



STARLINEPS ENTERPRISES LIMITED

CIN: L36910GJ2011PLC065141

Regd. Off: Shop – F/1, 1st Floor, Athwa Ark Shopping Centre,
Opp. Yatim Khana, Athwa Gate, Surat -395001, Gujarat.

Contact No: +91-7043999030 Email ID: info@starlineps.com

Website: www.starlineps.com

RISK ASSESSMENT AND MANAGEMENT POLICY OF STARLINEPS ENTERPRISES LIMITED

FRAMEWORK

Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the Company’s activities. Risk Management Policy and processes will enable the Company to proactively manage the uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

BACKGROUND

The Board of Directors has adopted the Policy with regard to the Risk Management of the Company voluntarily. The Companies Act, 2013 (‘the Act’) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) (including amendments thereof from time to time) emphasize the requirement of Risk Management Policy for the Company. Pursuant to the provisions of the Act, 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 shall be included in the Board’s Report. The Audit Committee is required to evaluate the internal financial controls and risk management systems of the Company and the Independent Directors shall satisfy themselves that the systems of risk management are robust and defensible.

According to the Listing Regulations, the Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company. This Policy is framed in compliance with the provisions of the Act read along with the applicable rules thereto and Regulation 21 of Listing Regulations.

Accordingly, for risk management at “**StarlinePS Enterprises Limited**” (herein after referred to as the (“Company”) defines the policy for the same (“**Risk Management Policy**”). This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks. The said policy is reviewed and amended in Board Meeting held on 4th August, 2023.

OBJECTIVE 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 business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues and to create



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and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. 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. to assure business growth with financial stability;
5. providing a framework that enables future activities to take place in a consistent and controlled manner;
6. improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/threats;
7. contributing towards more efficient use/allocation of the resources within the organization;

RISK MANAGEMENT

- 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.

DEFINITIONS

“Act” means the Companies Act, 2013;

“Audit Committee” or “Committee” means Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013;

“Company” means “StarlinePS Enterprises Limited”, a Company constituted under the provisions of the Companies Act, 1956;

“Board of Directors” or “Board” in relation to a Company, means the collective body of directors of the Company (Section 2(10) of the Companies Act, 2013);

“Policy” means Risk Management Policy of the Company.

RISK MANAGEMENT FRAMEWORK

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



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1. The Board's role under both the regulations is to ensure framing, implementing and monitoring risk management plan, having in place systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased angle to the Board's deliberations on making risk management systems more robust.
2. The Audit Committee's role is to evaluate the risk management systems.

This policy shall complement the other policies of “**STARLINEPS ENTERPRISES LIMITED**” in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are effectively mitigated.

BROAD PRINCIPLES

The Board is required to 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, analyzing and mitigating all the material risks, both external and internal including environmental, business, operational, financial and others. Communication of Risk Management Strategy at various levels of the management for effective implementation is essential.

ROLE OF THE BOARD

The Board will undertake the following actions to ensure risk is managed appropriately:

- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;
- Ensure that the appropriate systems of risk management are in place;
- The independent directors shall help in bringing an independent judgement to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;
- Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks;
- Be satisfied that processes and controls are in place for managing less significant risks;
- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into board reporting and annual reporting mechanisms;

ROLE OF AUDIT COMMITTEE

The following shall serve as the role and responsibility of the Audit Committee authorized to evaluate the effectiveness of the risk management framework:

- Evaluation of internal financial controls and risk management systems;



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- Review of the strategy for implementing risk management policy;
- To examine the organization structure relating to Risk Management;
- Evaluate the efficacy of Risk Management Systems – Recording and Reporting;
- To review all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management systems;

INTEGRATION OF RISK MANAGEMENT STRATEGY

The risk management strategy of the Company is to be integrated with the overall business strategies of the organization and its mission statement to ensure that its risk management capabilities aid in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

IDENTIFICATION AND RISK ANALYSIS

Risk identification involves identifying potential sources/ root cause of risk events. The purpose of identifying potential root causes is to give direction to risk intervention measures. The fact that one risk might have multiple root causes also needs to be considered. As a part of the risk identification process, it is also important to understand which of the business drivers are impacted by the materialization of a risk or any of its root causes.

The Company majorly focuses on the following types of material risks:

- Commodity risk;
- Business risk
- Foreign exchange risk
- Technological risks
- Strategic business risks
- Operational risks
- Quality risk
- Competition risk
- Realization risk
- Cost risk
- Financial risks
- Human resource risks
- Legal/regulatory risks

The following steps to be taken:

Risk Identification: To identify organization's exposure to uncertainty, risks may be classified in the following:

1. Strategic
2. Operational



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3. Financial

4. Hazard

Risk analysis refers to the process followed to comprehend the nature of risk and determine the level of risk. Risk analysis is intended to provide inputs for risk evaluation. Risk analysis shall be performed for each risk identified. The onus of risk analysis is with the risk identifier, who may choose to consult with the ERM department for this purpose. Based on the results of the analysis, appropriate action shall be taken (risk escalation and risk treatment).

Techniques of risk analysis involves consideration of:

- Risk velocity – How quickly is the risk likely to manifest itself.
- Likelihood of risk events – How frequently the event / risk is likely to occur.
- Impact of risk – Quantum of the effect of the event / risk

Risk Description:

To display the identified risks in a structured format.

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 be accepted or treated.

Risk Estimation:

Can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

Impact level on performance/profit- Both Threats and Opportunities

Risk Management Committee:

The Board has constituted Risk Management Committee in the Board Meeting held on 9th February, 2023, with effect from 1st April, 2023. The Constitution of the Members of the Committee is available at the website of the Company. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes and provides regular reports to the Board of Directors on the effectiveness of the risk management program in identifying and addressing material business risks.

The role of the committee as specified under Listing Regulations shall, inter alia, include the following:

1) To formulate a detailed risk management policy which shall include:



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- a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business continuity plan.
- 2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - 3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 - 4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - 5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 - 6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall co-ordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

Employees:

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate. The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

Reporting:

1) Internal Reporting

- a) Board of Directors
- b) Vertical Heads
- c) Individuals

2) External Reporting



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To communicate to the stakeholders on regular basis as part of Corporate Governance.

DISCLOSURE IN BOARD'S REPORT

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 risks, if any, which in the opinion of the Board may threaten the existence of the Company.

RISK TREATMENT

Risk Treatment includes the process of selecting and implementing measures to mitigate risks and to prioritize risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. for

- a) Effective and efficient operations
- b) Effective Internal Controls
- c) Compliance with laws & regulations

Risk treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

IMPLEMENTATION

The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

This policy is in compliance with the Listing Agreement which requires the Company to lay down procedure for risk minimization.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

APPLICATION

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

DISCLOSURE /AMENDMENT



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The Audit Committee and Board of Directors shall have the power to modify, amend or replace this Policy in part or full as may be thought fit from time to time in their absolute discretion as far as it is not in contravention of Listing Regulations.

In case of any inconsistency between any of the provisions of the Listing Regulations, / the Companies Act and this Policy or in case of any omission of any of the provisions of the Listing Regulations / the Companies Act, 2013 in this Policy, the provisions of the Listing Regulations / the Companies Act, 2013, as amended shall prevail or be applicable, as the case may be.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations or any other applicable law or regulation to the extent applicable to the Company.

COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Officers of the Company who shall have the power to ask for any information or clarifications from the management in this regard.
