

RISK MANAGEMENT – POLICY AND PROCEDURES

Preamble

Risk Management is an integral part of the Company's plans and operations. Dwitiya Trading Ltd. (hereinafter "Company") has taken efforts to become proactive in recognizing and managing risks, through an organized framework. The Company recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives.

This policy is in compliance with clause 49 of Listing Agreement, which requires the Company to lay down procedures about the risk assessment and risk minimization and also as per the provision on Risk Management under paragraph (II) (C) of Corporate Governance voluntary guidelines, 2009.

The Board of Directors of the Company and the Audit Committee of Directors shall periodically review the risk management policy of the Company so that management controls the risk through properly defined network.

Definitions

- **"Risk"** is defined as the chance of a future event or situation, happening, that will have an impact upon the Company's objectives, favourably or unfavorably. It is measured in terms of consequence and likelihood.
- **"Risk Management"** encompasses risk assessment, plus the evaluation of risks, against established tolerances, their treatment and monitoring.

Risk Management Committee

The Company, through its Board of Directors, shall constitute a Risk Management Committee, consisting of majority of Board members. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the Risk Management plan, to the Committee, and such other functions as it may deem fit.

Risk Management Framework

The Company believes that the Risk cannot be eliminated. However, it can be:

- Shared, by following a middle path between retaining and transferring risk;
- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Reduced, by having good internal controls; and
- Avoided, by not entering into risky businesses;

Risk Management therefore, ensures that management has in place a process to set objectives and that the chosen objectives support and align with the Company's mission.

This policy primarily focuses on identifying, assessing and monitoring risk in the following area:

- **Company Assets & Property**

The policy deals with risk involved in management of assets and property of the Company. The policy aims to ensure proper security and maintenance of assets and property.

- **Employees**

For the Company, its employee constitute of the most important asset of the Company. Thus, the policy also covers risk related to employees and their act/omission. The policy aims at security of employees, providing adequate legal safeguards to protect confidential information.

- **Revenue Concentration**

High concentration in any single business segment exposes the company to the risks inherent in that segment. We have adopted prudent norms based on which we monitor and prevent undesirable concentration in a particular segment. Company's policy is of increasing business volumes with minimum exposure to undue risks.

- **Financial Reporting Risks**

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, Securities and Exchange Board of India (SEBI) rules, and Indian stock market listing regulations are creating uncertainty for companies. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations.

We are committed to maintaining high standards of corporate governance and public disclosure and our efforts to comply with evolving laws, regulations and standards in this regard would further help us address these issues.

- **Risk of Corporate accounting fraud**

Corporate accounting fraud is business scandals arising out of Misusing or misdirecting of funds, overstating revenues, understating expenses etc. The Company mitigates this risk by

- Conducting risk assessments,
- Adhering to internal control practices,
- Enforcing and monitoring code of conduct for key executives,
- Instituting Whistleblower mechanisms,
- Understanding the applicable laws and regulations.

- **Competition**

Risk of the Competition is inherent in all the business activities. The Company faces competition with various organizations in the economy operating in the segment in which Company operates.

Company's policy is to leverage its investment in a way which has value creation.

Disclaimer

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.