

FROG CELLSAT LIMITED

RISK MANAGEMENT POLICY

***Approved by Board of Directors at its Meeting held on
29th January, 2023***

1. BACK GROUND

Frog Cellsat Ltd is one of the leading manufacturers of RF Equipments and is headquartered in India. People at Frog Cellsat Ltd are passionate about developing and delivering coverage as well as capacity enhancement solutions and services for next-generation wireless and mobile broadband networks. Frog Cellsat Ltd also offers In-Building Coverage Planning and Design services along with Radio Access Network (RAN) and Backhaul Network installation services.

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of the organisation continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

'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 realization of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources. 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 critical threats are realized.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are Regulations, competition, Business risk, Technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

2. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The new Companies Act, 2013 and the Clause 49 of the Equity Listing Agreement have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain 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.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that 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 risk management systems.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a “Risk Management Policy” (this Policy) of the Company

3. PURPOSE AND SCOPE OF THE POLICY

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 Company’s business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of this Policy are:

- 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.
- To establish a framework for the company’s risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

4. DEFINITIONS

- **Risk**
Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization’s business objectives. The exposure to the consequences of uncertainty constitutes a risk.
- **“Risk Assessment”** –
The systematic process of identifying and analyzing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks
- **“Risk Event / Trigger Point”**
Risk Event / Trigger Point can be defined as a discreet occurrence that negatively affects strategy, decision and process and results in a pecuniary loss.
- **“Process”**
Process would mean series of actions or steps taken to achieve an end. All processes individually and severally shall cover all business activities for each of the risk assessment function.

➤ **“Risk Strategy”**

The Risk Strategy of a company defines the company’s standpoint towards dealing with various risks associated with the business. It includes the company’s decision on the risk tolerance levels, and acceptance, avoidance or transfer of risks faced by the company.

➤ **“Risk Estimation”**

Risk Estimation is the process of quantification of risks.

➤ **Risk Management**

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

5. APPLICABILITY

This Policy applies to all areas of the Company’s operations.

6. RISK FACTORS

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

a) EXTERNAL RISK FACTORS

- ✚ ECONOMIC ENVIRONMENT AND MARKET CONDITIONS
- ✚ COMPETITION
- ✚ POLITICAL ENVIRONMENT
- ✚ REVENUE CONCENTRATION AND LIQUIDITY ASPECTS
- ✚ INFLATION AND COST STRUCTURE
- ✚ TECHNOLOGY OBSOLESCENCE
- ✚ LEGAL
- ✚ FLUCTUATIONS IN FOREIGN EXCHANGE

b) INTERNAL RISK FACTORS

- ✚ Project Execution
- ✚ Contractual Compliance
- ✚ Operational Efficiency
- ✚ Hurdles in optimum use of resources
- ✚ Quality Assurance
- ✚ Environmental Management
- ✚ Human Resource Management
- ✚ Culture and values

7. RESPONSIBILITY FOR RISK MANAGEMENT

Generally, every staff member 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.

8. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organizations' business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

9. REVIEW

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.

10. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.