

**METROPOLIS HEALTHCARE LIMITED**

**RISK MANAGEMENT POLICY**

<b>Reviewing Authority</b>	Risk Management Committee of the Company
<b>Approving Authority:</b>	Board of Directors of the Company
<b>Original Issue Date:</b>	February 11, 2019
<b>Last Revision Date:</b>	May 27, 2021
<b>Version No.:</b>	2.0
<b>Review Cycle:</b>	Every year and at such Intervals as prescribed under SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.
<b>Applicability</b>	The Company and its Subsidiaries

**1. INTRODUCTION**

1.1 Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the activities of Metropolis Healthcare Limited. (the “**Company**”). Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

**2. Objective of the Policy**

- 2.1 The Company is prone to inherent business risks. 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. 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.
- 2.2 This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.
- 2.3 This policy is in line with Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015) which requires the Company to lay down procedures for risk assessment and risk minimization.

### 3. EFFECTIVE DATE

3.1 This Policy shall be effective from February 11, 2019.

### 4. DEFINITIONS

a. **“Audit Committee”** means “Audit Committee” constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 and the provisions of Listing Regulations, 2015, from time to time.

b. **“Board”** means Board of Directors of Metropolis Healthcare Limited.

c. **“Company”** means Metropolis Healthcare Limited.

d. **“Risk”** is defined as the chance of a future event or situation happening that will have an impact upon company’s objective favorably or unfavorably. It is measured in terms of consequence and likelihood.

e. **“Risk Management”** encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring.

d. **“Risk Management Committee”** means “Risk Management Committee” constituted by the Board of Directors of the Company under the provisions of Listing Regulations, 2015, from time to time.

### 5. RISK APPETITE

5.1 A critical element of the Company’s Risk Management Framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of the business objectives.

5.2 The key determinants of risk appetite are as follows:

- i. Shareholder and investor preferences and expectations;
- ii. Expected business performance (return on capital);
- iii. The capital needed to support risk taking;
- iv. The culture of the organization;
- v. Management experience along with risk and control management skills;
- vi. Longer term strategic priorities.

5.3 Risk appetite is communicated through the Company’s strategic plans. The Board and management monitor the risk appetite of the Company relative to the Company’s actual results to ensure an appropriate level of risk tolerance throughout the Company.

## **6. RISK MANAGEMENT FRAMEWORK**

6.1 The Company believes that risk should be managed and monitored on a continuous basis. As a result, the Company has designed a dynamic risk management framework to allow to manage risks effectively and efficiently, enabling both short term and long term strategic and business objectives to be met.

6.2 The Company's approach to risk management is summarized as below:

### **a) Identification of risks**

To ensure key risks are identified, The Company:

- i. defines the risks in context of the Company's strategy;
- ii. documents risk profiles, including a description of the material risks; and
- iii. regularly reviews and updates the risk profiles.

The Company's Risk Profile is summarized below.

### **b) Assessment of risks**

The Risk assessment methodology shall include:

- i. collection of information;
- ii. identification of major risks;
- iii. rating of each risk on the basis of: Consequence, Exposure, Probability
- iv. prioritization of risks;
- v. function-wise exercise on risk identification, risk rating, control;
- vi. function-wise setting the level of responsibility and accountability.

### **c) Measurement and control**

Identified risks are then analyzed and the manner in which the risks are to be managed and controlled are then determined and agreed. The generally accepted options are:

- i. accepting the risk (where it is assessed the risk is acceptable and where avoiding the risk presents a greater risk through lost opportunity);
- ii. managing the risk (through controls and procedures);
- iii. avoiding the risk (through stopping the activity);
- iv. transferring the risk (through outsourcing arrangements);
- v. financing the risk (through insurance arrangements).

### **d) Continuous assessment**

The Company's Risk Management Framework requires continuing cycle of implementing, monitoring, reviewing and managing the risk management processes.

## **7. RISK PROFILE**

7.1 The identification and effective management of risks is critical in achieving strategic and business objectives of the Company. The Company's activities give rise to a broad range of risks which are considered under the following key categories of risk:

### **7.1.1 Strategic Risks**

- a. Lack of responsiveness to the changing economic or market conditions, including commodity prices and exchange rates, that impact the Company's operations;
- b. Ineffective or poor strategy developed;
- c. Ineffective execution of strategy.

