STAR IMAGING AND PATH LAB LIMITED

Star
Imaging & Path Lab Limited
Obsessed with quality since 1978

RISK ASSESSMENT AND MANAGEMENT POLICY

[Pursuant to Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 134(3) of the Companies Act, 2013)

PREAMBLE

Risk is inherent in all administrative and business activities. Risks are such events or the conditions that has a harmful or negative impact on the organizational goal or its business objectives. The exposure to the consequences of uncertainty constitutes a risk. Every member of the organisation continuously manages risk. The system approaches to managing risk have evolved and are now regarded as good management practice. The objective of this policy is to manage the risks involved in all sphere of the activities of the Company to maximize opportunities and minimize the adversity.

Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management,
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that mission critical threats are realised.

BACKGROUND

The Risk Management Policy is formulated in compliance with Regulation 17(9)(b) & 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization. The regulation requires the Board of Directors to include a statement in their report to the shareholders regarding development and implementation of risk management policy for the Company including identification therein of elements of risks, if any, which in their opinion might threaten the existence of the Company.

SCOPE

This Policy Standard sets out the detailed requirements and minimum levels of achievement necessary to implement the risk management elements of the business. This policy facilitates management of risks associated with our activities and minimize the impact of undesired and unexpected events. Taking and managing appropriate levels of risk is an integral part of all our business activities. Risk Management, performed rigorously and comprehensively, creates stability, indirectly contributes to profit and is a key element of reputation management.

KEY DEFINITIONS

The key definitions for this policy follow:

Risk

The chance of something happening that will have an impact on the achievement of the Organisation’s objectives. Risk is measured in terms of consequences and likelihood.

Risk Assessment

The systematic process of identifying and analysing risks, which shall cover Risk Identification and Categorization, Risk Description and Risk Estimation.

Risk Management

Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a organisation's strategic and financial goals.

RISK MANAGEMENT PROCESS

The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

RISKS AND CONCERNS

Competition Risk

The Company operates in a competitive market and expects competition to increase further in the future. To meet the competition, the Company always strives to meet the challenges by delighting customers with service quality, timely supplies, and best industrial practices in providing better services.

The Company also follows an aggressive pricing policy and follows the practice of giving special discounts to the patients.

Risk Factors

The objective of the company are subject to the risk that are external and internal as enumerated:

External Risk Factors:

- Economic Environment and Market Conditions
- Competition
- Revenue Concentration
- Inflation and Cost Structure
- Technology Obsolesce

Internal Risk Factors:

- Financial Reporting Risks
- Contractual Compliance
- Compliance with Local laws
- Quality and Project Management
- Environmental Management
- Human Resource Management
- Culture and values

RISK MANAGEMENT POLICY

In order to fulfil the objectives of this policy and lay a strong foundation for the development of an integrated risk management framework, the policy outlines the following guiding principles of Risk Management:

1. All business decisions will be made with the prior information and acceptance of risk involved.
2. The Risk Management Policy shall provide for the enhancement and protection of business value from uncertainties and consequent losses.

3. All employees of the company shall be made aware of risks in their respective domains and their mitigation measures.
4. The risk mitigation measures adopted by the company shall be effective in the long-term and to the extent possible be embedded in the business processes of the company.
5. Risk tolerance levels will be regularly reviewed and decided upon depending on the change in company's strategy.
6. The occurrence, progress and status of all risks will be promptly reported and appropriate actions be taken thereof.

RISK MANAGEMENT PROCESS

Conscious that no entrepreneurial activity can be undertaken without assumption of risks and associated profit opportunities, the Company operates on a Risk Management Process /Framework aimed at minimization of identifiable risks after evaluation so as to enable management to take informed decision. Broad outline of the framework is as follows:

a) Risk Identification:

Management identifies potential events that may positively or negatively affect the Company's ability to implement its strategy and achieve its objectives and performance goals. Potentially, negative events and represent risks are assigned a unique identifier. The identification process is carried out in such a way that an expansive risk identification covering operations and support functions are put together and dealt with.

b) Root Cause Analysis:

Undertaken on a consultative basis, Root Cause Analysis enables tracing the reasons / drivers for existence of a risk element and helps developing appropriate mitigation action.

c) Risk Scoring:

Management considers qualitative and quantitative methods to evaluate the likelihood and impact of identified risk elements. Likelihood of occurrence of a risk element within a finite time is scored based on polled opinion or from analysis of event logs drawn from the past. Impact is measured based on a risk element's potential impact on cost, revenue, profit etc. should the risk element materialize. The composite score of impact and likelihood are tabulated in an orderly fashion and the table is known as Risk Register (RR). The Company has assigned quantifiable values to each Risk Element based on the "Impact" and "Likelihood" of the occurrence of the Risk on a scale of 1 to 3 as follows.

