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CIN No.: U85191DL2008SGC178367

Risk Management Policy

1. Background

This document lays down the framework of Risk Management at Geospatial Delhi Ltd (hereinafter referred to as the "GSDL") and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and provides guidelines to **define, measure, report, control and mitigate the identified risks**.

2. Definitions

i. **"Audit Committee"** means Committee of Board of Directors of the GSDL constituted under the provisions of Companies Act, 2013.

ii. **"Board of Directors"** or "Board" in relation to a Company, means Board of Directors of GSDL/ Company.

iii. **"Policy"** means Risk Management Policy.

iv. **"Company/GSDL"** Means Geospatial Delhi Limited.

3. Objective

The objective of Risk Management Policy at Geospatial Delhi Limited is to **create and protect shareholder value** by minimizing threats or losses, and identifying and maximizing opportunities. Risk is a fundamental and inherent part of any business activity. How GSDL manage these risks, determines how well GSDL will succeed in their business and in accomplishing overall objectives. GSDL have explicit or implicit objectives, which contribute to the **maximization of the shareholders' value**. Risk

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management policy actively supports the achievements of these objectives. The strategic objective and potential advantage of risk management policy are:

i. Providing a **framework** that enables future activities to take place in a consistent and controlled manner.
ii. Improving **decision making**, planning and prioritization by comprehensive and structures understanding of business activities, volatility and opportunities/ threats
iii. Contributing towards **more efficient use/ allocation of the resources** within the organization
iv. **Protecting and enhancing** assets and company image
v. **Reducing volatility** in various areas of the business.
vi. Optimizing **operational efficiency.**
vii. Less chances of major problem in new and ongoing activities and
viii. Increased likelihood of achieving corporate objectives.

Thus, it is the responsibility of all Board members, Senior Management and employees to identify, analyses, evaluate, respond, monitor and communicate risks associated with any activity, function or process within their relevant scope of responsibility and authority.

4. Requirement of Risk Management a Statutory Requirement under Companies Act, 2013.

Before proceeding to the policy, attention is drawn to the roles and responsibility that the Board and Audit Committee are required to play under the regulations governing Risk Management:

i. **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.

ii. **Responsibility of the Audit Committee:** As per Section 177 (4)(vii) of the Act,

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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.

iii. **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.

iv. The Board shall define the roles and responsibilities of the Audit Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit

5. Risk Management Framework

i. The Audit Committee shall review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for **identifying, analysing and mitigating** all the material risks, both external and internal viz. Environmental, Business, Operational, Financial and others. Communication of Risk Management Strategy to various levels of management for effective implementation is essential.

ii. **Risk Identification** is obligatory on all functional heads who with the inputs from their team members are required to report the material risks to the Managing Director (MD) along with their considered views and recommendations for risk mitigation.

Following steps are suggested for implementation of proper risk management policy:

I. **Risk Identification**- risk may be classified as a strategic, operational, financial, hazardous, economic risk, competition risk, customer relationship risk, market related risk, technological obsolescence risk, system related risk, IT Security related risk, Management and operational risk, regulatory risk, credit risk and cash/ reserve management risk

II. **Risk Description**- risk should be described as scope of risk, nature of risk, quantification of risk, risk tolerance/ appetite, risk treatment and control

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mechanism, potential action for improvement and strategy and policy development.

III. **Risk Evaluation**- After risk analysis, comparison of estimated risks against organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk to accepted or treated.

IV. **Risk Estimation**- Risk can be quantitative, semi quantitative or quantitative in terms of probability of occurrence and possible consequences. Impact level on performance/ profit – both threats and opportunities can be estimated.

6. Risks Specific to the GSDL in sync with Business Plan, Budget, Marketing, Revenue Collection and Intangible Assets and Mitigation Measures to be Adopted:

i. The Geospatial Delhi Ltd. is highly sensitive to technology, regulatory and policy environment. It, being intensely competitive, is highly susceptible to consumer preference and obsolescence. Further, its exposure to externalities is much greater than any other sector. The perception of risk for a GSDL, therefore, would be highly dynamic depending upon the situation unfolding from time to time. GSDL is an integrated Geospatial service provider. An analysis of the existing set up of the GSDL reveals that, in general, the following are the major risks associated with the business of the company.

a. Operational Risk: GSDL's main operation is to create and maintain Geospatial data and Geo eco system and develop Geo applications, update Geospatial data on regular and timely basis and provide value added services to all stakeholders. Creation, Maintenance and updation of GIS data is complex and interdependent exercise, which requires cooperation of departments, latest innovative technologies and timely and accurate delivery of services. Operational risk encompasses other risks i.e. technological obsolescence risks, System Related Risks, IT Security related Risks, Market related Risks, Customer relationship Risks, Competition Risks and Economic Risks. GSDL is a custodian of GIS data pertaining to various departments and it's a major assets of GSDL an which is in

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intangible form and is susceptible to a different type of risk which needs to be identified as assessed regularly.

b. Economical Risk: GSDL is mainly dependent upon the revenue collected from the departments of Government of Delhi and revenue collections from the departments have been irregular in past. There is need for development of revenue stream in assured manner so that capacity augmentation may be undertaken to widen the delivery base of GSDL.

7. Development of Action Plan

i. The Board has constituted a Audit Committee and defined the Committee's role and responsibility. The Committee shall not only assist in implementation of the Risk Management Plan of the Board but also **monitor its implementation and review**. The members of the Audit Committee shall discharge the role by giving their collective suggestions to the Board for periodic updating of the Risk Management Plan to ensure that the same is in sync with changing macro and micro factors having bearing on all material aspects of the existing as well as future businesses of GSDL.

ii. Audit Committee shall **critically examine the report** of MD and each identified risk shall be assessed for its likely impact vis a vis the resources at the Company's disposal.

8. Review and Amendments:

i. This policy may be reviewed by the Audit Committee and the Board from time to time as may be required.

ii. This Policy will be communicated to all functional heads and other concerned persons of the Company. This policy as approved by the Board will also be hosted on the official website of GSDL.

iii. This policy may be amended subject to the approval of Board of Directors, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.