### **7.1.2 Financial Risks**

- a. Financial performance does not meet expectations;
- b. Capital is not effectively utilized or managed;
- c. Cash flow is inadequate to meet financial obligations;
- d. Financial results are incorrectly accounted for or disclosed; and
- e. Credit, market and/or tax risk is not understood or managed effectively.

### **7.1.3 Operational Risks**

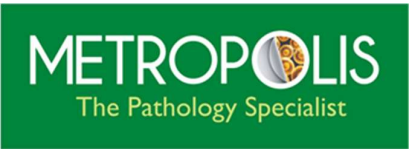
- a. Difficulties in commissioning and operating a particular business;
- b. Unexpected increase in the costs of the components required to run a business;
- c. Adverse market conditions;
- d. Failure to meet the expenditure commitments on prospecting/marketing particular business;
- e. Inadequate or failed internal processes, people and systems for running a particular business.

### **7.1.4 Investment Risks**

- a. Failure to provide expected returns for defined objectives and risk such as underperforming to the stated objectives and/or benchmarks.

### **7.1.5 People's Risk**

- a. Inability to attract and retain quality people;
- b. Inadequate succession planning;
- c. Inappropriate work culture & ethics;
- d. Inefficient whistle blower mechanism and;
- e. Inappropriate policy for woman safety at work place.



#### **7.1.6 Legal and Regulatory Risks**

- a. Legal / Commercial rights and obligations are not clearly defined or misunderstood; and
- b. Commercial interests not adequately protected by legal agreements.

#### **7.1.7 Compliance Risks**

- a. Non-conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

#### **7.1.8 Other Risks**

Potential risk arising from the failure or inadequacy of information technology infrastructure and cyber security or any such risk as may be identified by the Board of Directors, the Management, the Audit Committee and Risk Management Committee of the Company.

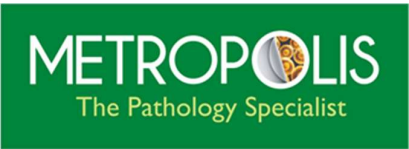
### **8. GOVERNANCE STRUCTURE**

8.1 The Company's Risk Management Framework is supported by the Board of Directors, the Management, the Audit Committee and the Risk Management Committee.

#### **a) Board of Directors**

The Board will undertake the following actions to ensure risk is managed appropriately:

- I. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;
- II. Ensure that the appropriate systems for risk management are in place;
- III. Participate in major decisions affecting the organization's risk profile;
- IV. Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;
- V. Be satisfied that processes and controls are in place for managing less significant risks;
- VI. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- VII. Ensure risk management is integrated into board reporting and annual reporting mechanisms.



**b) Management**

- I. Management is responsible for monitoring and whether appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met;
- II. To assist the Board in discharging its responsibility in relation to risk management;
- III. When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks;
- IV. Reporting to the Board of Directors consolidated risks and mitigation strategies on a half yearly basis.

**c) Audit Committee**

- I. The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company;
- II. The Committee is also responsible for monitoring overall compliance with laws and regulations.

**d) Risk Management Committee**

- I. Constitution of the Committee:

The Board may constitute the Risk Management Committee which may include Directors and/or members of management of the Company as may be decided by the Board from time to time, in accordance with the provisions of the Listing Regulations, 2015.

- II. The Committee is empowered to do all or any of the following (functions/role of the Committee):

(1) To formulate a detailed risk management policy which shall include:

- (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
- (b) Measures for risk mitigation including systems and processes for internal control of identified risks.

- (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- (7) 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;
- III. For the effective discharge of its responsibilities/functions the Committee shall have the authority for the following (powers of the Committee):
  - a) 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;
  - b) to obtain, at the company's expense, external legal or other professional advice on any matter within its terms of reference where required; and
  - c) to request the attendance of any employee at a meeting of the committee as and when required
- IV. The Committee shall meet, as many times, as it may deem expedient but at least twice in a year in such a manner that on a continuous basis not more than 180 (One Hundred and Eighty) days shall lapse between any 2 (two) consecutive meetings.
- V. Presence of any two members or one third of the members of the Committee, whichever is higher, including at least one member of the Board shall constitute a valid quorum.

## **9. PENALTY FOR NON ADHERENCE OF THE CLAUSE OF THE POLICY**

- 9.1 Non – Adherence to any of the Clause as mentioned in this Policy will attract penalty of one lakh rupees which may extend to one crore rupees as prescribed under Section 15 HB of SEBI Act, 1992.

## **10. PUBLICATION OF POLICY**

- 10.1 The key features of the Policy will be published in the Annual Report of the Company.