The resultant "Action Required" is derived based on the combined effect of Impact & Likelihood and is quantified as per the summary below.

Impact	**Score**	**Likelihood**
Minor	1	Low
Moderate	2	Medium
Significant	3	High

d) Risk Categorization:

The identified risks are further grouped in to (i) Preventable (ii) Strategic and (iii) External categories to homogenize risks

(i) Preventable Risks are largely internal to organization and are operational in nature. The endeavour is to reduce /eliminate the events in this category as they are controllable. Standard operating procedures (SOP) and Audit Plans are relied upon to monitor and control such internal operational risks that are preventable.

(ii) Strategic Risks are voluntarily assumed risks by the Senior Management in order to generate superior returns / market share from its strategy. Approaches to strategy risk is 'Accept'/'Share', backed by a risk-management system designed to reduce the probability that the assumed risks actually materialize and to improve the Company's ability to manage or contain the risk events should they occur.

(iii) External risks arise from events beyond organization's influence or control. They generally arise from natural and political disasters and major macroeconomic shifts. Management regularly endeavours to focus on their identification and impact mitigation through 'avoid'/'reduce' approach that includes measures like Business Continuity Plan /Disaster Recovery Management Plan / Specific Loss Insurance / Policy Advocacy etc.

e) Risk Prioritization:

Based on the composite scores, risks are prioritized for mitigation actions and reporting

f) Risk Mitigation Plan:

Management develops appropriate responsive action on review of various alternatives, costs and benefits, with a view to managing identified risks and limiting the impact to tolerance level.

Risk Mitigation Plan drives policy development as regards risk ownership, control environment timelines, standard operating procedure (SOP) etc.

Risk Mitigation Plan is the core of effective risk management. The mitigation plan covers:

1. Required Action
2. Required Resources
3. Responsibilities
4. Timing
5. Performance Measures and
6. Reporting and Monitoring requirements

Hence it is drawn up in adequate precision and specificity to manage identified risks in terms of documented approach (accept, avoid, reduce, share) towards the risks with specific responsibility assigned for management of the risks.

g) Risk Monitoring:

It is designed to assess on an ongoing basis, the functioning of risk management components and the quality of performance over time. Staff members are encouraged to carry out assessments throughout the year.

h) Options for dealing with risk:

There are various options for dealing with risk.

Tolerate – If we cannot reduce the risk in a specific area (or if doing so is out of proportion to the risk) we can decide to tolerate the risk; i.e., do nothing further to reduce the risk. Tolerated risks are simply listed in the corporate risk register.

Transfer – Here risks might be transferred to other organizations, for example by use of insurance or transferring out an area of work.

Terminate – This applies to risks we cannot mitigate other than by not doing work in that specific area. So, if a particular project is of very high risk and these risks cannot be mitigated we might decide to cancel the project.

i) Risk Reporting:

Periodically key risks are reported to Board or empowered committee with causes and mitigations undertaken / proposed to be undertaken.

REVIEW AND AMENDMENT

The Policy will be reviewed, as and when, required by the Board and/or under applicable laws. Any modification in the Policy will be approved by the Board. The Board will have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

APPROVAL OF THE POLICY

The Board will be the approving authority for the company's overall Risk Management System.

The Board will, therefore, approve the Risk Management Policy and any amendments thereto from time to time.

DISCLAIMER

1. Any subsequent amendment/modification in the Listing Regulations and/or in the Act shall automatically apply to this Policy.
2. In the event of any conflict between the Listing Regulations and/ or Act with the provisions of this policy, the Listing Regulations and/or the Act shall prevail.
3. The Management is not an expert in assessment of risk factors, risk mitigation measures and managements' perception of risk.

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