. It is an ongoing process and it is recognized that the level and extent of the risk management system will evolve commensurate with the development and growth of the Company's activities. The risk management system is a "living" system and the documentation that supports it will be regularly reviewed and updated in order to keep current with Company circumstances.

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