



INTER STATE OIL CARRIER LIMITED

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RISK MANAGEMENT POLICY

BACKGROUND

Inter State Oil Carrier Limited is a leading transporter of bulk liquids and gases in India. The business activities of the Company are such that they carry various internal and external risks which are inherent in all administrative functions.

This document lays down the framework of Risk Management at Inter State Oil Carrier Limited (hereinafter referred to as the 'Company' or 'ISOCL') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

OBJECTIVE

The main objective of this policy is to create and protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities, ensuring sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business and This Risk Management Policy is being applied in order to ensure that effective management of risks is an integral part of every employee's job. These include:

1. to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management;
2. to establish a framework for the Company's risk management process and to ensure its implementation;
3. to enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;
4. providing a framework that enables future activities to take place in a consistent and controlled manner;
5. reducing volatility in various areas of the business;
6. developing and supporting people and knowledge base of the organization;
7. optimizing operational efficiency.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative.



LEGAL FRAMEWORK

Requirement as per Companies Act, 2013 ('the Act'):

- **Responsibility of the Board:** As per Section 134(3) of the Act, requires the Board of Directors of a Company, as part of the Board's Report, to furnish a statement indicating development and implementation of a risk management policy for the Company including identification therein 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) of the Act, Every 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 of the Act [Section 149(8)] - Code for Independent Directors II. Role and functions: The independent directors shall: (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct; (2) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

Requirement as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, across its different sections, invariably lays greater emphasis on Risk Management being one of the key functions of Board where responsibility is cast upon the Board to: -

- review and guide Risk Policy.
- ensure that appropriate systems of control are in place, in particular, systems for risk management.
- ensure that, while rightly encouraging positive thinking, it does not result in over-optimism that either leads to significant risks not being recognized or exposes the company to excessive risk have ability to 'step back' to assist executive management by challenging the assumptions underlying risk appetite.

PURPOSE AND SCOPE OF THE POLICY

The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company.

The Key risks are broadly categorized into:

1. Strategic Risks

- Market Strategy and Political Environment.
- Organizational Growth- Market Penetration.
- Globalization and Technological Obsolescence.
- Uncertainty surrounding political leadership in
- Domestic and International markets.
- Economic condition of the market, Global recession and Environmental Issues.
- Competition.



2. Operational Risks

- Consistent Revenue Growth.
- Cost Optimization.
- Manpower retention.
- Disaster Management and Data Security.
- Inefficient working capital Management.
- Contractual Compliance.
- Quality Assurance.

3. Compliance Risks and Financial and Reporting Risks

- Ensure stricter adherence to laws / rules / regulations/ standards.
- Adherence of Company Policies and Procedures.
- Volatility in Currency, Funding & Credit Risk
- Maintaining high standards of Corporate Governance and Public disclosures.

In adherence to the present regulatory framework described hereinabove, the Board of Directors of the Company or Committee which the Board may constitute to exercise the powers conferred herein for the purpose to: -

- Ensure an organization's relevant and perpetual Risk Management framework for identifying, assessing, responding to, monitoring or controlling and reporting risks.
- Apply an organized, thorough approach to effectively anticipate and mitigate the probable or realistic risks that could endanger achievement of key objectives.
- Ensure systemic risk evaluation, categorization, and prioritization thereof to assign relative importance to identified risks to determine where appropriate management attention is required.
- Practice the highest level of control measures by installing mechanisms and tools, with involvement of all process-owners across the organization, to ensure that all applicable legal, regulatory, and business requirements are up-to-date and met.
- Develop alternative/ recommended courses of action for critical risks and control the probability of occurrence of the risk, keeping ready contingency plans for selected risks where the consequences of the risks are determined to be high.
- Review the activities, status, and results of the risk management process on a periodic and event-driven basis with appropriate levels of management and resolve issues i.e. gauging potential risk exposure and addressing the same with appropriate corrective action.
- Obtaining, wherever required or desirable, the advice, opinion and assistance from outside legal, accounting, or other advisors, as necessary, to aid informed decision making.

APPLICABILITY

This policy applies to all areas of the Company's operations.

RESPONSIBILITY FOR RISK MANAGEMENT

Generally, every employee of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.



COMPLIANCE AND CONTROL

All the Head of Departments ("HODs) under the guidance of the Executive Chairman/ Managing Director has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Company's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the HOD considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regard and action taken or proposed resulting from those reports.

DISCLOSURES

Board's responsibility statement Board of Directors shall include a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company in its Board Report.

REVIEW

This Policy shall be reviewed from time to time to ensure it meets the requirements of legislation and the needs of organization.

AMENDMENT

Any subsequent amendment/modification in the applicable laws in this regard shall automatically apply to this Policy. Any change/amendments to this policy shall be approved by the Managing Director.

EFFECTIVE DATE

This policy has been approved by the Board of Directors of the Company at the duly convened Board Meeting held on 30th May, 2022 and would be effective from 30th May, 2022 to the Company.

