

# **RISK MANAGEMENT POLICY**

## **1. Preface**

Risk management policy and strategy will enable the Company to manage uncertainty or changes in the internal and external environment.

**Venus Remedies Limited** (VRL) is engaged in the research & development, manufacture and marketing of a wide range of pharmaceutical products in India and abroad.

## **2. Legal Framework:**

In accordance with Companies act, 2013, Listing Agreement and Listing regulations 2015, a company is required to incorporate a risk management policy including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

## **3. Meaning of Risk:**

Risk implies future uncertainty about events from expected earnings or expected outcome. Risk measures as the effect of uncertainty on the objectives in terms of consequences and likelihood. Risks can be internal and external, the Company's framework for combating risks recognizes that risks may be divided into two broad categories - risks that are common and relevant for most business in general and risks that are more specifically applicable to the Company and business in particular.

### **Risks of General / Common Nature**

Broadly following category of risks are of General Nature:

- Political risk

- Commodity Price Risk
- Weak Economies
- Effect in Global Markets
- Natural disasters
  
- Risks associated with regulations, competition, business risk, technology obsolescence and Investments.

#### **Risks of Specific Nature**

- Foreign Exchange Risks;
- Risk related to Govt. Regulations;
- Risk pertaining to availability of Skilled manpower ;
- Compliance and statutory requirements related risk.

### **4. OBJECTIVE & PURPOSE OF POLICY**

The main objective of this policy is to ensure sustainable business growth with stability and create and protect stakeholder value by minimizing threats or losses, and identifying and maximizing opportunities. 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 related issues.

#### **The specific objectives of the Policy are:**

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities.
4. To enable compliance with appropriate regulations, wherever applicable, through the

5. adoption of best practices.
6. Reducing volatility in various areas of the business
7. To establish a framework for the company's risk management process and to ensure its implementation.
8. To assure business growth with financial stability.
9. Optimizing operational efficiency

## **5. Risk Management Strategy**

A risk management strategy provides a structured and coherent approach to identifying assessing and managing risk. Risk in the business is an integral part which can not be eliminated but can be minimized by better management. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources Some of the ways are:

- Forward thinking and proactive approaches;
- Reduced, by adopting good internal controls;
- Balance between the cost of managing risk and the anticipated benefits;
- Contingency planning in the event that critical threats are realised., and
- Shared, by following a middle path between retaining and transferring risk.

## **6. Foreign Currency risk & Hedging policy**

The company transact some portion in the form of imports and exports in USD/Euro & other currencies and accordingly face foreign currency exposure from sales in other countries and from imports from overseas suppliers in U.S./Euro and other currencies

### **Risk Mitigation Measures:**

- The objectives are to identify the foreign currency risk the company is exposed to due to business activity and to decide the process of the management of these risks through a variety of risk management tools to achieve greater predictability and

- stability
- Foreign currency management strategy is to identify risks the company is exposed to, evaluate & measure those risks, decide on managing those risks, regular monitoring and reporting to management.
- Foreign currency exposures are recognized from the time an import, export order is signed and as per maturity prior to opening of Letters of Credit and/or purchase orders by customers.
- Without venturing into the speculative aspects of dealing in currency derivatives, the company aim to cover foreseeable fluctuations with a hedge cover as per policy.
- Natural hedges resulting from the existence of inflows and outflows in the same currency that reduce net exposure shall be taken into account before using hedging instruments. The company will keep close watch on forex market , its trend and review the movements regularly and hedge the risk accordingly
- The company's risk management policies are approved by the Board & audit committee and include implementing hedging strategies for foreign currency exposures as per requirement, specification of transaction limits; execution, monitoring and controlling such transactions.

## **7. RESPONSIBILITY FOR RISK MANAGEMENT**

Generally every team member of the Organization is responsible for the effective management of risk including the identification of potential risks. For better and effective risk management:

- The Board shall be responsible for framing, implementing and monitoring the risk Management plan for the company.
- Board shall define the responsibility of the audit committee or the senior official to
- monitor and regulate the risk management planes as decided.



## **8. COMPLIANCE & REPORTING**

Company is responsible to maintain standards of corporate governance with strict adherence to procedures, laws, rules & regulations.

## **9. REVIEW**

This Policy may be reviewed as per the requirements of the organization from time to time.

## **10.AMENDMENT**

The Board has a power to review this Program and make revisions as may be required.

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