

RISK MANAGEMENT POLICY

Background

Section 134(3) of the Companies Act, 2013, requires a statement to be included in the report of the Board of Directors (“**Board**”) of CyberTech Systems and Software Limited (“**CyberTech**” or the “**Company**”), 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.

Furthermore, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“**Listing Regulations**”), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

Objective and Purpose

In line with the Company’s objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

Policy

Our risk management approach is composed primarily of three components:

- Risk Governance;
- Risk Identification; and
- Risk Assessment and Control.

Risk Governance:

- The functional heads of the Company are responsible for managing risk on various parameters and ensure implementation of appropriate risk mitigation measures.
- The Risk Management Committee provides oversight and reviews the risk management policy from time to time.

Risk Identification:

External and internal risk factors that must be managed are identified in the context of business objectives.

Risk Assessment and Control:

This comprises the following:

- Risk assessment and reporting;
- Risk control; and
- Capability development.

On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management.

Examples of certain of these identified risks are as follows:

- Broad market trends and other factors beyond the Company's control significantly reducing demand for its services and harming its business, financial condition and results of operations;
- Failure in implementing its current and future strategic plans;
- Significant and rapid technological change;
- Damage to its reputation;
- Its products losing market appeal and the Company not being able to expand into new product lines or attracting new types of investors;
- Its risk management methods and insurance policies not being effective or adequate;
- Fluctuations in trading activities;
- Changes in interest rates;
- Changes in government policies;
- Security risks and cyber-attacks; and
- Insufficient systems capacity and system failures.

Risk Management Committee

The Company shall constitute a committee of the Board, namely, Risk Management Committee only on fulfilling the criteria laid down by Regulation 21 (5) of Listing Regulations, which states that ***"The provisions of this regulation shall be applicable to top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year"***.

The Risk Management Committee, if applicable shall have the overall responsibility of overseeing and reviewing risk management across the Company. The terms of reference of the Risk Management Committee are as follows:

- review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
- review of operational risks;
- review of financial and reporting risks;
- review of compliance risks;
- review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value;
- review the extent to which management has established effective enterprise risk management at the Company;
- review of Cyber Security;
- inquiring about existing risk management processes and review the effectiveness of those processes in identifying, assessing and managing the Company's most significant enterprise-wide risk exposures;
- review the Company's portfolio of risk and consider it against its risk appetite by reviewing integration of strategy and operational initiatives with enterprise-wide risk exposures to ensure risk exposures are consistent with overall appetite for risk; and
- review periodically key risk indicators and management response thereto.

Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. The Policy shall be subject to periodical review by the Board of Directors from time to time.

The Policy is updated pursuant to periodical review of policies by the Board of Directors on February 04, 2019.